

# DEIGHAN

## ASSOCIATES

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REGISTERED INVESTMENT ADVISOR

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[www.deighan.com](http://www.deighan.com)

### FORM ADV PART 2A BROCHURE

March 31, 2011

This brochure provides information about the qualifications and business practices of Deighan Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 207.990.1117 or [info@deighan.com](mailto:info@deighan.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 Deighan Associates, Inc. also is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Deighan Associates, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## Material Changes

There have been no material changes to this brochure since the last update to our *Disclosure Statement* on April 21, 2010.

## Advisory Business

Founded in 1994 by Jean M. Deighan and Jenifer L. Wilson, Deighan Associates, Inc. (DAI) provides investment management services by designing and maintaining portfolios of individual stocks and/or stock mutual funds and exchange traded funds (ETFs), and bonds and/or bond mutual funds and ETFs for its clients. Portfolios are carefully tailored to reflect each client's investment objectives taking into consideration financial goals, time horizon and risk tolerance as well as any other investment restrictions imposed by the client. Occasionally, the firm will provide investment advice to persons or entities that require assistance making appropriate investment choices in salary deferral, company retirement plans, or other assets not managed by DAI. Jean M. Deighan is principal owner of the firm.

Total Assets Under Management as of February 28, 2011: \$127,716,537.

## Fees and Compensation

DAI is compensated for advisory services based on the value of client assets under management. Fees for Investment Management Services are as follows:

1.25% of assets on the first \$100,000 under management;
1.00% on the next \$400,000;
0.90% on the next \$500,000;
0.75% on the next \$2,000,000;
0.50% of assets in excess of above.
Minimum annual fee: \$500.

### Method of calculation

The above fees are calculated and prorated monthly based on the account market value on the last trading day of the month, and paid in arrears. Generally, fees are deducted from clients' assets and clients receive notification. However, clients may receive monthly invoices upon request. No fees are pre-payable. The client will be charged only the prorated fee to the date of termination. Under no circumstances will DAI or any employee of the firm accept commissions, or transaction-based revenues from loads, sales charges, or mark-ups in client accounts.

### Minimum account size

Our minimum relationship size is \$500,000 of assets under management. Occasional exceptions to this minimum are made if there is sufficient probability that the minimum will be met at some future time. Modifications to the fee schedule can be negotiated based on such extenuating circumstances as large holdings of low cost basis stock, large fixed income holdings, and exceptionally large accounts. Charitable organizations receive a discount from the standard fee arrangement. DAI accepts small accounts for clients and their family members when total assets under management meet the minimum account requirement.

Fees for such accounts will be charged in accordance with the standard fee schedule. The management of self-directed retirement plans varies with the types of plans; thus, management fees are generally negotiated.

Brokerage and other transaction costs are discussed in the section entitled *Investment Brokerage and Discretion*. It is important to note that all mutual funds will charge a management fee at the fund level. Further, when we trade certain mutual funds, the securities custodian may charge a transaction fee.

It is expected that the firm will derive approximately 95% of its revenues from providing "investment supervisory services" to its clients. "Investment supervisory services" is defined as the giving of "continuous investment advice to a client (or making investment decisions for the client) based on the individual needs of the client." It is expected that the firm will generate approximately 5% of its revenue from the furnishing of investment and/or investment related advice through consulting arrangements. The fee for consulting services is \$200 per hour when the firm is not managing assets. From time to time, the firm may provide, within the context of the overall relationship with the client, advice concerning estate planning and matters not involving securities, however, no revenues are generated from these activities. The firm may provide comprehensive financial planning to firm clients at an hourly rate of \$200 for professional services, and at an hourly rate of \$100 for services provided by a Para-planner.

#### **Performance-Based Fees and Side-by-Side Management**

DAI does not accept performance-based fees.

### **Types of Clients**

The firm generally provides investment advisory services to individuals, corporations, trusts, estates, charitable organizations, and pension and profit sharing plans.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The firm utilizes fundamental analysis in the selection of securities, placing great emphasis on measures of intrinsic value, earnings growth, and strong financial statements. The firm receives information used in the analysis and selection of securities from a variety of sources such as: corporate filings with the Securities and Exchange Commission, quarterly and annual reports, prospectuses, company press releases, corporate rating services, financial newspapers and magazines, and research materials provided by brokerage and other investment advisory firms.

