

Form ADV Part 2A  
**Investment Advisor Brochure**



***Cover Page***

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Date	<b>March 29, 2012</b>

This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. 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. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ***Material Changes***

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Turnberry Financial Services, Inc. will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## ***Advisory Business***

### **Advisory Firm**

Turnberry Financial Services, Inc. (“Turnberry”) and its predecessor company have been providing investment advisory services since 1994. Lawrence Blonquist is the founder and President and has been in the financial services industry since 1969.

### **Advisory Services**

① Through ***Investment Management***, Turnberry helps its clients achieve three basic investment objectives: Income, Capital Preservation, and Capital Appreciation as detailed below.

As of December 31, 2011, Turnberry has \$187,094,644.31 of assets under management on a discretionary basis, and \$8,598,394.26 of assets under management on a non-discretionary basis.

**Income:** Assets consist of Municipal Bonds, Government Bonds, Corporate Bonds, as well as a variety of bond funds such as High Yield, Emerging Market, and International.

**Capital Preservation:** We utilize a proprietary strategy of combining mutual funds and Exchange Traded Funds (ETFs) that generate income and are sensitive to the interest rate environment. Our benchmark for these strategies is the Barclay’s Capital Aggregate Bond Index. Based on market conditions, we may “short” the market by using “inverse” mutual funds or by shorting ETFs.

**Capital Appreciation (“All Weather Strategy”):** We divide our client’s portfolio into three risk Tiers:

- Tier I: Low Risk
- Tier II Moderate Risk
- Tier III Market Risk

Tier I is comprised of Cash, Bonds, CDs, and Index-linked CDs.

Tier II is comprised of actively managed mutual funds whose objective is to manage systematic risk or market risk. Examples of strategies implemented by funds that we use in Tier II include mean-reversion, sector rotation, long/short, market neutral, various hedging strategies, and tactical asset allocation. These strategies are intended to achieve high risk/return ratios though there are market conditions where, like all investment strategies, they fail to achieve their benchmarked goals. In addition, we expect these funds to under-perform market indices during periods of strong market gains. The objective of Tier II is to provide attractive risk/return rate of return.

Tier III is comprised of buffered structured notes and long or inverse ETFs. The ETFs are comprised of domestic and international large cap and small cap stocks. The percentage invested in long or inverse ETFs at any given time is determined by a trend identification model, the Keller Model.

The conservative or aggressive nature of the client’s portfolio is managed by the percentage allocation to each risk tier. More conservative portfolios will have a higher allocation to Tier I and Tier II and a lower allocation to Tier III. The risk characteristic of each portfolio is defined in consultation with the client and takes into account investment horizon, investment objectives, income needs and risk profile. Turnberry will manage individual stocks at a client’s request.

**Separate Account Managers:** We may also use separate account managers to manage individual stocks whose investment process determines the percentage allocated to stocks by market trends. The stronger the market, the higher the percentage in individual stocks. The weaker the market, the lower the percentage of individual stocks. The separate account manager determines the market trend and the appropriate percentage invested in stocks. Client assets invested in these types of separate accounts are classified as Tier III assets.

**Private Placement Real Estate Limited Partnerships:** Turnberry may also recommend real estate private placement limited partnerships for clients with appropriate objectives and sufficient resources.

Investment Management services is based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client's financial situation and investment objectives, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the IA Rep to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities. Quarterly the IA Rep will notify the client in writing to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify the IA Rep at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. In addition to custodial statements, Turnberry sends quarterly reports to the client.

② Turnberry offers “**Values Based Financial Planning.**” If financial planning is primarily focused on defining investment objectives, retirement objectives, education planning or risk management in conjunction with the management of the client's portfolio, there may be no additional fee for clients who have retained Turnberry for Investment Management services.

③ **Hourly Consulting** services may include, for example, individual security analysis, college savings strategy, or retirement plan asset allocation.

