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This brochure provides information about the qualifications and business practices of Sky Investment Group LLC. If you have any questions about the contents of this brochure, please contact us at: 860-761-9700, or by email at: BNEWMAN@SKYIG.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 Sky Investment Group LLC is available on the SEC's website at: www.adviserinfo.sec.gov, using CRD # 134001. Registration does not imply a certain level of skill or training.

September 18, 2013

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The material changes made since our March 19, 2013 update are:

- Change to the number of relationships managed by any single portfolio manager.
- Corrected assets managed from "non-discretionary" to "discretionary".

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Advisory Business

Firm Description

Sky Investment Group LLC was founded in 2005.

SKY Investment Group manages investment portfolios for individuals, families, businesses and charitable organizations. We focus on long term capital preservation, emphasizing investments in large, financially strong companies with leading positions in global business.

Our first commitment is to our clients. Understanding your financial goals, individual circumstances, and unique needs is central to successful investment management.

We are committed to helping you manage your overall investment picture. We help you formulate an investment strategy based on your personal situation, and we're dedicated to following your instructions and meeting your expectations. We understand that within the context of any family or organization, there can be portfolios of varying size and objectives. Since we have no constraints from a corporate parent, we can work with any size portfolio, whether large or small. We are organized and technologically equipped so that every portfolio gets the attention it deserves.

We know that the investment world can get pretty confusing. We want you to understand your portfolio and be comfortable with the strategy you pursue.

Principal Owners

Robert Bingham owns the majority of the outstanding membership interests in the company. William Newman and John Wright both own a minority interest in the company.

Types of Advisory Services

Sky Investment Group LLC provides investment supervisory services, also known as asset management services.

As of August 31, 2013, Sky Investment Group LLC managed approximately \$260.5 million in assets for approximately 200 clients; all on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our portfolio management system. A "Portfolio Management Consideration" statement is created for each client that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

Sky Investment Group LLC ("Sky") manages portfolios for individuals, families, pension and profit sharing plans, trusts, estates and business entities using equity and fixed income strategies.

Asset Management

Stocks, mutual funds, and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock, mutual fund and bond trades. Sky Investment Group LLC does not receive any compensation, in any form, from fund companies or brokers.

Investments may include: exchange listed securities, securities traded over the counter, equity in foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares) and U. S. government securities.

Termination of Agreements

A Client may terminate any of the aforementioned agreements at any time by notifying Sky Investment Group LLC in writing and paying a pro-rated fee for the time spent on the investment advisory engagement prior to notification of termination.

Sky Investment Group LLC may terminate the aforementioned agreements at any time by notifying the client in writing.

Fees and Compensation

Description

Sky Investment Group LLC bases its fees on a percentage of assets under management. Clients are billed as of the last day of each calendar quarter based upon the value of the assets under management at the end of the quarter.

If a client's contract becomes effective subsequent to the first day of a calendar quarter or month, or terminates before the last day of a calendar quarter or month, the fee is determined by applying the foregoing percentage to the applicable portion of such quarter (such total value being determined as of the last day of the calendar quarter) and reducing the fee proportionately. Sky Investment Group LLC may, at its discretion, combine accounts for clients with multiple accounts for purposes of calculating the appropriate fee.

Fees are negotiable at the discretion of the President or Chief Compliance Officer of Sky Investment Group LLC. The standard fee schedule is as follows:

100 basis points for equity management

50 basis points for fixed income management

80 basis points for balanced account management

Accounts with over \$4 million aggregate under management are eligible for discounts from our standard fee schedule.

Fee Billing

Investment management fees are billed quarterly, in advance meaning that we invoice your account for the coming quarter based upon the value of the account on the last day of the most recent completed quarter. Payment in full is deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. In the event that a client discontinues services in the middle of a quarter, the client is rebated, pro-rata, fees charged but not yet earned.

Other Fees

Custodians may charge transaction fees on purchases or sales of account assets. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a fee for their services as investment managers. The ratio of these fees to assets managed is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Sky Investment Group LLC

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Sky Investment Group LLC reserves the right to stop work on any account that is more than 90 days overdue. In addition, Sky Investment Group LLC reserves the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Sky Investment Group LLC's judgment, to providing proper financial advice.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Sky Investment Group LLC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an

incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

Sky Investment Group LLC generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, closely held corporations or business entities.

