

FORM ADV**Part II - Page 1****Uniform Application for Investment Adviser Registration**

Name of Investment Adviser:					
The Johnston Group, Inc.					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
	909 Gypsy Hill Road	Lower Gwynedd	PA	19002	(215) 646-0484

**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.**

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant:

The Johnston Group, Inc.

SEC File Number:

801- 63347

Date:

03/04/2009

Definitions for Part II

Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1.	<p>A. Advisory Services and Fees. (check the applicable boxes)</p> <p>Applicant:</p> <table style="width: 100%;"> <tr> <td><input checked="" type="checkbox"/> (1) Provides investment supervisory services</td> <td style="text-align: right;">50 %</td> </tr> <tr> <td><input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input checked="" type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above</td> <td style="text-align: right;">25 %</td> </tr> <tr> <td><input type="checkbox"/> (4) Issues periodicals about securities by subscription</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/> (5) Issues special reports about securities not included in any service described above</td> <td style="text-align: right;">%</td> </tr> <tr> <td><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</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input checked="" type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities</td> <td style="text-align: right;">25 %</td> </tr> <tr> <td><input type="checkbox"/> (8) Provides a timing service</td> <td style="text-align: right;">%</td> </tr> <tr> <td><input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above</td> <td style="text-align: right;">%</td> </tr> </table> <p style="text-align: center;">(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.)</p>	<input checked="" type="checkbox"/> (1) Provides investment supervisory services	50 %	<input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services	%	<input checked="" type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above	25 %	<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 checked="" type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	25 %	<input type="checkbox"/> (8) Provides a timing service	%	<input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above	%	<p>For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)</p>
<input checked="" type="checkbox"/> (1) Provides investment supervisory services	50 %																			
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<input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above	%																			
<p>B. Does applicant call any of the services it checked above financial planning or some similar term?</p> <p style="text-align: right;">Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>																				
<p>C. Applicant offers investment advisory services for: (check all that apply)</p> <table style="width: 100%;"> <tr> <td><input checked="" type="checkbox"/> (1) A percentage of assets under management</td> <td><input type="checkbox"/> (4) Subscription fees</td> </tr> <tr> <td><input type="checkbox"/> (2) Hourly charges</td> <td><input type="checkbox"/> (5) Commissions</td> </tr> <tr> <td><input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees)</td> <td><input type="checkbox"/> (6) Other</td> </tr> </table>			<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												
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<p>D. For each checked box in A above, describe on Schedule F:</p> <ul style="list-style-type: none"> 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 																				
<p>2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)</p> <table style="width: 100%;"> <tr> <td><input checked="" type="checkbox"/> A. Individuals</td> <td><input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations</td> </tr> <tr> <td><input type="checkbox"/> B. Banks or thrift institutions</td> <td><input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above</td> </tr> <tr> <td><input type="checkbox"/> C. Investment companies</td> <td><input type="checkbox"/> G. Other (describe on Schedule F)</td> </tr> <tr> <td><input checked="" type="checkbox"/> D. Pension and profit sharing plans</td> <td></td> </tr> </table>			<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											
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<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 State government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the counter | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (1) securities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on: |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> K. Interest in partnerships investing in: |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (2) variable annuities | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | <input type="checkbox"/> L. Other (explain on Schedule F) |

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 checked="" 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 type="checkbox"/> Timing services |
| (2) <input 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 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) | (9) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(Securities sold within a year) | (10) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (11) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Applicant:
The Johnston Group, Inc.

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801- 63347

Date:
03/04/2009

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.)

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 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.)

Applicant:
The Johnston Group, Inc.

SEC File Number:
801- 63347

Date:
03/04/2009

9. Participation or Interest in Client Transactions.

Applicant or related person: (check those that apply)

- ☐ A. As principal, buy 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.)

- 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.

Financial Planning client reviews shall be conducted on a case by case basis. The nature of any reviews will be determined based upon the level of financial planning services as identified in the Financial Planning Agreement with the client.

Portfolio Management client reviews shall be conducted on a continuous and ongoing basis. General market conditions and client assets shall receive continuous monitoring. On at least a quarterly basis, each client's account shall be reviewed in light of the client's investment objectives and recommendations for adjustments to the account may be made at that time. More frequent reviews of a client's portfolio may be triggered by such factors as a significant drop in the market, material changes in the underlying assets due to such factors as a change in managers, change in quartile ranks when compared to similar funds, tax efficiency changes by more than 5 percent, and changes in management structure. All reviews are conducted by Donn A. Johnston, Sr.

