

Uniform Application for Investment Adviser Registration

OMB APPROVAL	
OMB Number	3235-0049
Estimated average burden hours per response	9.01

Name of Investment Adviser:

Johnston Lemon Asset Management, Inc.

Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	1101 Vermont Avenue, N.W. Suite 800	Washington	DC	20005	(202)	842-5506

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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Applicant:

Johnston Lemon Asset Management, Inc.

SEC File Number:

801- 56348

Date:

03/24/2009

1. A. **Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

- Applicant:
- | | | |
|-------------------------------------|---|-------|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | 100 % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services..... | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above..... | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | % |
| <input type="checkbox"/> | (8) Provides a timing service..... | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities | <input type="checkbox"/> J. Futures contracts on: |
| (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input checked="" type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> (1) real estate |
| | <input checked="" type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.**A.** Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input checked="" type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

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6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☒ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

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10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No
☒ ☐

(If yes, describe on Schedule F.)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors.
For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Item 11. (a)

Review of Accounts

Fred Burke, David Straus, and Josh Olds make investment decisions on behalf of the entire firm. Fred Burke, David Straus, and Josh Olds meet to discuss investment strategy and account objectives. Each account is assigned to an individual portfolio manager. There are currently three professionals who serve as portfolio managers.

Each account is reviewed by its assigned portfolio manager at least quarterly to ensure that the account's holdings meet JLAM investment guidelines, taking into account issues such as the price of securities and individual portfolio instructions. Each portfolio manager also manages and reviews each of his or her respective accounts on a day to day basis to ensure that the accounts' activity meets their clients' investment objectives and individual instructions. The number of account relationships varies among portfolio managers.

Securities are reviewed by JLAM to determine which should be purchased and or sold. Core holdings are monitored on an on-going basis. JLAM monitors company developments as information becomes available from sources such as, but not limited to, quarterly and annual reports, SEC 10Q and 10K reports, newspaper and business magazine articles, company press releases, etc. Typically, securities are bought when the market price is at a discount to the JLAM projected value. JLAM has a "buy and hold" philosophy, only selling under certain circumstances, such as when a business or industry changes. JLAM will also sell when the market price is at a high level relative to the JLAM expectations.

To facilitate timely responses, JLAM maintains for each security a list of accounts in which the security is held. All accounts holding a security of a company whose outlook is changing will be reviewed as developments occur. Non- scheduled reviews may also occur if the client informs JLAM that there are material changes in such clients investment objectives. It is the client's obligation to directly or clearly inform JLAM of any such change in objectives.

Portfolio managers meet or consult with individual clients on a periodic basis or at the request of the client. Portfolio managers will review the client's investment objectives, discuss JLAM, investment philosophy and its application to individual securities holdings, and answer client questions.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Item 11. (b)

Account Reports

Formal portfolio appraisals are sent to clients on a quarterly basis. This quarterly report includes the amount of each security held, the unit cost, total cost, market price, market value as a percentage of assets and current yield After JLAM has managed a client account for a full year, performance information is also provided. Year-end reports detail relevant tax information such as dividends, interest income, and realized gains and losses. The custodian also sends to the client a monthly statement which includes much of the information contained in the JLAM report.

12. **Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ☐ Yes ☒ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

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- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ☐ Yes ☒ No
- B. directly or indirectly compensates any person for client referrals? ☒ Yes ☐ No

(For each yes, describe the arrangements on Schedule F)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? ☐ Yes ☒ No

