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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Mainsail Financial Group, LLC dba Mainsail Financial Group. If you have any questions about the contents of this brochure, please contact us at (425) 502-7693 or adam@mainsailfg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Mainsail Financial Group also is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Mainsail Financial Group who are registered, or are required to be registered, as Investment Adviser Representatives of Mainsail Financial Group.

Mainsail Financial Group is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our initial filing, dated January 25, 2022, we have made the following material changes to our Form ADV:

- We have amended the *Advisory Business* and *Fees and Compensation* sections of this brochure to disclose that we offer on-line educational coursework and content to individuals which focus on a variety of financial topics ranging from investing for retirement to saving for children's educational needs. The educational videos and content will be impersonal and not take into account the individual circumstances of the attendee. As such, the educational virtual seminar should not be considered a comprehensive review, analysis or customized advice in regards to the attendee's individual situation. In the event the attendee decides to engage us for asset management services, financial planning services, retirement plan consulting services and/or participate in Commonwealth sponsored advisory programs, attendee will be required to execute a separate agreement and pay fees in addition to the fees paid by attendee to Mainsail Financial Group for the online content. We charge a monthly subscription fee, ranging from \$9.99-\$12.99 monthly in advance for our educational virtual courses and related content. Subscriptions can be cancelled at any time for any reason. Payments may be made via credit card through a third party payment platform. In addition, we have added that we offer Portfolio Management Services to clients and have disclosed the fee schedules for these services.
- We have entered into a custodial relationship with Charles Schwab & Co., Inc. Please refer to the *Brokerage Practices*, *Client Referrals and Other Compensation* and *Custody* sections of this brochure for additional information.

You may request a copy of our current brochure at any time, without charge, by calling or emailing us using the contact information on the cover page of this brochure.

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Item 4 Advisory Business

About Us

Mainsail Financial Group is a registered investment adviser, offering financial planning and asset management services to clients. Mainsail Financial Group has been in business since 2019 and applied for registration as an investment adviser in 2022. Its principal owners are Adam Laibson and Brandon Steele.

This Brochure is designed to provide detailed information relating to each item noted in the table of contents. Certain disclosures are repeated in one or more items, and/or other items are referred to in an effort to be as comprehensive as possible on the subject matters discussed. Within this Brochure, certain terms in either upper- or lowercase are used as follows:

- "Mainsail", "We," "us," "the firm" and "our" refer to Mainsail Financial Group.
- "Advisor" refers to persons who provide investment advisory services on behalf of Mainsail Financial Group.
- "You," "yours," and "client" refer to clients of Mainsail Financial Group and its advisors.

Description of Services Available

Mainsail offers a suite of investment advisory services and programs to its advisors for use with their clients. Our investment advisory services and programs are designed to accommodate a wide range of client investment philosophies, goals, needs, and investment objectives. Through these various advisory programs and services, clients have access to a wide range of securities products, including, but not limited to, common and preferred stocks; municipal, corporate, and government fixed income securities; mutual funds; exchange-traded products ("ETPs"); options and derivatives; unit investment trusts ("UITs"); and variable and fixed-indexed insurance products, as well as other products and services, including a variety of asset allocation services, financial planning, and consulting services. Our advisors may also offer advice related to direct participation programs, private placements, and other alternative investments, such as alternative energy programs, research, and development programs, leasing programs, real estate programs, and pooled commodities futures programs.

We offer the following programs:

Portfolio Management Services

Mainsail provides portfolio management services that are tailored to meet our clients' needs and investment objectives. We will gather information about your financial situation and objectives, and assist you in determining your investment goals, objectives, risk tolerance and income needs (collectively "investment parameters"). Through our discussion to determine your investment parameters, we will provide you with recommendations and/or allocate your investments in models constructed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Typically models consist of no-load mutual funds and/or exchange-traded products ("ETPs") to achieve the clients investment goals. In some situations, the advisor may utilize individual stocks, bonds, and alternative investments to meet the needs of its clients.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our

firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in an investment portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

We also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Individual Financial Planning Services

Mainsail's advisors provide financial planning services on a wide range of topics, including, but not limited to, comprehensive financial planning, budgeting and cash flow analysis, advice on major purchases, education planning, retirement income/longevity planning, portfolio analysis, estate planning analysis, investment analysis, business succession planning, and fringe benefit analysis.

Our individual financial planning services begin with a formal consultation with the client to determine the client's assets, liabilities, investment objectives, present and future foreseeable financial obligations, income, and risk tolerance. Using this information, we will create a financial plan consistent with the client's needs. When the plan is completed, our advisors will meet with you to present the plan and answer any question you may have. You may also engage us for an annual update of your financial plan. The fees for both the initial plan and subsequent annual updates (if desired) are listed in Item 5 of this brochure. Mainsail Financial Group has entered into an agreement with Commonwealth Financial Network ("Commonwealth"), an SEC-registered investment adviser and FINRA-registered broker dealer, to offer the Retirement Plan Consulting program.

Retirement Plan Consulting

Our advisors provide a fee-for-service consulting program whereby advisors offer onetime or ongoing advisory services to qualified retirement plans. Clients may engage our advisors for Retirement Plan Consulting services on a negotiated flat, fixed, or asset-based fee basis. The maximum annual consulting fee, when stated as a percentage of assets, is 1.50% and is negotiable. Fees may be paid at the time of service, in advance of service, or after service has been rendered. Through the Retirement Plan Consulting Program, advisors assist plan sponsors with their fiduciary duties and provide individualized advice based upon the needs of the plan and/or plan participants regarding investment management matters, such as:

- ☐ Investment policy statement support
- ☐ Investment selection and monitoring
- ☐ Overall portfolio composition
- ☐ Participant advice programs

Clients who participate in one or more of Commonwealth's programs will receive Commonwealth's Form ADV Part 2 and/or Wrap Fee Brochure, in addition to Mainsail Financial Group's Form ADV Part 2. Clients should refer to Commonwealth's Form ADV Part 2 and/or Wrap Fee Brochure for detailed information about Commonwealth and Commonwealth's programs.

Asset Management Services - Commonwealth Programs

Mainsail Financial Group has entered into an agreement to offer clients access to certain asset management programs offered by Commonwealth. Specifically, Commonwealth's PPS Custom Program (Platform) and PPS Select Account Program are offered.

PPS Custom Program (Platform)

The PPS Custom Program (Platform) account enables an advisor to assist the client in developing a personalized investment portfolio using one or more investment types, including, but not limited to, stocks, bonds, mutual funds, ETFs, unit investment trusts ("UITs"), variable and fixed-indexed annuities, and alternative investments. Mainsail's advisor acts as portfolio manager with full investment discretion. The account will be tailored to the particular needs of the client and generally consists of a mix of asset classes and weightings based on risk profile, investment objective, and individual preferences. The client will have the opportunity to periodically meet with the advisor to review the account. The client account may be rebalanced at any time, pursuant to the discretion granted, to maintain the chosen asset allocation. The client account may also be reallocated as necessary when warranted by market conditions or changes in the client risk profile, investment objective, or other relevant circumstances.