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

With regard to Financial Planning clients, the Adviser and the client shall jointly develop the nature and frequency of any report provided to the client.

Portfolio Management clients shall receive from the Adviser at least quarterly, and more frequently if requested by the client, portfolio performance reports.

Clients also receive from the brokerage firm holding the account a trade confirmation after every transaction entered by the Adviser on the client's behalf. Clients will also receive account statements from the brokerage firm, on at minimum a quarterly basis, reflecting a summary of holdings, a valuation of assets, and any fee payments to the Adviser.

Applicant:
The Johnston Group, Inc.

SEC File Number:
801- 63347

Date:
03/04/2009

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

- 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
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |

(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 clients 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
--	---------------------------------	---

Applicant:

The Johnston Group, Inc.

SEC File Number:

801 - 63347

Date:

03/04/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

The Johnston Group, Inc.

IRS Empl. Ident. No.:

23-2962216

Item of Form
(identify)

Answer

1.

Advisory Services and Fees**FINANCIAL PLANNING SERVICES**

The Advisor offers both individuals and employers Personal Financial Planning. The Advisor offers a comprehensive financial plan or a modular approach to financial planning. These plans may or may not include investment advice. The fee for Financial Planning Services covers the preparation and presentation of the Plan. Dependent upon the scope of the services to be performed by the Advisor, the preparation of each plan involves guiding such clients in gathering, compiling, preparing, and analyzing personal financial data.

After initial consultation, a financial planning fee will be quoted to the client for the financial planning services to be provided, based upon an estimate of the complexity and time anticipated to perform the services. Such fee would typically range from \$750 to \$5,000. Typically this fee is collected in full at the completion of the planning process and the presentation of a written financial plan to the client.

At the completion of the financial planning process, the client has the option to implement recommendations through Associates of the Advisor, but is not obligated to do so. If Associates of the Advisor assist in the implementation of any recommendations, Associates may earn commissions as a result of these recommendations, unless the account is under a Portfolio Management Services Agreement with the Advisor, as described below.

PORTFOLIO MANAGEMENT SERVICES

Through the Advisor's Portfolio Management Services, the Advisor offers financial planning clients implementation assistance and ongoing and continuous review of their investment assets and consolidated performance reporting. The Advisor will offer portfolio management services to clients, whereby no transactions or actions will be taken by the Advisor on behalf of the Client without the express permission of the client. The Advisor does not take discretion for any client account. Clients will retain all rights over any investment account opened, including the right to vote all proxies solicited for securities held in the account. The Advisor will not take action with regard to proxies and is not required to render any advice with respect to a client's vote. The Advisor may, from time to time, provide clients with general advice or information related to a specific proxy vote, but client will make final determinations about how an issue should be voted.

As part of the Portfolio Management Services, client accounts will be reviewed by the Advisor on an ongoing basis to determine that assets are performing consistent with the investment objectives, overall market conditions, and current asset mix. The Portfolio Management Services will include ongoing financial planning reviews annually with the client or as triggered in the case of substantial changes in market conditions or material changes in the client's financial situation or investment objectives. Consolidated asset reporting to the client will be done quarterly. A face-to-face meeting will occur at least annually with each client to review the investment performance and the financial plan for the client. For accounts with \$1 million or more under management, such meetings shall be semi-annual. Recommendations may include a variety of equity and debt based securities, but any mutual fund recommendations will be limited to no-load or load waived mutual funds. The asset management fee is based on the total assets under management and is calculated as follows:

1.50 % on first \$100,000
1.00 % on the next \$400,000
0.50 % on the next \$1,000,000
0.25 % on the amount above \$1,500,000

Complete amended pages in full, circle amended items and file with execution page (page 1).

Continuation Sheet for Form ADV Part II

Applicant:

The Johnston Group, Inc.

SEC File Number:

801 - 63347

Date:

03/04/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

The Johnston Group, Inc.

IRS Empl. Ident. No.:

23-2962216

Item of Form
(identify)

Answer

1. Continued

Fees are negotiable. If the initial amount under management is \$250,000 or more, there will be a 1% management fee (the .5% on the first \$100,000 under management will be waived.) The Advisor will not have the authority to withdraw funds or to take custody of client funds or securities, except to the extent that the Advisor may have the authority to debit advisory fees from a client's account, with the express written permission of the client.