Strategies are designed to meet client requirements, including risk tolerance and time horizon. The specific investment strategies used to implement the firm's investment advice vary greatly from long-term purchases to trading. "Trading" is generally defined as selling a security within 30 days of its purchase. Frequent trading can affect performance, particularly through increased brokerage and other transaction costs and taxes. In most cases, we recommend holding securities until company fundamentals change (such as narrowing margins or negative industry expectations). Option strategies are, from time to time, recommended to address structural issues in a portfolio such as protecting large, low cost basis holdings from market volatility. All portfolios are diversified, and it is generally true that any one security will not account for more than 10% of the total portfolio value unless so directed by the client. Some portfolios may violate this rule due to specific client objectives and tax considerations. Margin investing is not recommended, but may be employed for short-term borrowing needs.

### **Types of Investments**

The firm utilizes individual equities, mutual funds, exchange-traded funds (ETFs) warrants, corporate debt obligations, commercial paper, certificates of deposits, municipal securities, investment company securities (with the exception of variable life insurance), U.S. Government (and U.S. Government-sponsored entities) securities, and options. While DAI does not typically invest in initial public offerings (IPOs), futures contracts, hedge funds, private equity funds, closely held or non-publicly traded securities, the firm does utilize mutual funds and exchange traded funds that may use some of these types of investments.

### **Risk of Loss**

There is material risk involved in any investment strategy. Some of the risks include the following: the risk that the general level of asset prices will decline; the financial condition of the issuers of individual securities may decline; various and unpredictable factors such as inflation, interest rates, economic expansion or contraction, global, regional, economic, political or banking crises; lack of liquidity or active trading or other market disruptions; clearing and settlement of transactions may be delayed or disrupted; fees and commissions for trading may change without notice.

Individual stocks or bonds have more company specific risk than investments in a pool of securities such as an ETF or mutual fund. Securities invested in a narrow asset category such as gold or a single country or economic sector have more risk individually than a combination of investments in a more diversified portfolio. DAI tries to mitigate the volatility of all the above risk factors by diversifying investments among issuers, and by asset class, but positive performance is not guaranteed, and past performance is not indicative of future results.

## **Disciplinary Information**

Neither Deighan Associates, Inc. nor any of its employees have been involved in any legal or disciplinary actions that involved investments or financial wrongdoing.

Neither Deighan Associates, Inc. nor any of its employees have been involved in any administrative proceedings that involved a violation of an investment-related statute or regulation or was the subject of an order by the agency or authority.

Neither Deighan Associates, Inc. nor any of its employees have been involved in a proceeding of a self regulatory organization (SRO) that caused an investment related business to lose its authorization to do business or violated the SRO's rules.

## **Other Financial Industry Activities and Affiliations**

Deighan Associates, Inc. is not involved in financial industry activities or affiliations that are material to its business.

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

### Code of Ethics

Honesty and integrity are the cornerstones upon which DAI has built its business, and the firm has had a Code of Ethics in place since its 1994 inception. The Code sets forth standards of conduct that apply to all employees of the firm including strict compliance with the law and zealous maintenance of our fiduciary duty to clients. In order to maintain the highest possible standards, DAI adopted the *Code of Ethics and Standards of Professional Conduct* of the CFA Institute (formerly the Association for Investment Management and Research or AIMR) upon establishment of the firm in 1994. In 2006, DAI adopted the CFA Institute's *Asset Manager Code of Professional Conduct*, which outlines the ethical and professional responsibilities of firms that manage assets on behalf of both institutional and retail clients. Both Codes and their amendments are incorporated as the foundation of our firm Code. Upon being hired as an employee of the firm, and annually thereafter, each employee must sign a memo agreeing that s/he has read and understands the Codes.

