

# MAIN MANAGEMENT, LLC

601 CALIFORNIA STREET, SUITE 620, SAN FRANCISCO, CALIFORNIA 94108  
INFO@MAINMGT.COM  
(415) 217-5800  
WWW.MAINMGT.COM

This brochure provides information about the qualifications and business practices of Main Management, LLC (“Main”, “Main Management”). If you have any questions about the contents of this brochure, please contact us at (415) 217-5800 or [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 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 as a Registered Investment Advisor 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.



MARCH 19, 2012

## ITEM 2 – MATERIAL CHANGES

This brochure, dated March 19, 2012, has been prepared by Main Management to meet new SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may, at any time, update this brochure and then either send you a copy or offer to send you a copy (either by email or in hard copy form). At minimum, a new brochure will be offered within 120 days of the close of each fiscal year.

Since our 2011 annual offering, the following changes have been made:

- Item 4.e: Assets under management have been updated.
- Item 12: “Soft Dollar” verbiage was added.
- Items 12, 14, 15: TD Ameritrade verbiage was added.



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## ITEM 4 – ADVISORY BUSINESS

### 4.A: FIRM DESCRIPTION

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

#### 4.a.1: Principal Members

- Kim D. Arthur, Managing Member, CEO & President: Mr. Arthur may be contacted by email at [info@mainmgt.com](mailto: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 & Chief Compliance Officer: Mr. Docker may be contacted by email at [info@mainmgt.com](mailto: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.

### 4.B: 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.

#### **4.C: CLIENT TAILORED RELATIONSHIPS AND RESTRICTIONS**

As a fiduciary, Main Management always acts solely in the client's best interests. Their portfolio 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.

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.

#### **4.D: WRAP FEE PROGRAM**

Main Management does not sponsor a wrap fee program.

#### **4.E: ASSETS UNDER MANAGEMENT (AUM)**

Main Management, as of December 31, 2011, has \$251,006,227 in discretionary reportable Assets under Management and \$122,802,568 in non-discretionary reportable Assets under Management for a total of \$373,808,795.

## ITEM 5 – FEES AND COMPENSATION

### 5.A: FEE SCHEDULE

Assets Under Management	Annual Fee (%)
\$2,000,000 to \$5,000,000	0.75%
\$5,000,001 to \$15,000,000	0.65%
\$15,000,001 to \$25,000,000	0.55%
\$25,000,001 and above	0.45%

The above schedule sets forth Main Management's basic fee schedule for investment supervisory services. These basic rates reflect 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.

## **5.B: FEE PAYMENT OPTIONS**

### *Investment Management Fees*

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, securities may be sold. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

## **5.C: THIRD PARTY FEES**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your account(s). We do not receive, directly or indirectly any of these fees charged to you. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include but are not limited to:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;
- Among others that may be incurred.

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. You bear the responsibility for verifying the accuracy of fee calculations.



## **5.D: FEE PAYMENTS**

### *Investment Management Fees*

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.

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

Either Main Management or our clients can terminate our agreement upon receipt of written notice to the other party.

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.

## **5.E: OTHER INVESTMENT COMPENSATION**

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

## **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.

## **ITEM 7 – TYPES OF CLIENTS**

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

- Individuals, including high net worth individuals;
- Trusts, estates and charitable organizations;
- Family groups;
- Pension & profit sharing programs;
- third-party investment advisors & broker-dealers.

### *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.

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

### **8.A: ANALYSIS**

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

### **8.B: 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 six strategies, investing in primarily Exchange-Traded Funds and Exchange-Traded Notes:

- 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 portfolio is a long only international equity strategy allocated amongst countries with clear risk reward tilt. We screen the universe of developed and developing countries ex the U.S. and focus on low market capitalization to GDP ratio, low price-to-earnings growth (PEG) ratio, current account/GDP ratio and current political and balance sheet risk. Our Investment Committee includes international expertise. Benchmark is the MSCI All Country World ex US index.

