

PROGRAM R DISCLOSURE DOCUMENT

of

TUROV INVESTMENT GROUP INC.

REGISTERED INVESTMENT ADVISER

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NO REGULATORY AGENCY HAS PASSED UPON THE MERITS OF PARTICIPATING IN THIS TRADING PROGRAM NOR HAS ANY REGULATORY AGENCY PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

The Date of this Disclosure Document is August 25, 2011

Delivery of this Disclosure Document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

RISK DISCLOSURE STATEMENT

AS WITH THE RISK OF TRADING STOCKS, THE RISK OF LOSS IN TRADING MUTUAL FUND SHARES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF THE MUTUAL FUND WHOSE SHARES ARE PURCHASED USES LEVERAGE, EITHER THROUGH CALL OPTIONS OR MARGIN, AND IF THE MARKET DECLINES, PERCENTAGE LOSSES MAY EXCEED THE PERCENTAGE AMOUNT OF THE DECLINE IN THE MARKET ITSELF. IF THE MUTUAL FUND WHOSE SHARES ARE PURCHASED GOES SHORT OR BUYS PUT OPTIONS, AND IF THE MARKET ADVANCES, LOSSES WILL OCCUR, AND IF THE FUND USES LEVERAGE, THOSE PERCENTAGE LOSSES MAY EXCEED THE PERCENTAGE AMOUNT OF THE GAIN IN THE MARKET ITSELF.

THIS DISCLOSURE DOCUMENT IS FOR TUROV INVESTMENT GROUP PROGRAM R ONLY. THE "R" STANDS FOR "RYDEX".

THE TUROV INVESTMENT GROUP INC. ("TIG", THE REGISTERED INVESTMENT ADVISER) CHARGES A QUARTERLY MANAGEMENT FEE FOR ITS SERVICES OF 1% OF THE CALENDAR QUARTER-END VALUE OF THE CLIENT'S ACCOUNT PLUS 1% OF ANY FUNDS WITHDRAWN FROM THE ACCOUNT OR FROM TIG'S MANAGEMENT AUTHORITY DURING THE QUARTER. THAT FEE IS DUE AND PAYABLE REGARDLESS OF INVESTMENT PERFORMANCE AND REGARDLESS OF THE LENGTH OF TIME DURING A PARTICULAR CALENDAR QUARTER THAT THE MANAGEMENT OF A CLIENT'S INVESTMENT ASSETS IS ENTRUSTED TO TIG. HOWEVER, FOR ANY QUARTER IN WHICH ACCOUNT EQUITY IS NOT AT AN ALL TIME HIGH (ADJUSTED FOR CAPITAL ADDED OR WITHDRAWN), SAID FEE WILL NOT BE PROCESSED UNTIL ACCOUNT EQUITY IS AT AN ALL TIME HIGH (ADJUSTED FOR CAPITAL ADDED OR WITHDRAWN) OR THE CLIENT REMOVES TIG AS ADVISER OR WITHDRAWS CAPITAL FROM THE CLIENT'S ACCOUNT GREATER THAN THE AMOUNT OF THE DUE BUT UNPROCESSED FEE.

FUNDS MAY BE ADDED OR WITHDRAWN AT ANY TIME. HOWEVER AS PROVIDED HEREIN (1) SINCE THE 1% MANAGEMENT FEE IS CHARGED FOR THE QUARTER REGARDLESS OF WHAT PART OF A QUARTER THE FUNDS ARE IN THE ACCOUNT, FUNDS KEPT IN THE ACCOUNT FOR LESS THAN A FULL QUARTER HAVE A HIGHER EFFECTIVE ANNUALIZED FEE, AND (2) TIG CHARGES A \$100 ADMINISTRATIVE FEE FOR FUNDS WITHDRAWN WITHOUT PROVIDING TIG WITH ADVANCE NOTICE. BECAUSE OF THIS FEE STRUCTURE, INVESTORS SHOULD NOT ADD FUNDS THAT THEY FORESEE NEEDING TO WITHDRAW SHORTLY.

IN CONSIDERING WHETHER TO AUTHORIZE TIG TO TRADE FOR YOU, YOU SHOULD ALSO BE AWARE OF THE FOLLOWING:

BECAUSE OF THE LEVERAGE PROVIDED BY SOME OF THE FUND SHARES THAT WILL BE UTILIZED, THIS TRADING PROGRAM MAY BE SUBSTANTIALLY RISKIER THAN CONVENTIONAL INVESTMENTS IN COMMON STOCKS AND U.S. TREASURY SECURITIES.

THE FUND SHARE(S) USED BY TIG MAY HAVE RISK FACTORS UNIQUE TO THEM. FOR THAT REASON YOU WILL NEED TO BE FAMILIAR WITH THE PROSPECTUS OF THE FUND SHARE(S) CHOSEN.

YOU WILL BE COMMITTING FUNDS TO TRADING UNDER TIG'S TRADING METHODS, AND THE SPECIFIC ELEMENTS OF THESE METHODS ARE PROPRIETARY TO TIG. FURTHERMORE, THE SPECIFIC METHODOLOGY BEING USED BY TIG IN THIS PROGRAM IS NEW TO TIG AND HAS NEVER BEEN UTILIZED IN A CLIENT'S ACCOUNT PRIOR TO THE DATE OF THIS DISCLOSURE DOCUMENT. CONSEQUENTLY, YOU WILL NOT BE ABLE TO DETERMINE THE DETAILS OF THE METHODS OR WHETHER THE METHODS ARE BEING FOLLOWED.

