

# Corbyn Investment Management, Inc.

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March 2012

Form ADV, Part 2A Brochure

*This brochure provides information about the qualifications and business practices of Corbyn Investment Management, Inc. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Karla Moore. 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 Corbyn Investment Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Material Changes – Item 2

Pursuant to SEC Rules, we are required to provide you with a summary of any material changes to our **Brochure within 120 days of the close of our business' fiscal year. While there have not been any material** changes to the Brochure, the following items have been updated since our Brochure was filed with the SEC in March 2011.

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### Cover Page

We now have a website. Please visit us at [www.corbyn.com](http://www.corbyn.com).

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### Item 4

Assets Under Management – As of December 31, 2011, assets under management in Corbyn accounts totaled \$330,184,000. As of December 31, 2011 Greenspring Fund assets totaled \$740,656,000.

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### Item 8

Investment Strategies - The Aggressive Money strategy was renamed Strategic Value. The description of the strategy was updated but not materially changed. The description now reads: The objective of this investment program is primarily capital appreciation with some income generation. To achieve this goal, equity and fixed income holdings will tend to be in fewer, more concentrated positions compared to other Corbyn account types. This account strategy may also experience a higher rate of turnover and on occasion we may invest a substantial portion of the account in “event-driven” equity or fixed-income securities such as workouts and special situations.

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### Item 12

Selecting Brokerage Firms – The following paragraph was added to this section: From time to time we may receive research and/or execute trades through a broker who is related to an employee of Corbyn. We seek to avoid this potential conflict of interest by using a variety of brokers to affect trades while striving to seek best execution for our clients.

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At any time you may request a complete copy of our Brochure by contacting Karla Moore at 410-832-5500. Additional information about Corbyn is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives of Corbyn Investment Management.

# Table of Contents

## Table of Contents – Item 3

Item 2 – Material Changes .....	02
Item 3 – Table of Contents.....	03
Item 4 – Advisory Business .....	04
Item 5 – Fees and Compensation .....	05
Item 6 – Performance-Based Fees and Side-By-Side Management .....	06
Item 7 – Types of Clients .....	07
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	07
Item 9 – Disciplinary Information .....	09
Item 10 – Other Financial Industry Activities and Affiliations .....	10
Item 11 – Code of Ethics .....	10
Item 12 – Brokerage Practices .....	11
Item 13 – Review of Accounts .....	14
Item 14 – Client Referrals and Other Compensation .....	15
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information .....	16

Privacy Policy

Brochure Supplement(s)

## ADVISORY BUSINESS – ITEM 4

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### Firm Business

Since 1973, Corbyn has provided investment management services for clients based on the individual needs of each client. Our goal is to provide strong, consistent performance for our clients throughout an entire market cycle by seeking to limit downward volatility during unfavorable market environments and steadily growing capital during better times. Regarding the equities in our portfolios, we pursue a “value-oriented” investment philosophy and purchase stocks that we believe are undervalued in relation to the company’s earnings, cash flow and intrinsic value. Additionally, we look for company-specific catalysts for future appreciation. With respect to fixed-income securities, we favor bonds with near-term maturities that are capable of producing a combination of attractive income streams and, from time to time, capital appreciation potential.

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### Principal Owners

We are a private, independent investment management firm. Corbyn is owned by its employees and its Employee Stock Ownership Plan (“ESOP”). The ESOP is the majority owner of Corbyn.

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### Advisory Services

At Corbyn, we review your personal financial needs and objectives at the onset of our relationship and periodically thereafter. We will work with you to determine the best fit among our investment programs based on your goals, tax status, income needs and risk tolerance. Our investment programs are: Strategic Value, Balanced, Capital Appreciation, Income Only, Income Oriented and Strategic Income. Please see Item 8 for a more detailed explanation of each investment program. Most clients give us full discretion over the investment of their assets. However, our investment authority may be limited by specific instructions from you, for example, to restrict or prohibit transactions in certain securities or industries.

Corbyn also acts as the investment adviser to the Greenspring Fund (the “Fund”), a mutual fund. We provide investment research, advice, supervision, and an investment program that is consistent with the investment objectives, policies and limitations as stated in the Fund’s Prospectus and Statement of Additional Information.

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### Assets Under Management

All of our accounts are managed on a discretionary basis (with the occasional exception of a client that has provided us with a list of securities or industries in which they do not want to invest). As of December 31, 2011 assets under management of our Corbyn accounts totaled \$330,184,000. As of December 31, 2011 Greenspring Fund assets totaled \$740,656,000.

## FEES AND COMPENSATION – ITEM 5

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### Fee Schedule

Our management fees are payable quarterly in arrears based on the assets under management computed on the market value of securities and cash (or equivalents) on the last day of the quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. You have the right to terminate your agreement without penalty within five business days after entering into the agreement.

