

**ADV Item 1: Cover Page**

**Lyle & Forsyth Investment Managers**

**A Registered Investment Advisor**

**165 North Redwood Drive, Suite 208  
San Rafael, CA 94903-1974**

**Telephone: 415.492.9240**

**February 22, 2021**

**Form ADV Part 2A  
Brochure**

**This brochure provides information about the qualifications and business practices of Lyle & Forsyth Investment Managers. If you have any questions about the contents of this brochure, please contact us at 415.492.9240. The information in this brochure has not been approved or verified by the Securities & Exchange Commission or the California Department of Corporations. Additional information about Lyle & Forsyth Investment Managers is also available at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov). The IARD/CRD number for Lyle & Forsyth Investment Managers is 10603.**

**Registration with the Securities & Exchange Commission does not imply a certain level of skill or training.**

## **ADV Item 2: Material Changes**

### **New Brochure for Lyle & Forsyth Investment Managers (“L&F\_IM”) Form ADV Part 2A**

The L&F\_IM brochure is a new filing that contains information for the benefit of our clients.

(1) **Redesign.** The Securities and Exchange Commission (“SEC”) recently published amendments to the rules for firm brochures. This brochure is redesigned in narrative format and is materially different in its structure. This brochure also contains new information now required by the SEC’s new rules.

(2) **Financial Advisor Biography.** Also included is the new Form ADV, Part 2B (each individual’s “Financial Advisor Biography”) for each Investment Advisory Representative who directly provide advice to clients. Please refer to the Form ADV, Part 2B Financial Advisor Biography, included as a separate document accompanying this brochure.

(3) **Delivery of Amendments to this Brochure.** In the past L&F\_IM has offered or delivered information about the firm’s qualifications and business practices to clients on at least an annual basis. The brochure is updated at least annually, in order to ensure that it remains current.

Pursuant to new SEC rules investment advisors required to provide each of its clients with a summary of any material changes for subsequent annual updates to brochures by April 30 of each year. You will be provided with a new Brochure as necessary based on changes or new information, at any time, without charge.

Due to the changes to this brochure, it is suggested that clients review this document, in its entirety, upon receipt. Clients are also encouraged to review this brochure. Please contact the L&F\_IM Office at 415.492.9240 with any questions.

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**ADV Item 4:**

**Advisory Business**

L&F\_IM has been registered with the Securities & Exchange Commission as an investment advisor since 1982 and provides investment management services to individuals, pension and profit-sharing plans, and businesses. Allan G. Lyle is the firm's sole owner.

**Lyle & Forsyth Investment Managers ("L&F\_IM") offers the following services:**

**Asset Management**

L&F\_IM will structure account portfolios tailored to the client's needs and objectives. Client assets will be held at custodial broker dealers to be selected by the client. L&F\_IM maintains limited power of attorney in client accounts held at the custodial broker dealers. The limited power of attorney authorizes L&F\_IM to purchase and sell securities on the client's behalf. All transactions are executed in accordance with the client's investment objectives that have been discussed and agreed upon in advance with L&F\_IM and the client. Clients may choose to have their accounts managed on a discretionary or non discretionary basis.

Fees for asset management services will be charged on a percentage of assets under management. The fees will be discussed and agreed upon in advance by the L&F\_IM Advisory Representative and the client and will be charged in arrears on a quarterly basis. Communication with clients is very important and L&F\_IM prepares written quarterly reports for clients with a portfolio review included.

Either L&F\_IM or the client can terminate the investment advisory agreement by written notice to the other party. In certain instances, the client may receive a pro-rated refund, based on the fee calculation method being used and the amount of work already completed.

Fees may be decreased, or waived on an individual basis, but will be agreed upon, in writing, in advance, between L&F\_IM and the client.

The California Department of Corporations requires the following disclosure: "Comparable services may be available from other sources at a lower or higher cost."

**ADV Item 5:**

**Fees and Compensation**

**5A: Compensation  
Managed Accounts**

L&F\_IM will offer account management services to clients. The accounts will be set up and maintained at custodial broker-dealers. Fees will be charged on an annualized basis as follows:

1% annually on the first \$250,000.00

¾% annually on the next \$2,250,000.00

½% annually on the next \$2,500,000.00

¼% annually on the excess over \$4,500,000.00

Or as negotiated.

**5(B): Billing Methods**

For managed accounts, clients will authorize L&F\_IM to deduct advisory fees from client accounts held at custodial broker-dealers. Authorization to deduct fees will be disclosed in the client agreement with the custodial broker-dealer. Clients ultimately will decide whether they want advisory fees to be deducted from their advisory accounts or if they prefer L&F\_IM to invoice them directly.

**5(C): Other Fees and Expenses**

In addition to the fees charged by L&F\_IM, each mutual fund company in which a client's funds may be invested utilizes fees paid by the investors that are deducted from the mutual fund's assets. These fees, called 12b-1 fees, pay for marketing and distribution expenses, such as brokers' commissions. The fees are categorized as annual operating expenses. Rule 12b-1 fees are disclosed in a mutual fund's prospectus and typically are less than 1 percent. Fees will be fully disclosed to clients and they are under no obligation to purchase these securities through the Investment Advisory Representative or L&F\_IM.

