

Date: May 10, 2012

Form ADV Part 2A: Disclosure Brochure

Turnberry Financial Services, Inc.

**650 Hampshire Road
Suite 100
Westlake Village, CA 91361**

**Telephone: 805-374-2700
Facsimile: 805-374-2702**

www.turnberryfinancial.com

This brochure provides information about the qualifications and business practices of Turnberry Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 805-374-2700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Turnberry Financial Services, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Turnberry Financial Services, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 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.

Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 7
Item 7 Types of Clients	Page 7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 8
Item 9 Disciplinary Information	Page 11
Item 10 Other Financial Industry Activities and Affiliations	Page 11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 11
Item 12 Brokerage Practices	Page 12
Item 13 Review of Accounts	Page 15
Item 14 Client Referrals and Other Compensation	Page 15
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 16
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 17
Item 19 Requirements for State-Registered Advisers	Page 17
Additional Information	Page 17

Item 4 Advisory Business

Description of Services and Fees

Turnberry Financial Services, Inc. is a registered investment adviser based in Westlake Village, CA. We are organized as a corporation under the laws of the State of California. We have been providing investment advisory services since 1993. The Lawrence B. Blonquist Family Trust is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Wealth Management Services**
- **Financial Planning/Retirement Planning Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Turnberry Financial Services, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Wealth Management Services

We offer Wealth Management Services by incorporating financial planning and investment portfolio management. The combination of industry experience and comprehensive research allows our firm to provide quality advisory services to our clients.

We offer discretionary management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy for individual equity selection and/or we may invest your assets according to one or more model portfolios developed by our firm that matches your risk profile and return objectives. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

Our Wealth Management services are offered solely on a discretionary basis. Therefore, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Financial Planning/Retirement Planning Services

We offer financial planning/retirement planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad based financial planning to consultative or single subject planning generally in regard to retirement planning. If you retain our firm

for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. After we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Types of Investments

We offer advice on equity securities (including exchanged traded securities 'ETFs'), fixed income securities, certificates of deposit, mutual funds, structured products, and interest in partnerships investing in real estate.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of December 31, 2011, we manage \$187,094,644 in client assets on a discretionary basis, and \$8,598,394 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Wealth Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Income and Capital Preservation Only:

<u>Assets Under Management</u>	<u>Annual Fee</u>
On the first \$300,000	0.75%
On the next \$300,000	0.50%
Above \$600,000	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%

Note: Existing clients of our firm may have contracted services under a previous fee schedule. Therefore, fees for those clients may differ from the above stated fee schedule. Under certain circumstances and at our sole discretion, our advisory fees are negotiable.

Our annual portfolio management fee is billed and payable either monthly or quarterly in advance or in arrears depending upon the advisory agreement you signed with us. The fee is based on the value of your account on the last day of the previous month or quarter. If you have placed account restrictions regarding specific securities we will not charge fees on the valuation of those securities.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

Unless agreed otherwise, as is indicated in our Advisory Agreement, we will deduct our fee directly from your account within 3 to 5 days after you receive the quarterly statement. Further, the qualified custodian will deliver an account statement to you monthly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the portfolio management agreement upon 5 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

Financial Planning/Retirement Planning Services

We charge a fixed fee for one-time financial planning services, which generally ranges between \$500 - \$2,500. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.

For on-going financial planning and retirement services we charge .25% on assets under management.

We require that you pay 50% of the fixed fee in advance and the remaining portion upon the completion of the services rendered. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. Should the engagement last longer than six months between acceptance of financial planning agreement and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

If you only require advice on a single aspect of your finances, we offer single subject financial planning/general consulting services on an hourly basis. Our rate for such services is \$250 per hour and is negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee. Hourly fees are due upon completion of services rendered or will be invoiced at the end of the month. Invoices are payable within five days.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer, custodian or mutual fund. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, and business entities.

In general, we require a minimum of \$300,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess the potential direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may or may not reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to estimate the intrinsic value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the assumptions used as a basis for estimating future earnings may be incorrect resulting in an inaccurate present and future valuation of the price of the stock. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not accurately predict the direction or speed of price movement of a stock, an industry group or a market.

Modern Portfolio Theory (MPT)- Modern Portfolio Theory (MPT) also known as asset allocation --- an investment strategy whose objective is to maximize the risk / return ratio for the portfolio by allocating investments appropriately in uncorrelated asset classes. Over the long term, in normal markets, losses and gains of individual asset classes offset each other improving the risk/return ratio of the overall portfolio.

Risk: In extreme markets, asset classes tend to move together either up or down, thus eliminating the benefit of offsetting uncorrelated price movement. Furthermore, allocation models are based on historical stock price movement up or down measured by statistical calculations (standard deviation) and historical data, even long term averages, are unreliable predictors of future market movement.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account

custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we recommend types of securities and we do not necessarily recommend one particular type of security over another. However, we may recommend specific types of investments as appropriate since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Bonds: Bonds (Fixed income) are issued by corporations and government agencies. Principal is guaranteed, an interest rate is declared and a maturity date is identified. Bonds contain two types of risk: default of the issuer and changes in interest rates. When interest rates go up, the market value of bonds goes down and when interest rates go down, the market value of bonds goes up. Bond buyers "lend" money to the issuer.