Account Minimums

Sky Investment Group LLC does not impose any minimum for opening an investment account.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Sky Investment Group LLC predominantly uses fundamental analysis when selecting investments. However, Sky may look at a variety of other factors, which may influence the investment decision. These factors include possible technical information and any other information available.

The main sources of information include financial newspapers, financial websites and internet services, magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

The primary investment strategies used on client accounts include long-term purchases and short-term purchases of equity and fixed income instruments, diversified across asset classes and sectors.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face many investment risks, some of which are outlined below:

- **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.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of

risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of 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.
- **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 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.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Affiliations

Sky Investment Group LLC has no arrangements that are material to its advisory work or its client relationships with any related person who is a

broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

The employees of Sky Investment Group LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Sky Investment Group LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Sky Investment Group LLC Compliance Manual.

Personal Trading

The Chief Compliance Officer of Sky Investment Group LLC is William Newman. He reviews all employee trades each quarter, unless trades are transacted through Sky's internal portfolio management system, in which case trades are reviewed at least weekly. Mr. Newman's trades are either made by the President of Sky Investment Group LLC, Robert Bingham in the course of standard portfolio management, or reviewed by Robert Bingham. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

Brokerage Practices

Selecting Brokerage Firms

Sky Investment Group LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Sky Investment Group LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Sky Investment Group LLC does not receive fees or commissions from any of these arrangements.

Best Execution

Sky Investment Group LLC reviews the execution of trades at each custodian on an on-going basis. The review is documented in the Sky Investment Group LLC Compliance Manual. Trading fees charged by the custodians are also reviewed on an annual basis. Sky Investment Group LLC does not receive any portion of the trading fees.

Soft Dollars

Sky Investment Group LLC does not have any soft dollar arrangements with any firm.

Order Aggregation

Sky Investment Group LLC aggregates trades whenever practical. The average execution price is given to all participants in a blocked trade.

Review of Accounts

Periodic Reviews

Once established, accounts are reviewed at least quarterly. Accounts are reviewed more frequently if there are (1) bond redemptions, (2) changes in our view on a client holding, (3) a deposit exceeding 5% of the accounts value, (4) account performance inconsistent with the performance of similarly invested accounts, (5) client requests for a personal review.

We try to limit the number of accounts handled by one portfolio manager to 150 relationships. Portfolio managers check: (1) asset allocation, (2) security, industry & sector concentrations, (3) constraints as outlined in the Statement of Investment Objectives, (4) consistency of performance across accounts with similar holdings and weightings.

Regular Reports

All clients receive a statement, at least quarterly, from their custodian. They also receive a performance review, market commentary and invoice quarterly from Sky Investment Group LLC. Transactions are confirmed by way of a brokerage confirmation which is mailed by the client's custodian at the time transactions occur.

Client Referrals and Other Compensation

Incoming Referrals

Sky Investment Group LLC has been fortunate to receive many client referrals over the years. The referrals come from current clients, estate

planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Sky Investment Group LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

All assets are held at qualified custodians. This means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Sky Investment Group LLC.

Investment Discretion

Discretionary Authority for Trading

Sky Investment Group LLC accepts discretionary authority to manage securities accounts on behalf of clients. Sky Investment Group LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Sky Investment Group LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is the document clients sign to grant Sky Investment Group LLC authority to trade their account on a discretionary basis.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, Sky Investment Group LLC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Sky Investment Group LLC's proxy voting policy is available upon request.

Financial Information

Financial Condition

Sky Investment Group LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is required to be provided because persons associated with Sky Investment Group LLC serve as a Trustee for certain client accounts.

Business Continuity Plan

General

Sky Investment Group LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and periodically archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Sky Investment Group LLC has several Portfolio Managers on staff. In the event of the loss of one Portfolio Manager, the accounts would be promptly assigned to another PM.

Information Security Program

Information Security

Sky Investment Group LLC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Sky Investment Group LLC will collect information, such as name, address, social security number, date of birth, current investment holdings, investment history and risk tolerance from its clients during the ordinary course of business.

This information is used for the purpose of designing and maintaining an investment portfolio that is structured to meet the investment goals within a client's risk tolerance level. This information is private client information and will only be disclosed to third parties who provide expert advice and/or custodial services to the Corporation. Our employees and nonaffiliated third parties have access to this information whenever necessary in performance of their respective duties. This information is also provided to regulatory authorities as necessary when requested by those authorities.