PPS Select Program

The PPS Select Program offers clients a managed account employing specific asset allocation models developed and managed by Commonwealth's Investment Management and Research team as a portfolio manager. The account will be made up of a mix of asset classes with weightings based on risk profile, investment objective, individual client preferences, and availability. Clients will have the opportunity to periodically meet with their advisor to review their account. The account may be rebalanced at any time pursuant to the discretionary trading authority clients grant to Commonwealth to help ensure that the account remains within reasonable deviation parameters of the specific PPS Select asset allocation model selected by the client.

Mainsail's advisors will collect financial data from clients, help clients determine the appropriateness of the account, and help clients identify the appropriate investment objectives and strategies to be used. Each PPS Select account will have an appropriate percentage mix of asset classes allocated to the account, composed of domestic and/or international fixed income, equity mutual fund shares, ETFs, and/or variable annuity subaccounts.

Most often, several asset classes with varying degrees of risk will be used in a client's portfolio, depending on the client's risk profile, investment objectives, individual client preferences, and availability. Commonwealth will have complete and unlimited discretionary trading authority to purchase and sell securities in the account, and to liquidate previously purchased securities that may be transferred into the account, in accordance with the investment objectives and model allocations chosen by the client.

Clients participating in Commonwealth's programs will receive a copy of Commonwealth's Form ADV Part 2 brochure.

The specific advisory program selected by the client may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees, commissions, and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources.

Investment recommendations and advice offered by Mainsail Financial Group and its advisors do not constitute legal, tax, or accounting advice. Clients should coordinate and discuss the impact of the financial advice they receive from their advisor with their attorney and accountant. Clients should also

inform their advisor promptly of any changes in their financial situation, investment goals, needs, or objectives. Failure to notify the advisor of any material changes could result in investment advice not meeting the changing needs of the client.

LifeRaft On-Line Education Platform

We offer on-line educational coursework and content to individuals which focus on a variety of financial topics ranging from investing for retirement to saving for children's educational needs. The educational videos and content will be impersonal and not take into account the individual circumstances of the attendee. As such, the educational virtual seminar should not be considered a comprehensive review, analysis or customized advice in regards to the attendee's individual situation. In the event the attendee decides to engage us for asset management services, financial planning services, retirement plan consulting services and/or participate in Commonwealth sponsored advisory programs, attendee will be required to execute a separate agreement and pay fees in addition to the fees paid by attendee to Mainsail Financial Group for the online content.

IRA Rollover Considerations

As part of our financial planning and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") to be managed by our firm. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Advisory Representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed under our program. You have the right to decide whether to complete the rollover and the right to consult with other financial professionals.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

- Leave the funds in your employer's (former employer's) plan.
- Roll over the funds to a new employer's retirement plan.
- Cash out and take a taxable distribution from the plan.
- Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney. Before rolling over your retirement funds to an IRA for us to manage, carefully consider the following. NOTE: This list is not exhaustive.

- Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
 - Employer retirement plans generally have a more limited investment menu than IRAs.
 - Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
- Your current plan may have lower fees than our fee and/or the Third-Party Manager's fee combined.
- If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those

share classes compare with those available in an IRA.

- You should understand the various products and services available through an IRA provider and their costs.
- It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our fee.
- The Third-Party Manager's or our management strategy may have higher risk than the options provided to you in your plan.
- Your current plan may offer financial advice, guidance, management and/or portfolio options at no additional cost. If you keep your assets titled in a 401(k) or retirement account, you could potentially delay your required minimum distribution beyond age 72.
- Your 401(k) may offer more liability protection than a rollover IRA; each state varies. Generally, Federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
- You may be able to take out a loan on your 401(k), but not from an IRA.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or a home purchase.
- If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
- Your plan may allow you to hire us or another firm as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features, and their differences, and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

Individualized Services and Client-Imposed Restrictions

The investment advisory services provided by our advisors depend largely on the personal information the client provides to the advisor. In order for our advisors to provide appropriate investment advice to, or, in the case of discretionary accounts, make tailored investment decisions for, the client, it is very important that clients provide accurate and complete responses to their advisor's questions about their financial condition, needs, goals, and objectives and notify the advisor of any reasonable restrictions they wish to apply to the securities or types of securities to be bought, sold, or held in their managed account. It is also important that clients promptly inform their advisor of any changes in their financial condition, investment objectives, personal circumstances, or reasonable investment restrictions pertaining to the management of their account, if any, that may affect their overall investment goals and strategies or the investment advice provided or investment decisions made by their advisor.

In general, the client's advisor is responsible for delivering investment advisory services to clients, and clients generally deal with matters relating to their accounts by contacting their advisor directly. Of course, clients may contact Mainsail Financial Group directly with questions about the advisory services offered by our firm.

Wrap Fee Programs

Commonwealth's PPS Custom (Platform) and PPS Select programs, offered by Mainsail Financial Group, are considered "wrap fee" programs in which the client pays specified fees for portfolio management services and trade execution. Wrap fee programs differ from other programs in that the asset-based fee structure for wrap programs is intended to be largely all inclusive, whereas non-wrap fee programs typically assess trade-by-trade execution costs that are in addition to the asset-based fees.

The PPS Select Program is managed in accordance with the investment methodology and philosophy of Commonwealth's Investment Management and Research team. The PPS Custom (Platform) program is managed by your advisor in accordance with his or her own investment methodology and philosophy.

For the investment advisory services provided to you by Commonwealth, Mainsail Financial Group, and your advisor, Commonwealth, Mainsail Financial Group, and your advisor receive a portion of the wrap fees you pay. Commonwealth receives a higher portion of the wrap fees you pay when you participate in Commonwealth's PPS Select programs to compensate for the investment management and research services provided by the Commonwealth Investment Management and Research team.

Assets Under Management

As of December 31, 2022, we provide continuous management services for \$112,468,772 in client assets on a discretionary basis and \$1,130,990 in client assets on a non-discretionary basis.

Program Choices and Conflicts of Interest

Clients should be aware that the compensation to Mainsail Financial Group and your advisor will differ according to the specific advisory program chosen. This compensation to us and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by our firm and your advisor, Mainsail and your advisor have a financial incentive to recommend a particular program or service over other programs or services. Lower fees for comparable services may be available from other sources. Mainsail and your advisor have a financial incentive to recommend advisory programs or services that provide us higher compensation over other comparable programs or services available elsewhere that may cost you less.

It is important to understand all the associated costs and benefits of each option so you can decide which types of accounts and services may be best suited for your unique financial goals, investment objective, and time horizon. We encourage you to review its Form CRS and to discuss your options with your advisor.

Item 5 Fees and Compensation

How You're Charged and How We're Compensated

Clients who elect to receive asset management services through one or more of Mainsail Financial Group's asset management programs will generally pay Mainsail and their advisor for those services with an annual asset management fee based on a percentage of assets under management, including cash and money market positions. The maximum account management fee that can be charged in any of our firm's managed account program is listed in the fee schedule below. Clients are urged to carefully review and discuss the contents of this Brochure with their advisor, including descriptions of the various programs and services offered, the fees and charges clients will pay, how Mainsail and your advisor are compensated, and the conflicts of interest that exist between the client and Mainsail and your advisor in respect to each program or service offered, to determine the most appropriate programs or services for your specific needs.

