

J. F. Lehman Investment Advisory Services Client Brochure

This brochure provides information about the qualifications and business practices of J. F. Lehman Investment Advisory Services. If you have any questions about the contents of this brochure, please feel free to contact us at (989) 832-2522 or by email at: jack@jflehman.net. 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 J. F. Lehman Investment Advisory Services is also available on the SEC's website at www.adviserinfo.sec.gov. J. F. Lehman Investment Advisory Services' CRD number is: 122513

112 B West Wackerly Street
Midland, Michigan, 48640
(989) 832-2522
jack@jflehman.net

Registration does not imply a certain level of skill or training.

Version Date: 12/9/2010

Item 2: Material Changes

There are no material changes in this brochure from J. F. Lehman Investment Advisory Services' last annual update filing on November 11, 2009. Material changes relate to J. F. Lehman Investment Advisory Services' policies, practices or conflicts of interests only.

Item 3: Table of Contents

Table of Contents

Item 2: Material Changes	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm	1
B. Types of Advisory Services	1
Investment Supervisory Services.....	1
Services Limited to Specific Types of Investments.....	1
C. Client Tailored Services and Client Imposed Restrictions	2
D. Wrap Fee Programs	2
E. Amounts Under Management	2
Item 5: Fees and Compensation	3
A. Fee Schedule	3
Investment Supervisory Services Fees.....	3
B. Payment of Fees	3
Payment of Investment Supervisory Fees	3
C. Clients Are Responsible For Third Party Fees	3
D. Prepayment of Fees	3
E. Outside Compensation For the Sale of Securities to Clients	3
Item 6: Performance-Based Fees and Side-By-Side Management	4
Item 7: Types of Clients	4
Minimum Account Size.....	4
Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss	4
A. Methods of Analysis and Investment Strategies.....	4
Fundamental analysis.....	4
Cyclical analysis	4
B. Material Risks Involved	5
C. Risks of Specific Securities Utilized.....	5
Item 9: Disciplinary Information.....	5
Item 10: Other Financial Industry Activities and Affiliations.....	5
A. Registration as a Broker/Dealer or Broker/Dealer Representative	5
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	5
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests	6
D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections	6
Item 11: Code of Ethics, Participation in Transactions, Personal Trading	6
A. Code of Ethics	6

B.	Recommendations Involving Material Financial Interests.....	6
C.	Investing Personal Money in the Same Securities as Clients	6
D.	Trading Securities At/ Around the Same Time as Clients' Securities	7
Item 12: Brokerage Practices		7
A.	Factors Used to Select Custodians and/or Broker/Dealers.....	7
1.	Research and Other Soft-Dollar Benefits.....	7
2.	Brokerage for Client Referrals.....	7
3.	Clients Directing Which Broker/Dealer/Custodian to Use	7
B.	Aggregating (Block) Trading for Multiple Client Accounts	7
Item 13: Reviews of Accounts.....		8
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews	8
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts	8
C.	Content and Frequency of Regular Reports Provided to Clients.....	8
Item 14: Client Referrals and Other Compensation.....		8
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)	8
B.	Compensation to Non -Advisory Personnel for Client Referrals.....	8
Item 15: Custody		9
Item 16: Investment Discretion		9
Item 17: Voting Client Securities (Proxy Voting)		9
Item 18: Financial Information		9
A.	Balance Sheet.....	9
B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	9
C.	Bankruptcy Petitions in Previous Ten Years	9
Item 19: Educational Background and Business Experience.....		10
Item 20: Disciplinary Information		10
Item 21: Other Business Activities		10
Item 22: Additional Compensation		10
Item 23: Supervision.....		10

Item 4: Advisory Business

A. Description of the Advisory Firm

This firm has been in business since December 1, 1989, and the principal owner is John Freeman Lehman.

B. Types of Advisory Services

J. F. Lehman Investment Advisory Services (hereinafter “JFL”) offers the following services to advisory clients:

Investment Supervisory Services

JFL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. For ERISA Plans, JFL creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. For non-ERISA Plans the prior process is identical however a formal Investment Policy Statement is not done, rather the information is maintained in the client file notes. Investment Supervisory Services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

JFL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the client file notes, and confirmed with the each client.

Services Limited to Specific Types of Investments

JFL limits management supervisory services to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, and government securities. JFL may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

JFL offers the same suite of services to all of its clients. However, specific client portfolio recommendations and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent JFL from properly servicing the client account, or if the restrictions would require JFL to deviate from its standard suite of services, JFL reserves the right to end the relationship.

