

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



# The Main Street Group

*Independent Wealth Manager*

## Form ADV Part 2A – Disclosure Brochure

**Effective: August 15, 2019**

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 [cbcook@themainstreetgroup.com](mailto:cbcook@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 as of the March 30, 2019 Annual Amendment.:

- As of 12/2018, The Main Street Group no longer has a physical branch location in Lexington, Virginia.
- In March, 2019, Tom Love became an owner/partner of The Main Street Group.

### 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 [cbcook@themainstreetgroup.com](mailto:cbcook@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. In 2015, The Main Street Group was registered as an investment adviser in Virginia, Maryland, North Carolina, New York and Texas (conditional restricted). In 2018, the firm registered with the Securities and Exchange Commission (SEC).

- Charles Schwab 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, Partner**

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 Certified Divorce Financial Analyst (CDFA).

#### **Carol Beth Cook (formerly Buchanan), President, Partner**

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. As Chief Compliance Officer, she 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, volunteering at church (and singing in her church choir), as well as keeping up with her active family.

#### **Tom Love, Vice President, Partner**

Tom began his wealth management career in 2007 with Ameriprise Financial. He came to The Main Street Group in order to provide more objective advice to his clients. He has a passion for investing, and enjoys sharing that passion with his clients. Tom is a CERTIFIED FINANCIAL PLANNER™, Chartered Retirement Planning Counselor™, and Chartered Retirement Plans Specialist™. He has been recognized in 2013 - 2018 as a Five Star Wealth Manager of Richmond as seen in Wall Street Journal, Forbes, and Richmond Magazine. Tom uses Charles Schwab Co., Inc. to custody assets. Tom is active in his church, and loves volunteering with his wife Emily. He is a faithful volunteer, sponsor and regional advisory council member for Comfort Zone Camp, a financial counselor for Junior Achievement, and volunteer with The Becky Love Foundation, which helps sponsor bereavement camps, and The Cameron K Gallagher Foundation, making presentations on mental health to high school and middle school students. A SmartVestor Pro, Tom teaches Financial Peace University classes – a program from

Dave Ramsey. Tom is the third of six children. He loves to spend time with family, volunteering, learning, and sports. Tom and Emily are the loving parents of two daughters, Emma and Lydia.

### 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.

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.

- Under certain circumstances, The Main Street Group may be considered to have 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, 2019, The Main Street Group the assets under management are approximately \$116,000,000.

Clients may request more current information at any time by contacting their Advisor or the Chief Compliance Officer, Carol Beth Cook.

## G. Miscellaneous

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, The Main Street Group will generally provide financial planning and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. The Main Street Group will generally provide such consulting services per the terms and conditions of a separate fee and agreement, exclusive of its advisory fee set forth at Item 5 below. (Exceptions do occur, generally based upon assets under management and/or the representative providing the services.)

**Please Note:** The Main Street Group does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, The Main Street Group does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including some Main Street Group representatives in their separate individual capacities as registered representatives of Kestra Investment Services, LLC (“Kestra”), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from The Main Street Group and/or its representatives. **Please Also Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** The Main Street Group, shall be responsible for the quality and competency of the services provided.

**Please Further Note-Conflict of Interest:** The recommendation by a Main Street Group representative that a client purchase a securities or insurance commission product from a representative of The Main Street Group in his/her individual capacity as a representative of Kestra and/or as an insurance agent, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment and/or insurance products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any securities or insurance commission products from a representative of The Main Street Group. Clients are reminded that they may purchase securities and insurance products recommended by a representative of The Main Street Group through other, non-affiliated broker-dealers and/or insurance agents.

**ANY QUESTIONS: The Main Street Group’s Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- (i) leave the money in the former employer’s plan, if permitted,
- (ii) (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted,
- (iii) (iii) roll over to an Individual Retirement Account (“IRA”), or
- (iv) (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences).

If The Main Street Group recommends that a client roll over their retirement plan assets into an account to be managed by The Main Street Group, such a recommendation creates a **conflict of interest** if The Main Street Group will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, The Main Street Group serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by The Main Street Group. The Main Street Group’s Chief Compliance Officer, Carol Beth**

**Cook, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Custodian Charges-Additional Fees:** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, The Main Street Group generally recommends that Schwab and/or National Financial Services ("NFS") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and NFS generally charge transaction fees for effecting securities transactions. In addition to The Main Street Group's investment advisory fee referenced in Item 5 below, the client also will incur transaction fees to purchase securities for the client's account (i.e., mutual funds, exchange traded funds, individual equity and fixed income transactions, etc., purchased by The Main Street Group or Independent Manager [*see below*]).

