Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

Primary Business Name: Lyle & Forsyth Investment Managers February 23, 2012
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This brochure supplement provides information about the qualifications and business practices of Allan G. Lyle and Lyle & Forsyth. If you have any questions about the contents of this brochure, please contact Allan G. Lyle at (415) 492-9240 or at the email address listed above. 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.

Item 2 Material Changes

There haven't been any material changes in the past several years.

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Item 4 Advisory Business

Lyle & Forsyth Investment Managers' business consists of managing security accounts totalling $147,122,054 as of December 31, 2011. We have been in business since 1982 and operate as a sole proprietorship. We hold a limited power of attorney, enabling us to buy or sell securities for the clients' accounts. After agreeing on the investment objectives, we implement over time the steps to meet the clients' needs regarding income, safety, and how these may relate to other assets and liabilities of our clients.

Communication with our clients is very important and we report quarterly in a written form with a portfolio review included. We review all our accounts more or less continually, and at year end, we provide a summary of realized capital gains and losses to assist in the preparation of income taxes for our taxable accounts. We also may contact the client by telephone or in person to discuss issues relating to the clients' accounts.

We generally select individual stocks and bonds. We very rarely use mutual funds, however, on the rare occasion we do, we try to select no-load, closed end or ETF funds.

The minimum new account size is $1 million unless it is a related account and or/ the minimum is waived by Allan G. Lyle.

100% of our income is derived from providing investment supervisory services. We are not "financial planners." We do however, consult with the clients' CPA and their lawyer when the clients ask.

Item 5 Fees and Compensation

Lyle & Forsyth is strictly a "fee based" investment advisory firm and our fees are based on a percentage of the assets under management.

Our fee schedule is as follows:

1% annually on the first $250,000
3/4% annually on the next $2,000,000
1/2% annually on the next $2,500,000
1/4% annually on the excess over $4,500,000
or as negotiated.

Our fees are billed on a quarterly basis.

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

Not applicable.

Item 7 Types of *Clients*

Lyle & Forsyth's clients include:

1. High Net Worth Investors
2. Individuals
3. Pension & Profit Sharing Plans
4. Trusts and Estates

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

Lyle & Forsyth has and will continue to be, "value" and "contrarian" oriented investors. We started managing money actively in 1982 and have continually for the past 29 years.

During our 29 years, we have witnessed all kinds of bubbles and crashes. Our experience shows that the single greatest impediment to achieving success is not being able to control emotions. Having the correct temperament trumps virtually every other factor in generating success. The easiest time to buy something is when the markets are euphoric and prices are high. The time people are most likely to panic and sell is when fear overwhelms their good judgement.

It takes discipline and fortitude to hold on and hopefully buy when the investment picture seems particularly bleak. The people who typically enjoy the greatest success are investors with a decent time horizon of at least several years. There are a small minority of speculators who "trade" the market, getting in and out in short periods of time. This is very appealing because who doesn't like to make money quickly? However, when we look at the really outstanding records of what we call the "Hall of Fame" investors, like Warren Buffett, John Templeton and Peter Lynch, the common ingredient is that their successes were based on "investing" and not trading.

Therefore, the pricing of a purchase is of prime importance as "timing" the market is in our view very difficult. By gaining knowledge of a business, and understanding its history, financial strength and having an idea about its future, is what provides the basis for stepping up and making a really great buy, and those generally occur when the market mood is depressed. Also when a company experiences a short term but not permanent problem, opportunity is created.

We read the annual reports, prospectuses, SEC filings, company releases, personal inspection of corporate activities, financial periodicals such as Forbes, Fortune, Barrons, Wall Street Journal, The Economist and others. We also listen to the earnings release conference calls of many of the stocks we own. In addition, we receive research reports from various brokers, such as Merrill Lynch, Wells Fargo, Charles Schwab, Morgan Stanley and more. Plus, we subscribe to several investor news letters.

The foundation of our financial analysis is derived from the "fundamental" approach. Meaning we study the Balance Sheets, Income Statements, Cash Flow Statements etc...

What we really like finding are investments where we get a decent current return, paired with the additional benefit of realizing a capital gain over time.

Past performance is no guarantee of future performance; and all clients are made aware of this fact and the inherent risk of any type of investing.

Item 9 Disciplinary Information

Lyle & Forsyth Investment Managers, as well as Allan G. Lyle, are not subject to any Disciplinary Actions.

Item 10 Other Financial Industry Activities and Affiliations

Lyle & Forsyth is not involved in or affiliated with any other financial entity.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

At Lyle & Forsyth we do not buy or sell securities as principal or receive any compensation for security trades. Transactions for our clients have priority over our personal transactions, and personal transactions do not operate adversely to clients' interests. While we generally own the same securities that we buy for our clients, hence "eating our own cooking," we make sure that any purchase trades made for our personal accounts would have to be at a price higher than what was paid by a client. On sale trades, we would have to get an execution at a lower price than any of the clients' trades. Generally, transactions for Allan G. Lyle or any family members, are not entered on the same day as the orders that are placed for clients, unless it is certain the Lyle accounts will either pay more or get less than our clients.