### ***Fees and Compensation***

A fixed fee is charged for **Financial Planning.** The fee will be quoted in the Financial Planning Agreement defining the scope and extent of services. Although our fees for planning depend entirely on the scope of the project, the range has been from \$500 to \$2,500. We require 50% of the fee when the Financial Planning Agreement is signed and the balance when the plan is reviewed and accepted.

**Hourly Consulting** is available at the rate of \$250.00 per hour, billed at the end of the month and payable within five (5) business days.

**Investment Management** is computed at an annualized percentage of assets under management:

***Income and Capital Preservation Only:***

<u>Assets Under Management</u>	<u>Annual Fee</u>
On the first \$250,000.....	0.75%
On the next \$250,000.....	0.50%
Above \$500,000.....	0.35%

***Capital Appreciation:***

<u>Assets Under Management</u>	<u>Annual Fee</u>
On the first \$1,000,000.....	1.25%
On the second \$1,000,000.....	1.00%
Above \$2,000,000 .....	0.75%

Investment Management is billed quarterly in arrears. Fees are computed based on the market value of managed assets on the last day of the billing period. The fee for the first quarter is based on the market value of assets as of the date the Agreement is executed. This fee is prorated from the date the Agreement is signed to the end of the month or quarter.

Payment of fees may be paid direct by client, or client may authorize the custodian holding client funds and securities to deduct Turnberry advisory fees direct from client account in accordance with statements prepared and submitted to the custodian by Turnberry. The custodian will provide periodic account statements to client, which will reflect all fee withdrawals by Turnberry. It is client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Turnberry may offer appropriate clients the opportunity to invest in private placement real estate investments. Some clients of Turnberry have invested in one or more LLCs created by Private Portfolio Group, Inc. ("PPG"), a real estate investment firm in Seattle, Washington. These clients pay Turnberry an annual advisory fee of 0.15% of assets invested in any PPG property. PPG also pays Turnberry an annual referral fee of 0.35% on assets so invested. Turnberry will not invest clients in any LLC, which holds a PPG property pursuant to its discretionary authority to manage the client's accounts. All decisions to invest in any offering of PPG must be made by the client. Turnberry is prohibited from recommending any PPG property to ERISA clients.

Turnberry may offer its clients that meet the accredited investor requirements direct participation in limited partnership real estate created by Realty Capital Partners, LLC.

Turnberry may receive commissions or fees from third parties for advice given to clients as disclosed above for the private placement real estate and for packaged plans offered by insurance companies for 401(k) plans.

Fees for clients engaging our services under prior contracts may be on a different fee schedule. Under certain circumstances other exceptions to the fee schedule may be made for all of our services.

Fees are not collected for services to be performed more than six months in advance.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm. See the section heading Brokerage Practices for more information.

In addition to fees paid for advisory services with respect to clients' investments in mutual funds, clients pay additional fees on the mutual fund investment because the mutual funds also pay advisory and/or management fees to an investment advisor. A complete explanation of the expenses charged by mutual funds is contained in the prospectus of each mutual fund.

**Investment Management** services will continue until either party terminates the agreement on immediate written notice. If termination occurs prior to the end of a billing period, a pro-rata refund of unearned fees will be made to the client.

For **Financial Planning** or **Consultations**, the client may terminate the Agreement at any time and a refund of the unearned fees will be made based on time and effort expended before termination. The Agreement for Financial Planning or Consultations terminates upon delivery of the services. At this time no refunds will be made.

Upon termination, all assets will be held at the custodian and it will be the client's responsibility to instruct the custodian as to the final disposition of assets, unless the client specifically notifies Turnberry to liquidate or take other action. As of the date of termination, Turnberry will no longer be the investment advisor of record, and it will be the client's responsibility to monitor the timely disposition of the account and take all future actions in regards to the management of the account.

The Advisory Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

### ***Performance-Based Fees And Side-By-Side Management***

Turnberry does not charge performance-based fees, which is based on capital gains in the client account.