In most cases, the annual account management fee is payable quarterly in advance and is computed as one-quarter of the annual fee based on the AUM on the last business day of the previous calendar quarter. In limited circumstances, estimated quarter-end values of alternative investments provided by the product issuer may be used when calculating billable AUM. Please refer to the respective program

description in this Brochure, Commonwealth's brochure or to the respective client agreement for specific information about the maximum fee allowed, the varying fee schedules of each program, and the methods of fee billing for the program(s) you select.

All Mainsail Financial Group advisory program and service fees are negotiable. Mainsail may waive a particular fee, whether on an ongoing or a one-time basis, in its sole discretion. In the event a client terminates an advisory agreement with Mainsail, any unearned fees resulting from payments made by clients in advance will be refunded to the client. Likewise, in the event Mainsail bills clients in arrears for services that have already been rendered, Mainsail will prorate such fees up to the termination date of the advisory agreement.

Our standard fee schedule for asset management is as follows:

Portfolio Management Services

Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedules:

Flat Fee Schedule - For Household Values under \$500,000:

A flat fee schedule looks at the account value and compares it to a set fee schedule.

Annual Fee Schedule

Assets Under Management	Annual Fee
\$0 - \$249,999	1.50%
\$250,000 - \$499,999	1.0%

For example, assume that the account value at the end of the billing period is \$300,000. In this hypothetical example, and assuming an advanced monthly billing cycle is applied, the account for the upcoming month would be assessed as follows: The \$300,000 account value falls within the fee schedule value range of \$250,001 to \$499,999, which corresponds with a fee rate of 1.0%. Therefore, $\$300,000 \times 1.0\% = \$3,000 / 12 =$ an \$250 advance monthly account fee.

Blended/Tiered Fee Schedule – For Household Accounts \$500,000 and above:

A blended or tiered schedule identifies specific portions of the account value to be charged at different fee rates. The total value of the account is compared against the schedule and, based on the account size, the different fee rates are blended to determine the total account fee for that period.

Annual Fee Schedule

Assets Under Management	Annual Fee
\$500,000 - \$1,999,999	1.0%
\$2,000,000 - \$3,999,999	.70%
\$4,000,000+	.55%

For example, assume the account value at the end of the billing period is \$3,000,000. In this example, and assuming an advanced monthly billing cycle is applied, the account fee for the upcoming month would be assessed as follows: First \$2,000,000 of the account value would be billed at a rate of 1.0% ($\$2,000,000 \times 1.0\% = \$20,000$; $\$20,000 / 12 = \$1,666.67$); and the next \$1,000,00 would be billed at a

rate of .70% ($\$1,000,000 \times .70\% = \$7,000 / 12 = \$583.33$). Each of the different fee rate amounts is added together to determine the total monthly fee. $\$1,666.67 + \$583.33 = \$2,250$ advance monthly account fee.

If the portfolio management agreement is executed at any time other than the first day of a calendar month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. Our annual portfolio management fee is billed and payable, monthly in advance, based on the aggregate household balance at the end of the prior month.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon written notice. You will incur a pro rata charge for services rendered prior to the termination of the asset management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

PPS Custom Program (Platform)

Clients participating in the PPS Custom Program (Platform) will pay a total account fee that consists of a combination of management fee, which is negotiable, and a platform fee. Commonwealth, Mainsail Financial Group, and the advisor will share in the advisor fee. Commonwealth retains the platform fee, a portion of which Commonwealth uses to pay custody and clearing costs and annual maintenance fee charges. In substantially all cases, Mainsail will incorporate the platform fee into the client's management fee and the client will not pay the platform fee separately. Depending upon the mutual fund families selected, transaction charges will also apply.¹

The total account fee charged by Mainsail Financial Group will generally not exceed 1.5% of assets under management. Your total account fee will be shown in your managed account agreement. The **maximum** management fee schedule for a new PPS Custom Program (Platform) account is as follows:

<u>Account Value</u>		<u>Maximum Total Account Fee</u>
Greater than or equal to	Less than	
\$0	\$750,000	2.25%
\$750,000	\$1,000,000	2.00%
\$1,000,000	\$2,000,000	\$1.75%
\$2,000,000	-	1.50%

¹Transaction charges of \$15 for buys and sells and a maximum of \$3 for periodic investment plans and systematic withdrawal plans will apply in the following mutual fund families: CGM, Dimensional Fund Advisors ("DFA"), Dodge & Cox, and Vanguard, except that DFA sells are \$0. For trader-assisted transactions, an additional \$5 fee is charged to the advisor.

Clients participating in the PPS Custom Program (Platform) may pay more or less than clients might otherwise pay if purchasing the services separately. There are several factors that determine whether such costs would be more or less, including, but not limited to, the following:

- Size of the account
- Types of securities and strategies involved
- Amount of trading effected by the advisor
- Actual costs of such services if purchased separately

The advisory fees charged for the services provided by Commonwealth, Mainsail Financial Group, and your advisor, including research, supplemental advisory, and client-related services offered through the PPS Custom Program (Platform), may exceed those of other similar programs. In addition to the fees noted above, clients incur certain charges in connection with investments made through the PPS Custom Program (Platform). Commonwealth receives a portion of these fees. These include, but are not limited to, the following:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on previously purchased mutual funds transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Commonwealth credits 12b-1 fee payments received back to all PPS Custom (Platform) Program accounts. 12b-1 fees received by Commonwealth will be credited back to client accounts quarterly. Additional information about other compensation Commonwealth receives can be found in Item 14 of Part 2A of Commonwealth's ADV Part 2A Brochure. More information that explains the fees and charges paid by clients participating in the program can be found in Commonwealth's Schedule of Miscellaneous Account and Service Fees, available at www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf, as well as in the investment product prospectus, statement of additional information, and/or offering document for the specific investment products utilized in the program.

PPS Select

The PPS Select Program offers clients a managed account employing specific asset allocation models developed and managed by Commonwealth's Investment Management and Research team as a portfolio manager. The account will be made up of a mix of asset classes with weightings based on risk profile, investment objective, individual client preferences, and availability. Clients will have the opportunity to periodically meet with their advisor to review their account. The account may be rebalanced at any time pursuant to the discretionary trading authority clients grant to Commonwealth to help ensure that the account remains within reasonable deviation parameters of the specific PPS Select asset allocation model selected by the client.

Mainsail's advisors will collect financial data from clients, help clients determine the appropriateness of the account, and help clients identify the appropriate investment objectives and strategies to be used. Each PPS Select account will have an appropriate percentage mix of asset classes allocated to the account, composed of domestic and/or international fixed income, equity mutual fund shares, ETFs, and/or variable annuity subaccounts.

Most often, several asset classes with varying degrees of risk will be used in a client's portfolio, depending on the client's risk profile, investment objectives, individual client preferences, and availability. Commonwealth will have complete and unlimited discretionary trading authority to purchase and sell securities in the account, and to liquidate previously purchased securities that may be transferred into the account, in accordance with the investment objectives and model allocations chosen by the client.

Clients participating in the PPS Select Program will pay a total account fee that consists of a combination of an advisor fee and a program fee. Commonwealth and the advisor will share in the advisor fee. Commonwealth retains the program fee to compensate Commonwealth as portfolio manager and to pay custodial and clearing costs.