YOU WILL BE REQUIRED TO EXECUTE A LIMITED POWER OF ATTORNEY, WHICH WILL AUTHORIZE AND EMPOWER TIG TO BUY AND SELL MUTUAL FUND SHARES IN ACCORDANCE WITH THE TERMS OF YOUR ACCOUNT. UNDER THE LIMITED POWER OF ATTORNEY, TIG ACTS AS YOUR AGENT AND YOU ARE LEGALLY BOUND AS PRINCIPAL FOR ANY OBLIGATIONS INCURRED BY TIG AS YOUR ATTORNEY-IN-FACT.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE SECURITIES MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND MUTUAL FUND TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 7 AND THE SECTION "WHO SHOULDN'T INVEST IN PROGRAM R?" AT PAGE 10.

TUROV INVESTMENT GROUP INC. WILL NOT ACCEPT FUNDS IN ITS NAME FROM A CLIENT FOR TRADING FUND SHARES. ALL CHECKS FOR THIS TRADING PROGRAM MUST BE MADE PAYABLE TO "RYDEX FUNDS", AND ALL FUNDS ELECTRONICALLY WIRED FOR THIS TRADING PROGRAM MUST BE SENT TO DIRECTLY TO THE ACCOUNT OF THAT FUND GROUP, AS DESCRIBED IN MORE DETAIL IN THIS DOCUMENT.

Disclosure Document Table of Contents

<i>Risk Disclosure Statement</i>	<i>i</i>
<i>Table of Contents</i>	<i>iii</i>
<i>Introduction</i>	<i>1</i>
<i>Business Background</i>	<i>1</i>
<i>Turov on Timing</i>	<i>2</i>
<i>Additional Employment Information</i>	<i>3</i>
<i>Additional Publication Information</i>	<i>4</i>
<i>The Trading Program (Program R)</i>	<i>4</i>
<i>Mr. Turov's Investment Philosophy</i>	<i>6</i>
<i>Principal Risk Factors</i>	<i>7</i>
<i>Program R Accounts</i>	<i>7</i>
<i>Account Documentation</i>	<i>8</i>
<i>Fees and Commissions and Additions and Withdrawals of Funds</i>	<i>8</i>
<i>Limited Power of Attorney</i>	<i>9</i>
<i>Conflicts of Interest and Other Business Activities</i>	<i>9</i>
<i>Market Timing Background of Mr. Turov</i>	<i>10</i>
<i>Who Shouldn't Invest in Program R?</i>	<i>10</i>
<i>Program R Performance Record</i>	<i>11</i>
<i>Privacy Policy</i>	<i>11</i>
<i>How to Open an Account</i>	<i>11</i>
<i>What If?</i>	<i>11</i>
<i>Daniel Turov's Purpose for the Turov Investment Group</i>	<i>11</i>
<i>Further Information</i>	<i>11</i>

Introduction

The "Risk Disclosure Statement" that preceded the Table of Contents is an integral part of this Document and should be read in detail first.

The Turov Investment Group Inc. ("TIG"), through its President, Daniel H. Turov, offers managed account services through a business it conducts as a California corporation. TIG was incorporated on December 16, 1999. TIG was registered by the State of California as a Registered Investment Adviser on July 26, 2002. TIG's and Mr. Turov's main business office is at 9062 Rowlett Avenue; San Diego, CA 92129. Telephone: (888) 889-9804; web address: www.DanielTurov.com Primary email address: InvestmentAdvice@aol.com

Mr. Turov is the sole officer of TIG. No other person participates in making trading or operational decisions for TIG or supervises any persons so engaged, and no person has been authorized by TIG or Mr. Turov to give any information or to make any representation concerning TIG's activities as a Registered Investment Adviser other than those contained herein.

The Mutual Fund(s) with which each client will maintain his or her account will be determined by TIG, as further described in this Document.

TIG first intends to use this Disclosure Document on the date shown on the cover.

Business Background

Since 1993, Daniel Turov has been Editor of *Turov on Timing*, a monthly newsletter that is now accompanied by a daily email service. (Prior to 2001, what is now the daily email service was a daily telephone hotline.) *Turov on Timing* evaluates stock market trends and contains market timing recommendations. In 1994 Mr. Turov was named "Supertrader of Wall Street" by *The Stock Trader's Almanac*. In 2001, he was named "Supertrader of the Year and the Millennium" by *The Stock Trader's Almanac*. Since 1994, Mr. Turov has also been licensed by the State of California as a Life Agent and has engaged in the sale of life insurance and annuity contracts. Mr. Turov was individually registered with the Commodity Futures Trading Commission (the "CFTC") as a Commodity Trading Advisor ("CTA") on November 5, 1998 and approved for membership in the National Futures Association ("NFA") on August 18, 1999 and has maintained that registration and membership in good standing through the present time. Mr. Turov was interviewed by CNN on January 6, 2000 regarding his stock market analysis and views, and by the *Washington Post* on July 28, 2002, among numerous other interviews.