**Please Note-Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by The Main Street Group independent of engaging The Main Street Group as an investment advisor. However, if a prospective client determines to do so, he/she will not receive The Main Street Group's initial and ongoing investment advisory services.

**Please Note-Use of DFA Mutual Funds:** The Main Street Group utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds generally are available only through registered investment advisers approved by DFA. Thus, if the client were to terminate The Main Street Group's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **Please Also Note:** In addition to The Main Street Group's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients 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). **ANY QUESTIONS: The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note: Use of Leverage Funds.** Advisers of The Main Street Group can utilize Leveraged mutual funds and/or exchange traded funds. These funds use leverage to increase their returns, seeking to deliver multiples of the index or benchmark they track. Leverage seeks to magnify investment returns, shortening the time it takes to achieve a desired return. **However, leverage can also magnify investment losses.** There can be **no assurance** that a leveraged strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts. **ANY QUESTIONS: Main Street's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above.**

**Independent Managers.** The Main Street Group may allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Main Street Group shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that The Main Street Group shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Please Note:** The investment management fee charged by the Independent Manager is separate from, and in addition to, The Main Street Group's advisory fee as set forth in the fee schedule at Item 5 below.

**Portfolio Activity.** The Main Street Group has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, The Main Street Group will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when The Main Street Group determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by The Main Street Group will be profitable or equal any specific performance level(s).

**Client Obligations.** In performing our services, The Main Street Group shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client remains responsible for promptly notifying The Main Street Group if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by The Main Street Group) will be profitable or equal any specific performance level(s).

## **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.

| <b>Assets under Management</b> | <b>Annual Fee %</b> |
|--------------------------------|---------------------|
| 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.

#### **Mutual Fund Share Class Disclosure and Fiduciary Duty (12b-1 Fees)**

Section 206 of the Investment Advisers Act of 1940 ("Advisers Act") imposes a fiduciary duty to act in a client's best interests and specifically prohibits investment advisers, directly or indirectly, from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

However, the fiduciary duty to which advisers are subject is not specifically defined in the Advisers Act or the Commission rules but reflects a Congressional recognition "of the delicate fiduciary nature of an investment advisory relationship" as well as a Congressional intent to eliminate, or at least expose, all conflicts of interest which might incline an investment adviser, consciously or unconsciously, to render advice which was not disinterested.

When selecting a mutual fund for a client's advisory account, the investment advisor representative has a fiduciary duty to select the share class that helps manage the overall fee structure of the account. The overall fee structure includes such fees as:

- Asset Management Fees
- Expense ratio, which includes 12b-1 fees, generally .25% for A shares.
- Trade Ticket Charges
- A Shares include 12b-1 fees but there are no ticket charges.
- I Shares do not include 12b-1 fees, but there are ticket charges.

The more beneficial share class depends on an analysis of ticket charges and expected 12b-1 fees. Investing in a 12b-1 fee paying share class can be less expensive for a client than investing in the I Share class with a lower expense ratio if the ticket charges on the lower-cost share class exceed the amount of ongoing 12b-1 fees.

- Mutual funds normally offer multiple share classes, including lower-cost share classes that do not charge 12b-1 fees and are therefore less expensive.
- Investment adviser representative invest client funds in 12b-1 fee paying share classes even when a lower-cost share class is available as appropriate to account for the overall fee structure of the account.
- A Share mutual funds do not always have an otherwise equivalent I Share alternative.
- Not all investors will qualify for I Shares, which can have a higher minimum investment amount.

Depending on the anticipated trading volume, and the asset management fee that is determined based on account size, complexity and time requirements, investment advisor representatives have a fiduciary duty to determine the mutual fund share class that is in the best interest of each client as part of the overall fee analysis.

#### **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.

**Fee Dispersion.** The Main Street Group (in conjunction with its representatives), can (at its discretion) charge a lesser or higher investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. the representative providing the services, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, scope of the services to be provided, complexity of the engagement, grandfathered fee schedules, The Main Street Group's employees and family members, courtesy accounts, large cash positions not intended for investment, competition, negotiations with client, etc.). **Please Note: Conflict of Interest.** The Main Street Group generally shall compensate its representatives based upon the revenues derived from accounts that they service. The representative generally maintains the authority to determine the fee percentage. Thus, for clients with less than \$1 million of assets under management, if the representative charges a fee in excess of 1.25%, the representative will increase his/her (and The Main Street Group's) compensation. **Please Also Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** The Main Street

Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding advisory fees.

