

MAINE ASSET MANAGEMENT WRAP PROGRAM

Sponsored
by

MAINE ASSET MANAGEMENT, LLC

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This brochure provides clients with information about Maine Asset Management, LLC and Maine Asset Management Wrap Program that should be considered before becoming a client of Maine Asset Management, LLC. This information has not been approved or verified by any governmental authority.

TABLE OF CONTENTS

<i>About The Program</i>	<i>1</i>
OVERVIEW.....	1
JOINING THE PROGRAM	1
CLEARING OF SECURITIES TRANSACTIONS; CUSTODY AND ACCOUNT STATEMENTS.....	1
INVESTMENT ADVISORY PROCESS.....	1
FEES FOR THE PROGRAM	1
FEE COMPARISON	2
OTHER CHARGES.....	3
<i>About The Portfolio Manager</i>	<i>3</i>
MANAGEMENT OF YOUR PORTFOLIO.....	3
REPORTS FROM THE PROGRAM.....	3
<i>About the Sponsor</i>	<i>3</i>
MANAGEMENT AND EDUCATION STANDARDS.....	3
OTHER SERVICES OFFERED	4
VOTING CLIENT PROXIES	4
INDUSTRY ACTIVITIES OR AFFILIATIONS	5
CONFLICTS OF INTEREST	5
CODE OF ETHICS.....	7
PRIVACY POLICY	8

ABOUT THE PROGRAM

OVERVIEW

The Maine Asset Management Wrap Program (the “Program”) is a fee-only investment advisory program sponsored by Maine Asset Management, LLC (“the “Firm”). The Program provides individuals, pension and profit sharing plans, trusts, estates, charitable organizations corporations and other business entities the ability to trade in individual debt and equity securities and other eligible securities (collectively “Eligible Securities”) without incurring separate brokerage commissions or transaction charges.

JOINING THE PROGRAM

To join the Program a person must:

- (1) Complete the investment advisory wrap fee agreement (the “Program Agreement”) and any other supporting documentation required for the Program and become a client (“Client”) of the Program;
- (2) Complete a new account agreement with Charles Schwab & Co., Inc. (“Schwab”) or another broker dealer approved by the Firm for participation in the Program (“Broker-Dealer”) to open a securities brokerage account (“Account”); and
- (3) Deposit those Client assets designated for participation in the Program (“Program Assets”) into the Account.

CLEARING OF SECURITIES TRANSACTIONS; CUSTODY AND ACCOUNT STATEMENTS

All transactions in the Account(s) are cleared through the Broker-Dealer. Either the Broker-Dealer or a custodian meeting the requirements of a “qualified custodian” as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (“Custodian”), will maintain custody of the Client’s Program Assets. Clients in the Program are provided with transaction confirmation notices and regular summary account statements directly from the Broker-Dealer or Custodian for the Client Account(s).

INVESTMENT ADVISORY PROCESS

After an analysis of any information provided by the Client to the Firm, the Firm shall assist the Client in developing an appropriate investment strategy for the assets in their Account(s) (the “Investment Strategy”). Thereafter, all Clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. The Firm shall contact ongoing Clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their Investment Strategy.

FEES FOR THE PROGRAM

Clients in the Program pay a single annualized fee for participation in the Program (the “Program Fee”) (between 0.50% and 1.75%), depending upon the market value of the assets being managed under the Program and the types of Investment Strategies implemented.

The Program Fee is payable quarterly, in advance, based upon the market value of the Program Assets in the Account(s) on the last day of the previous quarter.

The Firm does not impose an account minimum to participate in the Program. However, the Firm generally imposes a minimum annual fee of \$250 to participate in the Program. This minimum fee may have the effect of making the Firm's service impractical for Clients, particularly those with portfolios less than \$14,500 under the Firm's management. The Firm, in its sole discretion, may negotiate to waive its minimum annual fee or charge a lesser Program Fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Subject to the usual and customary securities settlement procedures Clients may make additions to and withdrawals from the Account(s) at any time, subject to the Firm's right to terminate the Account(s). If Program Assets are deposited into or withdrawn from an Account after the inception of a quarter that exceed \$50,000 of the portfolio value prior to the deposit or withdrawal, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. . Any amount to be refunded shall be credited towards the Firm's unearned fee in next quarter. 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.

The Program Agreement and the Client's agreement with the Broker-Dealer or Custodian may authorize the Firm through the Broker-Dealer or Custodian to debit the Client's Account(s) for the amount of the Firm's and/or Independent Manager's fee and to directly remit those fees to the Firm in accordance with applicable custody rules. The Broker-Dealer or Custodian has agreed to send a statement to the Client, at least quarterly, indicating all amounts disbursed from the Account(s).

