

Part 2A of Form ADV: Firm Brochure

Item 1. Cover Page

LEDERER & ASSOCIATES INVESTMENT COUNSEL
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November 30, 2011

This brochure provides information about the qualifications and business practices of Lederer & Associates Investment Counsel ("Lederer & Associates"). If you have any questions about the contents of this brochure, please contact us at (562) 495-2350. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Lederer & Associates is also available at the SEC's website at www.adviserinfo.sec.gov. Click on Investment Adviser Search on the left navigation panel, choose "Investment Adviser Firm" and type in our firm name or our CRD Number (110376).

Lederer & Associates is a Registered Investment Adviser with the SEC. Registration does not imply any level of skill or training.

Item 2. Material Changes

The purpose of this section is to inform you of any material changes since the last annual update of our brochure.

On July 28, 2010, the Securities and Exchange Commission ("SEC") published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated November 30, 2011 is a new document prepared according to the SEC's new requirements and rules. This document is materially different in structure and contains certain new information that our previous brochure did not include.

In the future, this section will contain a summary of material changes since the last annual update of our brochure.

We previously offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Under new SEC Rules, we will deliver a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year ending September 30. We may also provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new brochure based on changes or new information without charge. You may request a copy by contacting Nancy Bailey at (562) 495-2350. Our brochure is also available on our website at www.lederer-associates.com.

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Item 4. Advisory Business

Firm Description

Lederer & Associates Investment Counsel is a Registered Investment Adviser with the SEC. The firm, which was founded in 1986, provides "investment supervisory services," defined as the giving of continuous advice as to the investment of funds on the basis of the individual needs of each client.

Lederer & Associates is wholly owned by RAL Holdings, which is wholly owned by Richard Lederer. As a result, Mr. Lederer owns 100% of Lederer & Associates. RAL Holdings is a non-operating company with no other affiliations.

Types of Advisory Services

Lederer & Associates manages equity, fixed income, and balanced portfolios. All portfolios are managed separately. Based on your goals and objectives, we establish asset allocation targets, the type of equity strategy, and the appropriateness of taxable and/or tax-exempt bonds for each portfolio. You may impose restrictions on investing in certain securities or types of securities.

Assets Under Management

Lederer & Associates had \$102,500,000 of assets under management as of November 30, 2011. All of these assets were managed on a discretionary basis.

Item 5. Fees and Compensation

Description

Our fee schedule is listed below:

- 1% on the first \$5 million under management
- $\frac{3}{4}$ of 1% on the next \$5 million under management
- $\frac{1}{2}$ of 1% on the balance of assets under management

Fees are computed as a percentage of the market value of assets under management as of the last day of each calendar quarter. Market value is based on trade date valuation.

The rates on certain portfolios may be negotiable depending upon the size of the account and type of service. Minimum annual fees may be imposed on portfolios under \$500,000. Fees for existing clients may be higher or lower than current posted rates.

Fee Payment Methods

Fees are payable quarterly in advance. You may authorize your custodian to deduct management fees from your custodial account or pay us directly for fees incurred.

General Termination Provisions

Our investment management services are continuous but may be terminated at any time by either party upon written notice. Fees paid in advance will be prorated to the date of termination and any unearned portion will be refunded.

Additional Fees and Expenses

You will incur brokerage commissions, transaction fees, and other related costs and expenses. Brokerage and other transaction costs are discussed in more detail under Brokerage Practices (Item 12). You may also incur administrative charges imposed by custodians and broker-dealers, such as custodial and wire transfer fees.

Lederer & Associates may occasionally use mutual funds or exchange-traded funds to fill specific portfolio needs. If we use these funds, you will incur the fund's management and administrative fees, plus our investment management fees. You may also incur commissions imposed by broker-dealers and back-end sales charges imposed by the mutual fund should the holding period not meet the minimum requirement to avoid such fees.

Item 6. Performance-Based Fees and Side-by-Side Management

Lederer & Associates does not charge performance-based fees.

Item 7. Types of Clients

Lederer & Associates provides investment supervisory services to individuals, trusts, estates, charitable organizations, corporations, and pension and profit-sharing plans, including self-directed 401(k)s, IRAs, and IRA Rollovers. We generally require a minimum dollar amount of \$500,000 of assets under management. This minimum may be waived in certain situations.