#### **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 representative of The Main Street Group acting in his/her individual capacity as an insurance agent.

#### **G. Forgivable Loan**

Kestra has established a forgivable and repayable loan (the "Forgivable Loan") with Mr. Steven Crawford, which constitutes an additional economic benefit. The terms of the Forgivable Loan require that Mr. Crawford remain affiliated with Kestra for a specified period of time in order to qualify for loan forgiveness. The Forgivable Loan incentivizes Mr. Crawford to remain affiliated with Kestra in his separate and individual capacity as a registered representative. The receipt of the Forgivable Loan therefore presents **conflicts of interest**, because Mr. Crawford is incentivized to recommend that clients utilize Kestra for brokerage and custodial services due to such ongoing affiliation, rather than basing such recommendation on a client's particular needs. Without limiting the foregoing, the Forgivable Loan incentivizes Mr. Crawford to recommend that existing



clients keep their assets custodied through Kestra, that existing clients execute commission transactions through Kestra, and also that new clients move their assets to Kestra for receipt of such custodial and brokerage services. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Kestra and/or The Main Street Group's representatives, including Mr. Crawford, and that they may purchase such securities commission products through other, non-affiliated broker-dealers.

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#### **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.

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#### **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.

**Fee Dispersion.** The Main Street Group (in conjunction with its representatives), can (at its discretion) charge a lesser or higher investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. the representative providing the services, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, scope of the services to be provided, complexity of the engagement, grandfathered fee schedules, The Main Street Group's employees and family members, courtesy accounts, large cash positions not intended for investment, competition, negotiations with client, etc.). **Please Note: Conflict of Interest.** The Main Street Group generally shall compensate its representatives based upon the revenues derived from accounts that they service. The representative generally maintains the authority to determine the fee percentage. Thus, for clients with less than \$1 million of assets under management, if the representative charges a fee in excess of 1.25%, the representative will increase his/her (and The Main Street Group's) compensation. **Please Also Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

**ANY QUESTIONS:** The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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#### **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** – Fixed investments generally pay a return on a fixed schedule, though the amount of the payments can vary. They 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. 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 risks 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 that time. 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.
- **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.

As discussed in Item 5 above and 12 below, Mr. Steven Crawford has received a Forgivable Loan from Kestra. The terms and conditions of the Forgivable Loan allow Mr. Crawford to use the Forgivable Loan proceeds as he wishes, but also require that Mr. Crawford remain affiliated with Kestra for a specified period of time in order to qualify for loan forgiveness.

The Forgivable Loan incentivizes Mr. Crawford to remain affiliated with Kestra in his separate and individual capacity as a registered representative. The receipt of the Forgivable Loan therefore presents **conflicts of interest**, as Mr. Crawford is incentivized to recommend that clients utilize Kestra for brokerage and custodial services due to such ongoing affiliation, rather than basing such recommendation on a client's particular needs. Without limiting the foregoing, the Forgivable Loan incentivizes Mr. Crawford to recommend that existing clients keep their assets custodied through Kestra, that existing clients execute commission transactions through Kestra, and also that new clients move their assets to Kestra for receipt of such custodial and brokerage services. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Kestra and/or The Main Street Group's representatives, including Mr. Crawford, and that they may purchase such securities commission products through other, non-affiliated broker-dealers. Clients are also reminded that they are not required to utilize Kestra for custodial services.

#### Insurance Agency Affiliations

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

As indicated at Item 4 above, to the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including some representatives of The Main Street Group in their separate individual capacities as registered representatives of Kestra Investment Services, LLC ("Kestra"), an SEC-registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from The Main Street Group and/or its representatives. **Please Also Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** The Main Street Group, shall be responsible for the quality and competency of the services provided. **Please Further Note-Conflict of Interest:** The recommendation by a representative of The Main Street Group that a client purchase a securities or insurance commission product from a representative of The Main Street Group in his/her individual capacity as a representative of Kestra and/or as an insurance agent, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment and/or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from a representative of The Main Street Group. Clients are reminded that they may purchase securities and insurance products recommended by a representative of The Main Street Group through other, non-affiliated broker-dealers and/or insurance agents.