#### Strategic Value, Balanced, Capital Appreciation, Income Oriented, Strategic Income Strategies:

	Annual Rate	Quarterly Rate
First \$1,000,000 or fraction thereof	1.0%	.250%
Next \$2,000,000 or fraction thereof	0.7%	.175%
Amounts greater than \$3,000,000	0.5%	.125%

#### Income-Only Strategy:

	Annual Rate	Quarterly Rate
First \$1,000,000 or fraction thereof	.75%	.1875%
Amounts greater than \$1,000,000	.50%	.125%

For charitable accounts, we offer a 20% discount. Also, we offer a family fee structure where assets under management of related accounts are aggregated for fee calculation purposes. The family fee structure does not apply to Income-Only accounts when aggregated with other account strategies or charitable accounts.

If you are referred to us by another investment adviser the following fee schedule applies:

	Annual Rate	Quarterly Rate
<u>Strategic Value, Balanced, Capital Appreciation,</u>		
<u>Income Oriented, Strategic Income</u>	.70%	.175%
<u>Income Only</u>	.50%	.125%

Neither the family fee structure nor the 20% charitable discount applies to this fee schedule.

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### Billing Method

You are billed quarterly in arrears and may either pay your fee directly or have it withdrawn from your account. You provide authorization, either in the investment management agreement or in a letter, permitting Corbyn's management fee to be deducted from your account by your custodian and paid to us. Please refer to Custody - Item 15 for more information.

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### Other Fees and Charges

In addition to the investment management fees described above, you will pay fees to your custodian that may include brokerage commissions, custodial fees, transaction fees, or any other fees your custodian may impose. Corbyn does not share in any of these fees, expenses or commissions charged to you by your custodian. Please refer to Brokerage – Item 12 for more information.

Clients referred by other investment advisers may pay a fee to the referring adviser for services that they render. Corbyn does not share in any of these fees, expenses or commissions charged to you by the referring investment adviser. We do not compensate other investment advisers for referrals.

If we purchase a mutual fund for your account please be aware that all fees described above are separate and distinct from any fees and expenses charged by any mutual fund to their shareholders. All mutual funds have their own inherent fee structure and you will pay a proportionate share of these fees, which are reflected in the net asset value of each fund. Corbyn receives no fees from any unaffiliated mutual funds. However, see below for an explanation of fees collected by us from the Greenspring Fund.

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## Other Compensation

### Investment Companies — The Greenspring Fund

The Greenspring Fund is a no-load investment company. Corbyn Investment Management collects fees from the Fund as described below.

Corbyn charges the Fund a management fee as a stated percentage of the assets under management payable in arrears each month based on the average daily net assets:

Daily Net Assets	\$0–\$250,000,000	.75%
	\$250,000,000–\$500,000,000	.70%
	Over \$500,000,000	.65%

Also, the Greenspring Fund pays Corbyn a monthly fee of \$2,500 plus an additional .01% (annualized) of its average daily net assets in exchange for providing the Fund with facilities, equipment and personnel to carry out certain administrative services.

When appropriate, we will purchase for clients shares of the Greenspring Fund. We seek to address this potential conflict of interest by totally excluding the amount invested in the Fund when calculating the Corbyn management fee. Also, you may purchase Greenspring Fund shares directly or through a broker or agent that is not affiliated with us.

We may adopt one or more incentive plans from time to time which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund. We may adopt such incentive plans formally or informally and the terms and the payments of the plan(s) may vary. Any incentive plans adopted will not affect, in any way, the amount of fees paid by you to us.

## **PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT – ITEM 6**

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Corbyn does not charge performance-based fees.

## TYPES OF CLIENTS – ITEM 7

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We provide investment advice to individuals, corporate pension and profit-sharing plans, charitable organizations, foundations, individual retirement plans, trusts, corporations and investment companies. We prefer that new accounts begin with a minimum balance of \$500,000.

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

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### Methods of Analysis

Corbyn employs a research-intensive approach to investing that requires a great deal of independent thinking. Research efforts are focused on the “inefficient sector” of the market and take into consideration such things as: company management, quality of the company’s balance sheet, past and expected future profitability, potential for free cash flow generation, the market position of a company in its industry and the company’s valuation in relation to its peers and in relation to its historical valuation range. Furthermore, frequently, these are securities not widely followed or thoroughly analyzed by the investment community. By carefully investigating these companies, learning the dynamics of their businesses, and understanding the motivations of their management teams, we attempt to identify attractive investments selling at discounts to the underlying value of the businesses. As these businesses thrive and their securities become more widely recognized, the resulting increased sponsorship from the investment community will hopefully produce a positive effect on the security prices.

During the research process, we utilize a broad variety of information sources including: investment reports written by Wall Street and industry analysts, mass media, newspapers, magazines and business publications. We utilize company information such as annual and quarterly reports, SEC documents, prospectuses and press releases. We may also contact the management of companies directly.

