



SCARBOROUGH
CAPITAL MANAGEMENT

441 Defense Highway Suite E
Annapolis, MD 21401
Telephone: 410.573.5700
Web Address: www.401kadvice.com

Part 2A of Form ADV

Firm Brochure

July 30, 2014

This brochure provides information about the qualifications and business practices of Scarborough Capital Management. If you have any questions about the contents of this brochure, please contact us at 410.573.5700 or iarrowsmith@401kadvice.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.

Additional information about Scarborough Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 169517.

ITEM 2 MATERIAL CHANGES

This is the initial Brochure for Scarborough Advisors, LLC d/b/a Scarborough Capital Management. Each year when we amend our Brochure for the annual update, this section will discuss only specific material changes that are made to the Scarborough Capital Management Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

A copy of our Brochure is available to you free of charge and may be requested by contacting us at 410.573.5700

or iarrowsmith@401kadvice.com or by visiting our website www.401kadvice.com.

Additional information about Scarborough Capital Management is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Scarborough Capital Management who are registered, or are required to be registered, as investment adviser representatives of Scarborough Capital Management.



Item 4	Advisory Business	4
Item 5	Fees and Compensation	6
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
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12	Brokerage Practices	12
Item 13	Review of Accounts	13
Item 14	Client Referrals and Other Compensation	14
Item 15	Custody	14
Item 16	Investment Discretion	14
Item 17	Voting Client Securities	15
Item 18	Financial Information	15



Scarborough Advisors, LLC d/b/a Scarborough Capital Management is a SEC-registered investment adviser with its principal place of business located in Annapolis, Maryland. Scarborough Capital Management began conducting business in 1989 as The Scarborough Group, Inc. and later, in 2008, changed its name to Scarborough Capital Management, Inc. In

November 2013, five long-time advisory representatives of the company purchased the firm.

The five equal owners of the firm are: Ryan Ansted, Ian Arrowsmith, Gregory Ostrowski, James (Jay) Sprinkel, and Shawn Walker. Additional business information about the owners can be found in the Supplemental Brochure (ADV Part 2B) for each individual.

SAVINGS PLAN MANAGEMENT

Scarborough Capital Management, acting as a solicitor, refers 401(k) and 403(b) participants to Retirement Management Systems, Inc. which offers Savings Plan Management Advisory Services to those participants. Retirement Management Systems does not manage assets at the plan sponsor (employer) level rather it manages individual client portfolios such as an employee's 401(k), 403(b) etc. Investment advice is determined on an individual basis by determining each client's needs. Retirement Management Systems uses a quantitatively scored questionnaire to determine the client's portfolio style. The questionnaire measures investment time frame and tolerance for risk. Scarborough Capital Management Retirement Advisors qualify the client's portfolio style through the use of Retirement Management Systems' questionnaire and Investor Profile.

Client portfolios are comprised of mutual fund shares and, in certain circumstances, individual securities may be held (generally company stock in the form of a fund). Based on changes in a client's personal situation, the markets and/or the economy, Retirement Management Systems may make allocation changes to the client's

savings plan account on the client's behalf.

Retirement Management Systems, Inc. and a third party asset allocation company provides Scarborough Capital Management Retirement Advisors with model portfolios. Advisors will help the investor choose the most suitable portfolio for their investment needs. Advisors may change models by one level based on qualitative analysis of client's investment profile. Any change of more than one level must be approved and documented through our Model Variance Exception Report by the Chief Compliance Officer.

Scarborough Capital Management Advisors do not provide asset management services on these accounts. Rather, Scarborough Capital Management provides educational services and strategic advice to investors as related to risk tolerance, time horizons, etc. Scarborough Capital Management Advisors will not provide specific investment advice on the underlying securities in the client's plan. The ongoing, continuous management and investment specific advice is offered through Retirement Management Systems.