From 1986 through 1993, Mr. Turov offered investment consulting services to professional investors on a fee basis. His principal client was Dr. Earl Zazove, founder of the multi-billion-dollar Zazove Associates advisory firm. From 1985 to 1986, Mr. Turov was President of New Innovations Publishing Corp., which attempted unsuccessfully to publish an anthology of high school students' writings.

During the fifteen years from 1969 until 1984, Mr. Turov was a registered representative of a series of major New York Stock Exchange member firms. From 1969 through 1973 he was concurrently registered as a commodity solicitor with the Chicago Board of Trade, and from 1982 through 1984 he was concurrently registered with the CFTC as an Associated Person.

After receiving a B.A. in Economics from City College of New York, Mr. Turov was associated for eighteen years in various capacities with major Wall Street brokerage firms. This included six years as a Senior Vice President and nine years as a senior research analyst publishing "Turov on Investments and Hedging," "Turov on Warrants and Convertibles," and "The Option Commentator." He also authored the chapter on warrants and options for the *Financial Analyst's Handbook* (Dow Jones-Irwin). He has written over a dozen articles for *Barron's*, *The New York Times*, and *The Financial Analysts Journal* and has been an Adjunct Professor at the New York Institute of Finance and The New School for Social Research. His most recently published articles appeared in the January 3, 2000 and May 21, 2001 issues of *Barron's*. He was a panel

member in *The Wall Street Transcript's* Option Roundtable and appeared as a special guest on TV station WKID's "Financial Roundtable". He has appeared as a speaker at numerous seminars including several sponsored by Tax Angles, Professional Investor, and The Institute for Econometric Research. He won first prize in *National Enquirer's* 1991 Readers Predictions Contest, accurately predicting the dissolution of the Soviet Union and initiation of Mid-East peace talks, among other correct forecasts. Mr. Turov has been quoted in over 100 newspapers and other publications, including *Barron's*, *Forbes*, *Business Week*, *The Wall Street Journal*, *The New York Times*, *The Washington Post*, *Professional Investor*, *Systems and Forecasts*, *The Wall Street Transcript*, *The Wall Street Advisor*, *Bull and Bear*, *Wall Street*, *Smart Money*, *The Professional Tape Reader*, *Newsletter Digest*, *Investor's Intelligence*, *Journal of Financial Economics*, *Institutional Investors' Option Letter*, *Portfolio Letter*, *Registered Representative*, *The L.I. Financial Overview*, *Newsday*, *The Financial Weekly*, *American Gold News*, *The Chicago Tribune*, ADP's Financial Information Services' "Symbol Guide" and numerous books. His biography appeared in *The Directory Of Exceptional Stockbrokers* (1982) and in numerous editions of *International Men of Achievement*, *Who's Who in the East*, *Who's Who in Science and Engineering*, *Who's Who in Finance and Industry*, and in numerous editions of *Who's Who In America*, and *Who's Who in the World*.

A more complete biography of Mr. Turov may be found at <http://www.danielturov.com/about>

Turov on Timing

During the years when Mr. Turov was employed by New York Stock Exchange member firms (1967-1984), he did extensive research in convertible securities arbitrage, warrant hedging, option spreading, derivative analysis, and market timing. Much of his analysis was published. On December 9, 1974, the very day the 1973-1974 bear market bottomed with the Dow Jones Industrial Index at 575, Mr. Turov's article, "Buy Signal," appeared in *Barron's*. The favorable response to that article encouraged him to continue his research into market timing. He patiently waited over 25 years to submit another article on market timing to *Barron's*, and on January 3, 2000, Mr. Turov's article, "Sell Signal," appeared in *Barron's*. One week later, the Dow Jones Industrials traded at its bull market high.

During the years in which Mr. Turov later served as a consultant to Dr. Earl Zazove (1986-1993), he and Dr. Zazove collaborated in the investigation of numerous investment concepts and developed ideas that became the basis for a new market timing concept. By early 1993, Mr. Turov had developed market timing models and considered the possible publication of a newsletter with an accompanying daily hotline service (with recommendations based on his timing models). Since it had been over a decade since he had published a newsletter, Mr. Turov requested advice from numerous professionals in the field. Among these was Yale Hirsch, president of The Hirsch Organization, publisher of *Stock Trader's Almanac*, *Smart Money*, and other newsletters. Mr. Hirsch expressed an interest in publishing Mr. Turov's proposed newsletter, to be called *Turov on Timing*.

The first issue of *Turov on Timing* appeared in October 1993. It has been published monthly since then. The first *Turov on Timing* hotline report was recorded on September 30, 1993, and was recorded approximately six hours prior to the opening of trading on the New York Stock Exchange virtually every business day from then until Spring 2001 when it was switched to a daily email report, which is its current format.

An agreement existed between Mr. Turov and The Hirsch Organization for the preparation and marketing of *Turov on Timing* from September, 1993 through May, 2002 when it was cancelled by mutual agreement. Since then, *Turov on Timing* has been published by TIG.

Additional information about *Turov on Timing* is at <http://www.danielturov.com/turov-on-timing>.

