

Sunlake Investment Management

50 Smugglers Path
Ithaca, NY 14850
(607) 275-0323

Form ADV, Part 2A Brochure

March 28, 2011

This brochure provides information about the qualifications and business practices of Sunlake Investment Management. If you have any questions about the contents of this brochure, please contact us at (607) 275-0323 or jvineya1@twcny.rr.com. 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Sunlake Investment Management or any person associated with Sunlake Investment Management has achieved a certain level of skill or training.

Additional information about Sunlake Investment Management is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes since the previous version of this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

This brochure is a new document prepared according to the SEC's new requirements and rules. Therefore, this document is materially different in structure and requires certain new information that our previous brochure did not require. In the future, this item will discuss only specific material changes that we make to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Sunlake Investment Management ("Sunlake") reviews and updates our brochure at least annually to make sure that it is still current.

ITEM 3 - TABLE OF CONTENTS

ITEM 1 - COVER PAGE.....	1
ITEM 2 - MATERIAL CHANGES.....	2
ITEM 3 - TABLE OF CONTENTS.....	3
ITEM 4 - ADVISORY BUSINESS.....	6
Description of Advisory Firm	6
Advisory Services Offered.....	6
Limitations on Investments.....	7
Tailored Services and Client Imposed Restrictions.....	7
Wrap Fee Programs	7
Assets Under Management	7
ITEM 5 - FEES AND COMPENSATION	8
Fee Schedule.....	8
Minimum Fee	8
Billing Method	8
Other Fees and Expenses.....	9
Termination	9
Investment Advisory Services	9
Other Compensation	9
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	9
ITEM 7 - TYPES OF CLIENTS	9
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	9
Methods of Analysis and Investment Strategies	9
Methods of Analysis for Selecting Securities	10
Specific Investment Strategies for Managing Portfolios.....	10
General Risk of Loss Statement	11
Specific Security Risks	11
General Risks of Owning Securities	11
Equity Securities	12
Debt Securities (Bonds)	12
Obligations Backed by the "Full Faith and Credit" of the U.S. Government	14

Municipal Bonds.....	14
Municipal Bonds of a Particular State.....	15
Securities with Equity and Debt Characteristics	15
Mutual Funds (Open-end Investment Company)	15
Exchange-Traded Funds (ETFs).....	17
Closed-end Fund.....	17
Real Estate Investment Trusts.....	17
Investing Outside the U.S.	18
Cash and Cash Equivalents.....	18
ITEM 9 - DISCIPLINARY INFORMATION.....	18
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	18
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	18
Code of Ethics	18
Personal Trading Practices	19
Aggregation with Client Orders.....	19
ITEM 12 - BROKERAGE PRACTICES	20
Factors Considered in Selecting Broker-Dealers for Client Transactions	20
Research and Other Soft Dollar Benefits.....	21
Directed Brokerage	22
Aggregation and Allocation of Transactions.....	22
ITEM 13 - REVIEW OF ACCOUNTS.....	22
Managed Account Reviews	22
Account Reporting.....	22
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....	23
Outside Compensation.....	23
ITEM 15 - CUSTODY	23
ITEM 16 - INVESTMENT DISCRETION	23
Discretionary Management.....	23
Non-Discretionary Management.....	24
ITEM 17 - VOTING CLIENT SECURITIES.....	24
Proxy Voting	24

Class Actions.....	24
ITEM 18 - FINANCIAL INFORMATION	24
Form ADV, Part 2B Brochure Supplement	i
John Vineyard, CFA	i
ITEM 1 - COVER PAGE	i
ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE	ii
Professional Designations	ii
ITEM 3 - DISCIPLINARY INFORMATION.....	ii
ITEM 4 - OTHER BUSINESS ACTIVITIES.....	ii
ITEM 5 - ADDITIONAL COMPENSATION.....	ii
ITEM 6 - SUPERVISION	ii

ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Sunlake Investment Management (“Sunlake,” “we,” “our,” or “us”) is a privately owned sole proprietorship headquartered in Ithaca, NY. Sunlake is registered as an investment adviser with the State of New York.

John H. Vineyard founded Sunlake in 1990.

Advisory Services Offered

Sunlake offers continuous and regular investment supervisory services on a discretionary basis. John Vineyard works with clients and has the ongoing responsibility to select investments that he purchases or sells in client accounts, based upon the objectives of the client.