V. Global Macro Long/Short: Main Management's Long/Short strategy uses over 130 years of global markets expertise from our investment committee and advisory board. Long and short positions are established simultaneously in highly correlated ETFs that have experienced a recent divergence in price, pair-trade non-correlated sectors, styles, and asset classes, and option premium harvesting when risk/reward analysis warrants. The Portfolio Manager will operate within a band of plus/minus 40% net long/short on an ongoing basis and will employ leverage when deemed necessary. The process includes top down and bottom up fundamental analysis as well as technical analysis. Benchmark is the HFRX Absolute Return Index.

VI. Currency: Main Management's Currency strategy seeks to invest in the short term debt of fiscally responsible countries pursuing sound monetary policy. The portfolio aims to hedge against U.S. dollar debasement and the resultant loss of purchasing power relative to a basket of global currencies. The strategy actively allocates among a combination of Developed and Emerging Market debt and may invest in Precious or Industrial metals. Benchmark is the BAC-ML USD LIBOR 3 Month CM.

## **8.C: 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 not be within 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 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.

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **9.A: 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.

### **9.B: 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.

### **9.C: 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.

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

### **10.A: 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.

### **10.B: 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.

### **10.C: REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND POSSIBLE CONFLICTS OF INTERESTS**

Neither Main Management nor our employees have any relationships or possible conflicts of interest as it relates to this advisory business.

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.

### **10.D: SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISOR IS COMPENSATED FOR THOSE SELECTIONS**

Main Management has separate agreements with Fervent Group, Professional Asset Management Group, Advisors Asset Management, Keller Partners LLC, Roth CEP, Wealthfront and Chartwell 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.

## ITEM 11 – CODE OF ETHICS

### 11.A: 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.

### 11.B, 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 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.

For California Residents: Main Management adheres to the California Code of Regulations, Title 10 Section 260.238 (k), (1), (2) and (o) which prohibits investment advisers from:

(k) Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any requires that of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

(1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and

(2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.

(o) Making any untrue statement of a material fact or omitting a statement of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in the solicitation of advisory clients.

## **ITEM 12 – BROKERAGE PRACTICES**

### **12.A: 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.

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 their research, seminar and execution services.

For soft dollar arrangements, Main Management would have to obtain the aforementioned services and products for cash. 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 consider that, depending upon the fee level charged by Main Management, 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:

1. Main Management adheres to our Code of Ethics as outlined in Item 11 above.
2. If Main Management receives separate compensation for transactions, we will fully disclose them.
3. Main Management emphasizes the unrestricted right of you to select and choose your own broker or dealer.
4. 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.)

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **13.A: PERIODIC REVIEWS**

Accounts are monitored on a daily basis by Main's Investment Policy Committee. General portfolio holdings will be reviewed during the Investment Policy 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.

### **13.B: REVIEW TRIGGERS**

The frequencies of reviews are determined based on the client's investment objectives. More frequent reviews may also be triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

### **13.C: REGULAR REPORTS**

All investment advisory clients receive quarterly reports on representative investments recommended specifically by Main Management. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis. We encourage you to compare reports for accuracy.

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

### **14.A: ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS**

Main Management does not receive economic benefits from third parties for the advice we render to our 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 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. 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.

#### **14.B: 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;
  - a) describes the activities and the fee the solicitor will receive;
  - b) contains an undertaking that the solicitor perform its activities in a manner consistent with Main Management's instructions and relevant State law; and
  - c) 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.

### **ITEM 15 – CUSTODY**

Main Management does not provide custody of client funds or assets, but will refer clients to qualified custodians with whom we have had good relationships.

While the client will make the ultimate choice in selecting a custodian for the client's 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, Merrill Lynch, Morgan Stanley Trust, Folio Investing and LPL Financial as custodians. Main Management has good working relationships with these custodians.

Clients receive quarterly (or more frequent) reports from both Main Management and their custodians. Clients may elect to receive these reports electronically.

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 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. 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.

## **ITEM 16 – INVESTMENT DISCRETION**

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 and, in such event, we will advise you in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to you.

Main Management generally 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.

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.

## 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 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.

## **ITEM 18 – FINANCIAL INFORMATION**

### **18.A: BALANCE SHEET**

Main Management does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance and is not required to submit a balance sheet.

### **18.B: FINANCIAL CONDITIONS**

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

### **18.C: BANKRUPTCY PETITION**

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

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Main Management is an SEC registered firm.