

Item 1 Cover Page

Derby and Company, Inc.

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Brochure March 30, 2020

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This brochure provides information about the qualifications and business practices of Derby and Company, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (617) 527-0033 or jonathan.derby@derbyco.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 Derby and Company, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Derby and Company, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since our last annual amendment filing, we have two material changes to report. A new Schedule 2B is included on behalf of Todd Silverman and the brochure reflects the completion of three private real estate funds for which all assets were distributed.

ANY QUESTIONS: Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions regarding this Part 2A, including the above-referenced disclosure additions and enhancements as described below in this Brochure.

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Item 4 Advisory Business

- A. Derby and Company, Inc. (the “Registrant”) is a corporation formed on January 7, 1987 in the Commonwealth of Massachusetts. The Registrant became registered as an Investment Adviser Firm in July 1987. The Registrant is owned by Jonathan Derby and Mark Derby. Mark Derby is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, pension and profit-sharing plans and charitable organizations, etc.) investment advisory services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management and typically recomputed at the end of each quarter as discussed at Item 5A below and in the *Investment Advisory Agreement* between the Registrant and the client.

As indicated above, before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of account transactions based upon such reviews. To the extent engaged to do so, and specifically requested by a client, financial planning and related consulting services may be included in the engagement.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the investment management client, related financial planning and consulting services. The financial planning services are provided as part of the Investment Advisory Services described above. There is generally no additional cost associated with the financial planning services for those clients that maintain at least \$1 million of assets under management, unless the client requires extraordinary financial planning or related consulting services.

In general, registrant may provide financial planning services which may include or be limited to any of the following services: New Worth Analysis, Assets Allocation Analysis and Recommendations, Income Sources for Retirement, Cash Flow Analysis, Assistance in Establishing Short and Long Term Financial Goals, Monte Carlo Simulation and Analysis, Retirement Projections Using Various Models, Life Insurance and Long Term are Insurance Needs Analysis, Estate Tax Impact and Planning, Income Tax Review, Social Security Optimization, College Funding

The client retains absolute discretion over any implementation decisions related to the financial planning portion of the engagement and is free to accept or reject any recommendation from the Registrant in the financial planning process, including the use of a recommended third party professional. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services. **See Limitations** below.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by an investment management client, Registrant shall generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance (limited to life and long-term care,), etc. The scope of the services shall expressly depend upon the specific needs and requests of the client. Registrant **does not** serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, Registrant **does not** prepare estate planning or any other type of legal documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). You are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. If, and when, the Registrant is involved in a specific matter (i.e. estate planning, insurance, accounting-related engagement, etc.), it is the engaged licensed professionals (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, that is responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services. **See Consulting/Implementation Services below.**

Financial Planning Services

On a limited basis, the Registrant may provide the Financial Planning Services, or some variation thereof, to clients that are not also investment advisory clients and generally will charge said clients a fee based upon an hourly rate.

MISCELLANEOUS

Consulting/Implementation Services. As indicated above, to the extent specifically requested by the client, the Registrant may provide consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance (limited to life and long-term care,),

etc. The scope of the services shall expressly depend upon the specific needs and requests of the client. The Registrant shall generally provide such services inclusive of its advisory fee for those clients that maintain at least \$1 million of assets under management. Otherwise, the Registrant may charge a separate fee for such services. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant's services should be construed as same. Accordingly, we **do not** prepare estate planning documents or any other type legal documents, or tax returns, nor do we sell insurance products. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** Although certain of Registrant's Principals, in their separate individual capacities, may be licensed as certified public accountants and/or attorneys, none of such individuals provide accounting or legal services to any of the Registrant's clients, and no corresponding accountant-client or attorney-client relationship is established. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Third Party Plan Administration. Registrant advises business owners and plan sponsors in the selection, design, implementation and administration of their retirement plans. The services provided include advice as to plan selection and design so as to maximize the benefits of various plans to employees and their plan sponsors Registrant also provides, through contacts with third parties, all plan administration including plan valuation, tax reporting, benefit payments, loan administration and plan compliance. Registrant may provide both third-party administrative services and investment management services to ERISA/Plan Sponsor clients.

