

## **MAIN STREET FINANCIAL SOLUTIONS, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Main Street Financial Solutions, LLC (hereinafter “Main Street Financial Solutions” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Main Street Financial Solutions is required to discuss any material changes that have been made to the brochure since the last annual amendment dated February 28, 2018. The Firm has overhauled the format and general language of the brochure, and has also made the following material substantive changes:

- The Firm has amended Items 4 and 5 to reflect that the Firm provides retirement plan consulting services.
- The Firm has amended Item 4 to reflect that the Firm selects certain Independent Managers to actively manage a portion of its clients' assets.
- The Firm has amended Item 5 to reflect revisions to its range of fixed fees for financial planning and consulting services.
- The Firm has amended Item 5 to reflect that the Firm may charge certain clients a fixed fee based on net worth, to mitigate certain conflicts.
- The Firm has amended Item 8 to clarify that the Firm's investment adviser representatives make all investment decisions on behalf of clients with whom they work, in a manner consistent with the Firm's investing approach.
- The Firm has amended Item 10 to reflect that supervised persons of the firm may sell insurance products to investment advisory clients not only through the Firm's affiliated insurance agency, but also individually through non-affiliated insurance agencies.
- The Firm has amended Item 15 to clarify that the Firm's advisory agreement and/or the separate agreement with any Financial Institution authorize the Firm and/or independent managers to debit client accounts for payment of the Firm's fees.
- The Firm has amended Item 17 has been revised to reflect that the Firm does not accept the authority to vote proxies.

**Item 3. Table of Contents**

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	10
Item 7. Types of Clients .....	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9. Disciplinary Information .....	13
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics .....	14
Item 12. Brokerage Practices .....	15
Item 13. Review of Accounts .....	20
Item 14. Client Referrals and Other Compensation .....	21
Item 15. Custody.....	21
Item 16. Investment Discretion.....	22
Item 17. Voting Client Securities .....	22
Item 18. Financial Information .....	22

## Item 4. Advisory Business

Main Street Financial Solutions offers a variety of advisory services, which include financial planning and consultation services and investment management services. Prior to Main Street Financial Solutions rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Main Street Financial Solutions setting forth the relevant terms and conditions of the advisory relationship.

Main Street Financial Solutions was formed in January 2018 and is principally owned by Brett Danko. A predecessor organization was registered as an investment adviser in 2009. As of December 31, 2018, Main Street Financial Solutions had \$883,803,617 in assets under management, \$760,467,489 of which was managed on a discretionary basis and \$123,336,128 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Main Street Financial Solutions, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Main Street Financial Solutions's behalf and is subject to the Firm's supervision or control.

### Financial Planning

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Main Street Financial Solutions offers clients a broad range of financial planning and consultation services, which may include a review of goals and objectives, analysis and recommendations for cash flow planning, asset allocation/investment planning, income tax planning, insurance planning, estate planning, retirement planning, education planning, stock option planning, and real estate/mortgage planning. Prior to engaging Main Street Financial to provide any of these services, the client is required to enter in to an agreement setting forth the terms and conditions of the engagement and describing which specific financial planning and consultation services will be provided.

In performing these services, Main Street Financial Solutions is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Main Street Financial Solutions recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Main Street Financial Solutions or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Main Street Financial Solutions under a financial planning engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial

situation or investment objectives for the purpose of reviewing, evaluating or revising Main Street Financial Solutions's recommendations and/or services.

### **Investment and Wealth Management Services**

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Main Street Financial Solutions manages client investment portfolios on a discretionary or non-discretionary basis.

Main Street Financial Solutions primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Clients can engage Main Street Financial Solutions to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Main Street Financial Solutions directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Main Street Financial Solutions tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Main Street Financial Solutions consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Main Street Financial Solutions if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Main Street Financial Solutions determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Retirement Plan Consulting Services**

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Main Street Financial Solutions provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation

- Fiduciary and Compliance
- Participant Education

As disclosed in the advisory agreement, certain of the foregoing services are provided by Main Street Financial Solutions as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Main Street Financial Solutions’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Use of Independent Managers**

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As mentioned above, Main Street Financial Solutions selects certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Main Street Financial Solutions evaluates a variety of information about Independent Managers, which includes the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Main Street Financial Solutions also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Main Street Financial Solutions continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Main Street Financial Solutions seeks to ensure the Independent Managers’ strategies and target allocations remain aligned with its clients’ investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

Main Street Financial Solutions offers services on a fee basis, which includes fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm’s Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

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Main Street Financial Solutions charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable but range from \$300 to \$15,000 on a fixed fee basis depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. Main Street Financial Solutions also provides hourly financial planning at a rate of up to \$350 per hour. If the client engages the Firm for additional investment advisory services, Main Street Financial Solutions may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in an advisory agreement. Main Street Financial Solutions requires one-half of the fee (estimated hourly or fixed) payable upon execution of the advisory agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees in excess of six months in advance of services rendered.