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

Methods of Analysis

Lederer & Associates utilizes qualitative and quantitative analysis when evaluating investment securities. Our stock selection process focuses on three fundamentals: quality, growth, and value. We maintain that the intersection of quality, growth, and value equals opportunity. We do not believe quality, growth, or value is sufficient on a standalone basis to justify buying a stock. For example, a high-quality company may lack the growth prospects we desire. A fast-growing company may not represent good value. A company that sells at a low valuation may lack sufficient quality.

We measure quality in terms of market position, financial strength, cash flow generation, competitive advantages, and the track records of management. Powerful and durable competitive advantages create a moat around the business, which serves the dual purpose of keeping competitors at bay and enabling the company to reap extraordinary profits and growth. These advantages involve being the low-cost producer and/or having a differentiated product or service.

Investment Strategies

Lederer & Associates manages two distinctive styles of equity portfolios. Our Growth strategy is based on Growth at a Reasonable Price and is focused on mid- to large-cap companies with the potential to provide long-term capital appreciation. Our Value strategy is based on Equity Income and is dedicated primarily to large caps with an emphasis on dividends, dividend growth, and total return.

Our Growth strategy is for more aggressive investors while our Equity Income strategy is for more conservative investors. We also offer a blended Growth and Income approach for clients desiring a combination of our two core strategies.

We generally own 20-30 stocks in our equity portfolios. We reduce or sell positions once the upside potential has diminished due to high valuation, low yield, or deterioration in the competitive advantage and fundamental outlook. We may also sell a stock when there are better opportunities elsewhere. Our sell disciplines help limit downside risk while keeping the portfolio fresh with our best ideas.

We believe fixed-income investments play an important role in a balanced account. This portion of the portfolio provides liquidity, diversification, and interest income while serving to reduce overall volatility.

Based on your goals and objectives, we allocate an approximate dollar amount or percentage of the portfolio to government, corporate, and/or municipal bonds. We diversify by issuers, maturities, and call features. Our approach, which is designed to minimize interest-rate risk, emphasizes maintaining short- to intermediate-term maturities.

Our goal is to add value by capitalizing on the slope of the yield curve and changing spread relationships between different types of bonds and credits. We favor Treasuries and agencies when yield spreads are narrow and prefer corporate and municipal bonds when yield spreads are wide.

Risk of Loss

You must be able to accept volatility and fluctuations in portfolio value and be prepared to bear the risk of loss when investing in securities. We cannot guarantee any level of performance.

Our Growth and Value equity strategies involve material risks, including the temporary or permanent loss of principal and/or income due primarily to changes in economic, market, sector, industry, and company-specific conditions. The latter includes actual or perceived changes to sales, earnings, and/or dividends. Our Growth and Value strategies may perform better or worse than strategies that have a broader investment style.

Our fixed-income strategy involves material risks, including the temporary or permanent loss of principal and/or income due primarily to changes in credit quality and interest rates. Credit or default risk involves the risk of loss arising from an issuer of debt that does not honor its obligation to make principal or interest payments as promised. Non-investment grade credits, also known as high-yield securities or "junk bonds," are more speculative than investment-grade credits and subject to greater levels of credit, liquidity, and refinancing risk. Interest-rate risk is the risk that fixed-income securities will decline in value owing to changes in interest rates. As yields rise, prices of fixed-income securities decline. Fixed-income securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities.

Your portfolio may also be adversely affected by political, legislative, regulatory, tax, and currency risks.

Item 9. Disciplinary Information

Lederer & Associates and its employees have not been subject to any legal or disciplinary events.

Item 10. Other Financial Industry Activities and Affiliations

Lederer & Associates and its employees are not engaged in any other financial industry activities and have no other industry affiliations.

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

Code of Ethics

Lederer & Associates maintains and enforces its Code of Ethics to avoid any potential conflicts of interest involving personal trading. The Code of Ethics is based on the principle that we owe a fiduciary duty to you. We place your interests first.

We will provide a copy of our Code of Ethics to you upon request.

Participation or Interest in Client Transactions

Lederer & Associates does not recommend securities in which it has a material financial interest.

Personal Trading

Officers, directors, and employees are required to obtain pre-clearance from the Chief Compliance Officer before placing personal trades. Such individuals are also required to submit monthly statements for non-client accounts in which they have (1) influence or control, (2) any direct or indirect beneficial interest, or (3) an immediate family member sharing the same household. These statements are reviewed quarterly by the Chief Compliance Officer.