The maximum advisor fee in the PPS Select Program is as follows:

Account Value	Maximum Advisor Fee ¹
up to \$499,999	2.00%
\$500,000-\$999,999	1.75%
\$1,000,000-\$4,999,999	1.50%
\$5,000,000 or more	1.25%

The maximum program fee in the PPS Select Program is as follows:

Account Value	Maximum Program Fee ²
First \$250,000	0.25%
Next \$250,000	0.20%
Next \$500,000	0.15%
Next \$1,000,000 or more	0.10%

¹The maximum annual advisor fee for certain account sizes and types may be negotiated.

²The minimum annual program fee is \$35 (\$8.75 quarterly), which may exceed the maximum annual program fee percentage based on account size.

For clients with multiple PPS Select accounts that are identical in registration and title, Commonwealth will aggregate the values of those accounts so that they may benefit from a lower PPS Select annual program fee calculation for those identically titled accounts than if the annual program fees were calculated on a per-account basis.

Clients participating in the PPS Select Program may pay more or less than clients might otherwise pay if purchasing the services separately. There are several factors that determine whether such costs would be more or less, including, but not limited to, the following:

- Size of the account
- Types of securities and strategies involved
- Amount of trading effected by Commonwealth
- Actual costs of such services if purchased separately

The advisory fees charged for the services provided by Commonwealth and your advisor, and the costs of the client-related services offered through the PPS Select Program, including research, supplemental advisory, and client-related services, may exceed those of other similar programs.

In addition to the fees noted above, clients incur certain charges in connection with investments made through the PPS Select Program. Commonwealth receives a portion of these fees. These include, but are not limited to, the following:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction fees and redemption fees
- Certain deferred sales charges on previously purchased mutual funds transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Various brokerage account service and miscellaneous fees, as applicable
- Other charges that may be required by law
- Brokerage account fees and charges

Commonwealth credits 12b-1 fee payments received back to all Commonwealth PPS accounts. 12b-1 fees received by Commonwealth will be credited back to client accounts quarterly. Additional information about other compensation Commonwealth receive can be found in Item 14 of Part 2A of Commonwealth's Brochure. More information that explains the fees and charges paid by clients participating in the program can be found in Commonwealth's Schedule of Miscellaneous Account and Service Fees, available at www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf, as well as in the investment product prospectus, statement of additional information, and/or offering document for the specific investment products utilized in the program.

Financial Planning Services

Mainsail's Individual Financial Planning Services and Retirement Plan Consulting program provide the following fee payment options:

Individual Financial Planning Services: The Individual Financial Planning Services Program provides clients with the option of paying an annual or flat fee. Fees for financial plans generally range from \$2,000 - \$10,000. The fee amount a client will pay is negotiable between the client and his or her advisor and may either be paid at the time of service, in advance of service, or after services have

been rendered ("in arrears"). Annual fees may be paid in monthly, quarterly, semiannual, or annual installments as agreed between the client and the advisor. Clients may engage the firm for updates to a previously created financial plan at an additional cost negotiated between the two parties.

Retirement Plan Consulting: The Retirement Plan Consulting Program provides clients with the option of paying an annual fee for ongoing services based on a percentage of assets under advisement or a flat fee. The fee amount a client will pay is negotiable between the client and the advisor. Fees may be paid directly from qualified plan assets or may be direct billed, as agreed between the client and the advisor.

LifeRaft On-Line Education Platform: We charge a monthly subscription fee, ranging from \$9.99-\$12.99 monthly in advance for our educational virtual courses and related content. Subscriptions can be cancelled at any time for any reason. Payments may be made via credit card through a third party payment platform.

Managed Account Fee Collection Process

Managed account fees are typically automatically charged to the client's account pursuant to instructions provided to the account custodian by Mainsail Financial Group. Rather than automatic fee debiting from a client's account, clients also can be direct billed by writing a check to Mainsail Financial Group for the fee amount.

Managed account clients will generally pay fees quarterly in advance. Consulting clients will pay fees at time of service, in advance of service, or in arrears, as well as in monthly, quarterly, semiannual, or annual installments, as agreed to between the client and Mainsail.

The initial quarterly fee will be prorated based on the number of billing days in the initial quarter. Fees are based on account value and account type and are negotiable. Other methods of fee calculation exist or are possible, depending on the specific program, the services provided, client circumstances, and the account size. These methods include, but are not limited to flat, breakpoint, and blended fee billing. Additional deposits of funds and/or securities during a particular calendar quarter are subject to billing on a pro rata basis. Clients who withdraw funds from a managed account during a billing period are not generally entitled to a pro rata refund unless they are terminating their managed account program client agreement.

Mainsail Financial Group allows for the aggregation of assets among a client's "related" managed accounts for purposes of determining the value of AUM and the applicable advisory fee to be paid by a client. Mainsail Financial Group reserves the right to determine whether client accounts are "related" for purposes of aggregating a client's accounts together for a reduction in the percentage fee amount.

Other Fees and Costs

Clients incur charges in connection with certain investments, transactions, and services in your account. In many cases, Commonwealth will receive a portion of these fees and charges or add a markup to the charges clients would otherwise pay to generate additional revenue for Commonwealth. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account

- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Information describing the brokerage fees and charges that are applicable to a Mainsail Financial Group managed account is provided on Commonwealth's Schedule of Miscellaneous Account and Service Fees, which is available on Commonwealth's website at www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf.

Mainsail Financial Group advisors may select share classes of mutual funds that pay advisors 12b-1, sub transfer agent, distributor, transaction, and/or revenue-sharing fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay Mainsail Financial Group or your advisor additional fees. As a matter of policy, Commonwealth (on Mainsail Financial Group's behalf) credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in Mainsail Financial Group managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a fund may not be offered through our clearing firm or made available by Mainsail Financial Group for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

Mainsail Financial Group urges clients to discuss with their advisor whether lower-cost share classes are available in their program account. Clients should also ask their advisor why the funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee ("TF") funds available for investment through Mainsail Financial Group will result in the assessment of transaction charges to you, your advisor, Mainsail, or Commonwealth. Although no-transaction-fee ("NTF") funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost Commonwealth, Mainsail, or your advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that Mainsail Financial Group may not make available for purchase in its managed account programs present a conflict of interest between clients and Mainsail Financial Group or its advisors. A conflict of interest exists because Mainsail Financial Group and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to Mainsail Financial Group that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to Mainsail Financial Group or the advisor, a conflict of interest exists because Mainsail Financial Group and your advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

Prorated Rebate of Fees Paid in Advance

In the event a client terminates an advisory agreement with Mainsail Financial Group, any unearned fees resulting from advanced payments will be refunded to the client. Likewise, in the event Mainsail bills clients in arrears for services that have already been rendered, Mainsail will prorate such fees up to the termination date of the advisory agreement.

Other Forms of Compensation

As mentioned above, an ongoing asset management fee, billed quarterly in advance, is the most common method of payment for the client and compensation to Mainsail Financial Group. Please refer to the respective program description in this Brochure and to the client agreement for specific information about the maximum fee allowed, the varying fee schedules of each program, and the methods of fee billing for the program(s) you select.