### Participation or Interest in Client Transactions

The firm and its personnel may maintain private investment accounts for their own benefit (and the benefit of relatives) and, as might be expected, these accounts frequently invest in the same securities DAI purchases for its clients. Since the firm's principal fiduciary obligation is to its clients, the firm's *Code of Ethics* provides that when the firm is contemplating the purchase or sale of a security for its clients, no similar action with respect to that security may be taken for the firm's account or any employee's account until the contemplated action is first taken for clients. The Code further states that no individual may use any information acquired in the course of his/her employment in any fashion that is detrimental to clients' interests, or disclose information concerning any client's account unless such disclosure is authorized by the client or required by law. DAI handles all related accounts (for example: accounts held for the benefit of relatives) in the same fashion as non-related accounts with the same objective. This includes non-advisory related accounts. Individual trades are placed and allocated for client accounts first with employee/relative accounts directly following client accounts. Large block transactions are occasionally submitted simultaneously for employee/relative accounts and client accounts, but employee/relative accounts do not receive preferential or priority treatment. Reports detailing employee securities transactions are generated quarterly, reviewed by the Chief Compliance Officer or another Investment Committee member as appropriate, and kept on file.

## Brokerage Practices

### Research and Other Soft Dollar Benefits

Schwab provides DAI with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional. Services received by Schwab are not otherwise contingent upon DAI committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, 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 DAI client accounts maintained in Schwab's custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to DAI other products and services that benefit DAI but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of DAI's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist DAI in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of DAI's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help DAI manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to DAI. Schwab Institutional 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 DAI. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of DAI personnel. As a fiduciary, DAI always endeavors to act in its clients' best interests. In evaluating whether to recommend or require that clients custody their assets at Schwab, DAI may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. Nevertheless, it is our practice to place the clients' interest ahead of the firm's interest. It is our belief that all will benefit thereby.

### **Investment Brokerage and Discretion**

Unless the client designates the securities broker(s) to be used for their investment account, the firm may place orders for the execution of transactions with or through such brokers, dealers, or banks as the firm may select. In compliance with Section 28(E) of the Securities and Exchange Act of 1934, as amended, such transactions may incur a commission which may be greater than the amount of commission another broker may have charged. The firm uses its best efforts to obtain accurate and prompt execution of securities transactions on the most favorable terms reasonably obtainable, and in so doing considers a number of factors including:

- the net economic result to the account;
- commission rates, which, absent instructions to the contrary from clients, DAI will attempt to negotiate within the generally prevailing competitive ranges, but which may not always be the lowest available at any given time;
- the apparent financial strength, stability, and competence of the brokerage firms under consideration;
- the efficiency with which it may be expected that the transactions will be effected;
- the inherent ability of the brokerage firms under consideration to effect the transaction in cases involving a large amount of the security in question, and
- the availability and willingness of those brokerage firms to stand ready to execute difficult transactions in the future.

After being satisfied with respect to the foregoing factors, DAI may also consider other matters involved in the receipt of "brokerage and research services" as defined in, and in compliance with the Securities Act Amendments of 1975. Cases in which the firm will direct commissions to a broker include services such as: research the broker provides, access to the brokerage firm's securities analysts, and access to a brokerage firm's expertise or market making ability in a particular security. The products or services the firm receives from the brokerage community include: company and industry research reports, economic analyses, analyst commentary, newsletters, and access to securities analysts. The research received is used to benefit all clients.

The firm's authority to select securities brokerage firms and to determine commission rates may be limited by the client's instructions, preferences, and individual arrangements. Such limitations could occur, for example, if a client were referred to the firm by a securities broker and then designated that broker as the one through which transactions should be placed for the client's account, but made no definite arrangement with the broker with respect to commissions. In such a case, the broker might not feel compelled to negotiate commission rates with the firm.

## Review of Accounts

### Review of Accounts

Accounts are individually reviewed on a quarterly basis during which time the portfolio's asset allocation, non-core security holdings, cash levels, diversification, and income generation are examined. Additional reviews are event driven and summary in nature. These reviews frequently occur when a security has been designated as a "buy" for certain types of client accounts or when a security is considered for sale. Other reviews are triggered by asset allocation, cash level, and capital gain and loss checks. Jean M. Deighan, President, Jenifer L. Wilson, Executive Vice President, and Matthew T. Skaves, Senior Vice President, constitute the Investment Committee and review all accounts. The reviews are conducted to ensure that each account is managed in a manner that is consistent with the client's objectives. Jean M. Deighan, Jenifer L. Wilson, and Matthew T. Skaves manage all the firms' accounts.