Sunlake will primarily use the following investment types when making purchases in client accounts:

1. Equity securities, including stocks and foreign securities listed on US exchanges (ADRs)
2. Fixed income securities, including corporate and government bonds, commercial paper, and certificates of deposit (CDs)
3. Securities with equity and debt characteristics, including convertible bonds, preferred stocks or other preferred securities
4. Municipal securities
5. Mutual funds and exchange traded funds (ETFs)
6. U.S. government securities
7. Money market funds and cash

Additionally, Sunlake’s investment selections, depending on the individual investment objectives and needs of the client may include:

1. Real Estate Investment Trusts (REITs)
2. Closed-end funds

Sunlake may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. We may offer investment advice on any investment held by the client at the start of the advisory relationship.

We describe the material investment risks for many of the securities that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below. We discuss discretionary and non-discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below. We describe the fees charged for investment advisory services below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

In some circumstances, Sunlake's advice may be limited to certain types of securities.

Mutual Fund Limitations

Sunlake generally limits the selection of mutual funds to no load funds.

Limitation by Custodian

There may also be limitations on the securities that Sunlake may select for client accounts based on where clients open their accounts. Most clients establish brokerage accounts with TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), registered broker-dealer, Member SIPC. We can purchase the securities from another firm and have them transferred to the client's TD Ameritrade account, but TD Ameritrade may charge the client additional fees. Sunlake considers these fees when we do broker-to-broker trades.

Limitation by Client

Sunlake may also limit investment options based on certain client-imposed restrictions. For more information about the restrictions clients can put on their accounts. (See ***Tailored Services and Client Imposed Restrictions*** in this Item below)

Tailored Services and Client Imposed Restrictions

Sunlake manages client accounts based on the investment strategy developed jointly with each client. (Discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***) Sunlake applies the strategy for each client, based on the client's individual circumstances and financial goals. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Suitable investment choices require that clients provide such information in an accurate and timely manner. It is the client's responsibility to keep Sunlake informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want Sunlake to buy or sell certain specific securities or security types in the account. Sunlake reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Wrap Fee Programs

Sunlake does not manage accounts as part of a wrap or bundled fee program.

Assets Under Management

Sunlake manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of 12/31/2010, the total amount of assets under our management was:

Discretionary Assets	\$ 46,403,823
Non-Discretionary Assets	\$ 1,079,484
 Total Assets	 \$ 47,483,307

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Sunlake charges advisory fees for investment advisory services based on a percentage of the market value of managed assets. We charge 0.75% annually for the first \$500,000 of managed assets in a client's portfolio, and 0.50% annually on all remaining assets. Any increase in management compensation is only earned when the value of assets managed in a client's account increases. If the value of assets declines, then our fees will decline accordingly. Some accounts may be under different fee schedules honoring prior agreements. Fees are non-negotiable. Lower fees for comparable services may be available from other sources.

Minimum Fee

Sunlake generally requires a minimum annual advisory fee of \$500 to maintain an advisory account. If the regular semi-annual management fee calculated based on assets under management is less than our minimum advisory fee, we will charge the client our minimum fee. However, we may make rare exceptions at our discretion.

Billing Method

Fees are payable semi-annually 179 days in advance. We charge one-half of the annual fee semi-annually based on the market value of the client's portfolio as of the last day of the prior billing period. The formula used semi-annual fee calculation is as follows: $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ at\ Semi\text{-}Annual\ Billing\ Period\ End) / 2$. For new clients, we bill the initial semi-annual fee on the first day of the month following the date that the preponderance of client assets have been transferred to a brokerage account over which we have discretionary authority.

Clients may choose whether to have the advisory fees withdrawn directly from their custodian account or pay by check. With client authorization, Sunlake will automatically withdraw Sunlake's advisory fee from the client's account held by an independent custodian. Advisory fees are drawn from the client's account during the first month of each half year based on Sunlake's instructions. All clients will receive brokerage statements from the custodian no less than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account.

Sunlake will send our own statement to each client for each billing period. The statement will show the value of the client's assets upon which the fee is based, the amount of the fee, and how we calculated it. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Other Fees and Expenses

Sunlake's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the management fees client pays to Sunlake. (See **Item 12 - Brokerage Practices** below for more information)

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. The fund's prospectus fully describes the fees and expenses. The fees paid to Sunlake for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds.

Termination

Investment Advisory Services

Either party may terminate the agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing to Sunlake at our office. Sunlake will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of any unearned advisory fees using the following formula: $(Fees\ Paid) \times (Months\ Remaining\ in\ Semi\text{-}Annual\ Billing\ Period) / (6\ Months)$.