### ***Types of Clients and Account Minimums***

Turnberry provides advisory services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, and business entities.

Turnberry requires an account minimum of \$500,000 for investment management. Several accounts of one individual or family may be aggregated to qualify for this minimum. Turnberry reserves the right to make exceptions to this minimum requirement.

There is no minimum for clients retaining financial planning or consulting services.

### ***Methods of Analysis, Investment Strategies, and Risk of Loss***

**Fundamental Analysis:** Using this analysis of individual stocks we focus on price/earnings ratio, return on equity, cash flow, dividend payout, and growth rate.

**Technical Analysis:** This analysis is used to evaluate accumulation or distribution, support and resistance, entry price points, target price points and stop/loss price points.

**Asset Allocation Strategy:** We do a top down analysis which takes into consideration the condition of the global economy and factors that will impact future global growth; condition of sectors and determination of which geographic and industrial sectors are likely to perform well based on current economic conditions; evaluation of specific mutual funds and ETFs that capture the returns in the

geographic, and economic sectors that we have identified as areas of focus. We consider the following characteristics of mutual funds and ETFs as part of our selection process: over-all cost, management style (if the fund is an actively managed fund), asset class represented by the fund, consistency of returns, returns in various market conditions, and Modern Portfolio Statistics for the funds performance over the last 3, 5 and 10 years.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

Turnberry is disclosing those risks and opportunities for our investment strategy or for particular types of securities used.

- **Mutual Fund** is an investment pool, which may include money market instruments, stocks, bonds, or other investment vehicles. Professional money managers research, select, and monitor the performance of the securities the fund purchases. It is easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds. Even with no-load or load-waived funds, there are mutual fund expenses paid to the fund company. Investors may have to pay taxes on capital gains distribution received by the fund, but not distributed to the investor. Mutual funds redeem shares at net asset value ("NAV") at the end of the trading day.
- **Exchange Traded Fund ("ETF")** holds securities to match the price performance of a certain market index or commodity price. ETFs can track stock or bond indexes, industry sectors, currencies, precious metals, or commodities. ETFs are subject to the same market risks as the index or sector they are designed to track. ETFs can be bought and sold throughout the day like stocks. ETFs may be an index fund (tracking the Dow Jones Industrial Average, S&P 500, or other index), or an ETF may be a fully transparent actively managed fund.
- **Inverse mutual funds or ETFs** are often referred to as "short" funds, which seek to increase in value when the market declines and decrease in value when the market rises. Inverse funds are often used to profit from or hedge exposure to downward-moving markets. (See definition for "short the market" below.)
- **Leveraged mutual funds or ETFs** seek to deliver multiples of the performance of the index or benchmark they track by purchasing on margin. Margin is borrowing money to buy securities and using the investment as collateral. Margin is used to increase purchasing power so as to own more of the security without fully paying for it. But margin exposes investors to the potential for higher losses. Some leveraged funds also use options and other derivative securities.

Some funds are both leveraged and inverse (short).

Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time.

Leveraged and inverse ETFs are complex and difficult for the average investor to understand. They are used to hedge and speculate. There is risk and reward. For more details, see the Investor Alert: [www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P119778](http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P119778)



- **Debt Securities (corporate or municipal bonds)** are basically promissory notes that pay interest and the return of principal at the end of a specified term. Credit risk is the chance the issuer will fail to pay the interest payments on the security or to pay the principal at maturity. Interest rate risk is that the market value of the bonds will go down when interest rates go up. Prepayment risk is the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off its debt. When this happens, the investor may not be able to reinvest the proceeds in an investment with as high a return or yield.
- **High yield securities** are debt securities (bonds) rated below investment grade, and which may be subject to payment default by the issuer.
- **Structured Products and Buffered Structured Notes:** There is no standardized definition of structured products in federal securities laws, and there are a myriad of types of structured products. In general, structured products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt issuance and/or a foreign currency. A structured product is a nontraditional security whose value is based on the performance of other securities. They generally have two parts: a note and a derivative, which usually combines elements of stocks, bonds and options. The note typically pays interest to the investor at a specified rate and time interval, and the derivative (typically an index, commodity, stock, or bond) pays the investor upon maturity of the note.