Third-party administrative services provided by Registrant are separate and distinct from the advisory services provided by Registrant and provide for separate compensation. No Registrant investment management client is obligated to use Registrant for any third-party administrative services and no third party plan administration client of Registrant is obligated to utilize the advisory services of Registrant. Sponsors or trustees of pension, profit-sharing, 401(k), IRA or other client accounts subject to the provisions of ERISA or the prohibited transaction provisions of the Internal Revenue Code are solely responsible for determining whether or not to engage the services of Registrant for either offering.

Please Note: Conflict of Interest. In the event that Registrant, in its separate capacity as a Third Party Administrator, is requested to recommend a custodian and recordkeeper of the plan's assets (hereinafter referred to as a "Retirement Platform") for a retirement plan client, a conflict of interest shall arise if any such Retirement Platform provides direct or indirect monetary assistance to Registrant, including

assistance based upon total assets introduced to the Retirement Platform. Registrant currently maintains such an arrangement with at least one firm, John Hancock, and may maintain such a relationship with others in the future. No client is under any obligation use the services of any Retirement Platform recommended by the Registrant, nor is any client who engages the Registrant for plan administration services under any obligation to engage Registrant for advisory services. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions regarding this conflict of interest.

ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:

- **Trustee Directed Plans.** Registrant can be engaged to provide investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Registrant will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Registrant will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Firm.
- **Participant Directed Retirement Plans.** Registrant can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of a Retirement Platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.
- **Client Retirement Plan Assets.** If requested to do so, Registrant shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Registrant shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Registrant shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Please Note: Retirement Rollovers-Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, Registrant serves as a fiduciary under the

Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

Please Note-Use of Exchange Trades and Mutual Funds: Most mutual funds and exchange traded a are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that we utilize independent of engaging our services as an investment advisor. However, if a prospective client determines to do so, he/she will not receive our initial and ongoing investment advisory services. **Separate Fees:** All mutual funds (and exchange traded funds) impose fees at the fund level (e.g. management fees and other fund expenses). All mutual fund fees are separate from, and in addition to, our investment advisory fee as described at Item 5 below. **Our Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above.**

Custodian Charges-Additional Fees: As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Pershing Advisor Solution, LLC ("Pershing") serve as the broker-dealer/custodian for client investment management assets and in limited circumstances may recommend Fidelity Brokerage Services LLC ("Fidelity") or TD Ameritrade, Inc. ("TD"). Broker-dealers such as Pershing, Fidelity and TD charge transaction fees for effecting securities transactions. In addition to Registrant's investment advisory fee referenced in Item 5 below, the client shall also generally incur transaction fees to purchase securities for the client's account (i.e., mutual funds and exchange traded funds, fixed income securities, etc.) **ANY QUESTIONS: Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above.**

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Registrant's advisory fee remains payable during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

Private Investment Funds. The Registrant may recommend that certain of its clients consider an investment in affiliated and unaffiliated private investment funds. The Registrant may recommend that certain of its qualified clients consider an investment in the DCM Income Opportunities Partnership, L.P. or may have suggested that certain of its clients consider an investment in DCM Real Estate Partners VII. Hereinafter, the DCM Income Opportunity Partnership, LP and DCM Real Estate Partners VII

will be referred to collectively as the “DCM Funds” and individually as a “DCM Fund”. Please note that the DCM Funds may or may not be open to new investors.