Other Compensation

Sunlake does not accept compensation for the purchase or sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sunlake does not charge performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

Sunlake offers discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, and charitable organizations. Sunlake offers non-discretionary investment advisory services to individual participants of retirement plans.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Sunlake's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. Sunlake treats each client account uniquely. Sunlake assists our clients to

develop an investment policy statement designed to help clients attain their financial goals. This statement typically outlines the client's investment objectives, time horizon, risk tolerance, tax considerations, frequency, and type of reporting, and any special considerations and/or restrictions the client chooses to place on the management of the account. Sunlake then selects investments that are consistent with the client's investment policy statement.

Sunlake selects categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. Within each investment category, Sunlake selects individual securities with characteristics that are most consistent with the client's objectives. We deal with any client restrictions on an account-by-account basis. Since Sunlake treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence Sunlake's investment decisions. Clients who buy or sell securities on the same day may receive different prices.

Methods of Analysis for Selecting Securities

Sunlake uses fundamental analysis in the selection of individual securities. Fundamental analysis typically involves analysis of financial statements, the general financial health of companies, and /or the analysis of management or competitive advantages. Additionally, Sunlake may use our own specific strategies or resources in the method of analysis and selection of mutual funds and fixed income securities.

Mutual Funds

In analyzing mutual funds, Sunlake may use various sources of information. We review key characteristics such as historical performance, consistency of returns, risk level, and size of fund. Expense ratio and other costs are also significant factors in fund selection.

Debt Securities (Fixed Income)

Sunlake relies on credit rating agencies such as Standard & Poor's and Moody's to help determine the financial strength of issuing creditors. We also use prospectuses and other relevant information from bond underwriters to help in analysis and selection of fixed income securities. Regarding fixed income investments, Sunlake considers the financial strength of the issuer, call provisions, liquidity factors, and bond insurance in selecting bonds for purchase. Sunlake selects bids from several underwriters (i.e. brokerages) in an effort to obtain the most attractive yield on purchase.

Specific Investment Strategies for Managing Portfolios

Sunlake may use long-term holding, cash as a strategic asset, and defensive strategies in the construction and management of client portfolios.

Long-term Holding vs. Short-term Trading

Sunlake's strategy consists of purchasing, holding, and rebalancing a diversified portfolio of securities. Sunlake typically intends to hold these investments for the long term except when sales are necessary to rebalance the portfolio or to fund replacement acquisitions. When selecting publicly traded equities,

Sunlake may focus on the potential for income and/or growth, depending on the client's investment objectives.

Sunlake does not attempt to time short-term market swings. Short term buying and selling of securities is typically limited to those cases where a purchase has resulted in an unanticipated gain or loss in which we believe that a subsequent sale is in the best interest of the client.

Cash as a Strategic Asset

Sunlake may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. Sunlake makes no guarantees, promises, or warranties as to the accuracy of our market analysis.

Defensive Strategies

Sunlake may invest in any mutual fund, ETF, stock, bond, or cash security in the exercise of our discretion. Sunlake has full discretion in how we allocate client accounts among security types. Actual allocation will vary over time in accounts. At any time, client accounts may hold significant levels of cash and/or cash equivalents. Account allocations may vary significantly compared to the overall equity markets as well as compared to any particular benchmark.

General Risk of Loss Statement

Prior to entering into an agreement with Sunlake, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

At times, there may be limited trading in the secondary market for particular equity securities, which may adversely affect Sunlake's ability to dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. In general, the great bulk of equities that Sunlake uses will be highly liquid issues.

Small Capitalization Equity Securities

Investing in smaller companies may pose additional risks as it is often more difficult to dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

American Depositary Receipts (ADRs)

An ADR is a security that trades on United States exchanges but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Some banks and brokers issue/sponsor ADRs. ADRs are subject to additional risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings.

Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

Debt Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Certain additional risk factors relating to debt securities include:

Reinvestment Risk

When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk

Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Interest Rate and Market Risk

Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Call Risk

Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors.

Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Credit Risk

If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk

There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Sunlake attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will always be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of

past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Obligations Backed by the "Full Faith and Credit" of the U.S. Government

U.S. government obligations include the following types of securities:

U.S. Treasury Securities

U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes, and bonds. For these securities, the U.S. government guarantees the payment of principal and interest, resulting in the highest credit rating. Fluctuations in interest rates subject U.S. Treasury securities to variations in market value. However, they are paid in full when held to maturity.