Stocks: Stocks are a form of equity in a company. People who buy stocks buy an equity in the company issuing the stock. There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be stronger than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and ETFs: Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment vehicles that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The money in the fund is managed by professional money managers whose goal is to match the objectives stated in the prospectus of the fund. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds in that they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds.

There are three types of fees associated with mutual funds: a distribution fee, a management fee and a transaction fee. A distribution fee pays the organization and individuals who sell the funds, such as stock brokers, mutual fund and insurance sales organizations. The management fee is charged by the fund to pay its expenses in managing the fund, providing statements, complying with regulatory requirements and providing customer service. The transaction fee is charged by the custodian, when

there is one, to give its clients access to the funds, aggregated all investments in one account, provide statements and provide client service. Depending on the distribution type, these fees can be combined or even eliminated depending on what services are provided. Since we are a fee-based advisor, our management fees are paid by the investor, we use "no-load" mutual funds or funds that do not have distribution or sales fees. Fees impact returns. The lower the fees, the higher the return.

In addition, there are "open-end" funds and "closed-end" funds. An "open-end" fund issues new shares to each investor. The value or market price of "open-end" funds is calculated at the end of the day based on the underlying value of each investment in the fund, minus the management fee. "Closed-end" funds do not issue new shares for new investors. The price paid by the investor for a "closed-end" fund is determined by the open market just like the price of a stock. The result will be that the investor may pay a premium or discounted price based on the difference between market price and the intrinsic value or underlying value of the investments in the fund. In an effort to increase returns, some investment managers buy "closed-end" funds at a discount and then sell them as the market price approaches par or intrinsic value.

REITs: A real estate investment trust or REIT is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012 the IRS will stop permitting stock dividends. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

Limited Partnerships: A limited partnership is a financial vehicle that is comprised of a general partner and limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to the terms and conditions of the partnership.

Structured Products: A structured note is an investment vehicle designed to provide a "market-linked" return along with some degree of safety of principal. The safety of the note is as strong as the financial strength of the issuer except where a bank covered by FDIC insurance guarantees the principal. There are two components in structured notes: a note (a promise of payment of principal and interest) and a derivative of some type of equity investment, such as stocks, bonds, commodities, or ETFs. Some notes may also be based on currencies and even swaps. To the extent that we use structured notes we examine the financial strength of the issuer, the liquidity of the underlying investment (equities or debt-type security), the investment strategy if relevant, the term, the guarantees where applicable and the role the note will play in the client's portfolio. We do not create or select notes based on levered or highly speculative underlying securities, such as swaps, or currencies. Notes can be created to provide an alternative source of income in low interest rate environments or growth with a safety-net. Notes intended to enhance income may contain a guarantee of principal provided by the bank that issues the note. Notes intended to provide growth with a safety-net will provide a "buffer" of protection against loss of principal of a defined percentage. All notes contain a maturity date and definition of the potential return based on the performance of the underlying security, i.e., some notes

provide a return of 100% to 200% of the return of the underlying security up to a maximum gain for the term of the note. The conditions of the note are determined by current interest rates, implied volatility of the market as stated by the derivatives in the note. The factors which impact the attractiveness of the note include the term, the degree of protection of principal, the gain relative to the underlying security, and the cap or limit on return if any. In some market and interest rate environments structured notes may be more or less attractive. In our experience, the issuer provides liquidity when necessary by purchasing the note back before the maturity date at a discount to the market value.

Item 9 Disciplinary Information

Turnberry Financial Services, Inc. has been registered and providing investment advisory services since 1993. Neither our firm nor any of our management persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with other financial entities.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. (Schwab) or Fidelity Brokerage Services LLC (Fidelity), securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Schwab and Fidelity provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab and Fidelity including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services Schwab and Fidelity provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Schwab - Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business unit that serves independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services. We do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Fidelity Services

We have an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services assist us in managing and administering clients' accounts and include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

We are independently operated and owned and are not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Research and Other Soft Dollar Benefits

Schwab and Fidelity provide Turnberry Financial Services, Inc. with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Brokerage For Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Block Trades

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average

price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Item 13 Review of Accounts

Lawrence Blonquist, Peter Banks, James Houston, and Brian Adams (as the principal members of the Investment Committee) will monitor your accounts on a periodic basis and will conduct account reviews at least quarterly to ensure the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as performance by asset class and by portfolio. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Item 14 Client Referrals and Other Compensation

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab and Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 - Brokerage Practices*). The availability to us of Schwab and Fidelity's products and services is not based on our giving particular investment advice, such as buying particular securities for our clients.

We 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.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a

financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

Item 19 Requirements for State-Registered Advisers

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in an account resulting in a financial loss, our policy is to restore the account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.