Schedule F of Form ADV Page 1	Applicant: Johnston Lemon Asset Management, Inc.	SEC File Number: 801- 56348	Date: 03/24/2009
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I. Full name of applicant exactly as stated in Item IA of Part I of Form ADV:	IRS Empl. Ident. No.:												
Item of Form (identify)	Answer												
ITEM 1D	<p>Johnston Lemon Asset Management, Inc. (JLAM) manages equity, fixed income and balanced portfolios for individual clients on a discretionary basis. All portfolios are managed pursuant to an investment philosophy emphasizing a long-term outlook, diversification and capital growth. Accounts are managed on an individualized basis, based upon a client's investment objectives.</p> <p>JLAM's management fee is calculated on the total market value of the assets held on the last day of each calendar quarter. Fees are payable in arrears, for services rendered over the prior three (3) months. The fee schedule is as follows:</p> <table border="1"> <thead> <tr> <th>Amount</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>Up to 750,000</td> <td>1.25%</td> </tr> <tr> <td>\$750,000 to \$1,500,000</td> <td>1.00%</td> </tr> <tr> <td>\$1,500,000 to \$2,500,000</td> <td>0.75%</td> </tr> <tr> <td>\$2,500,000 to 5,000,000</td> <td>0.60%</td> </tr> <tr> <td>Over \$5,000,000</td> <td>Negotiable</td> </tr> </tbody> </table> <p>In any partial quarter, the fees will be pro-rated based on the number of days that JLAM managed the account. If we buy shares of mutual funds for an account, these shares will be included in calculating the value of the account when determining fees, even though such funds charge their own fees. Investment advisory contracts may be terminated at any time by the client upon ten (10) days written notice to JLAM. Fees for consultation services are negotiated on a case-by-case basis.</p> <p>Our clients are offered a service titled Pro-Cash Plus, which entitles them to check writing and debit card privileges. Margin capabilities must be available in order for these services to function. Purchase of securities on margin is not permitted</p> <p>A college degree is required; advanced study in securities analysis, investment management and or economics is desirable, supplemented by industry experience.</p> <p>Thomas T. Wallace, Chairman, JLAM: Born 1944; University of Maryland, B.A. 1967; CEO, Johnston, Lemon & Co. Incorporated from January 1984 to present. Member of Board of Directors.</p> <p>Frederic G. Burke, President: Born 1946; Georgetown University Law Center, LL.M. 1988; American University, MPA 1976; Xavier University, BA 1968. President, Johnston Lemon Asset Management, Inc. July 1998 to present.</p> <p>Kenneth I. Miller, CFO, CCO and Secretary/Treasurer. Born 1956; Virginia Polytechnic Institute and State University, BS 1978 Senior Vice President Johnston, Lemon & Co. Incorporated January 1986 to present. Member Board of Directors. Member AICPA</p> <p>David L. Straus, CFA, Senior Portfolio Manager: Born 1952; Boston College, BA 1974; Vice President and Director of Research for American Investment Managers, Inc. April 1979 to October 1995; Vice President and Director of Research American Asset Management Group, Inc. October 1986 to October 1995; Senior Portfolio Manager, JLAM from November 1995 to present; Director of Research for Johnston, Lemon & Co. Incorporated, July 1995 to present.</p> <p>Joshua A. Olds, CFA, Portfolio Manager: Born 1974; University of Pennsylvania, B.A. 1996; Associate Equity Analyst for Capital Resources, Inc. August 1996 to February 1997; Associate Equity Analyst for Johnston, Lemon & Co. Incorporated, March 1997 to November 1997; Jack W. Olds & Company, LLP December 1997 to August 2003; Member Orlist Business Advisors, LLC September 2003 to November 2004; Financial Advisor for Morgan Stanley,</p>	Amount	Fee	Up to 750,000	1.25%	\$750,000 to \$1,500,000	1.00%	\$1,500,000 to \$2,500,000	0.75%	\$2,500,000 to 5,000,000	0.60%	Over \$5,000,000	Negotiable
Amount	Fee												
Up to 750,000	1.25%												
\$750,000 to \$1,500,000	1.00%												
\$1,500,000 to \$2,500,000	0.75%												
\$2,500,000 to 5,000,000	0.60%												
Over \$5,000,000	Negotiable												
ITEM 5													
ITEM 4 C													
ITEM 6													