There is a minimum account size of \$50,000 imposed for Portfolio Management Services, however such minimum may be waived at the discretion of the adviser. The Portfolio Management Services fee will be payable quarterly, in advance, and is based upon the fair market value of the Client's account as of the last day of the previous calendar quarter. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement is in effect and the dollar amount of the initial deposit.

The client may terminate Financial Planning or Portfolio Management Services by written notice given within five business days after the date of the signing of the initial agreement with no penalty to the client. Thereafter, services may be terminated by either party for any reason upon written notice to the other party. The Advisor agrees to furnish Client with all written work completed as of the date of termination. The Client shall be responsible to pay for services rendered up until the time of the termination of the Agreement, based on a pro-rata or time expended formula.

REFERRALS

Depending upon individual client circumstances, Associates of the Advisor may refer clients to another investment adviser, money manager or insurance broker and the Associate may receive compensation for such referral. Full disclosure of the potential for any compensation to the Associate would be made to the client at the time of the referral.

The Advisor collects personal information from its clients as is necessary to conduct a financial services business and offer clients a broad range of investment advisory services. The firm respects its clients' right to privacy, and has adopted procedures designed to safeguard clients' personal information. All clients receive a copy of the firm's Privacy Policy at the time a client relationship is established, and annually thereafter.

6.**Education and Business Background****Donn Allan Johnston, CFP, Principal Advisor, Secretary, Treasurer and Director, 4/98 - Present**

Year of Birth: 1951

Education: Wake Forest University, Winston-Salem, NC, JD, Law, 1980
University of North Carolina, Chapel Hill, NC, B.A., Political Science, 1973

Employment: Principal Advisor, The Johnston Group, Inc., 4/1998 - Present
Registered Representative, Sedgwick Investments, 12/1996 - 4/1999
Agent, General American Life, 10/1988 - 4/1999
Consultant, Sedgwick Noble Lowndes, 6/1988 - 4/1999

Katherine Fortino Johnston, President, and Director 4/98 - Present

Year of Birth: 1956

Complete amended pages in full, circle amended items and file with execution page (page 1).

Continuation Sheet for Form ADV Part II

Applicant:

The Johnston Group, Inc.

SEC File Number:

801 - 63347

Date:

03/04/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

The Johnston Group, Inc.

IRS Empl. Ident. No.:

23-2962216

Item of Form
(identify)

Answer

9. E.

Education: Wake Forest University, Winston-Salem, NC, JD, Law, 1981
Duke University, Durham, NC, B.A. Economics, 1978

Employment: Planned Giving Officer, Ken-Crest Services, 2/1999 – 11/2000
Interim Organization Development Officer, Ken-Crest Services, 12/1997 – 6/1998

Participation or Interest in Client Transactions

It is the policy of the adviser to permit the firm and its associates to buy or sell for itself the same securities that it also recommends to clients. The adviser performs investment services for various clients and may give advice and take action with respect to any of its other clients that may differ from recommendations made with respect to another client. Provided that its advice relates to the particular needs of each client, the adviser will have no obligation to recommend for purchase or sale any security which the adviser, its principals, affiliates or employees may purchase or sell for themselves or recommend for other clients. When a decision is made to liquidate a particular security from all applicable accounts, priority would always be given to the client's orders over the orders of a related person of the Adviser. Mr. Johnston will review related persons' personal transactions on a quarterly basis to assure compliance with this policy.

10.**Conditions For Managing Accounts**

In general, the adviser requires that a Portfolio Management Services' account maintain a minimum account balance of \$50,000, however, this minimum may be waived based upon such factors as the nature of the services provided and/or other services provided on behalf of the client.

12.B.**Brokerage Discretion**

Should the client choose to have the adviser manage the investment portfolio on a continuous basis, Mr. Johnston would recommend to these Portfolio Management clients that the client's account be established and maintained with the Schwab Institutional division of Charles Schwab & Co. ("Schwab"), a registered broker/dealer, Member SIPC/NYSE. Schwab would maintain custody of client assets and would effect trades for client accounts. Mr. Johnston recommends that portfolio management clients use Schwab as broker and custodian for such reasons as: 1) nationally recognized and largest discount broker; 2) ability to negotiate additional discounts for clients; 3) 24-hour toll-free service; 4) branch offices nationally; 5) no load/no transaction fee mutual funds; 6) consolidated reporting of all assets. In addition, Schwab Institutional provides the Advisor with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. For accounts placed at Schwab, the adviser and its associates would share in no commissions or fees that the client may pay to Schwab.