Additional Employment Information

A Congressionally authorized regulatory agency has informed Mr. Turov of the following: “If you choose to include your business background information for a time period that exceeds beyond the required five years, it must include all of your business affiliations since inception of employment. Furthermore, the background must include each entity's name, main business, your title and main responsibilities at each entity.” Since Mr. Turov does choose to include that background for more than five years, the following are the details requested:

Dates	Entity's Name	Main Business	Title	Responsibilities
2002 - Present	Turov Investment Group Inc.	Registered Investment Adviser	President	Management of mutual fund accounts and marketing of Turov on Timing
2001 – Present	Daniel Turov	Commodity Trading Advisor	None	Management of futures accounts from 2001-2003; inactive since then
1994 - Present	Daniel Turov	Licensed Life and Health Agent	None	Selling life insurance and annuities
1993 - Present	Daniel Turov	Publication	Editor (and since 2002, Publisher)	Writing and distributing Turov on Timing
1986 – 1993	Daniel Turov	Consultant to a Registered Investment Adviser	None	Consultant to E. Zazove & Associates, RIAs
1985 - 1986	New Innovations Publishing Corp.	Publishing	President	Attempting to publish anthology of HS students' writings
1982 – 1984 (Dec)	Dean Witter Reynolds Inc.	Brokerage Firm	Sr. Vice President	Broker
1979 - 1982	Moore & Schley Cameron & Co.	Brokerage Firm	Director of Turov Investment Group Division	Broker and Editor of The Option Commentator
1977-1979	Cowen & Co.	Brokerage Firm	Sr. Vice President	Broker and Editor of The Option Commentator
1975 - 1977	Faulkner, Dawkins & Sullivan	Brokerage Firm	Sr. Vice President	Broker and Editor of The Option Commentator
1973 - 1975	Thomson McKinnon Auchincloss Kohlmeyer Inc.	Brokerage Firm	Vice President	Broker and Editor of Turov on Warrants and Convertibles
1972 - 1973	Halle & Stieglitz Inc	Brokerage Firm	Vice President	Broker and Editor of Turov on Warrants and Convertibles
1969 - 1972	Walston & Co	Brokerage Firm	Account Executive	Broker
1967 - 1969	Burnham & Co.	Brokerage Firm	P&S Dept. clerk	Clerical

Additional Publication Information

The following is further information about articles that Mr. Turov has written and which have been published in *Barron's*:

Date	Title	Subject
03/09/70	Stock or Warrant?	discussion of new mathematical formula for making stock or warrant purchase decision
03/22/71	Riskless Reward?	discussion of convertible bond hedging
04/26/71	Lien and Hungry	overview of contemporary convertible bond market
03/27/72	Out of the Cellar?	Real Estate Investment Trust warrants
08/06/73	New Look in Calls	analyzing CBOE call options as warrants
03/19/73	Trampled Rights	pitfalls of warrant ownership
07/22/74	Beyond Maturity	tendency for companies to extend warrant lives
12/09/74	Buy Signal?	reasons for turning bullish with DJII at 575
02/10/75	Irresistible Call	option trading on American Stock Exchange; tax treatment of options
06/23/75	Limitless Options	option techniques to increase return and lower risk
06/20/77	Variety of Options	an evaluation of put options including a new mathematical formula
11/28/83	Speculative Security	evaluation of warrant leverage
01/03/00	Sell Signal?	reasons for turning bearish with DJII at bull market high
05/21/01	Mixed Message	forecast of a 20 year sideways moving market

The following is further information about articles that Mr. Turov has written and which have been appeared in publications other than *Barron's*:

Date	Name of Publication	Title of Article
03/01/73	<i>The Financial Analysts Journal</i>	Dividend Paying Stocks And Their Warrants
08/04/74	<i>The New York Times</i>	Hidden Risks In Warrants
01/01/75	<i>Bull & Bear</i>	The Best Way Of Investing
1975	<i>Financial Analyst's Handbook (Dow Jones-Irwin).</i>	Chapter on "Warrants and Options"
04/01/76	<i>Bull & Bear</i>	How To Buy Options, Conservatively
06/01/76	<i>Wall Street</i>	Options: Who Needs Them?
09/01/79	<i>Personal Finance</i>	Conservative Stock Options Trading
01/26/81	<i>Business Week</i>	Old Wives' Tale?
12/01/82	<i>Best Buys</i>	Aberrant Situations Signal Investment Bonanzas
12/01/92	<i>The Record</i> (Bergen Co, NJ)	Dangerous Gaps In Aids Education
03/02/00	<i>Market Logic</i>	On The Verge of The Worst Bear Market Since WW II
07/01/01	<i>Stock Trader's Almanac Investor</i>	A Day In The Life Of A Daytrader

The Trading Program (Program R)

All types of clients are eligible to participate in Program R, the objective of which is capital appreciation. Whether participation in Program R is suitable for a client is solely the responsibility of the client to determine.

The letter "R" refers to "Rydex Funds" as all investments in this Program will be invested in funds offered by Rydex. The relationship between TIG and Rydex is completely arms length, and Rydex takes no

responsibility for anything in this Disclosure Document.

