

# MAIN MANAGEMENT, LLC

This brochure provides information about Main Management, LLC (“Main”, “Main Management”)’s qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (415) 217-5800 or by email at [info@mainmgt.com](mailto:info@mainmgt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Main Management, LLC is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

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**ITEM 1 – COVER PAGE ADV PART 2 A**

APRIL 17, 2015

CRD #: 120361

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**ITEM 2 – MATERIAL CHANGES**

This brochure, dated April 17, 2015, has been prepared by Main Management to meet SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our March 2015 annual posting of this document on the public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

It has changed materially since our 2014 annual offering in the following ways:

- Item 4: We are now eligible for the UBS Managed Accounts Consulting program.

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## ITEM 4 – ADVISORY BUSINESS

### 4a: Firm Description

Main Management, LLC was established in April 2002. Our main office is located in San Francisco, California.

#### 4a1: Principal Members

- Kim D. Arthur, Managing Member, CEO & President: Mr. Arthur may be contacted by email at info@mainmgt.com or by telephone at (415) 217-5801.
- James W. Concidine, Managing Director & Chief Financial Officer: Mr. Concidine may be contacted by telephone at (415) 217-5800.
- Fredericks Investments, LP, Member: J. Richard Fredericks may be contacted by telephone at (415) 217-5800.
- Blaine Docker, Chief Operating Officer: Mr. Docker may be contacted by email at info@mainmgt.com or by telephone at (415) 217-5802.
- Mary Miner, Member: Ms. Miner may be contacted by telephone at (415) 217-5800.

Main Management's team includes seasoned professionals in the area of investments, client relationship management, and operations, plus an external Advisory Board of senior investment industry leaders. With more than 30 years average industry experience, members of the firm's Investment Committee and Advisory Board contribute valuable real-world perspective to the investment decision making process. The founders of Main Management, Kim D. Arthur, James W. Concidine and J. Richard Fredericks, have industry experience spanning an average of 35 years. Our team-based approach ensures the consistent application of the firm's process discipline and does not make the investment process reliant on any one individual. With significant personal investments in Main Management's investment strategies, our team's interests are 100% aligned with those of our clients.

#### 4b: Types of Advisory Services

Main Management offers a variety of investment advisory services to our clients. We tailor our advice and services to our clients' objectives, means and timelines. We will create a document that will precisely define the types of services we are providing, our role in providing those services to you and how we may carry out those services for you.

Main Management is a fee based investment manager and services include quarterly reviews, portfolio rebalancing and tax-aware strategies. A pioneer in managing all-ETF (Exchange Traded Fund) portfolios, Main Management is committed to delivering transparent, cost-efficient, and customized investment solutions to high net worth individuals and institutional investors. By combining the asset allocation insights of experienced investment professionals with smart implementation vehicles, Main Management offers a unique approach that translates into distinct advantages for our clients, including broad diversification, cost efficiency, tax awareness and complete transparency.

As part of our investment advisory services, Main Management may recommend that you use the services of a third party investment adviser to manage a portion or all of your investment portfolio. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor performance to ensure its management and investment style remains aligned with your investment goals and objectives. In cases where a third party advisor is used, a portion of our fee is used to pay the third party advisor.

#### *Private Fund*

Main Management is the General Partner and advisor to two privately offered funds, including Core Endowment Portfolio II, L.P., which is intended for accredited investors with certain net worth

requirements. The fund's objective is to grow capital by trading in a broad spectrum of securities, consisting of equity and equity-related Securities or other market instruments as deemed appropriate. The fund may also engage in other hedging strategies, margin trading, and other strategies to the extent consistent with the fund's investment guidelines.

#### *Sub-Advisory Services*

We provide sub-advisory services for dedicated funds and portfolios. The scope of services provided are set forth in the client agreement.

#### **4c: Client Tailored Relationships and Restrictions**

As a fiduciary, Main Management always acts solely in the client's best interests. Their investment solution is customized based on their investment objectives. The client may make requests or make suggestions regarding the investments made in their portfolio. Restrictions on trading which, in our opinion, are not in their best interest may not be honored. In extreme circumstances such restrictions may result in the termination of our agreement.

Similarly, the client is under no obligation to act upon Main Management's or associated person's recommendations. If the client elects to act on any of the recommendations, they are under no obligation to effect the transaction through Main Management or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

Main Management's discretionary investment management and advisory services to the private fund, along with the investment objectives and strategies, are provided per the terms of the relevant offering memorandum. The advisory services that the private fund receives are tailored to its needs as well as specified investment objectives and strategies as set forth in the offering document.