The Johnston Group, Inc. may receive on a discount or fee waived basis from Schwab, client information through computer down/uploading and portfolio management software, in order to facilitate the adviser in its ongoing review of clients' accounts. Clients do not pay higher commissions than those obtainable from other brokers in return for those products and services. Any research received from Schwab may be utilized to service all client accounts, and not just those who maintain custody at Schwab. Schwab also offers clients the ability to have their investment advisory fee automatically deducted from the account, thus alleviating the client's need to write a check or give specific instructions at each payment period.

Clients are not required to maintain their accounts at Schwab, and may choose another custodian at their discretion. However, if a client would like The Johnston Group, Inc. to manage his or her assets, Charles Schwab & Co. would be the custodian at which the assets would be custodied. Higher or lower

Complete amended pages in full, circle amended items and file with execution page (page 1).

Continuation Sheet for Form ADV Part II

Applicant:

The Johnston Group, Inc.

SEC File Number:

801 - 63347

Date:

03/04/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

The Johnston Group, Inc.

IRS Empl. Ident. No.:

23-2962216

Item of Form
(identify)

Answer

commissions or fees may be available from another firm offering similar services. However, the Advisor may or may not receive the same services or support from another firm, and therefore the Advisor will generally only manage assets custodied at Schwab.

Code of Ethics

The Johnston Group, Inc. has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain the firm's reputation as a firm that operates with the highest level of professionalism. The Johnston Group, Inc. recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of the firm are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms.

The Johnston Group, Inc. and its officers and employees are required at all times, to comply with applicable federal and state securities laws and regulations. All employees have a duty to comply and cooperate with any investigation or inquiry conducted or authorized by the firm. All employees of the firm are required to avoid any circumstances that might adversely affect or appear to affect the firm's duty of loyalty to its clients. Conflicts of interests must be avoided at all times, or in cases where such conflicts cannot be avoided, full disclosure must be given to clients. Employees are prohibited from favoring one client over another client. Employees are also prohibited from using any knowledge about client transactions to personally benefit or profit.

Employees of The Johnston Group, Inc. are required to report personal trading activity on a quarterly basis, and must report personal holdings on an annual basis. New employees are required to report personal holdings upon employment, and on an annual basis thereafter. Employees and their immediate family members are prohibited from participating in any initial public offering. Additionally, employees and their immediate family members must receive prior approval from the firm before participating in any private placement offering. For all other personal securities transactions, with the exception of transactions in direct obligations of the US Government, shares of investment company or variable insurance products, bank certificates of deposit, shares of unit investment trusts or money market funds, employees may not knowingly execute a personal transaction for which a client has a pending transaction, and must report all transactions as part of the quarterly reporting process.

A conflict of interest would exist when the personal interests of employees interfere with their responsibilities to the firm and its clients. Therefore, employees are prohibited from accepting inappropriate gifts, favors, or other things of material value that could influence their decision-making. Similarly, employees are prohibited from offering gifts, favors or other things of value that could be viewed as overly generous or aimed at influencing the decision making of a client or potential client.

The Johnston Group, Inc. will review its Code of Ethics on an annual basis and will update it when the need exists. Any employee that violates the firm's Code of Ethics will be subject to reprimand and the situation will be reviewed by the firm's Chief Compliance Officer. Any subsequent violation of the firm's Code of Ethics could result in the employee's termination. Clients who wish to receive a copy of the firm's Code may request it by submitting a written request to the firm.

Schedule F of
FORM ADV

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
The Johnston Group, Inc.	801 - 63347	03/04/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: The Johnston Group, Inc.	IRS Empl. Ident. No.: 23-2962216
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Item of Form (identify)	Answer
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Privacy Policy

The Johnston Group, Inc. maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. The firm collects nonpublic information about you from the following sources: information we receive from you verbally, on applications or other forms and information about your transactions with others or us.

We may have to share non-public client information with unaffiliated firms in order to service your account. Additionally, we may have to provide information about clients to regulatory agencies as required by law. Otherwise, The Johnston Group, Inc. will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

The Johnsont Group, Inc. is committed to protecting your privacy. We restrict access to clients' personal and account information to those employees who need to know the information. We also maintain physical, electronic and procedural safeguards that we believe comply with Federal standards to protect against threats to the safety and integrity of client records and information.