SCARBOROUGH CAPITAL MANAGEMENT OFFERS THE FOLLOWING ADVISORY SERVICES:

PORTFOLIO MANAGEMENT SERVICE

Scarborough Capital Management provides portfolio management services to individuals outside the scope of their qualified savings plan. This service is provided on a limited discretionary basis and involves allocating the client's investment portfolio among mutual funds and other investments available through the broker-dealer/custodian, Schwab Advisor Services™ of Charles Schwab & Co. Retirement Advisors may purchase or sell investments on behalf of the client at their discretion, without obtaining specific client prior consent for each transaction in accordance with the asset management contract. The asset management contract is provided to each client prior to the onset of the service, and should be read carefully by the client for further information. In their separate capacity as Registered Representatives of SII Investments Inc., Scarborough Capital Management Retirement Advisors and SII are subject to certain FINRA supervisory obligations. To fulfill those

obligations, SII selected Schwab as an approved third-party clearing broker-dealer/custodian that will execute trades, settle securities transactions and custody client assets on behalf of Scarborough Capital Management and its Retirement Advisors. The approved third-party clearing broker-dealer/custodian has extensive financial strength, reputation, reporting, and execution pricing and research. Schwab makes available to Scarborough Capital Management clients a broad array of no-load, no transaction or low transaction cost mutual funds. Scarborough Capital Management does not sponsor a wrap, unbundled wrap, or fee and commission offset program through these firms.

For Portfolio Management Services, Scarborough Capital Management provides its Retirement Advisors with model portfolios that are intended as guidelines. Advisors can use the models as created, deviate from models or not use them at all.



PORTFOLIO PLUS – THIRD-PARTY INVESTMENT ADVISORY SERVICE

Scarborough Capital Management's Third-Party Investment Advisory Service, which is privately labeled as Portfolio Plus, is offered by the third party manager, AssetMark, Inc. Portfolio Plus offers both a Mutual Fund and Variable Annuity Program and a Privately Managed Account Program. The selection of the appropriate vehicle will depend upon the investor's preference and level of financial resources.

In the Mutual Fund and Variable Annuity Program, AssetMark, Inc. contracts with institutional investment management firms, or Portfolio Strategists, to create a variety of asset allocation model portfolios for the use of Scarborough Capital Management and its client in developing mutual fund custodial accounts and variable annuity accounts with certain variable annuity issuers.

The Privately Managed Account Program involves introducing a client to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities, as outlined in the Portfolio Plus Program Disclosure Statement.

Scarborough Capital Management Retirement Advisors qualify clients for investment in Portfolio Plus by gathering information about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account. The Retirement Advisor will periodically review reports provided to the client and will contact the client periodically, as agreed to with the client, in order to review the financial situation and objectives; communicate information, and assist the client in understanding and evaluating the services provided by Portfolio Plus. Clients will be expected to notify their Retirement Advisor of any changes in their financial situation, investment objectives, or account restrictions. Clients may also contact the third party adviser managing the account.

CONSULTATION SERVICE

Scarborough Capital Management will analyze and make recommendations on a broad array of financial issues to both individuals and plan sponsors. This consultation service may include total portfolio asset allocation, recommendations regarding the selection of suitable options to include in a qualified retirement plan, and financial advice regarding personal and business situations.

EDUCATIONAL SEMINARS

Scarborough Capital Management also provides investment education seminars as a service to corporations. These seminars are intended to help individual employees better understand their company's qualified savings plan, and include information about the plan structure, the merits of saving and investing, the general asset classes available, the specific investment

options in the plan, income tax considerations, and plan rules regarding loans, withdrawals and distributions.

FINANCIAL PLANNING

Scarborough Capital Management also provides advice in the form of a Financial Plan. A Certified Financial Planner™ certificant (CFP®) prepares the Financial Plan. While the specific categories to be reviewed will be determined based on the client's particular financial situation, categories for review may include the following:

a.) Investment Planning (Securities) – Review Investor's current financial situation and issue a written report of recommendations. Prepare an asset allocation program tailored to Investor's financial objectives and Investor profile ("Financial Program"). Prepare balance sheet showing Investor's assets, liabilities, and net worth. Prepare a twelve-month cash flow statement that reflects Investor's income, living expenses and investment funding.

b.) Business Management (Non-Securities Assets) – Provide assistance and advice on certain non-securities related financial programs and assets, including, but not limited to, general investment advice, allocation of assets between real and personal property and assisting Investor managing credit

c.) Budgeting – Review Investor's current budget and provide feedback based upon the Investor's stated goals and lifestyle. Advisor anticipates that a significant amount of Investor's income under such budget will be reserved for investments.