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### Investment Strategies

At Corbyn, we offer several investment programs to choose from:

Strategic Value — The objective of this investment program is primarily capital appreciation with some income generation. To achieve this goal, equity and fixed income holdings will tend to be in fewer, more concentrated positions compared to other Corbyn account types. This account strategy may also experience a higher rate of turnover and on occasion we may invest a substantial portion of the account in “event-driven” equity or fixed-income securities such as workouts and special situations.

Capital Appreciation — The objective of this investment program is capital appreciation with some income generation. The account is invested primarily in equity securities, but will also have exposure to fixed income securities. That exposure will focus both on securities capable of providing equity-like returns as well as fixed income securities where the primary attribute is the generation of attractive fixed income streams. Income generation is a secondary consideration.

Balanced — The objective of this investment program is capital appreciation, with income generation an important, but secondary, goal. Balanced accounts, the largest number of accounts

managed by Corbyn, are invested in both equity and fixed income securities. The relative weighting between these security types will vary depending on available investment opportunities and market conditions. The ratio of equity to fixed income investments is lower than that of the capital appreciation account classification.

Income Oriented — The primary objective of this investment program is to generate current income, with the achievement of capital appreciation a secondary consideration. To attain this objective, Corbyn invests primarily in fixed income investments with either income or capital appreciation potential. Equity investments may be included; however, they will comprise a much smaller portion of the portfolio.

Strategic Income — The principal objective of this investment program is total return, primarily resulting from current income, but also some capital appreciation. To accomplish this objective, we employ a flexible strategy of investing in fixed income securities that may include convertible bonds, corporate bonds, and preferred stocks. The focus of the convertible bonds is typically on the yield-to-expected-maturity, not the conversion feature of the bonds. The goal is to achieve total returns that are less dependent upon general interest rate moves with low correlation to movements in the equity markets.

Income Only — The objective of this investment program is to provide a higher return, after fees, than that which is available on short-term Treasury securities, money market funds, or CDs. To accomplish this objective, Corbyn invests in inefficiently priced fixed income securities with current income as the overriding goal. An income only account may be ideal for individuals and corporations seeking higher income than that available with current interest rates or for those portfolios for which no stock market exposure is desired. The fee for this account is less than that charged for standard accounts.

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## Risk of Loss

Clients should be aware that investing in securities involves the risk of loss that you should be prepared to bear, and there is no guarantee that any of the investment strategies described above will meet their objectives. Certain investment programs may impose more risk than others due to the type and/or concentration of securities in the portfolio. Risk can be broken down into three main categories: market risk, equity risk and fixed income risk.

### Market Risk

The equity and fixed income markets can be volatile and security valuations may be negatively affected by unforeseen economic or political events that impact investor expectations, causing security prices to fall in a manner that was not anticipated at the time of purchase. Such events could cause a decrease in liquidity in the securities markets, making it difficult to sell an investment quickly without a substantial price concession. In addition, industry sectors and/or investment styles, such as value investing, may fall out of favor with investors and remain out of favor for an extended period of time.

### Equity Risk

Investment strategies that include equity investments are subject to equity market risk. Equity prices may fall in response to many factors including general economic conditions, interest rates, investor perceptions or market liquidity. When financial markets experience periods of severe stress, unusual and extreme volatility may occur in the equity markets and in the prices of



individual stocks. A company's stock price may be negatively impacted even though there is little or no apparent degradation in the financial condition or prospects of that company. This could add to the risk of short term volatility in your account. Beyond general market risk, the value of an individual security may be more volatile than the market as a whole due to actual, or the anticipation of, unfavorable earnings or some other company-specific event.

We may invest in equities with large, medium or small market capitalizations. Small and mid-capitalization companies may be more vulnerable to industry or economic changes due to more limited financial resources and therefore investments in small and mid-capitalization equities tend to be more volatile than investments in larger, more established companies. Additionally, small and mid-capitalization companies typically have less liquid trading markets which can lead to more volatile trading activity.

### Fixed Income Risk

All of the investment strategies above may include investments in fixed income securities. Fixed income securities may be subject to interest rate risk, credit risk and market risk. Interest rate risk is the relationship between interest rates and the valuation of a fixed income security. The value of a fixed income security generally declines if interest rates increase. Conversely, if interest rates fall, the value of a fixed income security generally increases. Fixed income securities with longer maturities are typically more affected by changes in interest rates than those with shorter maturities.

Credit risk is the risk that the credit quality of an individual fixed income security is lowered if the financial condition of the issuing company deteriorates. Lower credit quality may lead to greater price volatility and may make the security more difficult to sell. Additionally, as a company's credit quality deteriorates, the risk of default on principal and/or interest payments increases, which may have a negative impact on a security's market price.

Market risk is the risk that investors demand higher rates due to some economic or other market event causing prices for fixed income securities to fall.