### Reporting to Clients

Clients receive a quarterly portfolio report showing cost of securities and current market values, a quarterly investment newsletter, and an annual report containing information useful in client tax preparation.

## Client Referrals and Other Compensation

We are a fee-only investment management firm. None of our employees may charge or accept commissions, or transaction-based revenues from loads, sales charges, or mark-ups.

## Custody

DAI does not serve as securities custodian for clients. In all instances in which DAI serves as portfolio manager, a separate entity serves as securities custodian. Unless a client has a preference for a particular custodian, DAI recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, SIPC member, to maintain custody of client assets and to effect trades for their accounts. However, Deighan Associates, Inc. is independently owned and operated and not affiliated with Schwab.

## Investment Discretion

The firm primarily accepts accounts for which it has discretionary authority regarding the purchase and sale of securities, and the amounts in which they are bought and sold. Clients must sign an *Agreement to Provide Investment Management Services* before DAI may assume this authority. In limited instances the firm may agree to a non-discretionary account for sophisticated investors. In those cases, client consent must be obtained and documented by the investment advisor before securities can be bought or sold.

## Voting Client Securities

At Deighan Associates, we consider proxy voting to be an important responsibility. Through proxy voting, investors play an important role in guiding businesses toward financial success and responsible social actions. Our *Proxy Voting Guidelines* are designed to assist our Investment Review Committee in voting proxies for our clients' portfolios. In certain cases we may deviate from these guidelines if a company's particular situation demands it. However, the best interests of our clients always guide us.

DAI's proxy voting guidelines and procedures are summarized in *Appendix B*. Our Investment Review Committee is responsible for reviewing and voting all client proxies for which we have been granted authority to do so, and for carefully monitoring our proxy voting policies and procedures. These policies and procedures are reviewed on an as-needed basis (at least annually) by the Investment Review Committee and updated accordingly.

DAI's *Proxy Voting Guidelines* do not cover all types of resolutions proposed each year. Because we have a fiduciary duty to clients to examine each resolution proposed and the context in which it applies, we only vote proxies after considering our clients' financial interests and social objectives. For that reason, there may be instances in which client shares may not be voted in strict adherence to our *Proxy Voting Guidelines*. The guidelines are subject to change without notice. A copy of our *Proxy Voting Policy* is available to clients upon request. Proxy voting records are also available upon request to clients at the end of each proxy season.

## Financial Information

As Deighan Associates does not accept prepayment of management fees, or have custody of client accounts, it is not required to provide a balance sheet or obtain qualification of an independent public accountant. However, DAI is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

We hope you find this informative. If you have questions or comments, please do not hesitate to contact us at 207.990.1117, or [info@deighan.com](mailto:info@deighan.com).

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Form ADV Part 2A: *Brochure*

## Form ADV Part 2B: Brochure Supplement

Updated March 29, 2011

This brochure supplement provides information about Deighan Associates' portfolio managers that supplements the firm's brochure. You should have received a copy of that brochure. Please contact Jenifer L. Wilson, Executive Vice President, if you did not receive a copy of the brochure (Form ADV Part 2A: Brochure), or if you have questions about the content of this supplement.

Additional information about each of Deighan Associates' portfolio managers is available on the Securities and Exchange Commission (SEC) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Advisor Educational Background and Business Experience*

#### **Jean M. Deighan (1951), CFP<sup>®</sup>, President**

*Education:* Ms. Deighan received her Bachelor of Arts from Tufts University in 1973 and her Juris Doctor from the University of Maine School of Law in 1976. She graduated from the American Bankers Association Trust Management School in 1982 and the National Graduate Trust School in 1983 where she received the Certified Financial Services Counselor designation. Ms. Deighan is a Certified Financial Planner<sup>™</sup> certificant. Other licenses obtained include the Series 7 and 63.

*Business Background:* From 1987 to 1994, Ms. Deighan served as Vice President of F.L. Putnam Investment Management Company and its predecessor firm Winslow Asset Management, both SEC registered investment advisory firms. Prior to joining Winslow, Ms. Deighan was Vice President and Senior Trust Officer of Norstar Bank of Maine's Trust Division where she began her employment in 1978. She is a member of the Maine Bar, the Financial Planning Association, and the North American Securities Administrators Association (NASAA) Competency Examination Advisory Project Group. She serves on the boards and investment committees of several charitable organizations.