### **Investment Management Fees**

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Main Street Financial Solutions offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies and may reach an upper limit of 2.00% depending upon the size and composition of a client's portfolio, the type of services rendered, and the specific investment adviser representative assigned to work with that client. The annual fee is prorated and charged quarterly, in advance or arrears depending on the advisory account, and the asset based fee is based upon the market value of the assets being managed by Main Street Financial Solutions on the last day of either the prior or current billing period, as applicable.

For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Main Street Financial Solutions may negotiate a fee rate that differs from the range set forth above.

### **Retirement Plan Consulting Fees**

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Main Street Financial Solutions charges an asset-based fee of up to 1% to provide clients with retirement plan consulting services. The scope of each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in an agreement.

### **Fixed Fees Based on Net Worth for Certain High Net Worth Clients**

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For certain high net worth clients, the Firm charges a fixed fee that is individually negotiated and based on the net worth of the client. In these relationships, the Firm would be managing a limited amount of the client's assets but would also be providing advice with respect to other assets that the Firm does not manage. The Firm believes this arrangement is in the best interest of these high net worth clients, to the extent that it mitigates the Firm's incentive to make recommendations that would increase the Firm's assets under its management. The Firm negotiates breakpoints to periodically adjust the fixed fee based on the client's net worth. The client reports the net worth to the Firm and agrees to the fixed fee.

### **Fee Discretion**

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Main Street Financial Solutions may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. Additionally, the Firm retains the discretion to vary the fee based on the investment adviser representative assigned to work with a particular client.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to Main Street Financial Solutions, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage transaction fees, custodial fees, reporting charges, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients provide Main Street Financial Solutions and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Main Street Financial Solutions.

### **Use of Margin**

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Main Street Financial Solutions can be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Main Street Financial Solutions will be increased. This poses a conflict of interest because Main Street Financial Solutions has an incentive to recommend the use of margin to increase the fee. Nevertheless, Main Street Financial ensures that all recommendations to use margin are in the best interest of clients.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Main Street Financial Solutions's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Main Street Financial Solutions, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Main Street Financial Solutions may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Transaction Fees and Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Main Street Financial Solutions (but not the Firm directly) to render securities brokerage services under a separate transaction-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Main Street Financial Solutions.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments ("PKS"), may provide securities brokerage services and implement securities transactions under a separate transaction based arrangement. Supervised Persons are entitled to a portion of the brokerage fees paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Main Street Financial Solutions may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions under this type of arrangement, clients are required to enter into a separate account agreement with PKS.

A conflict of interest exists to the extent that Main Street Financial Solutions recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. The Firm has procedures in place to ensure that any recommendations

made by such Supervised Persons are in the best interest of clients. The Firm does not allow any Supervised Person to receive transaction fees on any assets that are managed by the Firm pursuant to a compensation arrangement.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Main Street Financial Solutions does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Main Street Financial Solutions offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

### **Methods of Analysis and Investment Strategies**

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Main Street Financial Solutions uses an academic-based investment strategy that focuses on using multiple assets classes. A basic assumption is that markets are highly efficient most of the time and they quickly incorporate new information into security prices. Hence, investment strategies focus on using mutual funds and low-cost passively-managed exchange-traded funds. Where appropriate, however, Main Street Financial Solutions may recommend higher cost actively-managed mutual funds, as well as individual stocks, bonds, and options.

Investment adviser representatives of Main Street Financial Solutions, where the firm has been granted the authority to manage the assets on a discretionary basis, make all of the investment decisions on behalf of the client based on their knowledge of their specific preferences, individual circumstances, and risk tolerance. Main Street Financial Solutions supervises these employees to ensure that their investment decisions are consistent with the Firm's investment approach.