We may invest in convertible securities and or non-investment grade high yield fixed income securities. Convertible securities may offer lower yields than non-convertible securities of similar quality. The value of convertible securities may fluctuate in relation to changes in interest rates, credit quality, market forces and the price of the underlying common stock.

Prices of non-investment grade high yield fixed income securities may be more volatile than investment grade fixed income securities and the trading markets may be less liquid. Non-investment grade high yield fixed income securities involve greater credit risk and may be considered speculative with respect to the issuer's ability to make interest and principal payments. Deteriorating economic conditions or rising interest rates may weaken the issuer's ability to pay interest and repay principal more so than issuers of higher-rated securities.

## **DISCIPLINARY HISTORY – ITEM 9**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Corbyn or the integrity of Corbyn's management. Neither Corbyn, nor any of Corbyn's management personnel, have been involved in any legal or disciplinary events.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS – ITEM 10**

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### **Financial Industry Affiliations**

Corbyn is affiliated with the Greenspring Fund, a no-load, diversified, open-ended investment company (commonly referred to as a mutual fund) registered with the SEC. Corbyn is the investment advisor to the Fund and provides other services such as use of facilities, equipment and personnel to carry out administrative services for the Fund. Also, we are affiliated to the Greenspring Fund through our management. Please see Item 5 for a description of the fees we collect from the Fund and Item 11 for a description of the conflicts of interest involved.

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

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### **Code of Ethics**

Corbyn has adopted a Code of Ethics which expresses our commitment to ethical conduct. It is our policy that no person employed by us shall prefer his or her own interests to that of our clients. The Code of Ethics sets a standard of professional conduct, requires certain restrictions on personal trading practices, addresses the proper handling of material non-public information, the safeguarding of sensitive client information, and requires regular reporting of our employee's securities transactions and holdings. Annually, all employees are required to sign and abide by the Code of Ethics and attest that they have not acted in any way which would have created a conflict of interest with the clients of Corbyn. A complete copy of the Code of Ethics is available. Please call 410-832-5500 to request your copy.

### **Participation or Interest in Client Transactions and Personal Trading**

Subject to the restrictions in our Code of Ethics, employees may trade for their own accounts in securities which are purchased for Corbyn clients. Our Code of Ethics requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Our employees are restricted to a last-in and last-out basis for securities that are also purchased or sold for the clients of Corbyn. A buying or selling interest, therefore, will not affect the price paid or received by Corbyn employees for any security. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity in a security in a client's account that is also held by an employee. However, to address this potential conflict, employee trading is continually monitored under the Code of Ethics, and we strive to prevent conflicts of interest between our employees and our clients.

When account-objective appropriate, we will purchase shares of the Greenspring Fund for clients. We are the investment advisor to the Fund and collect fees from the Fund as described in Item 5. We seek to address potential conflicts of interest by totally excluding the amount invested in the Greenspring Fund when calculating the Corbyn management fee. Also, Corbyn restricts its purchase of Greenspring Fund shares to those accounts in which the investment would be appropriate.

With regard to purchasing or selling the same security for Corbyn clients and the Greenspring Fund, Corbyn clients may have investment objectives similar to that of the Greenspring Fund and this may result in the purchase or sale of a particular security for Corbyn clients simultaneously with the Fund. The purchase or sale of a security for a Corbyn client does not create an obligation to buy or sell the security for the Fund. However, Corbyn and the Fund may bunch orders for the purchase or sale of the same security. This is done to attempt to ensure that no price advantage is given to either Corbyn clients or Greenspring Fund shareholders. If Corbyn and the Fund are purchasing or selling a given security on the same day from the same broker, the price of the transaction may be averaged and allocated among Corbyn clients participating in the transaction and the Greenspring Fund.

## **BROKERAGE PRACTICES – ITEM 12**

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### **Selecting Brokerage Firms**

Corbyn uses numerous brokerage institutions to execute trades. All brokerage institutions with which we trade are considered to be reliable, capable and financially stable and we assess the quality of execution services received from the broker-dealers we use to execute trades. One of an investment adviser's basic duties is to seek and obtain best execution, which means executing transactions for clients in such a manner that the client's total costs or proceeds in each transaction are the most favorable under the circumstances. In order to obtain "best execution", we consider the full range and quality of a broker's services. The determinative factor is not solely the lowest possible commission cost, but also whether the transaction represents the best qualitative execution for the managed account.

However, there can be no assurance that best execution will in fact be achieved in any given transaction as a number of factors go into an analysis of best execution, including trading price, commission, speed and certainty of execution. The selection of a broker for a particular trade depends upon: the expertise of the broker in executing certain types of security transactions, knowledge of a security over a long period of time, the size of a transaction, and an indication in the market place that a match (the opposite side) exists. When doing an over-the-counter trade, we typically go to the market maker or use an ECN to obtain the best net price for the side of the trade we represent. We will at times pay more in brokerage commissions at one firm than we would have at another firm. We feel this is warranted because of investment services and valuable research provided by the firm with which Corbyn executes the trade. However, any brokerage institution with whom Corbyn trades is expected to charge competitive commission rates, whether or not research services are received.