For the initial period of the Program, the first period's fees shall be calculated on a pro rata basis. The Program Agreement will continue in effect until terminated by either party pursuant to the terms of the Program Agreement. The Program Fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner.

Neither the Firm nor the Client may assign the Program Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of the Firm shall not be considered an assignment.

A copy of the Firm's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended, shall be provided to each Client prior to or contemporaneously with the execution of the Program Agreement. Any Client who has not received a copy of the Firm's written disclosure statement at least forty-eight (48) hours prior to executing the Program Agreement shall have five (5) business days subsequent to executing the Program Agreement to terminate the Firm's services without penalty.

FEE COMPARISON

Under the Program, Clients receive both investment advisory services and the execution of transactions in Eligible Securities for a single, combined annualized fee (the Program Fee). Participation in the Program may cost the Client more or less than purchasing such services separately. The number of transactions made in the Client's Account(s), as well as the commissions charged for each transaction, will determine the relative cost of the Program versus

paying for execution on a per transaction basis and paying a separate fee for advisory services. Inasmuch as the Firm will pay all transaction and execution fees associated with securities trading to Broker-Dealer, this may present a disincentive for the Firm to effect trades in the client accounts. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

OTHER CHARGES

Clients may incur certain charges imposed by third parties in addition to the Program Fee such as charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be 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.

ABOUT THE PORTFOLIO MANAGER

MANAGEMENT OF YOUR PORTFOLIO

All Clients in the Program shall grant the Firm discretionary and/or non-discretionary authority to buy, sell, and otherwise trade Eligible Securities for their Account and to liquidate previously-purchased securities that the Client has transferred to their Account. Program Assets in the Client's Account(s) designated for a particular Investment Strategy shall be managed by one of the Firm's investment adviser representatives.

REPORTS FROM THE PROGRAM

As previously stated, Clients in the Program are provided with transaction confirmation notices and regular summary account statements directly from the Broker-Dealer or Custodian for the Client Account(s). Clients in the Program will also receive a report from the Firm that may include such relevant Account and/or market-related information such as an inventory of Account holdings and Account performance on a quarterly basis. Clients should compare the account statements they receive from their Broker-Dealer or Custodian with those they receive from the Firm.

ABOUT THE SPONSOR

MANAGEMENT AND EDUCATION STANDARDS

The Firm's executive management and all individuals that render investment advisory services on behalf of the Firm must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations. The following individuals are either the Firm's principal executive officers or determine the general investment advice given to Program participants:

JEFFREY M. CHAPMAN

Born 1973

Post-Secondary Education:

University of Hartford – 1992, BA, Business & Communications

Recent Business Background:

Maine Asset Management, Managing Member, 06/2010 – Present
Purshe Kaplan Sterling Investments, Inc., Registered Representative, 06/2010 - Present
RBC Wealth Management, Vice President & Financial Consultant, 2003- 06/2010

DAVID A. KRECH

Born 1943

Post-Secondary Education:

Babson College– 1966, BSBA, Investments

Recent Business Background:

Maine Asset Management, Financial Advisor, 06/2010 – Present

Purshe Kaplan Sterling Investments, Inc., Registered Representative, 06/2010 - Present

RBC Wealth Management, Financial Consultant, 2008- 06/2010

Acadia Trust, N.A. (formerly Union Trust Company), Trust Investment Officer, 1997-2008

OTHER SERVICES OFFERED

The Firm also provides other services to its Clients outside of this Program, including financial planning, consulting, and discretionary and non-discretionary investment management services. Fees for such other services may be based upon fixed fees and fees based on assets under management that do not include transaction fees, commissions, and other costs, which are incurred separately. The terms and conditions for these other services are set forth in Part II of the Firm's Form ADV, which is available from the Firm upon request.

VOTING CLIENT PROXIES

The Firm may agree to vote proxies on behalf of certain Clients in the Program.

When the Firm accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its Clients. Absent special circumstances, which are fully- described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in the Firm's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, Clients may contact the Firm to request information about how the Firm voted proxies for that Client's securities or to get a copy of the Firm's Proxy Voting Policies and Procedures. A brief summary of the Firm's Proxy Voting Policies and Procedures is as follows:

- The Firm has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of Clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to the Firm's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving,

the Firm shall devote an appropriate amount of time and resources to monitor these changes.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that the Firm maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its Clients and are not the product of such conflict.

INDUSTRY ACTIVITIES OR AFFILIATIONS

Certain of the Firm's Advisory Affiliates (as defined in Form ADV), in their individual capacities, are registered representatives of Purshe Kaplan Sterling Investments, Inc., an SEC registered broker-dealer and member of the FINRA. In such individual capacities, the Firm's Advisory Affiliates may, from time-to-time, recommend investments outside of the Program for which they may receive additional compensation. The opportunity to receive additional compensation for effecting securities transactions outside of the Program or purchasing Eligible Securities in the Program that pay additional compensation to the Advisory Affiliates (e.g., 12b-1 fees, etc.) creates a conflict of interest.