Lederer & Associates and/or officers, directors, and employees may have a position or interest in securities purchased or sold for its clients. We allocate limited investment opportunities to clients before the firm or its employees may act on them. Our personal trades may be aggregated with client trades when investment opportunities are not limited. No account within the block trade will be favored over any other. Each account will participate in an aggregated order at the average share price, with all transactions costs shared on a pro-rata basis (subject to a minimum commission imposed by the broker-dealer). Employees are not allowed to purchase or sell securities in anticipation of buy or sell transactions for clients and may not buy and sell the same security in a given day.

Item 12. Brokerage Practices

General Considerations

Lederer & Associates evaluates the following when selecting broker-dealers:

- quality of service
- effectiveness and efficiency in executing transactions
- quality and timeliness of research information and ideas
- reasonableness of their commissions

Research and Other Soft Dollar Benefits

Lederer & Associates does not participate in soft dollar arrangements.

Brokerage for Client Referrals

Lederer & Associates reserves the right to select broker-dealers who have referred clients, provided that the commission rates are competitive with those offered by other full-service broker-dealers for like transactions. If we select broker-dealers that provide research and referral services, you may be subject to conflicts of interest in obtaining best execution. However, we make every effort to ensure that you receive the best execution on all trades.

Lederer & Associates has not directed any client transactions to a particular broker-dealer in return for client referrals during the past fiscal year.

Directed Brokerage

You may direct us to use any broker-dealer of your choice. If directed, we may be unable to negotiate commissions, obtain volume discounts, or otherwise ensure best execution. Accordingly, we may not achieve executions of the nature, quality, speed, or price that we might otherwise achieve if we were not using a directed broker-dealer to execute transactions. A directed broker-dealer may offer clients its services for an annual fee, typically based on a percentage of the assets under management. Depending upon the fee charged, the amount of activity in the portfolio, and the value of custodial and other services provided under the arrangement, the annual fee may exceed the aggregate cost of such services if they were provided separately and if we were free to negotiate commissions and seek best execution.

Trade Aggregation and Allocation

Lederer & Associates uses its best judgment in prioritizing the order and allocation of transactions. We take into consideration the type of transaction and the size of the individual or block order, compared to the bid and asked size, spread, and trading volume. Your trades may be aggregated but no account within the block trade will be favored over any other. Each account will participate in an aggregated order at the average share price, with all transactions costs shared on a pro-rata basis (subject to a minimum commission imposed by the broker-dealer).

Partially filled block orders are allocated on a pro-rata basis when the vast majority of the trade is completed or using our best judgment when only a small minority of the trade is completed. Our best judgment considers client goals and objectives, cash levels, and brokerage and custodial limitations. We do not systematically favor any client or group of clients over the others.

Item 13. Review of Accounts

Periodic Reviews

Richard Lederer, President and Chief Investment Officer, and Darin Bemis, Portfolio Manager, review your account continuously. We monitor cash balances and all actively traded stocks held in your portfolio daily. We carefully select all bonds at the time of purchase and re-examine them upon any change in the credit rating. We also review corporate bonds at least quarterly.

Mr. Lederer and Mr. Bemis review your account at our monthly Investment Committee meetings. We compare actual asset allocation to our targeted asset allocation and make changes as needed. We review our approved lists of stocks and bonds plus outstanding orders, and discuss upcoming bond maturities and calls. We compare the performance of your portfolio on an absolute basis and relative to other portfolios using the same equity strategy at least annually.

Regular Reports

We provide you with quarterly statements and calendar or fiscal year-end reports. The quarterly statements list all securities held, the number of shares or par value, unit cost and total cost, the market price and value, projected annual income, current yield, accrued interest, and total portfolio value. The year-end reports summarize all transactions involving capital gains and losses, dividend and interest income, and other pertinent data affecting tax information. In addition to these reports, your custodian will send you trade confirmations, monthly statements, and Form 1099s.

Item 14. Client Referrals and Other Compensation

Lederer & Associates does not receive any economic benefit (including cash payment, commissions, equipment, or non-research services) from non-clients in connection with providing investment advice or other advisory services to clients.

The firm does not directly or indirectly compensate any person for client referrals.

Item 15. Custody

We do not and will not have custody of your funds or securities, other than receiving directly from your custodian previously authorized deductions for management fees. We urge you to compare the account statements sent by us with those sent by your custodian.

Item 16. Investment Discretion

Lederer & Associates, in accordance with our Investment Management Agreement, has the discretionary authority to decide which securities to purchase and sell for your account. You may impose limits on our authority as to asset class, sector, industry, or individual security selections. You may also direct us to use any specific broker-dealer of your choice. Your restrictions may affect performance.