Different types of notes carry differing levels of risk (full, partial, or no principal protection) are combined with a reward. Returns can be less than, equal to or multiples of the underlying investment's return, to a preset limit (thus capping the upside return).

Investors incur the loss of dividends from underlying assets. Investors are exposed to the credit risk of the issuer. Returns on principal-protected notes are treated as ordinary income, not long-term gains. The fees can be high. While a secondary market may exist, liquidity may be limited.

In simple terms, structured products are a basket of investments that combine the upside potential of equity with the downside protections of fixed income (subject to the caveats listed above). Structured products are complex and difficult for the average investor to understand. Structured products are used to hedge and speculate.

One common type of structured product is the buffered structured notes or Buffered Return Enhanced Note ("BREN"). Buffered means it offers some but not complete downside protection. Return-enhanced means it leverages market returns on the upside. The BREN is a strategy which forecasts a weak positive market performance, and which worries about the market falling.

- **Investment Limited Partnerships** acquire a pool of assets such as real estate. The investor as a limited partner limits his/her liability to the amount of funds invested, but must rely on the general partner to make sound management decisions. Limited partnerships generally require long holding periods and are not liquid. A private placement involves a partnership that is not registered with the Securities and Exchange Commission, involves a higher minimum investment than a public partnership, and is for qualified ("accredited") investors. The limited partnership is sold by prospectus (or private placement memorandum), which should be read by the investor prior to investing.
- **Small cap** refers to stocks with a relatively small market capitalization. The definition of small cap can vary, but generally it is a company with a market capitalization of between \$300 million

and \$2 billion. Small cap companies are smaller/younger firms with less track record than large cap firms and can offer more volatility but also more opportunity than the larger companies.

- **International (or foreign) securities** risk relates to the investment climate in the country under consideration. Country risk refers to the economic, political and business risks that are unique to a specific country, and that might result in unexpected investment losses. Currency risk is a form of risk that arises from the change in price of one currency against another.
- **Emerging markets** are countries that are beginning to emerge with increased consumer potential driven by rapid industrial expansion and economic growth. Emerging markets are considered relatively risky because they carry political, economic and currency risks. An investor in emerging markets should be willing to accept volatile returns - there is a chance for large profit at the risk of large losses. An upside to emerging markets is that their performance is generally less correlated with developed markets. As such, they can play a role in diversifying a portfolio (and thus reducing overall risk).
- **Short the market** is the practice of selling securities that have been borrowed from a third party with the intention of buying identical assets back at a later date to return to the lender. It is a form of reverse trading. The short seller hopes to profit from a decline in the price of the assets between the sale and the repurchase, as the seller will pay less to buy the assets than the seller received on selling them. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

### ***Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Turnberry does not have any disclosure items.

### ***Other Financial Industry Activities and Affiliations***

Lawrence Blonquist is licensed to sell life insurance, disability insurance, health insurance and fixed annuities, but does not sell any life insurance products. Turnberry may refer its clients to agents or brokers of various insurance companies, but, with the exception of 401(k) plans for small companies, as explained below; Mr. Blonquist will not receive a fee or split commission on the sale of any type of life insurance that may result from such referral. Clients are not obligated to use any non-affiliated person to, which Turnberry may refer them for the purchase of any life insurance product or for any tax planning or estate planning service.

Turnberry manages the investments of 401(k) plans as part of its services. For small businesses, the most economic alternative from the point of view of plan administration and account record-keeping and reporting is packaged plans offered by insurance companies. In such cases, the insurance company provides investments and account recording-keeping as a "package" service. They deem their compensation to advisors as a commission and require that advisors carry life insurance licenses. We provide advisory services for plans of this type, requiring that Mr. Blonquist maintain a life insurance license.