From time to time we may receive research and/or execute trades through a broker who is related to an employee of Corbyn. We seek to avoid this potential conflict of interest by using a variety of brokers to affect trades while striving to seek best execution for our clients.

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### **Research and Other Soft Dollar Benefits**

Corbyn receives a wide variety of research, services and data from brokerage institutions with which we transact business. These services and data are provided in written form or electronic media which we use in connection with the research of securities and the execution of trades. We seek to comply with Section 28(e) of the Securities Exchange Act of 1934 which provides a "safe harbor" allowing investment advisers to pay more than the lowest available commission for brokerage and research services. Subject to the criteria of Section 28(e), a portion of your

commissions or “soft dollars” pay for: market data fees (such as NYSE, NASDQ and AMEX), portfolio management software (Advent Software), settlement software (Omgeo), pricing services (IDC), online research service (Credit Sights), and market data and analytical software (Factset and Bloomberg). The benefits realized from research services and data received accrue to all of our clients alike. We do not allocate soft dollar benefits to client accounts proportionate to the soft dollar credits the account generates. We may have an incentive to select a broker based on our interest in receiving the research or other products or services, rather than on your interest in receiving most favorable execution. You may pay commissions higher than those obtained from other broker-dealers in return for the research, products and services noted above. However, we feel that commissions paid are reasonable in light of the brokerage and research services received. Although research or other products and services received from a particular broker may be a factor in the selection of brokers used by us, it will generally be secondary to the factors described above relating to a particular broker’s capability to provide best execution in a specific transaction. There may be a conflict of interest with regard to products obtained with soft dollars because of the incentive to use client brokerage commissions to purchase research and products that we might otherwise have to purchase directly.

As a client, you have the option to establish brokerage accounts with various brokers to maintain custody of your account(s). Brokers may not charge specific custodial fees but instead may be compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through their custodial brokerage firm. A conflict of interest may arise because these brokerage firms may provide Corbyn with access to their institutional trading and custody services which are not usually available to retail investors but are available to investment advisors on an unsolicited basis at no charge to the advisor.

Also, these brokers may make available to us other products and services that benefit Corbyn and may not benefit your account(s) but may assist us in managing and administering your accounts. These products and services may include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Corbyn fees from your account(s); and assist with back-office functions, recordkeeping and client reporting. Although these products and services are made available to us on an unsolicited basis and are not tied to the amount of trades executed or the commissions you pay, these services are available and may be used by us.

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### Directed Brokerage

We do not request or require a client to direct us to execute transactions through a specified broker or broker-dealer. You are free to choose or change brokers and/or custodians at your discretion.

However, a broker-dealer may refer you to Corbyn or we may receive a referral from other investment advisers. Other advisers may recommend us because our investment style/philosophy aligns with your investment objectives. Or if a broker refers you, he usually has an ongoing relationship with you and thus will have custody of your account. In addition, you or the other investment adviser may request that your account be custodied at a specified custodian/broker-dealer. We do not negotiate commission rates with such brokers-dealers unless requested to do so.

Portfolio transactions for these types of accounts may be done through the custodial broker-dealer, but we usually “step-out” or establish prime broker relationships. Prime brokerage

relationships and step out trades are established in order to maintain the benefit of executing with a number of brokers and to comply with best execution. Also, by maintaining multiple relationships, Corbyn clients have access to various brokers and may participate in blocked/bunched orders when trades are stepped out.

In determining whether to instruct us to utilize a particular broker-dealer, you should compare the possible costs or disadvantages of such an arrangement with the value of the custodial or other services provided by the referring broker-dealer or investment adviser because: (i) our ability to achieve best execution may be partially or wholly limited by the directed brokerage arrangement because we may not achieve executions of the nature, quality, speed, or price that we might otherwise achieve if you were not using a directed broker-dealer to execute transactions; (ii) we will not be able to negotiate or renegotiated commission rates with your directed broker-dealer, or impact or improve the price or quality of the execution services provided; (iii) you will not be able to participate in volume discount commissions rates that may be negotiated by us with broker-dealers we use to effect trades for our other clients; (iv) you may forgo other benefits from savings on execution costs that may otherwise be obtained (e.g. by aggregating orders) and: (v) you will incur additional costs when trades are executed through a prime broker.

In the event that a client is referred to us by another investment adviser or broker, the potential for a conflict of interest may arise because Corbyn may receive future referrals from the investment adviser or broker.

Referred clients may decline to use their referring registered rep or broker-dealer in order to obtain possible lower commissions and better execution of trades. All clients will be asked to make a decision about custody of their account on the Investment Management Agreement.