Item 17. Voting Client Securities

Lederer & Associates recognizes its fiduciary obligation to clients who have given us authority to vote securities on their behalf. When voting, we consider issues of corporate governance, including the election of directors and proposals relating to compensation and stock option grants. We only vote smaller holdings if there are proposed changes in the corporate structure, such as mergers, acquisitions, spin-offs, etc.

Portfolio managers make voting decisions after reviewing the company's proxy statement. We always vote in a manner consistent with your best interests. We abstain from voting when there is a conflict between our interests and yours.

You may direct us in a particular solicitation or obtain information on how securities have been voted by contacting us in writing at the mailing address listed on the cover page.

Our proxy voting policies and procedures are available upon request.

Item 18. Financial Information

Lederer & Associates has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

Part 2B of Form ADV: Brochure Supplement

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November 30, 2011

Richard A. Lederer
Darin W. Bemis
Nancy L. Bailey

This brochure supplement provides information about the employees listed above that supplements the Lederer & Associates Investment Counsel brochure. You should have received a copy of that brochure. Please contact us at (562) 495-2350 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Richard A. Lederer

Educational Background and Business Experience

Richard A. Lederer (born 1955) is the President and Chief Investment Officer. Mr. Lederer co-founded Fish & Lederer Investment Counsel in 1986. The name of the firm was changed to Lederer & Associates Investment Counsel in 1996. He was previously Vice President of Winrich Capital Management and Senior Investment Officer of Security Pacific National Bank.

Mr. Lederer graduated cum laude with a Bachelor of Science degree in Business Administration from the University of Southern California and attended the Graduate School of Business at San Diego State University. He is a member of the CFA Institute and the CFA Society of Los Angeles.

Disciplinary Information

Mr. Lederer has not been subject to any legal or disciplinary events.

Other Business Activities

Mr. Lederer is not actively engaged in any other investment-related business or occupation, or any other business activity that provides substantial compensation or involves substantial time.

Additional Compensation

Mr. Lederer does not receive any economic benefits from non-clients for providing advisory services.

Supervision

Mr. Lederer is a member of the Investment Committee, which meets monthly to review all accounts.

Darin W. Bemis

Educational Background and Business Experience

Darin W. Bemis (born 1970) is a Portfolio Manager and Analyst. He is also the Trader and Chief Compliance Officer. Mr. Bemis has been with Lederer & Associates since 2000. He was previously an Investment Analyst with WM Advisors, Inc.

Mr. Bemis is a Chartered Financial Analyst ("CFA") and holds a Bachelor of Science degree in Business Administration from the University of Southern California. He is a member of the CFA Institute and the CFA Society of Los Angeles.

To earn the CFA charter, candidates must have four years of qualified investment work experience; become a member of CFA Institute, pledging to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis; apply for membership to a local CFA member society; and complete the CFA Program. The CFA Program is a globally recognized, graduate-level curriculum that provides candidates with a strong foundation of the real-world investment analysis and portfolio management skills. It also emphasizes the highest ethical and professional standards. The Program is organized into three levels, each culminating in a six-hour exam. CFA Program candidates report dedicating in excess of 300 hours of study per level.

Disciplinary Information

Mr. Bemis has not been subject to any legal or disciplinary events.

Other Business Activities

Mr. Bemis is not actively engaged in any other investment-related business or occupation, or any other business activity that provides substantial compensation or involves substantial time.

Additional Compensation

Mr. Bemis does not receive any economic benefits from non-clients for providing advisory services.

Supervision

Mr. Bemis is a member of the Investment Committee, which meets monthly to review all accounts.

Mr. Bemis is supervised by Richard Lederer, President and Chief Investment Officer, who can be contacted at (562) 495-2350.

Nancy L. Bailey

Educational Background and Business Experience

Nancy L. Bailey (born 1949) is an Executive Assistant and Corporate Secretary. She is in charge of operations, administration, and client services. Ms. Bailey has been with Lederer & Associates since 1995.

Ms. Bailey attended Brigham Young University and subsequently was the secretary to BYU's Vice President and General Counsel.

Disciplinary Information

Ms. Bailey has not been subject to any legal or disciplinary events.

Other Business Activities

Ms. Bailey is not actively engaged in any other investment-related business or occupation, or any other business activity that provides substantial compensation or involves substantial time.

Additional Compensation

Ms. Bailey does not receive any economic benefits from non-clients for providing advisory services.

Supervision

Ms. Bailey is supervised by Richard Lederer, President and Chief Investment Officer, who can be contacted at (562) 495-2350.