#### **Jenifer L. Wilson (1964), CFA, CFP<sup>®</sup>, Executive Vice President**

*Education:* Ms. Wilson received her Bachelor of Science from the University of Maine at Machias in 1987. She is a holder of the Chartered Financial Analyst designation. To earn the CFA charter, candidates must sequentially pass three six-hour examinations that are widely considered the most rigorous in the investment profession. The examinations cover ethical and professional standards, securities analysis and valuation, financial statement analysis, quantitative methods, economics, corporate finance, portfolio management and performance measurement. Ms. Wilson is also a Certified Financial Planner<sup>™</sup> certificant. Other licenses obtained include the Series 7, 63, and 65.

*Business Background:* From 1989 to 1994, Ms. Wilson was employed by F.L. Putnam Investment Management Company and its predecessor firm, Winslow Asset Management. She is a member of the CFA Institute, the Boston Security Analysts Society, the Maine CFA Society, and the Financial Planning Association. She is the Chief Compliance Officer for the firm and is a member of the National Society of Compliance Professionals. Ms. Wilson serves on the boards and investment committees of several charitable organizations.

**Matthew T. Skaves (1980), CFA, Senior Vice President**

*Education:* Mr. Skaves graduated from the University of Maine Honors College with high honors in 2003, and received his Bachelor of Arts from the University of Maine in 2004. He received his Master of Business Administration with a concentration in Finance from the University of Maine in 2005. He is a holder of the Chartered Financial Analyst designation. To earn the CFA charter, candidates must sequentially pass three six-hour examinations that are widely considered the most rigorous in the investment profession. The examinations cover ethical and professional standards, securities analysis and valuation, financial statement analysis, quantitative methods, economics, corporate finance, portfolio management and performance measurement. Mr. Skaves obtained the Series 65 license.

*Business Background:* Mr. Skaves joined DAI in 2006 as a Portfolio Manager. He serves as President of the Board of Robinson Ballet Company, and is a member of the Board of Trustees of John Bapst Memorial High School.

**Lucie E. Estabrook (1962), Vice President**

*Education:* Ms. Estabrook graduated from the National Academy for Paralegal Studies in 1992. She received a Trust Officer Certification from the American Bankers Association National Trust School in 2010, and is currently a candidate for Graduate level certification. Ms. Estabrook has taken business courses both at Eastern Maine Community College, and Husson University where she is currently enrolled in the Accounting program. She anticipates receiving her Bachelor of Science degree upon graduation in December 2012. Ms. Estabrook obtained the Series 65 license.

*Business Background:* Ms. Estabrook joined DAI in 2010 as Operations Manager. Prior to joining DAI, she worked as a Wealth Management Officer and Vice President at People's United Bank where she assumed primary responsibility for the administrative oversight of over 250 accounts representing approximately \$132 million in assets under management. Prior to her experience at the bank, she spent over a decade as a Paralegal with Eaton Peabody, a Bangor, Maine law firm, where she was responsible for administration and distribution of estates. She serves on the Development Committee of the Bangor Symphony Orchestra.

***Disciplinary Information***

None of Deighan Associates' employees or advisors has been the subject of legal or disciplinary action.

***Other Business Activities***

None of Deighan Associates' employees or advisors is engaged in any outside investment-related business or occupation.

***Additional Compensation***

None of Deighan Associates' employees or advisors receives additional compensation in the form of sales awards or prizes for providing referrals or investment advisory services.

***Supervision***

Advice provided to clients is documented in each client's electronic file and maintained for the period required under the *Books and Records* rule of the Investment Advisers Act of 1940. Jenifer L. Wilson and Matthew T. Skaves are supervised by Jean M. Deighan, President of Deighan Associates, Inc. Lucie E. Estabrook is supervised by Jenifer L. Wilson, Executive Vice President, and Matthew T. Skaves, Senior Vice President. Supervisors can be reached at Deighan Associates, Inc., 455 Harlow Street, Bangor, Maine 04401. Telephone: 207.990.1117.

## Appendix A: Privacy Policy

Deighan Associates, Inc.'s *Privacy Policy* applies to all clients and prospective clients who have contacted the firm. Throughout the policy, we refer to information that personally identifies you or your accounts as "personal information."