For the purpose of this section, as well as the rest of this Disclosure Document, a "long fund" refers to a mutual fund that purchases securities. The overwhelming majority of mutual funds can therefore be described as "long funds."

For the purpose of this section, as well as the rest of this Disclosure Document, an "inverse fund" refers to a mutual fund that sells securities short and/or buys put options on securities. Only a very small minority of funds fit in this category. The prospectus of such a fund describes in detail what a short sale is and what a put option is, if such strategies are being employed. Please note that the purchaser of an inverse fund does not directly sell short himself, but rather makes a purchase of a fund that either sells short or buys put options to simulate a short position.

A "leveraged fund" is one that uses leverage (margin and/or put or call options) which will increase both the potential gains and the potential losses from its investments. A leveraged fund may be either a long fund or an inverse fund.

The Turov Investment Group Inc. Program R being offered pursuant to this Disclosure Document uses leveraged funds and inverse funds.

AS WITH ALL MUTUAL FUND INVESTING, THE RISK OF LOSS IS 100% OF INVESTED CAPITAL, BUT NOT MORE THAN THE AMOUNT OF INVESTED CAPITAL.

All of the funds that may be used while this Disclosure Document is in effect are part of the Rydex Funds ("Rydex") group. All prospective clients may go on-line to www.rydexfunds.com to read the applicable prospectuses of the Rydex Funds before investing in Program R.

TIG and Rydex have no undisclosed agreements between them, and TIG may switch to another fund group at will. Prior to that occurring, TIG will communicate by email to all existing clients, provide them with a new Disclosure Document, and give each client the option of switching to such new fund group or closing their account with TIG (although, at their discretion, not necessarily with Rydex). No fund group shares, other than Rydex's, will be traded without the client's written authorization.

On behalf of its clients, TIG currently offers two distinct mutual fund trading programs, Program R and the Annuity Program. Only Program R is being offered pursuant to this Disclosure Document. A Disclosure Document for the Annuity Program may be found at <http://www.DanielTurov.com>.

Program R: Within their series of funds, Rydex offers leveraged long NASDAQ 100, Standard & Poor's 500, Dow Jones Industrials, and Russell 2000 funds and similar leveraged inverse funds. Their long funds are designed to advance by approximately double the amount of any advance in the underlying Index. Their inverse funds are designed to advance approximately double the amount of any decline in the underlying Index. If the Index declines, the long fund of that Index will suffer losses approximately double the amount of said decline, and if the underlying Index advances, the inverse fund will suffer losses approximately double the amount of said advance. The objective of Program R is to achieve aggressive growth by investing in one of these funds during short term periods when Mr. Turov's proprietary Program R trading system indicates an investment is appropriate. During time periods when TIG chooses not to place client funds at risk, client funds will be invested in the Rydex US Government Money Market Fund. Portfolio turnover is expected to be extremely high with approximately 200 trades per annum. Clients considering investing in Program R should read the Prospectus of the Rydex Twice a Day funds at <http://www.Rydexfunds.com>. The minimum size account that will be accepted for Program R is \$100,000. At TIG's sole discretion (which TIG expects will be rare and limited to very special circumstances), TIG may accept smaller sized accounts. THE OBJECTIVE OF PROGRAM R IS TO ACHIEVE SUBSTANTIAL RETURNS FROM AGGRESSIVE TRADING OVER THE LONG TERM REGARDLESS WHETHER THE STOCK MARKET ADVANCES OR DECLINES OVER THE LONG TERM. Its goal could therefore be described as "SUPERIOR AND POSITIVE ANNUALIZED ABSOLUTE PERFORMANCE". THERE IS NO GUARANTEE THAT SUCH OBJECTIVE WILL BE ACHIEVED.

Notwithstanding that TIG's trading orientation is short term, the objective for this Program is long term, covering multi-year time periods. TIG expects that there will be many times when its goals will not be met during shorter time periods (i.e., weeks, months, calendar quarters, or even full year periods), but TIG, in good faith, believes that its goals will be met over the long term. While stated as a good faith opinion, there is no guarantee that such projections will prove accurate. Individuals who cannot accept losses over short term periods of time as an integral part of the quest for gains over long term periods of time should not participate in any TIG Program or should do so with an appropriately smaller amount of capital.

In Program R, the mutual fund may use margin (i.e., leverage) to achieve its objectives, but clients' invested funds will never be margined, and clients' risk will never be greater than the amount of clients' invested capital. Program R is not intended to be a diversified investment portfolio. TIG believes that all of the capital gains and losses from Program R will be short term in nature. **TIG does not offer tax or legal advice, and investors are advised to seek their own counsel on tax matters. TIG does not offer a year-end tax report.**

Mr. Turov occasionally travels internationally to countries where accessibility to critical market data is inadequate. At such times, TIG will place all client funds in the Rydex US Government Money Market Fund AND will also inform each client, by email, prior to his leaving the country, that he is doing so, and that funds will be "at interest" during that period. During such periods, clients will not have the ability to profit from market moves, nor will they have any risk of market moves.

TIG envisions that each Program R account will be treated the same as every other Program R account.

Mr. Turov's Investment Philosophy

While the details of Mr. Turov's methodology are proprietary, its main focus is the quantifying of human emotions. He believes that market moves are based on variable human emotions. And while they cannot be measured directly, when they change they leave a trail, similar to identifying an unseen planet by perturbations in the orbit of a nearby planet.