d.) Estate Planning – Coordinate wills and other estate planning documents and arrangements. Make recommendations and assist others in recommendations that minimize the tax consequences and maximize efficient disposition of Investor's estate within the constraints of Investor's plans and goals. All legal fees from third parties will be borne by Investor.

e.) Insurance Counseling – Devise a plan to address Investor's insurance needs, including providing for adequate coverage in case of an injury to Investor or the incurrence of liability. Coordinate life insurance, disability insurance, and other insurance policies. Insurance selection and coverages are the responsibility of Investor. All legal fees and/or insurance costs from third parties to be borne by Investor.

f.) Retirement Planning – Coordinate investment planning to assist Investor in meeting capital and income requirements that adequately satisfy retirement needs. All actuarial fees from third parties to be borne by Investor. Make recommendations on establishing individual or other retirement accounts.

g.) Tax - Advisor will take into account the general tax consequences for all recommendations made to Investor. However, Advisor will not provide tax or legal advice and Investor needs to rely solely on their own accounting firm, law firm, or tax preparer for such advice.



The CFP® and the Retirement Advisor gather required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client. Only then is the Financial Plan document prepared.

Financial Plan recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Recommendations are generally of a generic nature.

Should a client choose to implement the recommendations contained in the plan, the CFP® and/or the Retirement Advisor will seek to utilize the insurance, advisory and/or brokerage services most desirable to the client. For specific tax and legal matters, the CFP® will suggest that the client work closely with his/her attorney or accountant.

Implementation of Financial Plan recommendations is entirely up to the client. Where a client chooses to utilize Scarborough Capital Management's services in implementing all, or a portion of, the Financial Plan, Scarborough Capital Management will receive fees

and/or compensation, depending on the specific products or services chosen, for these additional services that are in addition to the fee paid for the preparation of the Financial Plan. Thus, a potential conflict of interest exists where Scarborough Capital Management receives compensation for performing these additional services.

When a client implements all, or a portion of, the Financial Plan through Scarborough Capital Management, in addition to Scarborough Capital Management's associated persons, the CFP® who prepared the Financial Plan will usually receive a portion of the normal and customary fees received by Scarborough Capital Management for the performance of these additional services. Thus, the CFP® has a potential conflict of interest in connection with the performance of these additional services through Scarborough Capital Management

AMOUNT OF MANAGED ASSETS

As of June 30, 2014, we were actively managing \$418,715,585 of clients' assets on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

SAVINGS PLAN MANAGEMENT FEES

Retirement Management Systems charges an advisory fee for its Savings Plan Management service. Scarborough Capital Management receives a solicitor's fee for referring clients to Retirement Management Systems. The advisory fee is based on a 12-month automatically renewable agreement and can be paid on an annual, quarterly, or monthly basis. The tiered fee varies depending upon the amount of assets under management held by a client within their company sponsored qualified savings plan. The fee schedule is below:

Account Size	Annual	Quarterly	Monthly
\$0- \$99,999	\$365	\$100	\$35.99
\$100k – \$500k	\$425	\$115	\$39.99
\$500k+	\$485	\$135	\$49.99

Reduced fees are available for clients through our Family Plan pricing. The first fee payment (or the entire annual fee if paying annually) is due upon acceptance of the Savings Plan Management Agreement. Clients acknowledge that fees are paid in advance and that if cancellation of service occurs during any 12-month period following renewal, client is obliged to pay their

remaining installments, whether quarterly or monthly, unless cancellation coincides with separation of service from employer, at which time Retirement Management Systems may waive any uncollected fees or issue a refund if client paid annually. The Savings Plan Management Agreement shall remain in effect until such time as either party to the Agreement receives written notice from the other party of his or its desire to cancel the agreement. Client may terminate the agreement without penalty within five (5) business days of signing.

