

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

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| OMB APPROVAL | |
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|--|---------------------|-----------|--------------|------------------------------|
| Name of Investment Adviser: Kendall Capital Management, Inc. | | | | |
| Address: (Number and Street) | (City) | (State) | (Zip Code) | Area Code: Telephone Number: |
| 17810 Meeting House Road, Suite 100 | Sandy Spring | MD | 20860 | (301) 260-7935 |

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

FORM ADV
Part II - Page 2

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| Applicant: Kendall Capital Management, Inc. | SEC File Number: 801-64076 | Date: 04/02/2008 |
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1. **A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. **Estimate** (See instruction below.)

Applicant:

| | |
|--|--------------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services | <u>97%</u> |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services | <u> %</u> |
| <input checked="" type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above | <u>1%</u> |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription | <u> %</u> |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above | <u> %</u> |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | <u> %</u> |
| <input checked="" type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | <u>1%</u> |
| <input type="checkbox"/> (8) Provides a timing service | <u> %</u> |
| <input checked="" type="checkbox"/> (9) Furnishes advice about securities in any manner not described above | <u>1%</u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

| | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

| | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

Kendall Capital Management, Inc.

SEC File Number:

801- 64076

Date:

04/02/2008

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities <input checked="" type="checkbox"/> (1) exchange-listed securities <input checked="" type="checkbox"/> (2) securities traded over-the-counter <input checked="" type="checkbox"/> (3) foreign issues <input checked="" type="checkbox"/> B. Warrants <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) <input checked="" type="checkbox"/> D. Commercial paper <input checked="" type="checkbox"/> E. Certificates of deposit <input checked="" type="checkbox"/> F. Municipal securities G. Investment company securities: <input checked="" type="checkbox"/> (1) variable life insurance <input checked="" type="checkbox"/> (2) variable annuities <input checked="" type="checkbox"/> (3) mutual fund shares | <input checked="" type="checkbox"/> H. United States government securities I. Options contracts on: <input checked="" type="checkbox"/> (1) securities <input type="checkbox"/> (2) commodities J. Futures contracts on: <input type="checkbox"/> (1) tangibles <input type="checkbox"/> (2) intangibles K. Interests in partnerships investing in: <input checked="" type="checkbox"/> (1) real estate <input checked="" type="checkbox"/> (2) oil and gas interests <input type="checkbox"/> (3) other (explain on Schedule F) <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
|--|--|

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input checked="" type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No
 (If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.) Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please refer to Schedule F, Item 11. A.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please refer to Schedule F, Item 11. B.

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12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? Yes No
- B. directly or indirectly compensates any person for client referrals? Yes No

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No

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| Item of Form (identify) | Answer | | | | | | | | |
|----------------------------|--|-------------------------|-----------------|-------------------|-------|------------------|------|------------------|------|
| Item 1. D. | <p>Advisory Services and Fees Kendall Capital Management, Inc. (hereinafter “Kendall Capital” or the “Firm”) offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities. The Firm’s services and fee arrangements are described in the following pages.</p> <p>Please contact Clark Kendall, Chief Compliance Officer, if you have any questions about this Schedule F narrative. Additional information about Kendall Capital is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Kendall Capital is 134740.</p> <p>Individuals associated with Kendall Capital will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of Kendall Capital. Such individuals are known as Investment Adviser Representatives (IARs).</p> <p>Investment Philosophy Kendall Capital is dedicated to building superior investment portfolios for its clients that are customized to their particular needs, goals, and risk levels. Kendall Capital conducts extensive research and comprehensive analysis to uncover intelligent investments. A complete financial analysis of clients current assets, incomes, risk tolerance and objectives is performed, resulting in an Investment Policy Statement (IPS). The IPS is the “blue print” by which financial decisions are made. The Firm is committed to finding excellent opportunities that can be invested in at a reasonable price. The resulting mix of securities consists primarily of individual stocks, fixed income securities, domestic and international equity mutual funds, fixed income mutual funds, and real estate investment trust (REIT) mutual funds. The ultimate goal for each customized investment portfolio is to maximize the potential gain while minimizing risk.</p> <p>Portfolio Management Services Kendall Capital provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of the client. Subject to any written guidelines, which the client may provide, the Firm will be granted discretion and authority to manage the account. Accordingly, Kendall Capital is authorized to perform various functions, at the client’s expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. Once the portfolio is constructed, Kendall Capital provides continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require.</p> <p>The annual fee for portfolio management services is billed quarterly in advance based on the market value of the assets on the last day of the preceding quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. The fee is based on a percentage of assets under management and may be under limited circumstances be negotiable. The annualized fees for portfolio management services are based on the following tiered fee schedule:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Assets Under Management</th> <th style="text-align: center;">Annualized Fee*</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">First \$2,000,000</td> <td style="text-align: center;">1.00%</td> </tr> <tr> <td style="text-align: center;">Next \$3,000,000</td> <td style="text-align: center;">.80%</td> </tr> <tr> <td style="text-align: center;">Over \$5,000,000</td> <td style="text-align: center;">.65%</td> </tr> </tbody> </table> | Assets Under Management | Annualized Fee* | First \$2,000,000 | 1.00% | Next \$3,000,000 | .80% | Over \$5,000,000 | .65% |
| Assets Under Management | Annualized Fee* | | | | | | | | |
| First \$2,000,000 | 1.00% | | | | | | | | |
| Next \$3,000,000 | .80% | | | | | | | | |
| Over \$5,000,000 | .65% | | | | | | | | |