Also, input criteria are variable in their importance, and there are specific times, conditions, and events during which different indicators are more or less important than others. So at one time, changes in interest rates or put/call ratios or volume momentum or other indicators might be more predictive than at other times. This characteristic is used to fine tune numerous internal variables so that greater weight is given to those factors most significantly affecting the market at any particular time, and lesser weight is given to factors not extantly significant.

What Mr. Turov *omits* from his analysis of the market is perhaps as important as what he *includes*. The consistent ability of the unmanaged market to outperform 80% to 90% of all fund managers, decade after decade after decade, is hard evidence that most of what these managers deem important – earnings, dividends, and growth – is not very material in determining future market value. Simply put, the sum total of all such "research" is already factored into the market price of every single stock, and the millions of research dollars that Wall Street pays to "evaluate" these trends is about as useless as stirring the sugar in your coffee for a hour when 10 seconds would do the job. All the additional stirring in the world will not make the sugar dissolve any better, and all the conventional technical and fundamental analysis in the world won't give you one iota more added value since it's already stirred into the market's existing valuation.

A side benefit of Mr. Turov's approach is that it is non-doctrinaire. It does not have either the religious ebullience of the perennial optimists or the gloomy shroud of the perennial pessimists. Rather, it's an approach that looks at the market as a playing field where either end zone is equally in reach, depending on the myriad factors which comprise the game.

There are **three essential facts** that all potential investors should consider prior to placing money with TIG to manage:

(1) Mr. Turov's methodology is completely proprietary. He has never disclosed it nor will he disclose it, to anyone, at any time, under any circumstances, for any reason. In the event that any investors lose money, they will have no information related to the rationale for the investment decisions TIG may have made.

(2) Inasmuch as TIG believes that trading decisions should be made as unemotionally as possible, Mr. Turov endeavors to avoid client contact during market hours. Therefore, he does not accept client phone calls during normal business hours. Clients are encouraged to communicate via e-mail so that responses can be prepared during non-business hours. Phone calls that are received during primary market hours will be returned either in the evening or on the weekend, depending upon the urgency. Prospective clients are advised to discuss this policy with TIG prior to opening an account. Email is the preferred method of communication.

(3) Program R has little relationship to the market timing considerations of *Turov on Timing*, and there may be times when Program R will invest in a long fund when *Turov on Timing* is short, or vice-versa.

Principal Risk Factors

The following is provided for informational purposes only. It is not meant as a complete guide to investing. Investors should consult their financial advisors to inform themselves fully on leverage, options, and short selling. Investors should also carefully read the section of this Disclosure Document entitled "Who Shouldn't Invest in Program R?" which appears on page 10.

Because of the leverage provided by the fund shares that will be utilized, as well as their ability to sell short as easily as to buy long, Program R may be substantially riskier than conventional investments in common stocks and U.S. Treasury securities.

The fund share(s) used by TIG may have risk factors unique to them, and therefore investors will need to be familiar with the Prospectus of the fund share(s) chosen.

Investors will be committing funds to trading under TIG's trading methods, and the specific elements of these methods are proprietary to TIG. Therefore, a client will not be able to determine the details of the methods or whether the methods are being followed.

As noted below, the client will be required to execute a limited power of attorney, which will authorize and empower TIG to buy and sell mutual fund shares in accordance with the terms of the client's account. Under the limited power of attorney, TIG acts as agent for the client and the client is legally bound as principal for any obligations incurred by TIG as attorney-in-fact.

Program R Accounts

The minimum size account that will be accepted for Program R is \$100,000. At TIG's sole discretion (which TIG expects will be rare and limited to very special circumstances), TIG may accept smaller sized accounts. No client should open an account with more funds than he can comfortably consider at high risk. Neither Mr. Turov nor TIG is responsible for determining whether the risk of any Program is suitable for a client. Each client must determine his or her own appropriate risk propensity and should consult with such advisors as he or she deems appropriate for that purpose. Clients who cannot determine what level or risk is suitable to them are advised not to open an account. A client may establish a Rydex Fund trading account to be directed by TIG by following the instructions in this Disclosure Document. TIG will be effecting trades on the client's behalf pursuant to a limited power of attorney discussed below in more detail.

Account Documentation

The client is required to execute an advisory agreement with TIG which constitutes the full and complete understanding between the parties. Authorizations are executed by the client and furnished to the Rydex Funds group, which empower TIG to make trades for the client's account and to collect fees for its services. The Trading Authorization provides for a management fee (see following subsections for details) which will be charged whether profits are generated or not.

Fees and Commissions, and Additions and Withdrawals of Funds

Pursuant to the authorizations provided for in the aforementioned "Account Documentation" section, and subject to certain conditions as described below, TIG charges a quarterly management fee of 1% of the calendar quarter-end value of the client's account ("account equity") plus 1% of any funds withdrawn from the account or from TIG's management authority during the quarter. That fee is due and payable regardless of investment performance and regardless of the length of time during a particular calendar quarter that the management of a client's investment assets is entrusted to TIG. However, for any quarter in which account equity is not at an all time high (adjusted for capital added or withdrawn), said fee will not be processed until account equity is at an all time high (adjusted for capital added or withdrawn) or the client removes TIG as adviser or withdraws capital from the Rydex account greater than the amount of the due but unprocessed fee.