If the client is participating in a brokerage link offered by the employer as part of the 401(k) plan, Retirement Management Systems offers management services for those investments for a fee based on the assets under management. The management service applies only to mutual funds and securities of a similar nature within the client's brokerage link account. Generally, Retirement Management Systems requires a minimum account size of \$100,000. However, exceptions may be made (e.g., due to related accounts, anticipated future earning capacity, etc.). Additional restrictions may apply based upon the employer's specific plan rules or requirements. The maximum management fee for 401(k) brokerage advisory services is a 1.5% annual fee. This fee is based on the total market value of the assets in the client's 401(k) account.

The brokerage link management fee is payable in advance on a quarterly basis and is determined by the ending balance of the client's account for each quarter. A recurring quarterly charge will be posted to the client's charge card for payment of the management fee. An



additional payment option is available for those clients that hold an account with Charles Schwab and utilize Scarborough Capital Management's Portfolio Management Service. These clients may elect to increase their fee by the amount of the brokerage link fee and have the total management fee debited from their Schwab account. Clients should refer to the Asset Management Contract with Retirement Management Systems for further details.

For accounts of substantial assets, the fee may be negotiable. Client may terminate services without penalty within five (5) business days after entering into this Agreement. After five (5) business days of entering into the advisory agreement, Retirement Management Systems or the client may terminate this relationship at any time by providing written notification to the other. Should a client's service be terminated during the quarter, the quarterly fee will be pro-rated based on the number of days the account was open during the quarter. The client will receive any unearned, pre-paid fees.

PORTFOLIO MANAGEMENT FEES

Our Portfolio Management Service is fee-based. Generally, there is a minimum asset requirement of \$50,000. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. The management fee is a percentage of the market value of the assets in the account. The maximum annual fee is 2.50%. The account management fee will be payable quarterly in advance, and will be calculated as a percentage of the market value of all assets in the account on the last trading day of each calendar quarter. Initially, upon establishment of the value of the portfolio, the fee will be based upon the proportion of the number of days remaining in the quarter and, thereafter, quarterly based on the value of the account on the last trading day of each calendar quarter. Client may terminate services without penalty within five (5) business days after entering into this Agreement. After five (5) business days of entering into the advisory agreement, Scarborough Capital Management or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the quarter and client will receive any pre-paid, unearned fees. Schwab charges commission rates, if applicable, that are generally considered discounted from customary retail commission rates. However, the commissions and/or transaction fees charged by SII and any other designated broker-dealer/custodian may be higher or lower than otherwise available. The fees charged by SII and any other designated broker-dealer/custodian, are exclusive of, and in addition to, Scarborough Capital Management's portfolio management fees. In addition, the client shall also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).



PORTFOLIO PLUS – THIRD-PARTY INVESTMENT ADVISORY SERVICE FEES

Mutual Fund & Variable Annuity Program Fee Schedule

Amount Invested	Advisory Fee
First \$250,000	1.95%
Next \$250,000	1.80%
Next \$500,000	1.60%
Next \$1 Million	1.30%
Over \$2 Million	1.00%

Privately Managed Account Program Fee Schedule

Amount Invested	Advisory Fee	Est. Mgmt Fee	Total Client Fee
First \$1 M	1.55%	0.50%	2.05%
Next \$2 M	1.25%	0.50%	1.75%
Next \$2 M	1.05%	0.50%	1.55%
Over \$5 M	0.85%	0.50%	1.35%

Scarborough Capital Management receives compensation from AssetMark, Inc. for introducing clients to Portfolio Plus and for certain ongoing services provided to clients. This compensation, which is disclosed to the client in a separate disclosure document, is typically equal to a percentage of the investment advisory fee charged by Portfolio Plus.

Client may terminate services without penalty within five (5) business days after entering into this Agreement. After five (5) business days of entering into the advisory agreement, Scarborough Capital Management or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the quarter and client will receive any pre-paid, unearned fees.

A complete description of the programs and services available through Portfolio Plus will be provided to the client upon receipt and review of the Portfolio Plus Program Disclosure Statement and/or equivalent brochures; investment advisory contracts; and account opening documents.

Scarborough Capital Management receives

compensation pursuant to its agreement with AssetMark, Inc. for introducing clients to Portfolio Plus and for certain ongoing services provided to clients. This compensation, which is disclosed to the client in a separate disclosure document, is typically equal to a percentage of the investment advisory fee charged by that Portfolio Plus.