When Mainsail Financial Group provides individual financial planning services for a client, the client pays for services rendered on a one-time basis or may pay a monthly or annual fee for ongoing services depending on the engagement(s) entered into by the client. For Retirement Plan Consulting, the fee may be a flat, fixed, or asset-based fee for providing one-time, or ongoing, advisory services to a plan. For individual financial planning services, the fee is typically a fixed fee. For both types of services, payment may be made either at the time of the service, in advance, or in arrears. Clients should make checks payable to Mainsail Financial Group only in relation to Qualified Plan Consulting or Individual Financial Planning services. Checks should never be made payable to the advisor or any other entity under the control of the advisor in relation to any asset management programs offered by Mainsail. Clients who are asked or instructed by their advisor to make checks payable to the advisor or any entity under control of the advisor should contact Adam Laibson directly for verification.

Clients should be aware that, when assets are invested in shares of mutual funds or variable insurance products, clients will pay investment advisory fees to Mainsail Financial Group for advisory services in connection with the investments. In addition to the payments received by Mainsail Financial Group and the advisor, clients will also typically pay management fees and other fees charged by the investment company, alternative investment, or insurance product sponsor. Clients may be able to invest directly in the investment company, alternative investment, or insurance product without incurring the investment advisory fees charged by Mainsail Financial Group. If a client's assets are invested in a fee-based annuity, the client will pay both the direct management fee to Mainsail Financial Group for the advisory services provided by Mainsail Financial Group in connection with that investment and, indirectly, the management and other fees charged by the underlying annuity investment options, as well as the charges assessed by the insurance company for the product. Clients should also be aware of the tax implications of investing, as well as of the existence of deferred sales charges or redemption fees charged by some product sponsors for positions the client subsequently sells in Mainsail Financial Group managed accounts.

Mainsail Financial Group and your advisor receive service fees and other compensation from investment product sponsors and distributors when they make recommendations or investment decisions for you. These fees and compensation include but are not limited to due diligence fees and marketing reimbursements or reallowances. This additional compensation presents a conflict of interest because Mainsail Financial Group and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments for your account that provide additional compensation to your advisor or Mainsail Financial Group over other investments that do not provide additional compensation to your advisor or Mainsail Financial Group. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about Mainsail Financial Group's and the advisor's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by Mainsail Financial Group and their advisor. Further information about Mainsail Financial Group's and your advisor's sources of compensation and conflicts of interest is provided in this Brochure. Information regarding fees and charges assessed to you by the investment products you purchase is available in the appropriate product prospectus, statement of additional information, and/or investment offering document.

For California Residents: Subsection (j) of Rule 260.238 of the California Code of Regulations requires that all investment advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.

Special Disclosures for ERISA Plans:

In this Brochure, Mainsail Financial Group has disclosed conflicts of interest, such as receiving additional compensation from third parties (e.g., 12b-1 fees, sub transfer agent fees, and revenue sharing) for providing marketing, recordkeeping, or other services in connection with certain investments. Mainsail Financial Group, however, has adopted policies and procedures that are designed to ensure compliance with the prohibited transaction rules under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. For example, Mainsail Financial Group has taken several steps to address the conflict of interest associated with Mainsail Financial Group's or Mainsail Financial Group's advisors' receipt of compensation for services provided to ERISA plans.

First, an advisor negotiates the compensation with ERISA plan sponsors or participants ("ERISA clients") and the compensation is either an annual fee for ongoing services based on a percentage of assets under advisement or a flat fee. Second, to the extent that an advisor receives additional compensation from a third party, the advisor must report it to Mainsail Financial Group to enable the additional compensation to be offset against the fees that the ERISA clients would otherwise pay for the advisor's services. Third, Mainsail Financial Group has established a policy not to influence any advisor's advice or management of assets at any time or for any reason based on any compensation that Mainsail Financial Group or the advisor might receive from third parties. In no event will Mainsail Financial Group allow advisors to provide advice or manage assets for ERISA clients if they have conflicts of interest that Mainsail Financial Group believes are prohibited by ERISA.

As a covered service provider to ERISA plans, Mainsail Financial Group will comply with the U.S. Department of Labor regulations on fee disclosures, effective July 16, 2011 (or such other date as provided by the Department). Thus, Mainsail Financial Group and its advisors will disclose (i) direct compensation received from ERISA clients; (ii) indirect compensation (e.g., 12b-1 fees) received from third parties; and (iii) transaction-based compensation (e.g., commissions) or other similar compensation shared with related parties servicing the ERISA plan. These fee disclosures will be made reasonably in advance of entering into, renewing, or extending the advisory service agreement with the ERISA client.

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

Mainsail Financial Group does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 Types of Clients

Mainsail Financial Group generally provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans
- Trusts, estates, and charitable organizations
- Corporations or other businesses not listed above

Mainsail Financial Group's managed account programs generally require clients to meet certain account minimums. In some cases, account balances may be combined at the household level to satisfy the account minimum. The following is a description of the account minimums in the various managed accounts available through Mainsail Financial Group:

- The PPS Custom (Platform) Program generally involves a \$50,000 account minimum.
- The account minimums for Commonwealth's PPS Select programs generally start as low as \$5,000 for Passive model portfolios and \$10,000 for Active model portfolios.

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

Investing in securities involves risk of loss that investors should be sure they understand and should be prepared to bear.

Mainsail Financial Group primarily serves retail investors. Clients of the firm are generally invested in one or more model portfolios developed by Mainsail's investment committee, taking into account the client's individual goals, risk tolerance and other factors. There are several sources of information that Mainsail may use as part of the investment analysis process when developing the firm's model portfolios. These sources include, but are not limited to:

- Financial publications
- Research materials prepared by others
- Corporate rating services
- SEC filings (annual reports, prospectus, 10-K, etc.)
- Company press releases

As a firm, Mainsail does not favor any specific method of analysis over another and, therefore, would not be considered to have one approach deemed to be a "significant strategy." There are, however, a few common approaches that may be used by Mainsail or your advisor, individually or collectively, in the course of providing advice to clients. Please note that there is no investment strategy that will guarantee a profit or prevent loss. Following are some common strategies employed by advisors in the management of client accounts:

- **Dollar Cost Averaging ("DCA"):** The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to

lessen the risk of investing a large amount in a single investment at higher price. DCA strategies are not effective and do not prevent against loss in declining markets.

- **Asset Allocation:** An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash/cash equivalents—each of which has different risk and reward profiles/behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, intermediate, and large capitalization. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, advisors seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss.
- **Technical Analysis (aka "Charting"):** A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company's future stock price. It is important to understand that past performance does not guarantee future results.
- **Fundamental Analysis:** A method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is the opposite of technical analysis.
- **Quantitative Analysis:** An analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Some believe that it can also be used to predict real-world events, such as changes in a share price.
- **Qualitative Analysis:** Securities analysis that uses subjective judgment based on nonquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. This type of analysis technique is different from quantitative analysis, which focuses on numbers. The two techniques, however, are often used together.
- **Cycle Analysis:** A method of statistical analysis of specific events occurring at a sufficient number of regular intervals that they can be forecasted into the future.