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	Inc. December 2004 to November 2005; JLAM from December 2005 to present.
ITEM 7C	Thomas T. Wallace, President and Sales Manager, and Kenneth Miller Chief Financial Officer and Director of Compliance Johnston, Lemon & Co. Incorporated is a registered broker/dealer and the parent corporation of the applicant, are engaged primarily in the affairs of the broker/dealer and devote approximately 95% of their time to those responsibilities. David L. Straus, Director of Research for the parent corporation and devotes approximately 25% of his time to those responsibilities. Frederic G. Burke, President, and Joshua A. Olds, Portfolio Manager, spend substantially all of their time with JLAM.
ITEM 8C	JLAM is a wholly owned subsidiary of Johnston, Lemon & Co. Incorporated, a registered broker/dealer under the Securities Exchange Act of 1934 and a member of the New York Stock Exchange. Johnston, Lemon & Co. Incorporated will provide execution through Pershing, LLC and research services to JLAM.
ITEM 9A	While JLAM does not actively promote transactions in which Johnston, Lemon & Co. Incorporated acts as principal with respect to advisory clients to JLAM, it does not prohibit such transactions. In the event such transactions are effected, disclosure of Johnston, Lemon's potential adverse interest is disclosed to the advisory client and the consent of the client is obtained prior to completion of the transaction.
ITEM 9B	To the extent that Johnston, Lemon & Co. Incorporated is designated by an advisory client as the broker or agent for client transactions, Johnston, Lemon & Co. Incorporated will effect securities transactions for advisory clients of JLAM at reasonable and competitive rates. The professional staff of JLAM will not receive any direct compensation for such transactions. Disclosure concerning the utilization of Johnston, Lemon & Co. Incorporated as broker or agent for advisory clients of JLAM is made in the JLAM Investment Advisory Agreement. Currently clients of JLAM are not charged commissions for trades placed through Johnston, Lemon & Co. Incorporated. The custodian, Pershing LLC, does assess a nominal fee of approximately \$5.00 to consummate each trade.
ITEM 9C	The Policy of JLAM concerning agency cross transactions is to receive written consent from our clients through the advisory contract to enter into these transactions, provided that JLAM sends the client written confirmation of each transaction and sends an annual summary of all such transactions. The client may revoke this authorization at any time in writing.
ITEM 9D	Advisory clients of JLAM are notified when a security purchased through Johnston, Lemon & Co. Incorporated is one in which Johnston, Lemon & Co. Incorporated holds a position (See Item 9A).
ITEM 9E	Equity purchase transactions by officers or employees of JLAM are not permitted for five (5) full business days prior to the initial recommendation of the same security to advisory clients or for two (2) full business days after such recommendation. Equity sale transactions are prohibited for two (2) full business days following an initial recommendation.
ITEM 10	JLAM suggests a minimum account size of \$300,000 but may accept smaller accounts at its sole discretion
ITEM 12A1, 12A2	Generally, advisory clients give JLAM discretionary authority to determine what securities to purchase or sell, the amount, and the timing of such transactions. Granting such authority is considered to be distinctly in the client's best interest, allowing for timely executions in accordance with the objectives established by the client and JLAM for the particular portfolio involved. Some clients may require prior approval of transactions due to fiduciary responsibilities or other reasons. If discretionary authority does not exist, the client receives specific recommendations in writing or orally by JLAM requesting consideration and approval.
ITEM 12A3	JLAM will place clients trades through its affiliated broker provided it is in the client's best interest. JLAM receives a wide array of services from its affiliated broker, including research material.
ITEM 12A4	Unless otherwise specified in writing by the client, JLAM will select the broker to be used for the execution of portfolio transactions. Brokers are selected based on commission costs, execution capabilities, reputation, financial stability and research services. Research services include periodic research reports, access to analysts and other support services. Research reports include reports on equities, fixed income securities, market and economic analysis. Research services furnished by brokers are essential to effective asset management; however, it is impossible to ascertain the extent to which a particular item of research aids in the asset allocation process or the extent to which it benefits a particular client. When given discretion to select the broker, JLAM will place its clients' trades through its affiliated broker. Such transactions are subject to a trade ticket charge of approximately \$5.00. Johnston, Lemon & Co. Incorporated may receive fees from a mutual fund prior to the sale of the fund by JLAM; additionally, Johnston,

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ITEM 13B

Lemon & Co. may receive a fee from the money market fund deployed by JLAM. Pershing, LLC may receive payment for order flows from various wholesalers and regional exchanges.