This information is provided to custodians after the customer has completed a new account form for the appropriate custodian. This form constitutes written consent by the client.

Private client information is not disclosed to non-employees unless requested by the client, such as to persons preparing tax returns, trust, or wills for the client or to nonaffiliated third parties who have been hired by the company to assist in a facet of the administration of the company, such as to assist in the preparation of our financial statements and tax returns, and to assist in compliance matters, or in the event of a regulatory inquiry.

Sky Investment Group LLC does not sell client lists or disseminate client information for any purpose not directly related to the provision of investment advisory services. No employee of the company may release private client information unless the client has specifically authorized it, or the Chief Compliance Officer has approved the release.

All client information will be maintained for a period of at least six years past the termination of the client relationship. Any client information that is determined to be eligible for destruction shall be shredded prior to its disposal. Routers installed on the company's computer system will provide protection of client information stored electronically.

Clients shall be informed of the company's privacy policy annually in October.

All employees and nonaffiliated third parties who are given access to private client information shall be required to sign a confidentiality agreement at the

beginning of said employee's employment or nonaffiliated third parties' engagement.

All files are to be locked whenever the office is unoccupied. The office is to be locked whenever it is not occupied.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Sky Investment Group LLC generally requires demonstration of achievement in the field of financial analysis and related subjects. Such demonstration generally being a college degree with appropriate major. Except in the case of a person fitting the classification of trainee, business background in finance, financial analysis or other financial experience is sought.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements are as follows:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless upgrading from affiliate membership, all societies require two sponsor statements as part of each application.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Robert J. Bingham, President, CFA

Date of Birth: August 19, 1959

Educational Background:

- Middlebury College receiving a BA in Mathematics and Economics

Business Experience:

- 02/2005 – Present; President, Sky Investment Group LLC

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Robert Bingham is supervised by William Newman, Chief Compliance Officer. He reviews Mr. Bingham's client accounts through our client portfolio management system.

Mr. Newman's contact information:

860-761-9700 bnewman@skyig.com

John Wright, Director of Research

Date of Birth: May 9, 1957

Educational Background:

- Attended Middlebury College receiving a BA in French and Economics in 1979
- Attended Dartmouth's Tuck School of Business receiving his MBA with an emphasis in Finance in 1984

Business Experience:

- 01/2008 –Present; Director of Research, Sky Investment Group LLC
- 06/2006 – 11/2007; Institutional Sales, Fox-Pitt Kelton Cochran Caronia Waller LLC

Disciplinary Information: None

Other Business Activities: Director, Bank of Virginia

Additional Compensation: None

Supervision:

John Wright is supervised by William Newman, Chief Compliance Officer. He reviews Mr. Wright's client accounts through our client portfolio management system.

Mr. Newman's contact information:

860-761-9700 bnewman@skyig.com

Margaret Hubbard

Date of Birth: January 12, 1971

Educational Background:

- Attended Connecticut College receiving a BA in Mathematical Sciences in 1993

Business Experience:

- 03/2005 –Present; Sky Investment Group LLC

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Margaret Hubbard is supervised by William Newman, Chief Compliance Officer. He reviews Ms. Hubbard's client accounts through our client portfolio management system.

Mr. Newman's contact information:

860-761-9700 bnewman@skyig.com

John Waterman

Date of Birth: July 18, 1987

Educational Background:

- Attended Worcester Polytechnic Institute receiving a BS in Chemical Engineering in 2009

Business Experience:

- 06/2010 –Present; Sky Investment Group LLC

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

John Waterman is supervised by William Newman, Chief Compliance Officer. He reviews Mr. Waterman's client accounts through our client portfolio management system.

Mr. Newman's contact information:

William Newman

Date of Birth: October 14, 1959

Educational Background:

- Attended Connecticut College receiving a BA in American Studies and in Twentieth Century History in 1981.

Business Experience:

- 02/2005 –Present; Chief Compliance Officer, Sky Investment Group LLC

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

William Newman is supervised by Robert Bingham, President. He reviews Mr. Newman's client accounts through our client portfolio management system.

Mr. Bingham's contact information:

860-761-9700 rbingham@skyig.com