#### **4d: Wrap Fee Program**

Main Management is eligible for the UBS Managed Accounts Consulting program.

#### **4e: Assets under Management (AUM)**

Main Management, as of December 31, 2014, has \$500,883,150 in discretionary reportable Assets under Management and \$162,306,738 in non-discretionary reportable Assets under Management for a total of \$663,189,888.

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### **ITEM 5 – FEES AND COMPENSATION**

#### **5a, b & d: Fee Schedules, Payments & Options**

Our basic fee is 0.85% for accounts that we manage, which are generally \$2,000,000 or larger. This basic rate reflects the annual charges, which would generally apply for clients entering into Main Management's customary investment advisory agreement. The rates are negotiable; however, given that Main Management's services generally depend on a client's individual and particular needs, the fees for such services vary depending upon the identity and nature of the client, relationships with other clients, the nature of the account and the circumstances involved.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. All other assets are valued at fair value by Main Management.

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or account fees charged to you as a result of the above activities.

Compensation for our services will be calculated in accordance with what is set in the client's agreement. We may modify the terms of any agreement with at least 30 days prior written notice.

Main Management fees are paid from your account by the custodian when we submit an invoice to them. The invoice we submit shows the amount of fees, the value of your assets on which the fees are based, and the specific manner in which the fees are calculated. If there is insufficient cash in your account to pay your fees, an equal balance of securities in your portfolio may be sold to pay our fee. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

In most circumstances Main Management fees are paid quarterly in arrears. Our fee is determined by taking the percentage rate we charge, times the market value of the account, divided by the number of days in the year and multiplied by the number of days in the quarter. The market value is the sum of the values of all assets in the account, not adjusted by any margin debit. Fees for partial quarter at the commencement or termination of our agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

#### *Private Fund*

Main Management typically charges 0.85% to the private fund, but may be adjusted per limited partner depending on the size of investment and other factors. These fees are charged on a percent of the fund shares' net asset value and charged quarterly in advance. If capital is contributed in the middle of a quarter, fees will be assessed on a pro rata basis. In certain conditions, Main Management may waive all or a portion of a limited partners fees in any given quarter, on its sole discretion.

#### *Sub-Advisory Services*

Main Management's fees for their sub-advisory services are highly dependent on the range and scope of work performed. Both the fees and scope of the services will be agreed upon by both parties, via contract, prior to services performed.

#### **5.d.1: Termination**

Either Main Management or our clients can terminate our agreement upon receipt of written notice to the other party. In addition, other changes to the agreement must be in writing.

When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made within 30 calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

#### **5c: Third Party Fees**

Other than fees payable to a third party advisors, the client is responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees we charge.

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the

investment management fees paid to us. While we take measures to ensure the fees charged are accurate, it is your responsibility to ensure the amount of fee charged is correct. In addition to statements sent by us, you will receive statements directly from these brokers, custodians or mutual funds or other investments you hold. We strongly urge you to compare these statements for accuracy.

#### *Private Fund*

Main Management will be reimbursed for all costs and expenses incurred on behalf of the private fund. These fees may include organizational, offering, selling costs, legal, accounting, bookkeeping, professional, expert, third party management, communication, marketing, registration and compliance, quotation and research services and any consulting expenses that arise in connection with the private fund. Additionally, all costs and expenses resulting from trading, including short sales, brokerage commissions, options premiums, custodial fees, service fees and clearing and settlement charges. Main Management may waive costs or fees on its discretion.

#### **5e: Other Investment Compensation**

Main Management does not accept commission for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Main Management does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above.

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### **ITEM 7 – TYPES OF CLIENTS**

Main Management generally provides asset management services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Trusts
- Estates
- Charitable Organizations
- Corporations
- Family Groups
- Third-Party Investment Advisors & Broker-Dealers
- Private Funds

#### *Minimum Account Size*

Main Management has an account minimum of \$2,000,000. However, in certain conditions, we may decide to accept clients with smaller portfolios.

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### **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **8a: Analysis**

Main Management uses multiple sources of information to obtain analysis and strategies. They include sources such as proprietary internal research, paid research from external sources, financial newspapers, financial magazines, inspections of corporate activities, corporate rating services, prospectuses, company press releases and corporate conference calls.