Federal Agency Securities

Certain U.S. government agencies and government-sponsored entities guarantee the timely payment of principal and interest with the backing of the full faith and credit of the U.S. government.

Other Federal Agency Obligations

Additional federal agency securities neither are direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities.

Municipal Bonds

Municipal bonds are debt obligations generally issued by states, counties, cities, and other governmental bodies to raise funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. Because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

Legislative Risk

Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Tax-Bracket Changes

Municipal bonds generate tax-advantaged income, and therefore generally pay lower interest rates than taxable bonds. Therefore, they may be relatively more attractive to investors in high tax brackets. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.

Liquidity Risk

The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Municipal bonds may be less liquid than other bonds. Sunlake normally uses municipal bonds with the intent of holding to maturity.

Credit Risk

Credit risk includes the risk that a borrower will be unable to make interest or principal payments when they are due and therefore default. To reduce investor concern, insurance policies that guarantee coupon interest or repayment in the event of default back many municipal bonds.

AMT

Sunlake invests in a variety of fixed income securities for clients. Some of these bonds may be subject to the Alternative Minimum Tax ("AMT").

Municipal Bonds of a Particular State

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities.

Securities with Equity and Debt Characteristics

Sunlake may invest in securities for client accounts that have a combination of equity and debt characteristics. These securities may at times behave more like equity than debt or vice versa. Some types of convertible bonds, preferred stocks or other preferred securities automatically convert into common stocks or other securities at a stated conversion ratio and some may be subject to redemption at the option of the issuer at a predetermined price. These securities, prior to conversion, may pay a fixed rate of interest or a dividend. Because convertible securities have both debt and equity characteristics, their values vary in response to many factors, including the values of the securities into which they are convertible, general market and economic conditions, and convertible market valuations, as well as changes in interest rates, credit spreads and the credit quality of the issuer.

These securities may include hybrid securities, which also have equity and debt characteristics. Such securities are normally at the bottom of an issuer's debt capital structure. As such, they may be more sensitive to economic changes than more senior debt securities. Investors may also view these securities as more equity-like by the market when the issuer or its parent company experience financial problems.

The prices and yields of nonconvertible preferred securities or preferred stocks generally move with changes in interest rates and the issuer's credit quality, similar to the factors affecting debt securities. Sunlake will treat nonconvertible preferred securities as debt for account investment limit purposes.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these

investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). The preponderance of Sunlake's invested assets are in individual securities, not in mutual funds.

The benefits of investing through mutual funds include:

Professionally Managed

Mutual funds are professionally managed by investment advisers who research, select, and monitor the performance of the securities the fund purchases.

Diversification

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

Affordability

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

Liquidity

At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages:

Costs Despite Negative Returns

Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on

the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Tax Consequences of Mutual Funds

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may have to pay taxes each year on *the fund's capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve the same return as a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

Closed-end Fund

Closed-end funds generally do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed-end funds vary from fund to fund.

Real Estate Investment Trusts

Sunlake may invest for client accounts in securities issued by real estate investment trusts (REITs), which primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Investing Outside the U.S.

Investing outside the United States may involve additional risks of foreign investing. These risks may include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Cash and Cash Equivalents

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

ITEM 9 - DISCIPLINARY INFORMATION

Sunlake and our employees seek to maintain the highest level of business professionalism, integrity, and ethics. Sunlake does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sunlake does not offer any other services or have any affiliates in the financial industry.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Sunlake believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our employees. Sunlake's employees are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Sunlake's Code of Ethics attempts to address specific conflicts of interest that might arise. Sunlake's employees are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment and adherence to applicable state and federal securities laws. Additionally, individuals are subject to personal trading policies governed by the Code of Ethics (see below).

Sunlake prohibits all employees from acting upon any material, non-public information, as defined under federal securities laws and our Code of Ethics insider trading policy.

Sunlake will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

Sunlake or its employees may place trades for our own accounts. The securities we trade in may be the same securities we select for clients, or they may be different securities that we do not feel are appropriate for clients. A conflict of interest could arise when Sunlake or our employees trade in the same securities as clients. For example, we could have an incentive to purchase a security in our own account before selecting the security for a client, hoping that when the client traded, the price of the security would go up and we would benefit.