Risks of Loss

Regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.
- **Interest rate risks:** The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.
- **Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.
- **Geopolitical risks:** Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Any of the common risks described above could adversely affect the value of your portfolio and account performance, and you can lose money. Even though these risks exist, Mainsail will still earn the fees and other compensation described in this Brochure. Clients should carefully consider the risks of investing and the potential that they may lose principal while Mainsail continue to earn fees and other forms of compensation.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

Item 9 Disciplinary Information

Neither Mainsail nor any of its management persons have any disciplinary items applicable to this section.

Item 10 Other Financial Industry Activities and Affiliations

Mainsail Financial Group has chosen to partner with Commonwealth to provide certain services, including but not limited to fee billing and account performance reporting, to Mainsail and our clients. For the services it provides, Commonwealth charges Mainsail an administrative fee at the same time

clients are charged asset-based management fees. The administrative fee is charged to and paid by Mainsail and is calculated as a percentage of Mainsail's total account assets, including cash and money market positions, held by the advisor's clients.

Commonwealth offers discounts in administrative fees to firms who reach various PPS AUM levels. This presents a conflict of interest because this practice provides a financial incentive for firms who receive the discounts to recommend Commonwealth's PPS programs over other available managed or wrap account programs outside of PPS that do not offer such discounts to advisors. On the other hand, because Commonwealth does not assess administrative fees to firms when they use advisory programs outside of PPS, depending upon the costs and fees of a particular outside program, Mainsail has a financial incentive to use one or more outside programs rather than PPS programs, which also creates a conflict of interest.

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

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, Mainsail Financial Group has adopted a Code of Ethics that governs a number of conflicts of interest we have when providing our advisory services to you. Our Code of Ethics is designed to ensure that we meet our fiduciary obligations to you and to foster a culture of compliance throughout our firm.

Our Code of Ethics is comprehensive and is designed to help us detect and prevent violations of securities laws and to help ensure that we always keep your interests first. We distribute our Code of Ethics to each supervised person at Mainsail at the time of his or her initial affiliation with our firm; we make sure it remains available to each supervised person for as long as he or she remains associated with our firm; and we ensure that updates to our Code of Ethics are communicated to each supervised person as changes are made.

Our Code of Ethics sets forth certain standards of conduct and addresses conflicts of interest between our firm, our employees, our agents, our advisors, and our advisory clients.

Clients and prospective clients of Mainsail Financial Group may request a copy of our Code of Ethics at any time.

Mainsail Financial Group and its advisors may purchase or sell for their own accounts securities or other investment products that are also recommended to clients, which may create a conflict of interest. The firm's policy prohibits "trading ahead" of clients' transactions. When advisors are purchasing or selling securities for their own accounts, priority will be given to client transactions. Mainsail has implemented a review process that is designed to identify and correct situations in which firm or advisor transactions are placed ahead of client transactions.

Item 12 Brokerage Practices

The Custodians and Brokers We Use

Mainsail Financial Group does not maintain custody of your assets; although we will be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15-Custody below). Your assets must be maintained in an account at a "qualified custodian", generally a broker dealer or other financial institution. We primarily recommend that our clients use National Financial Services ("NFS") or Charles Schwab & Co., Inc. ("Schwab"), registered broker-dealers, members SIPC, as a qualified custodian. At times, we may utilize other qualified custodians to hold your assets. We are independently owned and operated and are not affiliated with NFS or

Schwab or any other qualified custodian. The qualified custodian will hold your assets in a brokerage account and buy and sell securities with our instruction. While we will recommend a qualified custodian to hold your assets, you will decide whether to do so and will open the account directly at the qualified custodian with our assistance.

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

- Combination of transaction execution services and asset custody services
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], limited partnerships)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services
- Competitiveness of the price of those services and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

Your Brokerage and Custody Costs - NFS

For our clients' accounts that Mainsail Financial Group maintains via NFS, Mainsail Financial Group and NFS generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that are executed or settled into your account. Commonwealth's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50,000,000 of their assets in accounts at NFS. For client accounts at Commonwealth, this commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. Because of these factors, to minimize your trading costs, we have Commonwealth (via NFS) execute most trades for your account(s). We have determined that having Commonwealth/NFS execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

Products and Services Available to Us from Commonwealth and Our Custodians

Commonwealth provides Mainsail Financial Group with various products and services that enable us to both serve our clients and grow our business. Commonwealth (through their disclosed clearing relationships with NFS and Pershing) provide us and our clients with access to its brokerage services — trading, custody, reporting, and related services. Commonwealth also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Following is a more detailed description of Commonwealth's support services:

Services That Benefit You.

Commonwealth's brokerage services include access to a broad range of investment products, execution of securities transactions by Commonwealth's clearing firms, and custody of client assets via their clearing firms. The investment products available through Commonwealth include some to which

we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Commonwealth's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

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

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Commonwealth also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Complementary or discounted attendance at conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession

Our Interest in Commonwealth's Services

Our relationship with Commonwealth requires that we maintain a certain level of assets within Commonwealth's program. This creates an incentive to recommend that you establish and maintain your account with Commonwealth, based on our interest in receiving Commonwealth's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. To mitigate the conflict, this disclosure is provided to you. As a fiduciary, we must act in your best interests. We believe that our selection of NFS or Pershing (via Commonwealth) as custodian and broker is in the best interests of our clients.

Our selection is primarily supported by the scope, quality, and price of Commonwealth's services (see "How We Select Brokers/Custodians") and not Commonwealth's services that benefit only us.

Your brokerage and custody costs - Schwab

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

Products and services available to us from Schwab

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services that benefit you. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

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

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to [recommend/request/require] the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

Block Trading Policy

Mainsail Financial Group may aggregate ("bunch") transactions in the same security on behalf of more than one client to strive for best execution and to possibly reduce the price per share. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Typically, the process of aggregating client orders is done to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Mainsail conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client.

Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. The amount of securities may be increased or decreased to avoid holding odd-lot or a small number of shares for particular clients. It should be noted, Mainsail does not receive any additional compensation or remuneration as a result of aggregation. Advisory clients purchase open end mutual funds at net asset value.

Soft Dollars

Mainsail Financial Group does not use commissions to pay for research and brokerage services (i.e., soft dollar transactions). Research, along with other products and services other than trade execution, are available to Mainsail Financial Group on a cash basis from various vendors.

Core Account Sweep Programs ("CASPs")

Our relationship with Commonwealth provides us access to two core account sweep programs ("Programs"). These Programs are the core account investment vehicles used to hold your cash balances while awaiting reinvestment for eligible accounts. The two Programs, the Bank Deposit Sweep Program ("BDSP") and the Advisory Retirement Sweep Retirement ("ARSP"), are available for different types of client accounts. The BDSP is the core account investment vehicle for eligible brokerage accounts. The ARSP is the core account investment vehicle for eligible advisory individual retirement accounts. The cash balance in your eligible accounts will be deposited automatically or "swept" into interest-bearing FDIC-insurance eligible Program deposit accounts ("Deposit Accounts") at one or more FDIC-insured financial institutions (each a "Program Bank" or collectively, "Program Banks").