#### **8b: Investment Strategies**

Main Management's philosophy is that asset allocation is the dominant driver of long-term portfolio returns. In addition to size and style, fundamental sector analysis is crucial to portfolio returns. When it comes to the implementation of well-diversified portfolios, ETFs offer tremendous advantages over actively managed approaches in the areas of cost and tax efficiency, transparency, and trading flexibility.

Main Management constructs customized solutions to help high net worth individuals and institutions achieve their investment objectives.

Main Management has created four strategies, investing in primarily Exchange-Traded Funds:

- I. Active: The Active strategy consists of sector, sub-sector, style and international investments that have greater return characteristics than the overall market. The Active portfolio is benchmark agnostic. We can have a maximum exposure of 30% in one sector and a minimum of 0%. This strategy was designed to achieve capital appreciation with low fees, lower turnover and minimal taxes. The objective for the Active portfolio is to seek higher returns with similar risk to the benchmark by tactically investing in high quality sectors, sub-sectors, styles and international investments that are out of favor or undervalued. Benchmark is the S&P 500 TR.
- II. Buy-Write: Main Management's Buy-Write portfolio is a long only equity and fixed income strategy that seeks to generate income and dampen volatility from selling covered calls on its underlying holdings. The Buy-Write strategy seeks to generate an income stream from selling covered calls at the money, or slightly out of the money, at the money or in the money on multiple asset classes. This strategy was designed to achieve capital preservation and provide income with low fees and lower turnover and minimal taxes. The objective for the Buy-Write portfolio is to seek superior risk adjusted returns by investing in multiple asset classes and to generate premium income by selling covered calls, at a monthly duration, on the underlying investments in the portfolio. The underlying asset class selection is supported by fundamental research with reversion-to-the-mean coupled with a catalyst. Benchmark is the CBOE BXM.
- III. All Asset: Main Management's All Asset or Core Endowment Portfolio (CEP) is a multi-asset class strategy that provides exposure to U.S. Equities, International Equities; Developed and Emerging, Fixed Income; U.S. Treasury Bonds and Sovereign Debt, and Diversifying Investments. The objective of the All Asset strategy is to provide investors with tax-aware, equity-like returns with substantially lower risk than the S&P 500 index. We tactically allocate amongst the aforementioned asset classes from a broad list of ETFs depending on our proactive forward view of the markets. We look for undervalued asset classes that have a catalyst to revert back up to their appropriate valuations. Our risk management includes controlling volatility through diversification, allocating to non-correlating asset classes and selling covered-calls on a portion of the equity position. The option overlay helps to dampen volatility and at times will provide an additional income stream. Benchmark is 70% MSCI AC World Index NET - 30% Barclays Agg.
- IV. International: Main Management's International strategy seeks to achieve long term capital appreciation by investing in passive non-U.S. country equity indexes through Exchange Traded Funds (ETFs). Main employs a top-down region and country analysis to identify undervalued economic regions, countries and sectors using rigorous fundamental analysis focusing on each country's GDP, forward growth estimates, market cap/GDP ratio, current account/GDP ratio and PEG ratios as well as insights from Main's Advisory Board. Benchmark is the MSCI All Country World Index ex US Index.

### **8c: Risk of Loss**

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

Main Management will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Main Management with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any unauthorized act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

#### *Private Fund*

Limited partner investment in the private fund has additional risks that can result in loss. The private fund may have higher turnover than typical individual accounts and as such, portfolio fees and expenses may be higher. Short sales, options, leveraging margin and derivative all have risks associated with the general movement of markets, currency fluctuations, interest rate trends, asset sales to cover losses and complex valuations all contribute to risk of loss.

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## **ITEM 9 – DISCIPLINARY INFORMATION**

### **9a: Civil or Criminal Actions**

Main Management and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

### **9b: Administrative Enforcement Proceedings**

Main Management and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

### **9c: Self-Regulatory Organization Enforcement Proceedings**

Main Management and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, Main Management and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

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## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **10a: Broker Dealers and Registered Representatives**

Main Management is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

### **10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Main Management nor our employees hold any of the above registrations.

### **10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Main Management is the advisor and General Partner to the Core Endowment Portfolio II private fund. We take all reasonable efforts to mitigate conflicts of interest in the performance of these roles.