However, due to the small size of trades placed for clients compared with the large volume traded in those securities each day, we do not believe that client trades could realistically move the price of a security and enable us to benefit from client trades. We place trades for our own accounts independently of decisions to trade for clients. Because the price of securities fluctuates during the day (other than mutual funds), we could trade in a security on the same day as a client and receive a better or worse price than the client does. For mutual funds, if we traded on the same day as clients, we would receive the same price, since mutual funds do not trade but are issued and redeemed once daily at the fund's net asset value ("NAV"). As a fiduciary to our clients, we always seek to put our clients' interests first. Any difference in the prices we receive is never the result of our intentionally trading ahead of clients. Sunlake prohibits trading in a manner that takes personal advantage of our investment decisions in client accounts.

Aggregation with Client Orders

Sunlake may aggregate orders for clients in the same securities in an effort to seek best execution, to negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among our clients. These are benefits of aggregation that we might not obtain if we placed the orders separately.

Sunlake may aggregate trades in like securities among client accounts as well as with accounts of Sunlake and our employees, if we follow the policies described below. The policies described below are intended to ensure fair and equitable treatment of all clients.

Our aggregation policies are as follows:

1. We will disclose our aggregation policies in this brochure;
2. We will aggregate transactions if we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the aggregation;

3. No account will be favored over any other account. This includes accounts of Sunlake or any of our employees. Each account in aggregated trade will participate at the average share price for all of our transactions in a given security on a given business day (per custodian). All accounts will pay their individual transaction costs;
4. Before entering an aggregated order, we will prepare a written statement (the “Allocation Statement”) specifying the participating accounts and how we intend to allocate the order among those accounts;
5. If the aggregated order is filled entirely, we will allocate shares among clients according to the Allocation Statement; if the order is partially filled, we will allocate it pro-rata according to the Allocation Statement.
6. However, in the event that we were to allocate the order differently than specified in the Allocation Statement, all client accounts would receive fair and equitable treatment. (See also **Item 12 – Brokerage Practices** below.) In this case, we will explain the reasons for a different allocation in writing, which the CCO must approve no later than one hour after the opening of the markets on the trading day following the day the order was executed;
7. Our books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account;
8. Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. The custodian will not hold clients’ cash and securities collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodian as soon as practical (Sunlake is not a custodian);
9. We do not receive compensation or remuneration of any kind as a result of aggregating orders; and
10. We will provide individualized investment advice and service for each client’s account. The above policies are designed to assure that each client’s account is treated fairly and equitably.

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

Sunlake requires clients to open one or more broker-dealer/custodian accounts in their own name at TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”), registered broker-dealer, Member SIPC. The client will enter into a separate agreement with TD Ameritrade to custody the assets. The assets in the investment account will be held for safekeeping with TD Ameritrade. Sunlake also requires that clients grant us limited power of attorney to execute client transactions through TD

Ameritrade. Sunlake is independently owned and operated, and unaffiliated with any broker-dealer/custodian.

Sunlake's primary reasons for selecting TD Ameritrade are to provide the highest possible total return for our clients and to avoid the potential conflicts of interest that may come through the use of soft-dollar arrangements. Sunlake does not use any soft dollar arrangements to pay for our expenses. Instead, we prefer to seek the lowest cost brokerage services practicable and to purchase any research services directly. Further, we do not direct trading to pay for research services. The primary reasons for selecting a brokerage are effective execution at low commission cost and the ability to interface effectively at a low cost with our investment accounting system. Secondly, but still of considerable importance, is the broker's ability to perform the range of operational services associated with brokerage service, such as transfers, establishing accounts, and managing disbursements efficiently.

Sunlake may also take into consideration the availability of the services offered (detailed below) by TD Ameritrade, regardless of which services we choose to use.

Research and Other Soft Dollar Benefits

Sunlake may receive from particular broker-dealers/custodians, without cost (or at a discount), support services and/or products that benefit Sunlake but may not directly benefit our clients' accounts. TD Ameritrade makes available products and services that we may use to service all or some substantial number of Sunlake's accounts, including accounts not maintained with TD Ameritrade. TD Ameritrade makes these products and services available to us on an unsolicited basis. Neither the level of service nor the commissions charged by TD Ameritrade depend on the volume of Sunlake's trading or on any particular trading.

TD Ameritrade offers products and services that assist Sunlake in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of Sunlake's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

TD Ameritrade also offers other services intended to help Sunlake manage and further develop our business enterprise. These services may include compliance, tax resources, and conferences on practice management.

TD Ameritrade may make available, arrange, and/or pay third-party vendors for the types of services described above. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services. TD Ameritrade may also provide other benefits such as investment conferences, which Sunlake employees may attend.