BDSP. The Program creates financial benefits for Commonwealth and NFS. Commonwealth will receive a fee from each Program Bank in connection with the Program (equal to a percentage of all participants' average daily deposits at the Program Banks). Amounts will vary but in no event will they be more than 2.50% on an annualized basis as applied across all Deposit Accounts. At Commonwealth's discretion, they may reduce or raise fees and vary the amount of the reductions between clients based on market conditions. Although the fees vary from Program Bank to Program Bank, the Program pools all fees in an effort to treat clients equally, regardless of in which individual bank clients' funds may be deposited. The fee amount received will reduce the interest rate paid to clients by the Program Bank. Commonwealth will also pay a fee to NFS. Commonwealth reserves the right to modify the fees they receive from Program Banks. From time to time, if the fee increases, you will receive notification of any such change. In addition to Commonwealth's fees, other service providers with respect to the Program will receive fees from each Program Bank (collectively, with the fees paid to Commonwealth and/or NFS, "Program Fees"). In addition to the Program Fees referenced above, your non-brokerage retirement advisory account will be charged additional fees that apply to the securities accounts maintained by you.

Cash balances in the Program are also included in the value of account assets used to calculate the management fees and other asset-based fees we charge to your advisory accounts. The Program Banks use Program Deposits to fund current and new lending and for investment activities.

The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to Commonwealth and the income they earn on loans, investments, and other assets. As noted above, the Program Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates will be more financially beneficial to a Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market mutual fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the money market mutual fund's investment objective, which can be found in the fund's prospectus.

The revenue generated by Commonwealth may be greater than revenues generated by sweep options at other brokerage firms and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. In addition, Commonwealth will make compensation payments to NFS, their clearing agent, for recordkeeping and other services with respect to amounts invested in the Program, which will be no more than 70 basis points (0.70%). NFS may receive more revenue with respect to amounts in the Program than with respect to other sweep products. Because of the fees and benefits described above, the Program may be more profitable to Commonwealth than other available sweep options, if any. Commonwealth and/or NFS will benefit from the possession and temporary investment of cash balances prior to the deposit of such balances in the Program.

ARSP. The Program provides financial benefits for Commonwealth and NFS. For their services in connection with maintaining and administering the Program, Commonwealth and NFS will receive fees, including a per-account fee if certain independent market triggers are satisfied. It is expected that these fees will be covered by income generated by the cash balances in the Program, with the remaining economics flowing to you. Both your and Commonwealth's fees are based on a fixed formula and vary based on factors such as the Federal Funds Effective Rate ("FFER"), total AUM, and

number of accounts in the Program. Commonwealth's fee will be the sum of two fees: (i) a variable rate that is a subset of the total rate applied to a portion of the cash balances in the Program ("Variable Fee"), and (ii) a per account fee ("Account Fee").

In addition to the Program Fees referenced above, client accounts are charged additional fees that apply to the securities accounts maintained by clients. Cash balances in the Program are also included in the value of account assets used to calculate the management fees and other asset-based fees charged to advisory accounts.

The account interest received will be the net of the gross fee paid by the Program Banks less the fees paid to the administering party, NFS, and Commonwealth. When the FFER is 1.00%, Commonwealth will receive 95 basis points (0.95%). As the FFER increases above 1.00%, most of the incremental economics will generally flow to you, as the Program shares 70.00% of the change in the underlying market interest rates as measured by the FFER with you, with the remaining 30.00% flowing to Commonwealth, establishing Commonwealth's Variable Fee. When the FFER declines below 1.00%, Commonwealth will absorb 100.00% of the variance in the fee, and you will continue to be paid the net remaining interest.

Commonwealth's minimum Variable Fee rate applied is 15 basis points (0.15%) per account. Commonwealth reserves the right to temporarily reduce or waive this minimum account fee at any time. Commonwealth's Account Fee will be \$1.00 per account each month and applied when the average monthly FFER from the prior month exceeds 1.10%. Both of Commonwealth's fees are expected to be received directly from the proceeds paid by the participating Program Banks and not directly from your account, although in the event that the proceeds paid from the Program Banks are insufficient, we may charge your account directly to cover the fees. While your yield will be available on your account statement, these fees will not generally be seen on your statement unless there is a need to charge your account directly. Advisors do not receive any of the fees received by Commonwealth or NFS. Other than these stated fees, there will be no charges, fees, or commissions imposed on your account with respect to the Program.

The total ARSP economics are based on and, therefore, vary due to three primary factors: (i) the amount of cash balances in the Program, (ii) the number of accounts in the Program, and (iii) market interest rates, which are typically represented by the FFER. Commonwealth's compensation under the Program is not affected by the actual amounts held in the Deposit Accounts but will vary with the FFER. The Variable Fee rate will be applied to a fixed representation of cash balances, defined as 4.00% of total assets within accounts related to the ARSP Program under administration by Commonwealth. Amounts will vary, but in no event will Commonwealth's compensation be more than 250 basis points (2.50%) on an annualized basis across all Deposit Accounts.

Commonwealth can change the applicable fee schedule upon thirty (30) days' advance notice to you. The current FFER can be found at www.federalreserve.gov/monetarypolicy/openmarket.htm.

Applicable law governing retirement accounts, such as qualified plans under ERISA and individual retirement accounts under the Internal Revenue Code, necessitates that interest rates paid by the Program Banks for deposits in the Deposit Accounts, our fee, and other service fees were negotiated at arm's length, are believed to be fair and reasonable, and are designed to approximate the value for the services involved and in the context of clients' Eligible Assets.

Although it is anticipated that Commonwealth's fees under the Program will be covered by amounts paid by the Program Banks, and you direct NFS to collect such fees from the amounts collected from Program Banks, Commonwealth reserves the right to withdraw (or direct NFS to withdraw) the monthly

account fee, or a portion thereof, from your account in the unlikely event or to the extent that the amount received from the Program Banks for the period is less than Commonwealth's fee for the same period.

The revenue generated by Commonwealth will vary compared to revenues generated by sweep options at other brokerage firms or possible core account investment vehicles that have used in the past or may be used in the future. In addition, Commonwealth will make compensation payments to NFS, their clearing agent, for recordkeeping services with respect to amounts invested in the Program, which will be no more than 70 basis points (0.70%). NFS or the Program administrator may, from time to time, temporarily reduce its fees during certain periods, such as when necessary to help ensure that the interest rates paid by the Program Banks during the period equal the applicable disclosed client rate for the period. Under such circumstances, NFS or the Program administrator may recover any such reduced fees, subject to its targeted compensation rate, from future periods. NFS may receive more revenue with respect to amounts in the Program than with respect to other sweep products.

Specific features and account eligibility of the CASP are further explained in the Disclosure Document provided to all clients. A current version of Commonwealth's CASP Disclosure Document is available at www.commonwealth.com/clients/media/BankSweepDisclosureDocument.pdf.

Money Market Accounts

For client assets awaiting reinvestment in money market funds rather than the CASP, the Fidelity Government Money Market Capital Reserves (SPAXX) is the default money market fund used for accounts held at NFS. Clients may instruct their advisor to manually select a Money Class money fund rather than the default Reserve Class money fund at any time.