BECAUSE OF THIS FEE STRUCTURE, INVESTORS SHOULD NOT ADD FUNDS THAT THEY FORESEE NEEDING TO WITHDRAW SHORTLY.

During the ten-day period from January 1 through January 10 of each year, clients may withdraw funds required for mandatory IRA distributions or for any other reason without incurring an additional fee for the new calendar quarter. This ten day window will be strictly enforced and not extended, so investors should plan ahead for it, if applicable. (Clients should also be sensitive to the fact that, under this fee structure, the earlier in a calendar quarter that funds are deposited, the lower the effective annualized fee will be, and the later in a calendar quarter that funds are deposited, the higher the effective annualized fee will be, since the fee itself is fixed per calendar quarter.)

Each calendar quarter will be treated separately.

Subject to the fees as described above, funds may be added or withdrawn at any time.

Clients who wish to add funds are requested to inform TIG via email at investmentadvice@aol.com of their intention to do so that TIG may properly invest such added capital as TIG believes most appropriate at the time. Such emails should always include the client's name and Rydex account number. Clients should always instruct Rydex to allocate newly deposited funds 100% to the Money Market Fund, from which TIG will make subsequent allocations.

Clients who wish to withdraw funds must first inform TIG via email at investmentadvice@aol.com of their intention to do so. Clients who withdraw funds without first emailing TIG (even during the January 1-10 period referred to above) will be charged a \$100 administrative fee to defray partially the additional administrative costs resulting therefrom. There are no exceptions to this administrative fee if the conditions stated for triggering it are met. This fee is in addition to the previously described management fee.

Distribution of fund shares because of dividends, splits, etc., shall not be considered either a withdrawal or an addition.

To the extent permitted by Rydex, all fees will be collected by TIG via direct withdrawal from the client's Rydex account, as provided for in the Rydex authorization form. Fees due and owing to TIG that are not paid by direct withdrawal will be billed directly to the client and must be paid via check to TIG.

In very rare cases (e.g., family members, certain charitable organizations, etc.), TIG may waive its fee in part or in whole.

The client will also be responsible for payment of all fees and expenses charged to their shareholders by Rydex. These fees are set forth in the Prospectuses of said funds. Such fees are not normally billed separately but do reduce the net asset value of the funds, as described in their Prospectuses.

Limited Power of Attorney

The structure of the trading program established by TIG utilizes a limited power of attorney running from the client to TIG. The limited power of attorney will permit TIG to effect trades in the account of the client without any prior approval by or notification to the client. Clients will be kept apprised of account activity on a periodic basis, including daily access to account activity at www.rydexfunds.com, quarterly statements from Rydex, and an quarterly statement sent via email from TIG to each client, indicating both the change for the year in account value, and the amount of fees charged for that quarter.

The limited power of attorney provides that TIG will have sole discretion to determine the fund trades which will be made in the client's account. The client (or, in the event of the client's death, incompetency, incapacity, disability, bankruptcy, dissolution, liquidation, or insolvency, the client's legal representative) may terminate this limited power of attorney for any reason by giving written notice of termination to TIG, which shall be effective upon TIG's *actual receipt* of such notice. A client's notice of termination of the limited power of attorney shall expressly instruct TIG either to liquidate all fund shares at the market upon receipt of the notice or not to liquidate any fund shares subsequent to receipt of the notice. If TIG is instructed not to liquidate or if no instruction is given whether or not to liquidate open positions, TIG will not take any action regarding the Account subsequent to its receipt of the notice of termination. *Accordingly, all positions will remain open at the client's risk awaiting the client's instruction to the fund regarding their disposition.*

TIG may terminate the Advisory Agreement for any reasons at any time by switching the client's funds into Rydex US Government Money Market Fund shares and notifying the client that it is terminating the Advisory Agreement and withdrawing as Manager of the client's account. If TIG so terminates the Advisory Agreement, it shall nevertheless be entitled to a fee equal to the amount to which it would be entitled had the client closed the account (as described previously), except that if Mr. Turov and/or TIG retires from active management or otherwise withdraws as manager for all Program R accounts, then such fee shall be prorated.

The business of TIG includes managing discretionary mutual fund share accounts, and it will be managing accounts for other investors during the same period that it is managing the client's account. The limited power of attorney does not prohibit TIG from managing other accounts during the term of the limited power of attorney and using the same information and trading strategy obtained, produced or utilized in the performance of services for any client.

The limited power of attorney authorizes and empowers TIG to buy, sell and otherwise trade mutual fund shares in accordance with the terms of the client's account. Under the limited power of attorney, TIG acts as agent for the client and the client is legally bound as principal for any obligations incurred by TIG as attorney-in-fact.

Conflicts of Interest and Other Business Activities

Mr. Turov, relatives of Mr. Turov, and close friends of Mr. Turov may from time to time have funds invested in Program R and may open additional Program R account(s) in his name or in the name of family members. Such accounts will be traded exactly the same as all other Program R accounts. TIG may choose to waive the management fee on such accounts. Since all accounts within Program R will be traded identically, TIG believes there will be no conflict of interest between itself and its clients.