D. Wrap Fee Programs

JFL does not participate in any wrap fee programs.

E. Amounts Under Management

JFL has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0.00	\$65,300,000.00	10/31/2010

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

These fees are negotiable and depend on the size of the account. The basic fee schedule is 1% per year of the client's portfolio value up to \$200,000, and 0.8% of the value above \$200,000. Fees are paid every four months in arrears, and clients may terminate their contracts with thirty days' written notice. JFL also has some client accounts that are reviewed and billed every 5 months, 6 months, 7 months, 8 months, 9 months, 10 months, 11 months, 12 months and one that is reviewed quarterly. All fees are paid in arrears. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate the services without penalty at any time. Some advisory fees are withdrawn directly from the client's accounts with client written authorization.

B. Payment of Fees

Payment of Investment Supervisory Fees

Some advisors fees are paid in check and others are withdrawn directly from the client's accounts with client written authorization. Fees are paid in arrears.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees etc.). Those fees are separate and distinct from the fees and expenses charged by JFL. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

JFL collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation For the Sale of Securities to Clients

Neither JFL nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

JFL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

JFL generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations

Minimum Account Size

There is an account minimum size of \$20,000 which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss

A. Methods of Analysis and Investment Strategies

JFL's methods of analysis include fundamental analysis and cyclical analysis.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

JFL uses Long Term Trading, Short Term Trading, and Margin Transactions.

JFL utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Margin transactions writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

JFL generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither JFL nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither JFL nor its representatives are registered as a FCM, CPO, or CTA.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither JFL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

JFL does not utilize nor select other advisors or third party managers. All assets are managed by JFL management.

Item 11: Code of Ethics, Participation in Transactions, Personal Trading

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

JFL does not recommend that clients buy or sell any security in which a related person to JFL has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of JFL may buy or sell securities for themselves that they also recommend to clients. JFL will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of JFL may buy or sell securities for themselves at or around the same time as clients. JFL will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. JFL will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

JFL receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

JFL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

JFL allows clients to direct brokerage. JFL may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost client's money because higher brokerage commissions and have less favorable prices.

B. Aggregating (Block) Trading for Multiple Client Accounts

JFL maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least quarterly depending on the size of the client portfolio with most being tri-annually, only by John Freeman Lehman, Owner. John Freeman Lehman is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at Investment Advisor (IA) are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report detailing the clients account performance.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

JFL does not receive any economic benefit, directly or indirectly from any third party for advice rendered to JFL clients.

B. Compensation to Non -Advisory Personnel for Client Referrals

JFL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

JFL does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the custodian. Clients will receive account statements from the custodian and should carefully review those statements.

Item 16: Investment Discretion

JFL does not have discretion over client accounts at any time.

Item 17: Voting Client Securities (Proxy Voting)

JFL will accept voting authority for client securities in certain cases. When JFL does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. JFL does not maintain preapproved voting guidelines but votes proxies on a case by case basis to determine the appropriate course of action in voting client securities that is in the best interest of the client. Clients may direct JFL on how to vote client securities by communicating their wishes in writing or electronically to JFL. When voting client proxies JFL will always hold the interests of the clients above its own interests. Clients of JFL may obtain the voting record of JFL on client securities by contacting JFL at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of JFL's proxy voting policies and procedures upon request.

Item 18: Financial Information

A. Balance Sheet

JFL does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither JFL nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Neither JFL nor its management have been the subject of a bankruptcy petition in the last ten years.

Item 19: Educational Background and Business Experience

Education Background and Professional Designations:

Education:

BA in Business, Alma College – 1978

BA in Chemistry, Michigan State University – 1981

Business Background:

1989 – Present

Owner

J. F. Lehman Investment Advisory Services

Item 20: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business.

Item 21: Other Business Activities

John Freeman Lehman is not engaged in any investment-related business or occupation (other than this advisory firm).

Item 22: Additional Compensation

Other than salary, annual bonuses, or regular bonuses, John Freeman Lehman does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through J. F. Lehman Investment Advisory Services.

Item 23: Supervision

As the only owner and representative of J. F. Lehman Investment Advisory Services, John Freeman Lehman supervises all duties and activities. John Freeman Lehman's contact information is on the cover page of this disclosure document.