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## Trading

It is Corbyn's policy, when feasible and in the best interest of the client, to aggregate or bunch orders for the purchase or sale of the same security for client's accounts and/or the Greenspring Fund, in order to seek a possible lower commission and/or a more advantageous net price. The benefit, if any, obtained as a result of such aggregation, is generally allocated among the accounts that participated in the aggregated trade. When a bunched order is filled in its entirety, each participating account will receive the average share price for the bunched order on the same business day, and the transaction costs will be shared pro-rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated to each account participating in the bunched order based upon an allocation strategy.

However, if you have restricted Corbyn to a particular broker-dealer, and the broker-dealer has a specified commission rate, with respect to transactions for that client's account, even if you participate in an aggregated order execution, the specified commission rate will preclude you from receiving the benefit, if any, of a lower commission resulting from the aggregation. This is particularly true when a trade is prime brokered. The accounts of other clients who have not designated a particular broker-dealer and have participated in the aggregated order may receive a greater benefit.

When appropriate, it may be advantageous for Corbyn to effect a (bond) brokered transaction between two of our managed accounts by crossing the trade in the marketplace. We receive no additional compensation — i.e. commissions or transaction-based compensation for this.

We occasionally purchase shares of initial public offerings (IPOs) for an investment in clients' accounts. Shares will be allocated upon receipt, and in no case any later than the end of the trading day, to your account in a similar fashion to the allocation of other stock and bond purchases, i.e. based upon the appropriateness of a holding for an account after analyzing the objectives of the client and the specific characteristics of the security in question.

Very infrequently, we may participate in a so-called "hot" IPO — i.e. an IPO of a security that is expected to rise sharply in price once it begins trading. Ideally, we will receive enough IPO shares to allocate a significant number of shares to all appropriate accounts, in which case the allocation will be made pro rata according to the size of the account. In reality, however, this is not typically the case, as the number of shares received by Corbyn is usually quite small. Consequently, to allocate shares among all appropriate accounts would result in insignificant gains in most cases, and in some cases even small losses, after custodial transaction costs. Consequently, if Corbyn receives only a minimal amount of shares, we will utilize an allocation method that we believe is the most practical, fair and objective and is in the best interests of our clients. Shares in this scenario will be allocated to those accounts that have had the worst relative performance among all appropriate Corbyn-managed accounts during the previous twelve months.

## **REVIEW OF ACCOUNTS – ITEM 13**

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### **Frequency and Nature of Reviews**

Our account management process is organized along functional lines, and as such your account is not assigned to a specific manager. Several management tools, including, but not limited to, initial and periodic client questionnaires and various portfolio information reports (cross-referenced and by account) are utilized.

Your account will be reviewed on a regular basis by one or more members of our investment team for matters relating to their areas of responsibility. All portfolios are reviewed regularly and Corbyn-selected investment holdings are monitored daily by our entire investment team. Members of our investment team include: account liaisons, analysts, portfolio manager, trader and client records administrators. Our reviews utilize various reports including cash balances, tax, special restrictions, and investment objectives which assure thorough and equitable treatment for each client on all purchases and sales.

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### **Regular Reports**

Quarterly, you will receive a valuation report of your account, a brief commentary of relevant current issues, and a summary description of securities purchased for your account during the quarter. Also, a copy of Corbyn's Privacy Policy and the Proxy Voting Policy is sent with the June quarterly report. In addition, all custodians will send to you, at least quarterly, an account statement showing a summary of assets, transactions, fees, withdrawals, deposits, etc. You may also receive trade confirmations or regular reports which the custodian may provide.

Investment Company accounts will receive close daily attention and review to ensure adherence to all investment policies and applicable laws. We will provide any information necessary for the Investment Company's interim evaluations, such as computations of net asset value and will make available investment records and ledgers as may be required to assist in its compliance with applicable laws and regulations.



## **CLIENT REFERRALS AND OTHER COMPENSATION – ITEM 14**

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We do not pay referral fees.

## **CUSTODY – ITEM 15**

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### **Account Statements**

Corbyn does not take custody of client funds or securities. Instead, your assets are held at a qualified custodian such as a bank or brokerage firm. However, we may be deemed to have custody if you give us the authority, either in the investment management agreement or a letter, permitting your custodian to withdraw the management fee from your account and pay it to us in accordance with applicable custody rules. We calculate your management fee and provide the calculation method and fee amount to both you and your custodian. All qualified custodians will send you an account statement, at least quarterly, indicating all amounts disbursed from your account, including the amount of management fees paid directly to Corbyn. You should carefully review these statements. Also, quarterly, you will receive an account statement from us. We urge you to compare the account statements you receive from your custodian with those you receive from us.