Main Management will always disclose any material conflict of interest relating to Main Management, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

**10d: Selection of Other Advisors and How this Advisor is Compensated for those Selections**

Main Management has separate agreements with Professional Asset Management Group, Centaurus and Roth CEP to provide or receive solicitor-referral or advisory or sub-advisory services. As this may cause a material conflict of interest, we disclose fully to our clients when these relationships are present and as a fiduciary, evaluate the merits of any risk and cost for our clients. But, on the whole, this referral mechanism is beneficial to Main Management clients as they can receive or gain access to specialized money management and account supervision that they may not otherwise be able to access. In addition, Main Management monitors the relationships between its clients and referred advisers for the continued appropriateness of the relationships.

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**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING****11a: Code of Ethics Description**

Main Management has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.

An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

Main Management's Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code of Ethics with annual training and on-going monitoring of employee activity. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

Main Management's Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation)

On an annual basis, we require all employees to re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time.

**11b, c & d: Participation or Interest in Client Transactions**

Main Management, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases Main Management, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

Main Management may recommend the private fund to well qualified clients participating in our individual investment programs. The private fund may be offered to some clients over others, based on our discretion and other considerations such as suitability and risk. Investment decisions in the fund may differ from individual investment accounts as the purposes, risks and horizons may be different.

Main Management will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

## ITEM 12 – BROKERAGE PRACTICES

### 12a: Selecting Brokerage Firms

As part of our services, Main Management will recommend a broker-dealer. We have selected our broker-dealers based on price, reliability, speed of processing, tools and “best execution” in addition to other considerations. And while you are not required to effect transactions through any broker-dealer recommended by us, we feel we have made our selections based on a totality of benefits they offer.

While the client will make the ultimate choice in selecting a custodian for the assets, Main Management recommends several custodians that offer comprehensive services and the level of services our clients expect. Currently, our clients use Charles Schwab, TD Ameritrade, UBS, Morgan Stanley Trust, Folio Institutional and LPL Financial as custodians. Main Management has good working relationships with these custodians.

Main Management may execute transactions with broker-dealers that provide research, seminars, and execution services. Main Management may pay a broker-dealer commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of these additional services.

As a result of receiving such products and services for no cost, Main Management may have an incentive to continue to place our clients’ trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the client’s interest of obtaining the lowest commission rate available. Therefore, Main Management must determine in good faith, based on the “best execution” policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

The client should, depending upon the fee level charged by Main Management, consider the amount of portfolio activity in the client’s account, the value of custodial and other services which are provided under the agreement, and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be purchased separately.

To avoid creating a possible conflict of interest in recommending broker-dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- Main Management adheres to our Code of Ethics as outlined in Item 11 above.
- If Main Management receives separate compensation for transactions, we will fully disclose them.
- Main Management emphasizes the unrestricted right of you to select and choose your own broker or dealer.
- Main Management will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

### *Trade Errors*

From time-to-time, we may make an error in submitting a trade order. When this occurs, we have a written trade error policy which is implemented to correct any errors. We attempt to minimize the impact of trade errors by promptly performing daily electronic reconciliation procedures with order tickets and intended orders, and by reviewing past trade errors to understand whether internal control breakdowns, if any, caused the errors. Trading errors will be corrected at no cost to you.

### **12.b: Sales Aggregation**

Main Management is authorized to aggregate purchases and sales and other transactions made for your account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of ours. When we aggregate transactions, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction.. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

We have instituted a policy regarding “trading away,” where we have the authority to select the executing broker to attempt to receive a more favorable execution price for the client. You should understand that our practice of trading away may result in certain clients paying and receiving different execution prices on the same security. Trading away may also result in fees charged by your broker when traded securities are settled in your account.

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## **ITEM 13 – REVIEW OF ACCOUNTS**

### **13a: Periodic Reviews**

Accounts are monitored on a daily basis by Main’s Investment Committee. General portfolio holdings will be reviewed during the Investment Committee’s monthly investment calls. The committee will review the accounts to assure that the portfolio’s structure and individual holdings are suitable and consistent with that account’s investment objectives and strategies.

### **13b: Review Triggers**

More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

### **13c: Regular Reports**

All direct investment advisory clients receive quarterly written reports from Main Management.