Because of Allan G. Lyle's experience, record and education, he was "Grandfathered" into the CFA Institute in 1989. The CFA Institiute is a global association of investment professionals. The mission of the CFA is to set the highest standards of ethics, education and professional excellence. All CFA Institute members must abide by the Code of Ethics and Standards with a yearly affirmation. Below are highlights or what The Code of Ethics and Standards of Professional Conduct represent.

The Code of Ethics:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and the participants in the global capital markets.
- Place the integrity of the investment profession and the interest of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment actions, making investment recommendations, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of and uphold the rules governing capital markets.

Standards of Professional Conduct:

Professionalism

- Know the Law
- Act with independence and objectivity
- Never misrepresent one's self, products or services
- Always act with professional conduct

Integrity of Capital Markets

- Never act on material non-public information
- Never engage in market manipulation

Duties to Clients

- Act with loyalty, prudence and care
- Deal fairly and objectively
- Determine suitability

continued ...

Item 12 Brokerage Practices

At Lyle & Forsyth, generally, securities are purchased for long term holdings. Occasionally circumstances have caused us to sell prior to one year. We do not "trade" securities and we do not use short sales, purchase options, or use margin transactions, unless directed by the client.

We leave the selection of a particular broker dealer up to the client. However, when asked, we will make a suggestion. There are a number of considerations besides the commissions paid, although we attempt to negotiate the very best commission rate for our clients. Lyle & Forsyth utilizes a "buy and hold" longer term investment approach, and therefore this strategy leads to a smaller number of trades and relatively low friction costs over time.

The most important part of the relationship with a broker dealer is to find one with a similar investment philosophy. Our clients have chosen Merrill Lynch, Wells Fargo, Sterne Agee (formerly Emmett A. Larkin), Morgan Stanley, Charles Schwab and Fidelity.

Lyle and Forsyth does not receive any soft dollar benefits. In addition, Lyle & Forsyth does not give or recieve benefits from referrals.

Item 13 Review of Accounts

Lyle & Forsyth provides portfolio evaluations each quarter which are always reviewed by Allan G. Lyle. These reports present a full breakdown of the portfolios. The report shows the quantity of each position, the unit cost, the total cost basis, the current price, the current value, the weight (what portion of the entire portfolio is invested in each position), the income rate, (annual per share dividend or annual interest payment per bond), annual estimated income from each holding and the current yield of each position. The report also totals the original cost basis for the entire list and shows the current value for the entire list as of the updated report. There is also a total of estimated annual income and a calculation of the current yield on the current value for the entire list. In addition, all Lyle & Forsyth clients receive Trade Notifications and Statements directly from their designated custodian.

Whenever we uncover a particular security that is considered for purchase or sale we will also review the accounts to see whether it "works" on a case by case basis. This means that all the accounts are frequently reviewed more than quarterly.

Item 14 *Client* Referrals and Other Compensation

At Lyle & Forsyth we don't advertise, cold call or use mass mailings to generate business. All of our clients are a product of being referred by another client. We don't compensate clients for referrals.

Item 15 *Custody*

Lyle & Forsyth does not physically handle the cash or securities of our clients. All our accounts are domiciled under either a bank or brokerage firm custodianship. However, clients may maintain possession of their securities if they wish. However, with the insurance coverage provided by SIPC and the private insurance on each account at our broker dealers, along with the convenience at tax time, we encourage clients to select a custodian. In addition, the monthly statements produced by the various custodians are another valuable communication vehicle for clients to monitor the activities of their accounts.

Item 16 Investment Discretion

Each client signs a "Limited Power of Attorney" for their accounts. This LOA authorizes Lyle & Forsyth, Allan G. Lyle, to buy or sell securities for their account. We generally do not consult with the client prior to individual purchases or sales.

The client receives the originals for all confirmations and monthly statements and Lyle & Forsyth receives duplicate copies.

Item 17 Voting *Client* Securities

At Lyle & Forsyth, we allow the clients to vote their individual proxies. If there is something that we think needs to be called to their attention regarding a specific proxy, we will either contact them by telephone or in writing, but this is a very rare happening.

Item 18 Financial Information

Not applicable.

Item 19 Requirements for State-Registered Advisers

Not applicable.

Standards of Professional Conduct continued:

Investment Analysis, Recommendations, and Actions

- Exercise diligence and reason
- Active communication with clients and prospective clients
- Retain pertinent records

Conflict of Interest

- Disclose any conflicts
- Prioritize transactions