## **INVESTMENT DISCRETION – ITEM 16**

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### **Discretionary Authority**

All accounts managed by Corbyn are discretionary under a limited power of attorney executed by you. We determine which securities are purchased and sold, the amount of such purchases and sales, the brokers through which such transactions will be executed and the commission rates paid. However, our authority may be limited by specific instruction from you, for example, to restrict or prohibit transactions in certain securities or industries. You may specify any restrictions in the Investment Management Agreement which you sign at the onset of our relationship. In all cases, investment discretion is exercised in a manner consistent with the stated investment objectives for your particular account.

You are advised to promptly notify us if you wish to impose any reasonable restrictions upon our management services.

## **VOTING CLIENT SECURITIES – ITEM 17**

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### **Policies and Procedures**

Corbyn will vote proxies related to securities in a manner that is in the best interest of you, our client. We will consider only those factors that relate to your investments, including how our vote may impact and affect the value of your investment. In voting on each and every issue, we will vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

Corbyn has a general policy of voting in favor of routine proposals which generally include:

- The election of directors that result in a majority of independent directors;

- Declassification of existing boards;
- Measures intended to increase long-term stock ownership by executives;
- Employee stock purchase plans (provided that the shares are purchased for no less than 85% of their market value);
- Removal of super-majority voting requirements for certain types of proposals; and
- Lower barriers to shareholder action.

Corbyn has a general policy of voting against non-routine proposals which generally include:

- Adoption of classified board structures;
- Appointment of auditors where non-audit fees make up more than 50% of the total fees paid by the company to the audit firm;
- Equity-based compensation plans where total potential dilution (including all equity-based plans) exceeds 15% of shares outstanding or if annual option grants have exceeded 2% of shares outstanding;
- Imposition of super-majority requirements;
- Establishment of a separate class of stock with disparate voting rights; and
- Proposals relating to “ordinary business matters” (e.g., requesting that the company disclose or amend certain business practices), unless Corbyn believes that a proposal has substantial economic implications.

If a matter is not specifically covered by the proxy voting policies, we will vote the proxy in a manner consistent with the general principles of the proxy voting policies and in your best interests. If Corbyn believes that it is in the best interest of the client, it may vote in a manner contrary to its established proxy voting policies. Corbyn’s Investment Committee will review information to determine that no material conflict of interest exists between Corbyn and you with respect to voting on the matter.

In exercising its voting discretion, Corbyn will seek to avoid any direct or indirect material conflict of interest. For any vote, we will verify (subject to review and approval by the portfolio manager) whether an actual or potential conflict of interest exists with Corbyn, any of its affiliates or any other party which may be deemed an “interested person” of Corbyn as defined in Corbyn’s proxy voting policies and procedures. If an actual or potential conflict is found to exist, we may then engage a non-interested party to independently review our vote recommendation. We will provide adequate disclosure to you if any vote raises an actual or potential conflict of interest.

You may obtain a copy of our complete proxy voting policies and procedures upon request. You may also obtain information from us about how we have voted proxies on your behalf. Please call us at 410-832-5500.

## **FINANCIAL INFORMATION – ITEM 18**

Corbyn does not require or accept pre-payment of its advisory fees. As mentioned in Item 15, Corbyn does not act as custodian of your funds or securities, and we have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you, our client. We have never been the subject of any bankruptcy proceedings.



# Privacy Policy

## **GUIDING PRINCIPLES**

The relationship between Corbyn Investment Management (“Corbyn”) and our clients is the most important asset of our firm. We strive to maintain your trust and confidence and we are committed to protecting your personal information to the best of our ability. We believe that our clients value their privacy; therefore, we will not disclose your personal information to anyone unless it is required by law, at your direction, or is necessary to provide you with our services. All investment advisers need to share clients’ personal information in certain circumstances in order to run their everyday business, such as to process transactions and maintain client accounts. We have not, and will not, sell your personal information to anyone. Furthermore, Corbyn does not use personal information received from an affiliate to make solicitations for marketing purposes, nor do we share your information with affiliates to allow them to market their products or services to you.

## **THE PERSONAL INFORMATION THAT WE COLLECT, MAINTAIN, AND COMMUNICATE**

Corbyn collects and maintains your personal information to enable us to provide investment management services to you. The types and categories of information we collect and maintain about you include:

- Information we receive from you to open an account and provide investment advice to you such as your home address, telephone number, social security number and financial information;
- Information that we generate to service your account such as trade tickets and account statements; and
- Information that we may receive from third parties with respect to your account such as trade confirmations and statements provided by your custodian.

## **HOW WE PROTECT YOUR PERSONAL INFORMATION**

We do not disclose any non-public personal information about you or former clients to anyone, except as required by law. To fulfill our privacy commitment at Corbyn Investment Management, we have instituted firm-wide practices to safeguard the information that we maintain about you. These include:

- Adopting policies and procedures that put in place physical, electronic, and other safeguards to keep your personal information safe.
- Limiting access of personal information to those employees who need it to perform their job duties.
- Protecting information of our former clients to the same extent as our current clients.