## ***Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading***

### **Code of Ethics**

Turnberry maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

### **Personal Trading**

At times the interests of Turnberry and/or its access persons correspond with our client's interests, and then we may invest in the same securities that are recommended to clients. Turnberry's policy is designed to avoid conflicts of interest with our clients. We will not violate the Advisor's fiduciary responsibilities to our clients.

♦**Mutual funds** are purchased or redeemed at a fixed net asset value price set by the fund company. Transactions in mutual funds by access persons are not likely to have an impact on the prices of the fund shares. Access persons may buy or sell these funds on the same day as clients.

♦**Limited partnership offerings** have a set number of units available for purchase. We will fulfill client subscriptions first, and access persons may invest if units are remaining. Thus, we will not "race" clients into limited partnership offerings.

♦**General securities transactions (e.g. stocks, bonds):**

- We will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades.
- Scalping (trading shortly ahead of clients) is prohibited.
- Should a conflict occur because of materiality (i.e. access person's prior holding of a thinly traded security), disclosure will be made to the client(s) at the time of trading.
- Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### ***Brokerage Practices***

#### **Selection or recommendation of broker/dealers**

Turnberry recommends, and clients may choose to implement trades and maintain custody of assets through a discount broker. The services of Fidelity Brokerage Services, Inc. (Fidelity) or Charles Schwab & Co. Inc. (Schwab) are recommended. Both firms are FINRA registered broker/dealers and members of SIPC. The selection is made on the discount rates and execution services available to the client. Clients may pay transaction fees to these firms for the purchase of "no-load" funds. The brokerage firms provide clients with consolidated statements.

Turnberry participates in Fidelity Investment Advisor Group (FIAG) programs sponsored by Fidelity and programs sponsored by Schwab Investment Advisory Services (Schwab IAS). Turnberry believes that these programs, designed for independent investment advisors, offer beneficial services to Turnberry and its advisory clients for the transaction costs charged to clients. As a part of these programs, Turnberry receives benefits that it would not receive if it did not offer investment advice. See more details under Soft Dollar Practices.

Turnberry is not affiliated with Fidelity or Schwab. IA Reps of our firm are not registered representatives of Fidelity or Schwab and do not receive any commissions or fees from recommending these services.

### Soft Dollar Practices

Turnberry may receive compensation from a brokerage firm in the form of research, products or services (“soft dollars”). When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

Turnberry has access to research available through FIAG and Schwab IAS. This research is readily available to any investment advisor utilizing these firms advisory programs, and may be received by Turnberry on an unsolicited (unrequested) basis.

Turnberry understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all Turnberry clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While Turnberry may not always obtain the lowest commission rate, Turnberry believes the rate is reasonable in relation to the value of the brokerage and research services provided.

FIAG and Schwab IAS also make available other soft dollar compensation for non-research products and services that benefit Turnberry but may not benefit its clients' accounts. Some of these other products and services assist Turnberry in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, pricing information and market data, assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of Turnberry's accounts, including accounts not maintained at FIAG or Schwab IAS. FIAG and/or Schwab IAS may also provide other services intended to help Turnberry 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. FIAG and Schwab IAS may make these available through independent third-parties. FIAG and Schwab IAS may discount or waive fees it would otherwise charge for these services, or pay all or a part of the fees of a third party providing these services to Turnberry.

Turnberry's recommendation that clients maintain their assets at FIAG or Schwab IAS may be based in part on the benefit to Turnberry of the availability of some of the foregoing products and services and not solely on the quality or cost of services provided by the brokerage firm, which may create a potential conflict of interest.