Client may terminate services without penalty within five (5) business days after entering into this Agreement. After five (5) business days of entering into the advisory agreement, Scarborough Capital Management or the client may terminate this fee-based relationship at any time by providing written notification to the other. In such a circumstance, the quarterly fee will be pro-rated based on the number of days the account was open during the quarter and client will receive any pre-paid, unearned fees.

A complete description of the programs and services available through Portfolio Plus will be provided to the client upon receipt and review of the Portfolio Plus Program Disclosure Statement and/or equivalent brochures; investment advisory contracts; and account opening documents.

CONSULTATION SERVICE FEES

All fees are negotiable, but are typically based on an hourly rate ranging from \$250 - \$500 per hour or for a flat rate to be determined on a case-by-case basis. In the case of the flat fee, the rate will be defined in a contract that will be validated by both parties. Depending upon the scope of the service provided, a retainer may be required. Otherwise, the client will be billed upon completion of the project.

EDUCATIONAL SEMINAR FEES

The fees charged for the investment education seminars range from zero to \$10,000, plus the reimbursement of all expenses. The fee is negotiated for each seminar, and depends on the company sponsoring the seminar, the length of the seminar, the complexity of the plan being described, and the number of expected seminar participants. The fee is due and payable immediately following the seminar presentation; typically an initial retainer will be requested which is negotiated with each seminar client. Expense reimbursement will be due and payable within 30 days from the date of invoice. Typically, seminars are not cancelled once contracted for. Should a client cancel the seminar, Scarborough Capital Management will negotiate with the client a refund of any pre-paid, unearned fees.

FINANCIAL PLANNING SERVICE FEES

Investor shall pay a Financial Plan preparation fee typically ranging from \$250 to \$2,500. The fee is negotiable depending upon the nature of client relationship and the financial planning topics to be

included in the Financial Plan. One-half of the fee will be due upon receipt of the Financial Plan contract. The remaining balance is due upon delivery of the Financial Plan. Client may terminate services without penalty within five (5) business days after entering into this Agreement. Client will be responsible for any time spent by Scarborough Capital Management in providing the client advisory services and/or analyzing the client's situation. Any unearned prepaid fees will be refunded to Client.

Financial Planning Fee Offset: Scarborough Capital Management reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

GENERAL INFORMATION

Mutual Fund Fees: All fees paid to Scarborough Capital Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Scarborough Capital Management is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Scarborough Capital Management may only charge fees for investment advice about products for which our firm



and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Scarborough Capital Management's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client, six months or more in advance of services rendered.

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

Scarborough Capital Management does not charge performance-based fees.

ITEM 7 TYPES OF CLIENTS

Scarborough Capital Management offers and/or provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Corporations or other businesses not listed above
- Estates
- Trusts

- Pension and Profit Sharing Plans (other than plan participants).

For Portfolio Management Services, Scarborough Capital Management generally requires a minimum portfolio value of \$50,000.

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

METHODS OF ANALYSIS

In addition to annual reports, prospectuses, filings with the SEC, financial newspapers and magazines, Scarborough Capital Management also receives a variety of information and research from mutual fund companies. The information and research we receive from those companies is commingled with our other sources of information so that we strive to devise the most prudent solution for the clients' investment strategies. In addition, we review any potential conflicts of interest of outside analysts used for research purposes.

Independence

Scarborough Capital Management is an independent adviser with no affiliations to mutual funds, banks, or insurance companies. We believe this gives us the ability to provide objective advisory services, free of the conflicts of interest that plague many firms in the defined contribution industry. For our Portfolio Management Services, we employ the services of an independent, third party asset allocation company to generate seven

model portfolio allocations ranging from Conservative to Aggressive.

Disciplined, Consistent Approach

By maintaining a disciplined approach to investing, our portfolios capture the benefits of long-term equity exposure without the detrimental effects often associated with market timing strategies. We begin our disciplined process by utilizing seven portfolio models ranging from conservative to aggressive. These models are suitable for most investors, whether they are conservative, moderate or aggressive. They focus on reducing short-term volatility and chance of loss while giving the investor the opportunity to outpace inflation in both the short and long run.