**1. We collect personal information in the normal course of business in order to administer your accounts and serve you better.** We use your personal information to help us deliver the best possible service to you, and to fulfill our regulatory obligations as required by law.

**2. We do not sell your personal information to anyone.**

**3. We do not disclose personal information to third parties, unless one of the following limited exceptions applies.**

- We may disclose personal information to companies including but not necessarily limited to your account custodian that help us establish, process or service, your account(s). We have written agreements with these companies that prohibit them from using your personal information for their own purposes.
- We may disclose personal information to other professionals whom you have retained to help you in the preparation of your taxes, the preparation of legal documents or the management of other aspects of your financial affairs if you have specifically asked us to do so.
- We may disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required or permitted under law, for example, to cooperate with regulators or law enforcement authorities, resolve consumer disputes, perform credit/authentication checks, or for institutional risk control.

Outside of these exceptions, we will not share your personal information with third parties unless you have specifically asked us to do so.

**4. We protect the confidentiality and security of your personal information.**

- We restrict access to personal information to our employees and agents for business purposes only. All employees are trained and required to safeguard such information. All employees have signed a written confidentiality agreement.
- We maintain physical, electronic, and procedural safeguards to protect your personal information.

**5. We continue to evaluate our efforts to protect personal information and make every effort to keep your personal information accurate and up to date.** If you identify any inaccuracy in your personal information, or you need to make a change to that information, please contact us so that we may promptly update our records.

**6. We will provide notice of changes in our information-sharing practices.** If, at any time in the future, it is necessary to disclose any of your personal information in a way that is inconsistent with this policy, we will give you advance notice of the proposed change so that you will have the opportunity to opt-out of such disclosure. If you have any questions or concerns, please contact us by e-mail at [info@deighan.com](mailto:info@deighan.com), call us at 800-990-1117, or write to Deighan Associates, Inc., 455 Harlow Street, Bangor, Maine 04401.

### 7. E-mail Communications

Over the past few years, we have noticed that e-mail has become an important communication channel between Deighan Associates and many of its clients. E-mail is a convenient form of communication. However, it is generally not a secure form of communication nor should it be considered private. If clients wish to communicate with us by e-mail they must adhere to the following security measures:

- Never disclose sensitive personal information such as account number, Tax Identification Number, Social Security number, date of birth, etc.
- Deighan Associates will never request or disclose your account information in a non-secure or unsolicited e-mail communication.
- If you receive e-mail that warns you that an account of yours will be closed unless you reconfirm account information, do not respond or click on any link contained in the e-mail. Instead, contact Deighan Associates.

E-mail is useful for establishing meeting dates, and discussing general matters regarding account activity. However, we strongly suggest that sensitive account matters be handled by telephone or letter.

### 8. Correcting and Updating Your Information

The accuracy of your personal information is important to us. If you are a client and have a concern about personal or account information maintained at Schwab, or want to correct, update, or confirm your information, please call or write us. We will be happy to review and update our records.

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Privacy Policy  
Revised 16 January 2007

## Appendix B: Proxy Voting Guidelines

A proxy is a document that provides shareholders with information about issues that will be discussed and voted upon at a stockholders' meeting. Shareholders may attend the meeting and register their votes in person, send their "proxy" ballots by mail, or register to receive and vote ballots on-line. If you own individual shares of stocks, you have probably been asked to vote proxies and are familiar with the ballots. Most corporate annual meetings take place between April and June of each year. This busy time period is known as "proxy season."

Our Investment Review Committee is responsible for reviewing and voting all client proxies for which we have been granted authority to do so, and for monitoring our proxy voting policies and procedures. These policies and procedures are reviewed on an as-needed basis (at least annually) by the Investment Review Committee and updated accordingly.

In all instances where client shares are pooled together for the purposes of voting one block under one master account, Deighan Associates reserves the right to vote in favor of the recommendations put forth by the board of directors.

Unless specifically instructed otherwise, in all instances where an individual client's shares are being voted in isolation, Deighan Associates reserves the right to vote in favor of the recommendations put forth by the board of directors.

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Proxy Voting Guidelines  
Revised 2 May 2011