Derby Capital Management, LLC, a Massachusetts limited liability company and an affiliate of Registrant, serves as the DCM Funds general partner (the “General Partner”) or Managing Member. Derby Capital Management, LLC is owned by Mark Derby and Jonathan Derby, who also together wholly own Registrant. Each DCM Fund is managed in accordance with the objectives and policies set forth in the DCM Fund’s offering documents and pursuant to the terms of the investment management agreement between Registrant and each DCM Fund. The Registrant does not have, nor will it exercise, any have discretionary authority to place any client assets in the DCM Funds. The Registrant does not receive any additional revenue from the DCM Funds other than its standard percentage (%) of assets under management fee (or an administration fee in lieu of an assets under management fee) as disclosed in the respective DCM Fund offering documents provided to each investor, generally equal to one percent (1.00%) of the value of the Fund’s assets. The DCM Funds charge no incentive fee. All client investors receive an annual audited DCM Fund financial statement. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). Registrant or its related persons typically will invest alongside the DCM Funds. At this time, though, the investments selected by Registrant for each of the DCM Funds, will not compete for the same dollars and thus, not affect any investment allocations of marketable securities made for non-private investment fund clients. Although Registrant will act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the DCM Funds, it otherwise is not restricted in the nature to timing of investments for the DCM Funds and other non-private investment fund clients. Although certain investments of the DCM Funds may have to be held for a substantial period of time before they can be liquidated or sold to the greatest advantage or, in some cases, at all, which may appear to have a positive impact on Registrant’s fee, such may be the extent of the illiquid nature of the investment as further disclosed in the respective DCM Funds offering documents. The investments may include private securities that may be subject to substantial restrictions on transferability and for which there may be no available market. **PLEASE NOTE:** No client or prospective client is obligated in any manner whatsoever to invest in any private investment funds, including those affiliated with the Registrant. ***Please also*** see below as to additional risks and limitations.

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, then, generally, the value(s) for all such private investment funds shall reflect the most recent

valuation provided by the private fund's sponsor when available, and if not available, then the valuation provided by the client or the cost of the investment. In all cases, due to a variety of factors, including the limited market value of the private investment fund and the underlying investments of the fund, as well as the valuation methodology utilized by each private investment fund, the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price of said investment. The above does not apply to reports on the Registrant's affiliated funds that are prepared by an independent administrator or accounting firm, in accordance with each private fund's documents and applicable laws and regulations, as the case may be. In general, the administrator or accounting firm will rely upon the most recent available reports and information provided directly or indirectly, by the underlying sponsor to the investments and custodian prepares individual statements for each investor in the affiliated fund.

ANY QUESTIONS: Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client may have regarding the DCM Funds, the corresponding risks and fees

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.

Trade Error Policy. Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account , (including in the event of an individual holding or general market correction) and client is unavailable, the Registrant will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Brochure. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2019, the Registrant had \$622,132,743 in assets under management on a discretionary basis and \$2,106,704 on a non-discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management. Such investment advisory fee will be at an initial annual rate of 1.00% for all securities, except for fixed income securities, which shall be at an initial annual rate of 0.50%, as detailed in the Fee Schedule below, provided, however, unless otherwise agreed to by the Registrant in writing, the minimum annual fee shall be no less than two thousand five hundred dollars (\$2,500.00)-*see* Item 7 below. Derby, in its sole discretion, may charge a lesser investment management fee, reduce or waive its minimum fee or aggregate account minimum, charge a fixed fee, or charge no fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, courtesy accounts, family/employee accounts, negotiations with client, etc.). **Please Note:** If you maintain less than the aggregate account minimum assets and are subject to Derby's annual minimum fee, you will pay a higher percentage Annual Fee than that referenced in the above fee

schedule. Notwithstanding the fee structure in the *Investment Advisory Agreement*, Registrant generally charges reduced fees at certain breakpoints as follows:

FEE SCHEDULE

All Securities, except
Fixed Income securities
As provided below:

1.00% Per Annum on the initial \$3,000,000.
0.75% Per Annum On Next \$2,000,000.
0.05% Per Annum on these Securities over \$5,000,000.