NTF Program

Additionally, NFS offers an NTF program composed of no-load mutual funds. Participating mutual fund sponsors pay a fee to NFS to participate in this program, and a portion of this fee is shared with Commonwealth. None of these additional payments is paid to Mainsail Financial Group or any advisors who sell these funds. NTF mutual funds may be purchased within an investment advisory account at no charge to the client. Clients, however, should be aware that funds available through the NTF program often contain higher internal expenses than mutual funds that do not participate in the NTF program. Commonwealth's receipt of a portion of the fees associated with the NTF program creates a conflict of interest because Commonwealth has an incentive to make available those products that provide such compensation to NFS and Commonwealth over those mutual fund sponsors that do not make such payments to NFS and Commonwealth. While Mainsail Financial Group does not receive additional compensation from NFS or Commonwealth based on the particular investment (potentially including one or more NTF funds), Mainsail Financial Group's menu of investment options is limited to investments made available by Commonwealth. Thus, clients may be impacted by the conflict of interest previously described in this paragraph. As stated previously, Mainsail Financial Group regularly evaluates our relationship with Commonwealth to ensure it remains appropriate for the firm and our clients.

The investment advisory services provided by Mainsail Financial Group may cost the client more or less than purchasing similar services separately. Clients should consider whether the appointment of Commonwealth as the sole broker/dealer may result in certain costs or disadvantages to the client as a result of possibly less favorable executions. Factors to consider include the type and size of the account and the client's historical and expected account size or number of trades.

Item 13 Review of Accounts

All client accounts are reviewed by an Investment Adviser Representative (IAR) of the firm no less than quarterly, or more often when changes in client circumstances or market conditions warrant. The firm's model portfolios are regularly reviewed by the firm's investment committee. All clients will be offered the opportunity to meet with their advisor no less than annually to discuss any changes to their financial situation which may impact the management of the client's account(s).

Clients will be provided statements at least quarterly directly from account custodian where your assets are maintained. Additionally, you will receive confirmations of all transactions directly from account custodian. All non-retirement accounts and retirement accounts for those clients taking distributions will receive an annual tax reporting statement.

Item 14 Client Referrals and Other Compensation

Commonwealth

Mainsail Financial Group receives an economic benefit from Commonwealth in the form of the support, products and services Commonwealth makes available to Mainsail and other investment advisors whose clients maintain their accounts on Commonwealth's platform. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 of this brochure.

Our access to Commonwealth's products and services is not conditioned on our firm or our advisors giving particular investment advice, such as buying particular securities for our clients. Product vendors recommended by Mainsail may provide monetary and non-monetary assistance for the purposes of funding marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by Mainsail or our advisors relating to the promotion or sale of the product vendor's products or services. We do not select products as a result of the receipt or potential receipt of any monetary or non-monetary assistance. Mainsail's due diligence of a product does not take into consideration any assistance it may receive. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest. We attempt to mitigate this conflict of interest by:

- Informing you of conflicts of interest in our disclosure document and agreement;
- Maintaining and abiding by our Code of Ethics which requires us to place your interests first and foremost;
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth or financial assistance for advisory representatives transitioning from another firm to Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

Schwab Advisor Network

The Company receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through its participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with our Company. Schwab does not supervise our Company and has no responsibility for the management of our clients' portfolios or other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest as described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages us to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by us is a percentage of the value of the assets in the client's account. We pay Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is paid by our Company and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in our client's accounts who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have an incentive to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Commonwealth has provided to Mainsail's principals forgivable loans totaling \$177,000 on February 1, 2019, of which \$141,600 has been repaid as of Feb 21, 2023. This loan is forgivable over 5 years so long as Mainsail's relationship with Commonwealth continues. Commonwealth further provided the principals unforgivable loans totaling \$75,000 on November 19, 2021, of which \$29,402 has been repaid as of Feb 28, 2023 (collectively, the "Notes"). These loans were used to expand Mainsail's office space and staffing, and material investments in the firm and its resources for clients. The Notes present a conflict of interest in that the principals have a financial incentive to maintain Mainsail's relationship with Commonwealth given that the balance of the notes becomes due immediately should the firm terminate its relationship with Commonwealth. In the normal course of our business, we direct clients to Commonwealth for execution of trades, custody of assets, and reporting or research services. However, to the extent an IAR directs clients to Commonwealth for such services, it is because the IAR believes that it is in that client's best interest to do so.

Item 15 Custody

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. Clients should carefully review the statements they receive from their account custodians and should promptly report material discrepancies to Mainsail at (425) 679-6875.

Item 16 Investment Discretion

Mainsail Financial Group renders investment advice to its managed account clients on a discretionary basis, pursuant to written authorization granted by the client to Mainsail Financial Group and your advisor. This authorization grants to Mainsail Financial Group and your advisor the discretion to buy, sell, exchange, convert, or otherwise trade in securities and/or insurance products, and to execute orders for such securities and/or insurance products as Mainsail Financial Group or your advisor may select. Your advisor may, without obtaining your consent, determine which products to purchase or sell for your managed account, as well as when to purchase or sell such products, and the prices to be paid. Neither Mainsail Financial Group nor your advisor, however, is granted authority to take possession of your assets or direct the delivery of your assets to anywhere other than your address of record. You may terminate this discretionary authorization at any time by providing written notice to us.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Clients may impose reasonable restrictions on their managed account, including, but not limited to, the type, nature, or specific names of securities to be bought, sold, or held in their managed account, as well as the type, nature, or specific names of securities that may not be bought, sold, or held in their managed account. Clients grant Mainsail Financial Group and their advisor discretionary trading authority over their managed accounts as part of the account opening process.

As a matter of firm policy, neither Mainsail Financial Group nor its advisors have or will accept the authority to file class action claims on behalf of clients. This policy reflects Mainsail Financial Group's recognition that it does not have the requisite expertise to advise clients with regard to participating in class actions. Mainsail Financial Group and its advisors have no obligation to determine if securities held by the client are subject to a pending or resolved class action settlement or verdict. Mainsail Financial Group and its advisors also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Mainsail Financial Group and its advisors have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured because of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients. The decision to participate in a class action or to sign a release of claims when submitting a proof of claim may involve the exercise of legal judgment, which is beyond the scope of services provided to clients by Mainsail Financial Group or your advisor. In all cases, clients retain the responsibility for evaluating whether it is prudent to join a class action or to opt out.

Item 17 Voting Client Securities

As a matter of firm policy, and in accordance with this Brochure and our advisory client agreements, neither Mainsail Financial Group nor our advisors have or will accept the authority to vote proxies on behalf of advisory clients in any situation where Mainsail Financial Group or the adviser acts as investment adviser to the client. Mainsail Financial Group or our advisors may, but are not obligated to, provide advice to clients regarding the clients' voting of proxies. In all cases, clients must either retain the responsibility for receiving and voting proxies for any and all securities maintained in their managed accounts, or they must appoint a third-party investment adviser or other person who is not associated with Mainsail Financial Group to vote proxies for their managed accounts.

In the event the advisor chooses to provide advice to clients designed to assist the client in making a decision as to how to vote their proxies, the advisor has a fiduciary duty to disclose to the client any material conflicts of interest the advisor may have with respect to such advice. In all cases, Mainsail Financial Group or the advisor will send, or will cause to be sent, all such proxy and legal proceedings information and documents it receives to the client, so that the client may take whatever action the client deems advisable under the circumstances.

Item 18 Financial Information

Mainsail Financial Group neither has a financial commitment that would impair its ability to meet its contractual and fiduciary commitments to clients, nor has Mainsail Financial Group been the subject of a bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.