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV

Continuation Sheet for Form ADV Part II

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|---|---------------------------------------|----------------------------|
| Applicant: Kendall Capital Management, Inc. | SEC File Number: 801- 64076 | Date: 04/02/2008 |
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| Item of Form (identify) | Answer |
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| Item 1. D. (cont.) | <p>Minimum annual fee \$2,500.00*</p> <p>In Kendall Capital's discretion, the Firm may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. Kendall Capital may allow such aggregation, for example, where the Firm services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow client(s) the benefit of an increased asset total, which could potentially cause the account(s) to be assessed a reduced advisory fee based on the breakpoints available in the Firm's fee schedule as stated above.</p> <p>The independent qualified custodian holding the client's funds and securities will debit the client account directly for the advisory fees paid to Kendall Capital. The client will provide written authorization permitting the fees to be paid directly from their account held by the qualified custodian. Kendall Capital will not have access to client funds for payment of fees without client consent in writing. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to the client. The client is encouraged to review their account statements for accuracy. Kendall Capital will receive a duplicate copy of the statement that was delivered to the client. Some clients may have the option to pay fees directly, in lieu of them being debited from their account.</p> <p>In limited circumstances, the Firm may provide consultations services on an hourly basis. Typically the hourly fee will be \$250.00 per hour. An estimate of the time/cost will be provided to the client prior to the meeting. Fees for hourly consultations are due upon completion of the meeting.</p> <p>Kendall Capital or the client may terminate the management agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be refunded to the client.</p> <p>Pension Consulting</p> <p>Kendall Capital will provide pension-consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, formation of the investment policy statement, asset allocation advice, money management services, investment performance monitoring, ongoing consulting, and/or communication and education services where the Firm will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants.</p> <p>Kendall Capital will be compensated based on the Firm's asset management fees as described in the <i>Portfolio Management Services</i> section of this Schedule F. The Firm will invoice the Client directly for pension consulting services or payment will be made by the qualified custodian holding the Client's funds and securities, provided the Client supplies written authorization permitting the fees to be paid directly from the account. Kendall Capital will not have access to Client funds for payment of fees without written consent by the Client. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the Client, which shows all disbursements from the account. The Client is encouraged to review all account statements for accuracy. Kendall Capital will receive a duplicate copy of the statement that was delivered to the Client. Fee-paying arrangements</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II

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|---|---------------------------------------|----------------------------|
| Applicant: Kendall Capital Management, Inc. | SEC File Number: 801- 64076 | Date: 04/02/2008 |
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| Item of Form (identify) | Answer |
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| Item 1. D. (cont.) | <p>will be determined on a case-by-case basis with each Client.</p> <p>All Client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). Kendall Capital will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as the Firm recommends. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.</p> <p>If the disclosure brochure - Part II of the Form ADV - is not delivered to the Client, at least 48 hours prior to entering into the pension consulting agreement, the Client may terminate the agreement for services within five business days of execution without penalty. If the Client received the disclosure documents 48 hours in advance or if the five-day grace period has expired, either party, upon 30 days' written notice to the other, may terminate the pension consulting agreement. The Client will incur a pro rata charge for bona fide pension consulting services rendered prior to such termination.</p> <p><u>General Information on Advisory Services and Fees</u> Kendall Capital shall never have custody of any client funds or securities, as the services of an independent qualified custodian will be used for these asset management services.</p> <p>The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).</p> <p>Kendall Capital does not represent, warranty, or imply that the services or methods of analysis used by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections.</p> <p>Advice offered by Kendall Capital may involve investments in mutual funds. Clients are hereby advised that all fees paid to Kendall Capital for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Kendall Capital does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, Kendall Capital, and others to fully understand the total amount of fees to be paid by the client.</p> |
| Item 3. L. | <p><u>Types of Investments</u> Kendall Capital reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. Kendall Capital may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.</p> |
| Item 5. | <p><u>Education and Business Standards</u> At a minimum, IARs of Kendall Capital must meet all examination or experience requirements of the state(s) and/or jurisdiction(s) in which the individual provides advisory services.</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).