If you have any questions regarding our privacy policy, please let us know by calling (410) 832-5500.

# Corbyn Investment Management, Inc.

2330 W. Joppa Road  
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Lutherville, Maryland 21093  
410-832-5500  
[www.corbyn.com](http://www.corbyn.com)

July 2011

Form ADV, Part 2B Brochure Supplement

*This Brochure Supplement provides information about William White, Lucy Lochner and Todd Garliss who are a part of our Client Service Team and our Investment Group consisting of: Charles Carlson, Michael Fusting and David Trump. This is a supplement to the Corbyn Investment Management Brochure. Please contact Karla Moore, Chief Compliance Officer, if you did not receive Corbyn's Brochure or if you have any questions about the contents of this Supplement. Additional information about the above individuals is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **INVESTMENT GROUP**

### **CHARLES vK CARLSON**

Educational Background and Business Experience — Chip is the President and Treasurer of Corbyn Investment Management, Inc. He joined the firm in 1983 and is currently the Co-Chief Investment Officer, Portfolio Manager, Analyst and Trader. Chip has a BA degree from Johns Hopkins University. He was born in 1959.

Disciplinary Information — Chip does not have any disciplinary history.

Other Business Activities — Chip is the President and Chief Executive Officer of the Greenspring Fund.

Additional Compensation — We may adopt incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Investment decisions and portfolio activity are reviewed as a team by the investment group listed here in the Brochure Supplement. Chip Carlson can be reached at 410-832-5500.

### **MICHAEL J. FUSTING**

Educational Background and Business Experience — Mike is Senior Vice President of Corbyn Investment Management, Inc. He joined the firm in 1989 and is currently an Analyst and Co-Chief Investment Officer. Mike has a BA degree from Loyola College. He was born in 1961.

Disciplinary Information — Mike does not have any disciplinary history.

Other Business Activities — Mike is the Senior Vice President and Chief Financial Officer of the Greenspring Fund.

Additional Compensation — We may adopt incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Investment decisions and portfolio activity are reviewed as a team by the investment group listed here in the Brochure Supplement. Chip Carlson can be reached at 410-832-5500.

### **DAVID A. TRUMP**

Educational Background and Business Experience — Dave is an analyst at Corbyn Investment Management. He joined the firm in 1975. He has a BS degree from Penn State University. He was born in 1938.

Disciplinary Information — Dave does not have any disciplinary history.

Other Business Activities — none

Additional Compensation — We may adopt incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Investment decisions and portfolio activity are reviewed as a team by the investment group listed here in the Brochure Supplement. Chip Carlson can be reached at 410-832-5500.

## **CLIENT SERVICE TEAM**

### **WILLIAM WHITE, III**

Educational Background and Business Experience — Bill cultivates prospective business relationships with Corbyn clients and strategic partners. He joined the firm in 2002. He has a BA degree from Washington and Lee University. He was born in 1962.

Disciplinary Information — Bill does not have any disciplinary history.

Other Business Activities — Bill oversees marketing relationships for the Greenspring Fund.

Additional Compensation — We may adopt incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Bill is supervised by Chip Carlson, President of the firm. Chip supervises and monitors Bill's work through daily office interaction. Chip Carlson's phone number is 410-832-5500.

### **LUCY B. LOCHNER**

Educational Background and Business Experience — Lucy initiates and maintains relationships with financial planners, investment advisors and individuals for Corbyn Investment Management. She joined the firm in 1994. She has a BS degree from University of Maryland. She was born in 1952.

Disciplinary Information — Lucy does not have any disciplinary history.

Other Business Activities — Lucy initiates and services advisors and shareholders for the Greenspring Fund.

Additional Compensation — We may adopt one or more incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Lucy is supervised by Chip Carlson, President of the firm. Chip supervises and monitors Lucy's work through daily office interaction. Chip Carlson's phone number is 410-832-5500.

### **TODD B. GARLISS**

Educational Background and Business Experience — Todd develops and maintains relations with Corbyn clients and prospective strategic partners. He joined the firm in 2010. Previously, Todd worked at Canusa Corp developing a new business plan and as a private client advisor at Deutsche Bank Alex Brown. He has a BA degree from Washington and Lee University and an MBA from the University of Maryland. He was born in 1969.

Disciplinary Information — Todd does not have any disciplinary history.

Other Business Activities — Todd initiates and services relationships with advisors for the Greenspring Fund.

Additional Compensation — We may adopt incentive plans which provide for cash payments to employees who develop and refer new business to Corbyn and/or the Greenspring Fund.

Supervision — Todd is supervised by Chip Carlson, President of the firm. Chip supervises and monitors Todd's work through daily office interaction. Chip Carlson's phone number is 410-832-5500.