Schwab provides Turnberry with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. The services are made available at no charge, as long as a total of at least \$10 million of Turnberry's clients' assets are maintained in accounts at Schwab Institutional. The free services may create an incentive for Turnberry to custody at least the minimum amount of assets at Schwab, which may create a conflict of interest. Client accounts maintained in Schwab custody generally are not charged separately for custody, as Schwab is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab.

Turnberry does not have discretion as to brokerage firms (other than for “trade aways” as disclosed in the Investment Discretion section), and therefore the client is always free to accept or reject any recommendation by Turnberry.

### Directed Brokerage

Client may direct brokerage to a specified broker/dealer other than the firm recommended by Turnberry. It is up to the client to negotiate the commission rate, as Turnberry will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker/dealer used by Turnberry. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("block") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker/dealer, Turnberry recommends a broker/dealer as disclosed above.

### Trade Aggregation

While individual client advice is provided each account, client trades may be executed as a block trade. The Advisor encourages its existing and new clients to use the Advisor's "lead custodian." Only accounts in the custody of the lead custodian would have the opportunity to participate in aggregated securities transactions. All trades using the lead custodian will be aggregated and done in the name of the Advisor. The executing broker will be informed that the trades are for the account of the Advisor's clients and not for the Advisor itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and commissions will be applied on the same basis (or lower) as if the trade had been entered on an individual basis. The Advisor will not aggregate a client's order if in a particular instance the Advisor believes that aggregation would cause the client's cost of execution to be increased. The Custodian will be notified of the amount of each trade for each account. The Advisor and/or its IA Reps may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only if clients receive fair and equitable treatment.

Turnberry uses two primary custodians, Fidelity and Schwab. Frequently the same block trades need to be filled at both custodians simultaneously. When this occurs, part of Turnberry's fair allocation policy requires that they are submitted as close in time as possible, and as a rule the first custodian submitted is rotated.

### ***Review of Accounts and Reports on Accounts***

#### Reviews

Lawrence Blonquist, James Houston, and Brian Adams (as the principal members of the Investment Committee) review client accounts. Reviews are conducted based on the services provided. The client does not need to wait for a scheduled review and may call Turnberry at any time for a review or to answer questions of any type.

**Investment Management** accounts are reviewed at least quarterly to ensure consistency with the client's objectives as described in the Investment Policy Statement, client instructions, client risk profile, stated time horizon and tax situation. Accounts may be reviewed more frequently as the market dictates, and assets repositioned as may be required at any time.

**Financial Planning** services are terminated upon delivery of a written financial plan, and thus, no review is performed unless retained by the client to do so.

## Reports

The client receives monthly reports from the custodian showing current positions, transactions and account values. Turnberry sends quarterly reports showing performance by asset class and by portfolio. Reports from both the custodian and Turnberry will reflect fee deductions for advisory services.

## ***Client Referrals & Other Compensation***

### Referral Fees Paid

Turnberry may compensate for client referrals. All solicitors agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

### Referral Fees Received

Turnberry may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, Turnberry may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Form ADV for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

In instances of a "wrap fee" program, clients will receive a Wrap Fee Brochure (Form ADV Part 2A Appendix 1) disclosures. The regulatory filing of the brochure is prepared by the outside money manager.

## ***Custody***

Turnberry is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by Turnberry for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

## ***Investment Discretion***

Turnberry maintains full discretion under a limited power of attorney as to the securities and amount of securities. Turnberry provides non-discretionary investment management for a limited number of existing clients; however, Turnberry no longer accepts new non-discretionary clients.

The client will designate the broker/dealer to be used for trading and custodial services. Turnberry may "trade away" for bond transactions in order to seek best execution. The bonds will be custodied at the broker/dealer designated by the client under a prime brokerage arrangement.

Turnberry will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client. Turnberry does not have discretion to discount brokerage commissions.

### ***Voting Client Securities***

Turnberry does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

### ***Financial Information***

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. Turnberry does not have any disclosure items in this section.