ANY QUESTIONS: The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

#### **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 [cbcook@themainstreetgroup.com](mailto:cbcook@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**

Advisors 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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##### **Brokerage Practices**

In the event that the client requests that The Main Street Group recommend a broker-dealer/custodian for execution and/or custodial services, The Main Street Group generally recommends that investment advisory accounts be maintained at Schwab and/or National Financial Services (“NFS”). Prior to engaging The Main Street Group to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with The Main Street Group setting forth the terms and conditions under which The Main Street Group shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors The Main Street Group considers in recommending Schwab and/or NFS (or any other broker-dealer/custodian/product sponsor to clients) include historical relationship with The Main Street Group, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by The Main Street Group's clients shall comply with The Main Street Group's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where The Main Street Group determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although The Main Street Group will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. The transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, The Main Street Group's investment advisory fee.

##### **Forgivable Loans-Conflict of Interest**

As discussed above, certain of The Main Street Group's representatives are registered representatives of Kestra. One of these representatives, Mr. Steven Crawford, has received a Forgivable Loan from Kestra. The terms and conditions of the Forgivable Loan allow Mr. Crawford to use the Forgivable Loan proceeds as he wishes, but also require that Mr. Crawford remain affiliated with Kestra for a specified period of time in order to qualify for loan forgiveness.

The Forgivable Loan incentivizes Mr. Crawford to remain affiliated with Kestra in his separate and individual capacity as a registered representative. The receipt of the Forgivable Loan therefore presents **conflicts of interest**, as Mr. Crawford is incentivized to recommend that clients utilize Kestra for brokerage and custodial services due to such ongoing affiliation, rather than basing such recommendation on a client's particular needs. Without limiting the foregoing, the Forgivable Loan incentivizes Mr. Crawford to recommend that existing clients keep their assets custodied through Kestra, that existing clients execute commission transactions through Kestra, and also that new clients move their assets to Kestra for receipt of such custodial and brokerage services. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Kestra and/or The Main Street Group's representatives, including Mr. Crawford, and that they may purchase such securities commission products through other, non-affiliated broker-dealers. Clients are also reminded that they are not required to utilize Kestra for its custodial services.

The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding conflicts of interest such arrangement may create.

**Non-Soft Dollar Research and Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, product sponsor or vendor, The Main Street Group can receive from Schwab and/or NFS (or another broker-dealer/custodian, investment manager,



platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist The Main Street Group to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by The Main Street Group can 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-including client events, computer hardware and/or software and/or other products used by The Main Street Group in furtherance of its investment advisory business operations.

There is no corresponding commitment made by The Main Street Group to Schwab, NFS, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

ANY QUESTIONS: The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.

**Directed Brokerage.** The Main Street Group recommends that clients utilize the brokerage and custodial services provided by Schwab and/or NFS. The Main Street Group generally will not 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 Firm 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 The Main Street Group. As a result, a 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 The Main Street Group 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 The Main Street Group. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts generally will be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation.** Transactions for each client account generally will be effected independently, unless Firm decides to purchase or sell the same securities for several clients at approximately the same time. Firm may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Firm's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

## **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 to 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 typically are 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 related to the execution of securities transactions, custody, research, including advice, analyses and reports, and access to mutual funds and other investments otherwise generally available only to institutional investors or which 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 executed through Schwab or settled 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 partly on the benefit to The Main Street Group and the availability of products and services for clients 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 open brokerage accounts through Kestra and/or Schwab based on bonus payments, repayable and forgivable loans and other benefits. The receipt of such compensation creates a financial incentive or conflict of interest, which is mitigated by a fiduciary duty to act in a client's best interest.

As indicated at Item 12 above, The Main Street Group can receive from Schwab and/or NFS (and/or others) without cost (and/or at a discount), support services and/or products. There is no corresponding commitment made by The Main Street Group to Schwab, NFS, 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 the result of the above arrangements. ANY QUESTIONS: The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflicts of interest presented by such arrangements.

## **Item 15 – Custody**

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The Main Street Group shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. **Please Note:** To the extent that The Main Street Group provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by The Main Street Group with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of The Main Street Group's advisory fee calculation.



#### **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.

ANY QUESTIONS: The Main Street Group's Chief Compliance Officer, Carol Beth Cook, remains available to address any questions regarding this Part 2A.