## **Risk of Loss**

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Investors may be rewarded in proportion to the risk they take based on several factors: their exposure to the equity markets, their exposure to small company stocks relative to large company stocks, and their exposure to lower-priced (or value) stocks relative to higher-priced (or growth) stocks. Where debt investments are recommended, investors may be rewarded for credit risk, interest rate risks, and other various risks described below.

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Main Street Financial Solutions's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Main Street Financial Solutions will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Use of Independent Managers*

As stated above, Main Street Financial Solutions selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Main Street Financial Solutions continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Main Street Financial Solutions does not have the ability to supervise the Independent Managers on a day-to-day basis.

*Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

*Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

*Interest Rate Risk*

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

*Inflation Risk*

When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

*Currency Risk*

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

*Reinvestment Risk*

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities during periods of declining interest rates.

*Business Risk*

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy and complex process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

*Liquidity Risk*

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

*Financial Risk*

Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Item 9. Disciplinary Information**

Main Street Financial Solutions has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

**Item 10. Other Financial Industry Activities and Affiliations**

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Registered Representatives of a Broker-Dealer**

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Certain of the Firm's Supervised Persons are registered representatives of Purshe Kaplan Sterling Investments ("PKS") and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agency**

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In addition to acting as licensed insurance agents on behalf of non-affiliated insurance agencies on a fully-disclosed commissionable basis, the owners of Main Street Financial Solutions also own and control a duly licensed insurance agency, Superior Cove Insurance Services, LLC, through which supervised persons of the Firm may also offer insurance products. A conflict of interest exists to the extent that Main Street Financial Solutions recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Fees from Independent Managers**

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As discussed above, Main Street Financial Solutions recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. In certain circumstances the Firm's compensation is included in the advisory fee charged by such Independent Managers. There is a conflict of interest to choose such Independent Managers; however, Main Street Financial Solutions evaluates Independent Managers objectively and not based on the amount of compensation it may receive from a particular Independent Manager.

## **Item 11. Code of Ethics**

Main Street Financial Solutions has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Main Street Financial Solutions's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Main Street Financial Solutions's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell

securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Main Street Financial Solutions to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

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Main Street Financial Solutions recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab"), Pershing Advisor Solutions ("Pershing"), SEI Investments Distribution Co. ("SEI") or TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("TD Ameritrade" and together with Schwab, Pershing and SEI, the "Custodians") for investment management accounts. Main Street Financial Solutions requires clients to open accounts with one or more of the Custodians and does not manage client assets through directed brokerage relationship to other custodians.

Main Street Financial Solutions participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member

FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Main Street Financial Solutions receives some benefits from TD Ameritrade through its participation in the program. The final decision to custody assets with a Custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Main Street Financial Solutions is independently owned and operated and not affiliated with any Custodian. The Custodians all provide Main Street Financial Solutions with access to their institutional trading and custody services, which are typically not available to retail investors.

Factors which Main Street Financial Solutions considers in recommending a Custodian to clients include their respective financial strength, reputation, execution, pricing, research and service. Each of the Custodians enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

Each Custodian has also agreed to reimburse clients for exit fees associated with moving accounts to the Custodian, up to a certain limit. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The transaction fees charged by a Custodian may be higher or lower than those charged by other Financial Institutions. Each Custodian's agreement was based on that Custodian's expectation that client assets held with the Custodian would increase. This arrangement creates a conflict of interest because the firm has an incentive to recommend the Custodians over other Financial Institutions. Nonetheless, the Firm has determined that it is consistent with its fiduciary duty to act in its clients' best interest to recommend these Custodians.

The transaction fees paid by Main Street Financial Solutions's clients to the Custodians comply with the Firm's duty to obtain "best execution." Clients may pay transaction fees that are higher than another qualified Financial Institution might charge to effect the same transaction where Main Street Financial Solutions determines that the transaction fees are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Main Street Financial Solutions seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Main Street Financial Solutions in its investment decision-making process. Such research will be used to service all of the Firm's clients, but transaction fees paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit

of such investment research products and/or services poses a conflict of interest because Main Street Financial Solutions does not have to produce or pay for the products or services.