TIG intends to engage in no activities other than providing investment advisory services and writing, editing and publishing a monthly newsletter, *Turov on Timing*. Mr. Turov, the principal executive officer of TIG, is currently a licensed "Life (insurance) Agent" and a registered Commodity Trading Advisor with the Commodity Futures Trading Commission. Mr. Turov intends to spend up to 25% of his time with those ventures.

Market Timing Background of Mr. Turov

Mr. Turov started managing discretionary money 39 years ago, shortly after Equity Research Associates began publishing *Turov on Warrants and Convertibles (TWC)*. His first positions were short sales, echoed in the January 24, 1973 *TWC*; the Dow Jones Industrial Index (DJII) was 1018.66. He remained bearish for the rest of 1973 and until December 9, 1974 when *Barron's* published his article, *Buy Signal*, the very day the DJII reached its exact bear market low of 575.

After continuing active account management for another decade, Mr. Turov left Wall Street at the end of 1984 and pursued other interests, including working as a consultant to a hedge fund manager.

He remained bullish on the primary market trend for over 25 years. When he turned bearish, *Barron's* published *Sell Signal* on January 3, 2000 (DJII 11497.12), one week before the DJII's bull market high. And it was also on that day that he resumed active client account management:

Turov On Timing began on September 30, 1993 as a daily hotline with an accompanying monthly newsletter. By 1999, Mr. Turov was comfortable enough with his *Turov On Timing* track record that he became registered with the Commodity Futures Trading Commission (CFTC) and the National Futures Association (NFA) as a Commodity Trading Advisor (CTA). Using the track record calculation standards mandated by the NFA, an individual opening a \$100,000 futures account with him on January 1, 2000 would have had equity of \$171,019 on December 31, 2003 (*after* management fees). During the same period, an investment in the Standard and Poor's 500 Index would have declined from \$100,000 to \$75,524 (ignoring dividends received and rebalancing commissions paid). However, the volatility in his managed futures accounts was so uncomfortably high that at the end of 2003, Mr. Turov voluntarily ceased managing futures accounts so as to devote more time to TIG's mutual fund trading programs.

Who Shouldn't Invest in Program R?

While the potential returns of Program R are substantial, there are both risk and emotional factors that should be carefully considered. Potential investors are advised to consider the following:

1. Drawdowns will occur. Any investor who feels that enduring such drawdowns will be too painful should consider not investing in Program R.
2. Because of the volatility of the market and the leverage that the Rydex Funds provide, drawdowns can be swift and sharp. Any investor who feels that enduring such drawdowns will be too painful should consider not investing in Program R.
3. Just as large short term losses can inflict emotional pain, large daily gains can create unrealistic long term expectations. Any investor who feels that enduring such a swift daily gain will create emotional confusion should consider not investing in Program R.
4. Program R was not in existence at the time of the September 11, 2001 attacks. However, as 9/11 demonstrated, events exogenous to market analysis can have a major impact on stock market and mutual fund results. Had Program R been in effect at the time of 9/11, and had it been invested in an inverse fund, clients would have had huge profits. Had it been in a long fund, clients would have had huge losses. Part of investing is skill. Part is luck (random happenstance). Any investor who does not accept that fact should consider not investing in the stock market or in mutual funds.

Program R Performance Record

While TIG has been managing funds for years, the methodology to be used in Program R has never been used before, and therefore there is no publishable performance record.

Privacy Policy

TIG will not share any information received from clients with anyone, other than as may be required by the Securities & Exchange Commission, the State of California Department of Corporations, or any other duly authorized governmental agency.

How to Open an Account

To open a Program R account, please contact the Turov Investment Group Inc.

What If?

In the event of the death or incapacitation of Daniel Turov, both of his adult sons and his wife have written directives how to contact Rydex Funds with instructions that Rydex immediately place all client funds in the Rydex U.S. Government Money Market Fund and that all clients be advised to arrange for alternative management services. In the future, Mr. Turov may invite one of his sons, a University of California at Berkeley graduate with a degree in Economics, to join Turov Investment Group Inc., but that continuity is not yet in place. At the present time, Mr. Turov believes he is in excellent health.

Daniel Turov's Purpose for the Turov Investment Group



Over twenty years ago, I put a suit in my closet with all the pockets cut out as a daily reminder that on the day I wear my last suit, I won't be taking anything with me. The only value my life will have had will be what I have accomplished for others.

Well, I'm no doctor; I can't save lives. I'm no minister; I can't save souls. But I do know the stock market inside and out, and if I can help people improve their financial condition – so that they can better provide for their children's education, their retirement, their health, and their charitable contributions and legacies, then I will have served my purpose as best as I know how. And while I can't give you any performance guarantees, I can and do give you my solemn promise that I will try to fulfill that purpose to the best of my ability until I wear that last suit.

Sincerely,
Daniel Turov

Further Information

TIG will be available to any client to discuss the trading program to which this Disclosure Document relates and to answer any questions prior to accepting any engagement to serve as a client's Registered Investment Adviser. **This Disclosure Document should be retained by you for future reference.**