| Item of Form (identify) | Answer |
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| Item 9. E. (cont.) | <p>initial public offerings (IPOs) without pre-clearance from the Chief Compliance Officer.</p> <ul style="list-style-type: none"> ▪ The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. ▪ Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. A qualified representative of the Firm will review these records on a regular basis. ▪ Any individual not in observance of the above may be subject to termination. <p>The full text of Kendall Capital's Code of Ethics is available to you upon request.</p> <p>Footnotes:</p> <p>⁽¹⁾ This investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of clients of Kendall Capital trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with Kendall Capital's records in the manner set forth above.</p> <p>⁽²⁾ The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest.</p> <p>In accordance with Section 204-A of the Investment Advisers Act of 1940, Kendall Capital also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Kendall Capital or any person associated with the Firm.</p> |
| Item 10. | <p><u>Conditions for Managing Accounts</u> The Firm charges a minimum asset management fee of \$2,500.00 per year.</p> |
| Item 11. A. | <p><u>Review of Accounts</u> Clark Kendall will monitor client accounts on a continuous basis. Each account will be formally reviewed at least annually by the IAR assigned to the account. Any material change in the client's financial circumstances would trigger an additional review of a client's account. Such changes might include, but are not limited to, the following: changes in economic conditions, changes in the client's financial situation or investment objectives, and the client's request for an additional review of the account.</p> |
| Item 11. B. | <p><u>Regular Reports to Clients</u> Kendall Capital will provide clients with quarterly reports, which include a current holdings report and a billing statement. In addition, clients will also receive monthly statements and transaction confirmations directly from their account custodian(s).</p> |
| Item 12. A. (1),(2),(3),(4) | <p><u>Investment or Brokerage Discretion</u> Clients grant Kendall Capital discretion over the selection of and amount of securities to be bought or sold for their account without obtaining their prior consent or approval. However, the Firm's investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry. Clients may amend these limitations, as required and such amendments must be submitted in writing.</p> |
| Item 12.B. | <p><u>Suggestion of Brokers</u> Kendall Capital will recommend that a client in need of brokerage and custodial services</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV

Continuation Sheet for Form ADV Part II

| | | |
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| Item of Form (identify) | Answer |
|----------------------------|--|
| Item 12.B. (cont.) | <p>utilize Charles Schwab & Co., Inc. ("Schwab"). Kendall Capital feels that Schwab will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services.</p> <p>Beyond a broker's ability to provide the "best execution," Kendall Capital will also consider the value of "research" and additional brokerage products and services a broker/dealer has provided or will provide. "Research" products and services that Kendall Capital may receive from Schwab, might include data, financial publications, information about particular companies and industries, and other products or services that provide lawful and appropriate assistance to Kendall Capital in the performance of its investment decision-making responsibilities.</p> <p>In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.</p> <p><u>Miscellaneous</u> <i>Privacy Policies</i></p> <p>Protecting client privacy is very important to the Firm. Kendall Capital views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.</p> <p>Kendall Capital does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, Kendall Capital may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.</p> <p>Kendall Capital restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.</p> <p>A copy of the Firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, Kendall Capital will offer to deliver a copy of the current privacy policy notice to its clients on an annual basis.</p> <p><i>Aggregation of Orders</i></p> <p>Generally, the Firm will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to the Firm's discretion depending on factual or market conditions and the duty to achieve best execution for client accounts.</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

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| Applicant: Kendall Capital Management, Inc. | SEC File Number: 801- 64076 | Date: 04/02/2008 |
|---|---------------------------------------|----------------------------|

| Item of Form (identify) | Answer |
|----------------------------|---|
| | <p>Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts.</p> <p>Allocations of orders among client accounts must be made in a fair and equitable manner. As a general rule, allocations among accounts with the same or similar investment objective are made pro rata based upon the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:</p> <ol style="list-style-type: none"> 1. Specific allocations may be chosen based upon an account's existing positions in securities. 2. Specific allocations may be chosen because of the cash availability of one or more particular accounts. 3. Specific allocations may be chosen based on a partial fill of the block trade. 4. Specific allocations may be chosen for tax reasons. <p>The Firm will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades.</p> <p><i>Proxy Voting</i> Kendall Capital will not vote proxies on behalf of Clients. Although Kendall Capital may, on rare occasions and only at the Client's request, offer Clients advice regarding corporate actions and the exercise of proxy voting rights.</p> |

Complete amended pages in full, circle amended items and file with execution page (page 1).