Main Street Financial Solutions periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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Main Street Financial Solutions receives without cost, from the Custodians, administrative support, computer software, related systems support, as well as other third-party support as further described below (together “Support”) which allow Main Street Financial Solutions to better monitor client accounts maintained at the Custodians and otherwise conduct its business. Main Street Financial Solutions receives the Support without cost because the Firm renders investment management services to clients that maintain assets at the Custodians. The Support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The Support benefits Main Street Financial Solutions, but not its clients directly. Clients should be aware that Main Street Financial Solutions’s receipt of economic benefits such as the Support from a Custodian creates a conflict of interest since these benefits may influence the Firm’s choice of Custodian over another that does not furnish similar software, systems support or services, especially if the support is contingent upon clients placing a certain level of assets with the custodian. None of the Custodians have made the support they provide Main Street Financial Solutions contingent upon placing a certain level of assets with any of the custodians. However, custodians generally have expectations regarding anticipated asset levels and to the extent these asset levels are not met, Main Street Financial Solutions would expect the Support to diminish or stop. In fulfilling its duties to its clients, Main Street Financial Solutions endeavors at all times to put the interests of its clients first and has determined that the recommendation of Custodians is in the best interest of clients and satisfies the Firm’s duty to seek best execution.

Specifically, Main Street Financial Solutions receives the following benefits from the Custodians: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; iv) access to an electronic communication network for client order entry and account information.

Custodians may also provide discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors, fund business consulting and professional services received by Main Street Financial Solutions’s related persons, or provide funds to the Firm specifically for the purchase of research services from Morningstar. Main Street Financial Solutions would expect those payments to stop if the Custodian determined that the insufficient assets of Main Street Financial Solutions were custodied with the Custodian.

The services the Firm receives from the Custodians are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as the Custodian determines that the advisor has sufficient client assets maintained in accounts at the Custodians. The Custodians' services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in their custody, the Custodians generally do not charge separately for custody services but are compensated by account holders through transaction-related or asset-based fees for securities trades that are executed through the Custodian or that settle into Custodian accounts. The investment products available through each Custodian include some which we might not otherwise have access to or that would require a significantly higher minimum initial investment by our clients with assets

The Custodians also make available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by the Custodians. Other potential benefits may include occasional business entertainment of personnel of Main Street Financial Solutions by Custodian personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Certain of the products and services Custodians make available assist the Firm in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Custodian. The Custodians also make available to Main Street Financial Solutions other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, the Custodians may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Main Street Financial Solutions endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at the Custodians may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which creates a potential conflict of interest.

There is no direct link between Main Street Financial Solutions's participation in TD Ameritrade's institutional customer program and the investment advice it gives to its clients, although Main Street Financial Solutions receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Some of the products and services made available by TD Ameritrade through the program may benefit Main Street Financial Solutions but not its client. These products or services may assist Main Street Financial Solutions in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Main Street Financial Solutions manage and further develop its business enterprise.

### **Brokerage for Client Referrals**

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Main Street Financial Solutions does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of PKS. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless PKS provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through PKS if they have not secured written consent from PKS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from PKS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than PKS under its internal supervisory policies. The Firm is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Trade Aggregation**

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Transactions for each client will be effected independently, unless Main Street Financial Solutions decides to purchase or sell the same securities for several clients at approximately the same time. Main Street Financial Solutions may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Main Street Financial Solutions's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Main Street Financial Solutions's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and

no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Main Street Financial Solutions does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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Main Street Financial Solutions monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted at least annually. Such reviews are conducted by the Investment Adviser Representative that is working with each client. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Main Street Financial Solutions and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Main Street Financial Solutions and/or an outside service provider, which contain certain account and/or market-related information, such as an

inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Main Street Financial Solutions or an outside service provider.

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

### **Client Referrals**

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In the event a client is introduced to Main Street Financial Solutions by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Unless otherwise disclosed, any such referral fee is paid solely from Main Street Financial Solutions's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Main Street Financial Solutions's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Main Street Financial Solutions is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

The advisory agreement and/or the separate agreement with any Financial Institution authorize Main Street Financial Solutions and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Main Street Financial Solutions. In addition, as discussed in Item 13, Main Street Financial Solutions will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Main Street Financial Solutions.

## Item 16. Investment Discretion

Main Street Financial Solutions is given the authority to exercise discretion on behalf of clients. Main Street Financial Solutions is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Main Street Financial Solutions is given this authority through a power-of-attorney included in the agreement between Main Street Financial Solutions and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Main Street Financial Solutions takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

### Declination of Proxy Voting Authority

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Main Street Financial Solutions does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## Item 18. Financial Information

Main Street Financial Solutions is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and

- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.