Registered representatives of Johnston, Lemon & Co. Incorporated, the parent corporation of the applicant who are registered as a Security Exchange Commission Registered Investment Advisor, may be paid a portion of the annual/quarterly advisory fee for each account referred to JLAM for management.

Independent solicitors who are registered as investment advisors may also be paid a portion of the annual/quarterly advisory fee for each account referred to JLAM for management.

Subject to certain exceptions noted below, JLAM's policy is to cause a third-party service provider to vote proxies, consents, elections and authorizations solicited by any party with respect to securities any sort held in client accounts for which we have been granted the authority and accepted the responsibility for doing so. We generally will vote proxies of which we become aware, subject to certain exceptions as noted below.

The following is a summary of the JLAM's proxy voting policy ("The Policy") and Proxy Voting Guidelines ("The Guidelines") which govern this process. JLAM reserves the right to amend this policy at any time.

Proxy Voting Policies

JLAM contracts Institutional Shareholder Services ("ISS") to assist in proxy voting for a majority of JLAM clients. JLAM does not use ISS to vote on holdings that have been directed by a JLAM client to purchase and/or hold. JLAM uses ISS' Standard Voting Policy to vote a majority of our clients' proxies. For those clients that JLAM does not contract ISS to vote their proxies, JLAM follows ISS' standard voting policies not including the exception described below.

A) In support of corporate management in opposition to shareholder resolutions proposed by special interest groups with adversarial resolutions.

B) Against staggered board proposals.

C) Against defensive measures prepared in opposition to takeovers.

D) In support of auditors unless there is a material conflict of interest or other issue that leads ISS to believe that a change in auditors would be in the best interest of shareholders.

E) Votes on director nominees on a case-by-case basis. Key criteria include, but are not limited to, composition of the board, attendance of board meetings, how many other boards seats the director holds, and the director's response towards past shareholder proposals that were approved by a majority of shareholders.

F) Against measures calling for creation of special classes of stock with extra voting power.

G) In support of cumulative voting proposals.

ISS' standard voting policy recommends voting for stock-compensation packages if they are below a certain threshold. In general, JLAM votes against executive compensation packages. JLAM will vote for stock compensation packages on a case-by-case basis if the proxy vote in question requires compensation to be tied to share price performance.

Non-Routine Matters

In all situations involving non-routine proposals that do not fall within the guidelines set forth in the standing proxy votes, the voting officer will, upon careful review, vote the shares in accordance with the general policies and procedures set forth above.

Except in rare instances, abstention is not an acceptable position and controversial issues will be voted—either for or against.

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Class Action Litigation

Johnston Lemon Asset Management has engaged Chicago Clearing Corporation (CCC) to provide class action litigation monitoring and securities claim filing services.

CCC's sole business is securing class action claims. CCC monitors each claim our clients have, collects the applicable documentation, interprets the terms of each settlement, files the appropriate claim form, interacts with the administrators and distributes your award on your behalf. They charge a contingency fee of 20%, which is subtracted from your award when the award is paid.

I. Full name of applicant exactly as stated in Item IA of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form
(identify)

Answer

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I.	Full name of applicant exactly as stated in Item IA of Part I of Form ADV:
	IRS Empl. Ident. No.:
Item of Form (identify)	Answer

Applicant:

SEC File Number:
801-56348

Date:
03/24/2009

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