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## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

As disclosed under Item 12 above, Advisor participates in TD Ameritrade’s institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor’s participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate Client statements and confirmations;
- research related products and tools; consulting services;
- access to a trading desk serving Advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- the ability to have advisory fees deducted directly from Client accounts;
- access to an electronic communications network for Client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include the Salesforce CRM application and Thinkpipes platform, as well as the Blaze Portfolio Order Management System. TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of

the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

#### **14b: Compensation to Non-Advisory Personnel for Client Referrals**

Main Management may pay a fee to individuals or entities that refer clients to us. Such persons are commonly called "solicitors." We will not pay a solicitor a referral fee unless the following conditions are met:

- The solicitor is not subject to a regulatory enforcement order or been convicted of a serious crime within the past 10 years;
- The solicitor and Main Management have entered into a written agreement that;
  - describes the activities and the fee the solicitor will receive;
  - contains an undertaking that the solicitor perform its activities in a manner consistent with Main Management's instructions and relevant State law; and
  - requires the solicitor to provide the prospective client with Main Management's ADV Part 2 A and B brochures, along with a written disclosure document; and
- At the time of entering an advisory contract with a solicited client, Main Management obtains a dated acknowledgement of receipt of our Form ADV Part 2 A and B brochures.

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#### **ITEM 15 – CUSTODY**

Main Management does not provide custody of individual client funds or assets, but does have custody of private fund accounts.

Clients receive quarterly (or more frequent) reports from both Main Management and their custodians. Clients may elect to receive these reports electronically. Other than the authorized withdrawal of advisory fees, Main Management shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any unauthorized acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer. As a fiduciary, Main Management will always act in the client's best interests and in doing so, the above does not limit or modify that duty to our clients. Custodial statements will include fees charged by Main Management. We strongly urge you to review the investment advisory fees contained in the custodial statement for accuracy.

##### *Private Fund*

Main Management does have custody all Limited Partner accounts. This is a result of Main Management's ability to deduct fees and have access to fund assets. To ensure compliance under Investment Advisory Act of 1940, audited financial statements of the private fund are sent to the Partners in the fund within 120 days of fiscal year end. This audit is performed by an independently certified public accounting firm, under the registration and rules of the Public Companies Accounting Oversight Board. These reports are prepared under generally accepted accounting principles (GAAP) and are provided in writing for review. We strongly urge Limited Partners to carefully review these statements.

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#### **ITEM 16 – INVESTMENT DISCRETION**

Main Management asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for

payments or generally acting on behalf of our clients in most matters necessary to the handling of the account. Main Management has complete discretion over all trades executed for the private fund.

In certain circumstances, we will request non-discretionary authority over our clients' accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

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## **ITEM 17 – VOTING CLIENT SECURITIES**

Main Management has adopted policies and procedures, which require it to evaluate and vote proxy issues in the best interests of its clients. Main has determined that it is in the best interests of its clients to vote proxies in a manner that furthers the economic interest of its clients with the objective of maximizing the ultimate economic value of the investment. Main's policy requires that the firm vote proxies on behalf of all of its discretionary clients in a prudent manner considering the prevailing circumstances. Main Management also proxy votes on behalf of the private fund.

Main utilizes the proxy services the proxy voting services of ADP, including analysis, research, recommendations and guidelines to assist in monitoring corporate actions and voting proxies on behalf of its clients.

Main has adopted specific procedures, which address proxy voting responsibilities, material conflicts of interest, if any, record-keeping and disclosure requirements. Furthermore, Main has established a Proxy Voting Committee to assist in setting policy, resolving proxy voting issues, identifying material conflicts of interest and making proxy voting decisions where material conflicts of interest exist.

Main will generally vote proxies in accordance with the following guidance: (i) when Main's view of the issuer's management is favorable, Main will generally support current management initiatives with the exceptions as noted below and (ii) when Main's view is that changes to the management on a variety of proposals:

- Where there is a clear conflict between management and shareholder interests, Main may elect to vote against management.
- In general, Main opposes proposals, which in its view, act to entrench management.
- In some instances, even though Main may support management, there are some corporate governance issues that, in spite of management objections, Main believes should be subject to shareholder approval.

Furthermore, as part of Main's policy, the firm may abstain from voting a proxy when it is determined that the cost of voting the proxy exceeds the expected benefit to the client.

Upon request, clients may receive information regarding the manner in which securities held in their account were voted by contacting Kim Arthur at (415) 217-5801.

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## **ITEM 18 – FINANCIAL INFORMATION**

### **18a: Balance Sheet**

Main Management does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance.

### **18b: Financial Conditions**

Main Management has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

### **18c: Bankruptcy Petition**

Main Management has never been the subject of a bankruptcy petition.