**5(D): Fees Paid in Advance**

Generally, it is NIA policy to bill client managed accounts in arrears; however certain clients may prefer that their accounts be billed in advance. The L&F\_IM investment advisory contract allows for the client to select which billing method they prefer. In certain instances, for canceled accounts that are billed in advance, the client may receive a pro-rated refund, based on the fee calculation method being used and the amount of work already completed.

**5(E): Assets Under Management:**

As of December 31, 2020, L&F\_IM manages a total of \$95,893,462 assets on a non-discretionary basis and \$83,177,675.50 on a discretionary basis.

**Investment Policy Statements**

Individually managed accounts will be tailored to meet the client's investment goals and objectives. L&F\_IM does not prepare investment policy statements.

**Wrap Fee Programs**

L&F\_IM does not sponsor or participate in wrap fee programs.

**ADV Item 6: Performance Based Fees and Side by Side Management**

L&F\_IM does not charge fees based on a share of capital gains or on capital appreciation of the assets of a client.

**ADV Item 7: Types of Clients**

L&F\_IM provides investment advisory services to individuals, high net worth investors, pension and profit-sharing plans, trusts and estates.

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

The foundation of L&F\_IM's financial analysis is derived from the "fundamental" approach that includes a review of balance sheets, income statements, cash flow statements, etc. The approach is for a respectable 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 of the inherent risk of any type of investing.

L&F\_IM utilizes various methods of analysis and investment strategies. Although we primarily use the fundamental approach we may also employ technical or other methods. In general, client portfolios will include stocks, individual bonds, government securities, municipal bonds, emerging market securities, commercial paper, certificates of deposit, and occasionally mutual funds. Basically, any selection we believe will help achieve the clients' investment objectives.

L&F\_IM Advisory Representatives review annual reports, prospectuses, SEC filings, company releases, and personal inspection of corporate activities, financial periodicals such as *Forbes*, *Fortune*, *Barrons*, *Wall Street Journal*, *The Economist* and others. Advisory Representatives also listen to the earnings release conference calls of many of the stocks that the firm recommends. In addition, research reports are received from various brokers, such as Merrill, Charles Schwab, Morgan Stanley, Fidelity, and more.

**ADV Item 9: Disciplinary Information**

A. Neither L&F\_IM or L&F\_IM Investment Advisory Representatives have been or are currently involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which L&F\_IM or an employee of L&F\_IM:

1. have been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. have been the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. has been found to have been involved in a violation of an investment-related statute or regulation; or
4. were the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. Neither L&F\_IM or any L&F\_IM Investment Advisory Representatives have been or are currently involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which L&F\_IM or an L&F\_IM manager:

1. were found to have caused an investment-related business to lose its authorization to do business; or
2. were found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority.
  - (a) denying, suspending, or revoking the authorization of L&F\_IM to act in an investment-related business;
  - (b) otherwise significantly limiting L&F\_IM investment-related activities; or
  - (c) imposing a civil money penalty of more than \$2,500 on L&F\_IM.

**ADV Item 10: Other Financial Industry Activities and Affiliations**

L&F\_IM is a registered advisor that provides asset management services to its clients. L&F\_IM does not engage in any other business activities.

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

L&F\_IM maintains a Code of Ethics that describes firm policies and procedures and how L&F\_IM conducts business with its clients. L&F\_IM clients depend on the firm to be trustworthy, honest and loyal to their interests as provided in L&F\_IM's agreements with them and disclosures in the L&F\_IM form ADV. Clients expect L&F\_IM to protect the confidentiality of their personal and financial information and to provide timely and professional advice in accordance with L&F\_IM agreements. All L&F\_IM employees will receive a copy of the Code and must acknowledge in writing that he or she has received and read it.

All L&F\_IM employees are expected to strive to act at all time in accordance with fundamental principles of openness, integrity, and honesty. This is in addition to the legal obligations that L&F\_IM and all employees adhere to applicable state securities laws.

Occasionally L&F\_IM may recommend that clients buy a security in which L&F\_IM or an associated person has an ownership position. Additionally, L&F\_IM or an associated person of L&F\_IM may purchase a security of the same class as securities held in a client's account. It is L&F\_IM's policy not to permit associated persons to trade in a manner that takes advantage of price movements caused by clients' transactions.

**ADV Item 12: Brokerage Practices**

Generally, securities are purchased for long term holdings. Occasionally circumstances have caused L&F\_IM to sell prior to one year. The firm does not "trade" securities and L&F\_IM does not use short sales, purchase options, or use margin transactions, unless directed by the client.

Clients select the custodial broker dealers where their accounts will be maintained. However, if asked, L&F\_IM will make a recommendation. Generally, these recommendations are based on L&F\_IM's perception of the breadth of services offered, and quality of execution. The custodial

broker-dealers may make available to L&F\_IM other products and services that benefit L&F\_IM but may not benefit its clients' accounts. Some of these other products and services assist L&F\_IM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of L&F\_IM's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. The custodial broker-dealer also makes available to L&F\_IM other services intended to help L&F\_IM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. The most important part of the relationship with a broker dealer is to find one with a similar investment philosophy. Clients have chosen Merrill Lynch, Wells Fargo, Stone (formerly Sterne Agee), Morgan Stanley, Charles Schwab and Fidelity.