As part of our fiduciary duty to clients, Sunlake endeavors at all times to put the interests of our clients first. The receipt of investment research services by Sunlake or our employees may influence Sunlake's choice of TD Ameritrade for custody and brokerage services. Continued use of TD Ameritrade's brokerage will depend on the quality/value of services provided and we may choose alternative brokerage services at anytime depending on price/quality of service factors.

Directed Brokerage

Sunlake will not allow clients to direct Sunlake to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that Sunlake recommends. Not all investment advisers require their clients to trade through specific brokerage firms. There are no specific limitations as to the broker or dealer we may use. Sunlake primarily uses TD Ameritrade for executing client transactions. The basic reason for this practice is that commission rates are very low and for a very low cost, all transactions are available on Sunlake's investment accounting software. In some situations, we may use other brokers where they provide access to certain securities not available through the main broker, or who offer more attractive pricing on fixed income securities. In general, commission rates are those set by the broker.

Since we require our clients to maintain their accounts with TD Ameritrade, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with us. Some of these differences include, but are not limited to: total account costs, trading freedom, transaction fees/commission rates, and security and technology services. By requiring clients to use TD Ameritrade, Sunlake believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Aggregation and Allocation of Transactions

We describe our aggregation practices in detail under **Item 11 - Aggregation with Client Orders** above.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews

John Vineyard, CFA, Principal, conducts all reviews. Mr. Vineyard conducts portfolio reviews at least monthly of all accounts and whenever other circumstances, whether changes in financial markets or in client's circumstances warrant. Sunlake designs reviews to determine whether accounts are progressing appropriately within the guidelines established by Sunlake and the client.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Sunlake provides written reports detailing performance in client accounts on a monthly and annual basis. Sunlake may also provide additional reporting as requested by the client.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Outside Compensation

Sunlake may refer clients to unaffiliated professionals for specific needs, such as accounting and estate planning. These professionals may refer clients to Sunlake for investment management. We do not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that Sunlake is receiving an indirect economic benefit from the arrangement, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to Sunlake.

Sunlake only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider. We may suggest a list of professionals that the client can contact, but it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and Sunlake has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by Sunlake.

If the client desires, Sunlake will work with these professionals or the client's other advisers (such as an accountant or attorney) to help ensure that the provider understands the client's investments and to coordinate services for the client. Sunlake does not share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

Sunlake has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from the qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from Sunlake as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Discretionary Management

Generally, Sunlake has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Sunlake will not contact clients before placing trades in their

account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit Sunlake's discretionary authority, such as where the client prohibits transactions in specific security types. (See also **Item 4 - Tailored Services and Client Imposed Restrictions**, above)

Non-Discretionary Management

Sunlake also offers non-discretionary investment management services. For non-discretionary clients, we make recommendations to the client regarding securities to buy or sell, and it is then up to the client to approve our recommendations.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

Sunlake does not accept or have the authority to vote client securities. Sunlake will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

Sunlake does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Sunlake's fees are payable semi-annually 179 days in advance, and we do not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Form ADV, Part 2B Brochure Supplement

John Vineyard, CFA

Sunlake Investment Management

50 Smugglers Path
Ithaca, NY 14850
(609) 275-0323

March 28, 2011

This brochure supplement provides information about John Vineyard that supplements the Sunlake Investment Management brochure. You should have already received a copy of that brochure. Please contact John Vineyard if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about John Vineyard is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

John Vineyard, Principal, b. 1947

Education:

- CFA, CFA Institute, 1987
- MBA, Cornell University, 1980
- MA, Colgate University, 1972
- BA, Oberlin College, 1969

Business Background:

- Sole Proprietor, Sunlake Investment Management since 1990

Professional Designations

John Vineyard holds the following professional designation:

Chartered Financial Analyst

The Chartered Financial Analyst (“CFA”) designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The three proctored course exams correspond to three 250-hour self-study levels. Completing the Program takes most candidates between two and five years. More information regarding the CFA is available at <https://www.cfainstitute.org>.

ITEM 3 - DISCIPLINARY INFORMATION

John Vineyard has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

John Vineyard’s only business is providing investment management advice through Sunlake.

ITEM 5 - ADDITIONAL COMPENSATION

John Vineyard’s only compensation comes from his regular salary and ownership of Sunlake.

ITEM 6 - SUPERVISION

John Vineyard is the Principal of Sunlake and supervises all employees.