Investment Allocation Process

Scarborough Capital Management uses the generally accepted principles of asset allocation to construct diversified portfolios that have efficient characteristics of risk and return. Our experience has shown that investors make some basic mistakes. First, they select investment



options individually, without regard for the overall portfolio. Second, because they misunderstand, or are unaware of, the dynamics of investment risk, they generally construct a poorly diversified portfolio. They select top performing mutual funds from the previous year, they inadvertently overweight a single asset class, and they do not take advantage of the risk-reducing effects of combining different asset types.

Although return is the first thing on most investors' minds, we spend significant time evaluating the volatility of various investment options and how they behave when combined. While there are usually some risk-reducing advantages to combining different asset types, the real goal of diversification is to combine assets in such a way as to achieve the least amount of risk for a given level of expected return. Therefore, we construct portfolios that have efficient risk and reward characteristics. Researchers have shown how an investor can reduce the standard deviation (risk as measured by volatility) of portfolio returns by choosing assets that do not move exactly together. When graphing standard deviation against expected return, we can view the efficiency of a portfolio.

For Savings Plan Management, Scarborough Capital Management receives model portfolios at the asset class level from Retirement Management Systems. Advisors may change models by one level based on qualitative analysis of client's investment profile. Any variance of more than one level must be approved by the Chief Compliance Officer. For Portfolio Management Services, Scarborough Capital Management provides its Retirement Advisors with model portfolios that are intended as guidelines. Advisors can use the models as created, deviate from models or not use them at all.

A risk of portfolio optimization is that it relies on historical performance of portfolios which may not be indicative of future performance.

Risks for all forms of analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases

We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when we believe the securities to be currently undervalued or we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases

When utilizing this strategy, we purchase securities with the idea of a specific time frame in order to accommodate clients need such as need for funds for education, new home, etc. This strategy is not to be confused with "market timing".

Risk of Loss

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

ITEM 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the

integrity of our management. There are no reportable disciplinary events relating to our firm and/or our management personnel.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Retirement Management Systems is an SEC-registered investment adviser that offers the Savings Plan Management advisory service. Retirement Management Systems is granted discretion over client accounts in order to fulfill their Savings Plan Management program obligations. Scarborough Capital Management is a

solicitor and refers 401(k) and 403(b) plan participants to Retirement Management Systems for a solicitor's fee.

Gregory Ostrowski, one of the owners of Scarborough Capital Management, is a minority owner of Retirement Management Systems. John Blamphin, a Retirement Advisor at Scarborough Capital Management, is the



Chief Operating Officer of Retirement Management Systems.

The solicitor fee paid to Scarborough Capital Management from Retirement Management Systems for its Savings Plan Management services is commensurate with the solicitor fee received by other advisors from Retirement Management Systems.

Scarborough Capital Management's officers, members, and Retirement Advisors are also registered representatives of SII Investments, Inc. (SII) and provide brokerage services to clients in that capacity. SII's principal business is a full services general securities broker-dealer registered with the Securities and Exchange Commission, FINRA, and various other regulatory bodies. SII is also an SEC registered investment adviser. As registered representatives of SII, Scarborough Capital Management's Retirement Advisors may sell brokerage related products or services to their Clients for typical and customary commission compensation. Clients are not obligated to use any individual of Scarborough Capital Management for any security transaction; nor are clients obligated to use the services of SII.

Scarborough Capital Management's Retirement Advisors are also licensed as insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of insurance-related products. Clients should understand that this purchasing or selling of securities and/or insurance for typical and customary commission compensation is conducted through these separate registrations and are not part of the investment adviser services offered by Scarborough Capital Management.

Clients should be aware that the receipt of additional compensation by Scarborough Capital Management and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Scarborough Capital Management endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- conduct regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Scarborough Capital Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public

offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Scarborough Capital Management's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients and will be provided to you upon request.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making



decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory

account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as registered representatives of SII Investments. Scarborough Capital Management's Retirement Advisors are also licensed as insurance agents with various insurance companies. Refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

ITEM 12 BROKERAGE PRACTICES

HOW WE SELECT BROKERS/CUSTODIANS

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs])
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Availability of other products and services that benefit us, as discussed below

For Savings Plan Management services, Retirement Management Systems utilizes the custodian that is predetermined by the plan sponsor. For our Portfolio Management Service, we utilize Charles Schwab & Co., and for our Portfolio Plus service we utilize TD Ameritrade.