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.

#### **Research and Other Soft Dollar Benefits**

L&F\_IM does not engage in soft dollar benefits. L&F\_IM does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services.

**Block Trading:** L&F\_IM may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of L&F\_IM's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. L&F\_IM may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

**Best Execution:** On an annual basis, we will obtain each custodian's written best execution policy to compare the services and fees offered by the different firms. Best execution is not the only factor to be considered in providing investment management services to clients. We believe that several of the custodial broker-dealers provide good execution for our clients'



transactions. In addition, they provide our firm and our clients with other valuable information on their accounts both electronically and by mail. We will review our agreements with the custodial broker-dealers on an annual basis and will compare them with firms offering comparable services to investment advisory firms and their clients.

**ADV Item 13: Review of Accounts**

L&F\_IM 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 (if available), 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 L&F\_IM clients receive Trade Notifications and Statements directly from their designated custodian. Whenever L&F\_IM uncovers a particular security that is considered for purchase or sale L&F\_IM 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.

**ADV Item 14: Client Referrals and Other Compensation**

A. L&F\_IM does not engage in activity with non clients to gain economic benefits including sales awards or other prizes.

B. L&F\_IM does not directly or indirectly compensate any person who is not an L&F\_IM supervised person for client referrals.

**ADV Item 15: Custody**

L&F\_IM does not maintain custody of client funds or securities. All client assets are maintained at the custodial broker dealers.

**ADV Item 16: Investment Discretion**

L&F\_IM offers advisory services on either a discretionary or non-discretionary basis as follows:

**Discretionary Authority:** The Client delegates to the Advisor all of its powers with regard to the investment and reinvestment of the Assets, without prior consultation or notification and appoints the Advisor as the Client's attorney and agent in fact with full authority to buy, sell, or otherwise effect investment transactions involving the Assets in the Client's name and for the

Client's Account. The Advisor will have Trading Authority on file with the Custodial Broker Dealer in order to place trades.

**Non-Discretionary Authority:** The Client delegates to the Advisor all of its powers with regard to the investment and reinvestment of the Assets, ***with prior consultation and notification***, and appoints the Advisor as the Client's attorney and agent in fact with full authority to buy, sell, or otherwise effect investment transactions involving the Assets in the Client's name and for the Client's Account. Instructions from the Client to the Advisor are acceptable in the form of e-mail or live conversation. Instructions received over voice mail are not acceptable until verified by the Advisor to the Client via e-mail or live conversation. The Advisor will have Trading Authority on file with the Custodial Broker Dealer in order to place trades.

**ADV Item 17: Voting Client Securities**

Clients will receive proxy information from their custodial broker-dealer(s). L&F\_IM requests that clients engage another party to determine how proxies should be voted. L&F\_IM does not provide proxy voting services to its clients. Clients may contact Allan G. Lyle by phone or email if they have questions.

**ADV Item 18: Financial Information**

As an investment advisory firm that maintains limited power of attorney, we are required to disclose any financial condition that would be likely to impair our ability to meet our contractual obligations. L&F\_IM has no such financial conditions to report. L&F\_IM is not and has not been the subject of a bankruptcy proceeding.

**ADV Item 19: Requirements for State-Registered Advisors**

L&F\_IM and its investment advisory representatives are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor firm or representative providing investment advice to you. You may access information at the SEC website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov). L&F\_IM has not been the subject of any legal or disciplinary actions and therefore does not have any information to report.

**Additional Information**

Investment Advisory Representatives will be required to meet the examination and qualification requirements of the states where they conduct business.

L&F\_IM has developed a Business Continuity Plan on how the firm will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption, you cannot contact us as you usually do you should call our alternative number 415.860.8748 or contact the custodial broker dealer directly.

**ADV Item 20: L&F\_IM Business Continuity Plan & Privacy Policy**

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our clients to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

**L&F\_IM Privacy Policy**

We recognize our obligation to keep information about you secure and confidential. It's important for you to know that we do not sell your information to anyone. We restrict access to non-public personal information about you to those Investment Advisory Representatives and employees who need to know that information to provide products or services to you. We also maintain physical, electronic, and procedural safeguards to guard your non-public personal information. This notice describes how we handle your financial information that we collect while conducting our business.

We collect information about you (such as your name, address, social security number, assets and income) from our discussions with you, and from documents that you may deliver to us in the course of providing services to you. We may use this information to open an account for you or to process a transaction for your account. In order to service your account and effect your transactions, we may provide your personal information to firms (such as the custodial broker-dealers) that assist us in servicing your account and have a need for such information, as permitted by law. We may also disclose such information to the Securities & Exchange Commission, the regulatory agency that oversees our activities.

If you prefer that we not disclose non-public, personal information about you to non-affiliated third parties, (other than those disclosures permitted by law) you may direct us not to make those disclosures. If you wish to opt out of disclosures to non affiliated third parties, you may call us at 415.492.9240.