CONFLICTS OF INTEREST

Transactions for each Client Account generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or "batch" such orders to obtain best execution or to allocate equitably among the Firm's Clients differences in prices or other costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Firm'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 the Firm's Advisory Affiliate(s) (as defined in Form ADV) may invest, the Firm shall generally do 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. The Firm shall 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 may 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.

The Firm may receive from the Broker-Dealer or Custodian, without cost to the Firm, computer software and related systems support, which allow the Firm to better monitor Client accounts maintained at the Broker-Dealer or Custodian. The Firm may receive the software and related support without cost because the Firm renders investment management services to Clients that maintain assets at the Broker-Dealer or Custodian. The software and related systems support may benefit the Firm, but not its Clients directly. In fulfilling its duties to its Clients, the Firm endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from the Broker-Dealer or Custodian creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the Firm may receive the following benefits from the Broker-Dealer or Custodian: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

The Firm may manage client portfolios by allocating portfolio assets among various Eligible Securities on a discretionary basis using one or more of its proprietary Investment Strategies. The Investment Strategy has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the Investment Strategy, with a safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following features have been specifically included in the Firm's management using the Investment Strategy:

1. **Initial Interview** – an initial interview is conducted with each Client to determine the Client's financial circumstances, goals, acceptable levels of risk, any reasonable restrictions on the management of their account, and other relevant circumstances;
2. **Individual Treatment** – the Client's account is managed on the basis of the Client's financial circumstances and investment objectives;
3. **Consultation** – an Advisory Affiliate (as defined in Form ADV) of the Firm knowledgeable about the Client's account shall be reasonably available to consult with the Client relative to the status and management of their account;
4. **Notice of Transactions** – the Client shall receive notice of all transactions in their account as if they had maintained a similar account outside of the Investment Strategy;
5. **Quarterly Statement** – the Client shall be provided with a quarterly statement containing a description of all activity in the their account;
6. **Ability to Impose Restrictions** – the Client shall have the ability to impose reasonable restrictions on the management of their account, including the ability to instruct the Firm not to purchase certain securities or types of securities;
7. **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the Custodian, but rather represents a direct and beneficial interest in the securities which comprise the Client's Account;
8. **Separate Account** – a separate Account is maintained for the Client with the Custodian; and
9. **Ownership** – the Client retains indicia of ownership of the account (e.g. right to withdraw

securities or cash, exercise or delegate proxy voting, and receive transaction confirmations). The Investment Strategy may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual Client. Securities in the Investment Strategy are usually exchanged and/or transferred without regard to a Client's individual tax ramifications. Certain investment opportunities that become available to the Firm's Clients may be limited. In order to meet its fiduciary duties to all of its clients, the Firm will endeavor to allocate investment opportunities among its Clients on a fair and equitable basis.

If a Client in the Program is introduced to the Firm 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 of the Act and any corresponding state securities law requirements. The referral fee shall be paid solely from the Program Fee and shall not result in any additional charges to the Client. If a Client is introduced to the Firm by an unaffiliated Solicitor, the Solicitor shall provide the Client with a copy of the Firm's written disclosure statement and a copy of the disclosure statement between the Firm and the solicitor containing the terms and conditions of the solicitation arrangement, including compensation. Any affiliated solicitor of the Firm shall disclose the nature of his/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 disclosure statement at the time of the solicitation.

As discussed above, a person may receive a referral fee for recommending the Program. The amount of the referral fee may be more than what the person would receive if the Program participant participated in other programs of the Firm or paid separately for investment advisory services, brokerage, and other services, and, therefore, that person may have a financial incentive to recommend the Program over other programs or services.

CODE OF ETHICS

The Firm and persons associated with the Firm ("Associated Persons") are permitted to buy or sell securities that it also recommends to Clients consistent with the Firm's policies and procedures.

The Firm has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The Code of Ethics also requires that certain of the Firm's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact the Firm to request a copy of its Code of Ethics.

Unless specifically permitted in the Firm's Code of Ethics, none of the Firm's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Firm's Clients.

When the Firm is purchasing or considering for purchase any security on behalf of a Client, no Access Person may effect a transaction in that security prior to the completion of the purchase or

until a decision has been made not to purchase such security. Similarly, when the Firm is selling or considering the sale of any security on behalf of a Client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. 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, including repurchase agreements; (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 fund.[State] The Firm has adopted a code of ethics ("Code of Ethics") made up of its personal securities transaction and insider trading policies and procedures.

PRIVACY POLICY

In accordance with Section 204A of the Advisers Act, the Firm also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its Advisory Affiliates.