As a matter of policy and practice for individual securities/ETF transactions, Scarborough Capital Management does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not

receive volume discounts available to advisers who block client trades. As Scarborough Capital Management primarily uses mutual funds in its portfolios, block trading does not apply to the majority of our accounts.

In order to obtain our Portfolio Management Service, you must establish a brokerage account with Schwab. Scarborough Capital Management recommends that clients establish brokerage accounts with Schwab Advisor Services™ of Charles Schwab & Co. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Scarborough Capital Management is independently owned and operated and not affiliated with Schwab. Schwab provides Scarborough Capital Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. These services are contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit Scarborough Capital Management but may not directly benefit our clients'



accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to

Scarborough Capital Management. Schwab 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 to our firm. Schwab may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In addition to Schwab, other product wholesalers or custodians may provide funding to Scarborough Capital Management to sponsor certain client related events, educational events or occasional business entertainment events for our personnel. This could be perceived to be a conflict of interest, but with our 3rd party research consultants choosing the funds we use in our client portfolios, Scarborough Capital Management feels that we have effectively mitigated that potential conflict.

ITEM 13 REVIEW OF ACCOUNTS

REVIEWS

For Savings Plan Management services, Retirement Advisors will contact the investor at least annually on behalf of Retirement Management Systems to update client information and review the allocation of the account. The client must notify his or her Retirement Advisor of any material change in circumstances that might affect the manner in which client assets should be invested.

For Portfolio Management Services, the Retirement Advisors review individual accounts to ensure that portfolios match a client's investment objectives and goals, and rebalance if applicable. In addition to these minimum reviews, a review of an individual account could also be triggered by market and economic events, personal variables, or by client request. Each client portfolio is reviewed, at a minimum, annually. Upon each review, as deemed appropriate, portfolios may or may not be adjusted. Each Retirement Advisor reviews an average of 500 client accounts.

In addition, at least on a quarterly basis, the Retirement Advisors meet with our 3rd party research consultants to review the individual models and their underlying securities.

For our Third-Party Investment Advisory Service, which is privately labeled as Portfolio Plus, Retirement Advisors monitor the activity of the third party manager, at a minimum, quarterly.

REPORTS

Retirement Management Systems sends quarterly statements to all Savings Plan Management clients. These statements show the investments held, percentage allocations, current value, contributions, previous year-end balance, and the year-to-date change.

Portfolio Management and Third-Party Investment Advisory Services (Portfolio Plus) clients will receive statements from the respective custodian. Any statements or reports supplied by Scarborough Capital Management do not replace the statements/reports issued by the corresponding custodian and should be checked against the custodian statement for accuracy.

FINANCIAL PLANNING SERVICES

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise agreed.



ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Scarborough Capital Management does not directly or indirectly compensate any person who is not a supervised person of our firm for client referrals.

Scarborough Capital Management, acting as a solicitor, refers 401(k) and 403(b) participants to Retirement Management Systems, Inc. which offers Savings Plan Management advisory services to those participants. Scarborough Capital Management receives a referral fee for each client who signs up for Savings Plan Management services.

We receive an economic benefit from Schwab and other financial institutions in the form of the support products and services they make available to us and other

independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's or other company's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

ITEM 15 CUSTODY

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct the custodian (Schwab, TD Ameritrade, etc.) to deduct our advisory fees directly from your account [or if you grant us authority to move your money to another person's account]. The custodian maintains actual custody of your assets. You will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements to the periodic account statements/portfolio reports you will receive from us.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from

that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

ITEM 16 INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or

- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.



ITEM 17 VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies or class action lawsuits on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, class action lawsuits tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are

responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

ITEM 18 FINANCIAL INFORMATION

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client six months or more in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority over accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Scarborough Capital Management has no additional financial circumstances to report.

Scarborough Capital Management has not been the subject of a bankruptcy petition at any time during the past ten years.