Fixed Income Securities 0.50% Per Annum on the initial \$3,000,000.
0.25% Per Annum On Next \$2,000,000.
0.05% Per Annum on these Securities over \$5,000,000

Please Note: Conflict of Interest: Although the Registrant will allocate client assets consistent with the client's designated investment objective, the fact that the Registrant earns a higher fee for management of securities other than fixed income as referenced in the above fee schedule, the Registrant has a ***conflict of interest*** since it will present an economic incentive to allocate more assets to those types of securities from which it will earn a higher advisory fee. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions regarding this conflict of interest.

RETIREMENT CONSULTING

As indicated above, The Registrant can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of the Retirement Platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process. Plan sponsors may elect which service level they prefer. Generally, Plan sponsors are given the option to retain the registrant for 3(38) fiduciary services or 3(21) fiduciary services. The Registrant generally charges a fee at an initial annual rate of 0.25% of the initial \$5 million of plan assets (subject to a reduced percentage (%) fees for additional plan assets), as detailed in the Fee schedule below.

| <u>PLAN ASSETS</u> | <u>3(21) SERVICE LEVEL ANNUAL FEE %</u> | <u>3(38) SERVICE LEVEL ANNUAL FEE %</u> |
|---------------------------|--|--|
| Initial \$5,000,000 | 0.25% | 0.30% |
| Next \$2,500,000 | 0.20% | 0.25% |
| Next \$2,500,000 | 0.15% | 0.20% |
| Next \$5,000,000 | 0.10% | 0.15% |
| Next \$5,000,000 | 0.05% | 0.10% |
| Over \$30,000,000 | 0.01% | 0.05% |

DCM INCOME OPPORTUNITIES PARTNERSHIP, L.P.

In general, registrant will receive from the DCM Funds a fee payable quarterly in arrears (the “Management Fee”) in an amount equal to 0.25% of the net asset value of each Limited Partner’s Capital Account at the end of each quarter. Generally, unless otherwise agreed to by the investment manager in writing, the annual total Management Fee shall be no less than two thousand five hundred dollars (\$2,500.00). Derby, in its sole discretion, may charge a lesser total Management Fee, reduce or waive its minimum fee or aggregate account minimum, charge a fixed fee, or charge no fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, courtesy accounts, family/employee accounts, negotiations with client, etc.).

In consideration of the *Management Fee*, Registrant will bear certain administrative expenses of the DCM Funds, and provide to the DCM Funds office space and utilities, news and computer equipment and services, and secretarial, clerical and other personnel. The *Management Fees* may be more or less than Registrant’s cost of supplying such facilities and services.

A limited partner in the DCM Fund that is permitted to withdraw from such DCM Fund on a date other than the end of a calendar quarter may be charged a pro-rata portion of the *Management Fee* paid or due with respect to such quarter. Each limited partner admitted to the *Fund* other than on the first day of a calendar quarter is subject to a pro rata portion of the *Management Fee* based upon the portion of the quarter for which it is a limited partner.

Registrant may waive or reduce the *Management Fee* with respect to the capital account of certain limited partners, including affiliates of Registrant.

DCM REAL ESTATE PARTNERS VII, LLC VII, LLC.

There is no investment management fee charged. An administration fee is charged as follows:

Generally, a fee payable quarterly in arrears in an amount equal to 0.25% of the net asset value of each Member’s Capital Account as determined at the end of each quarter (approximately 1.0% annually). Generally, unless otherwise agreed to by the investment manager in writing, the minimum annual administration fee shall be no less than one thousand dollars (\$1,000.00). Derby, in its sole discretion, may charge a lesser investment administration fee, reduce or waive its minimum fee or aggregate account minimum, charge a fixed fee, or charge no fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, courtesy accounts, family/employee accounts, negotiations with client, etc.).

* All fees paid to Registrant for investment advisory or administration services in connection with the DCM Funds are separate and distinct from the fees and expenses charged by the underlying hedge funds, private investment funds, private partnerships, and the like (hereinafter referred to as “Underlying Investment”), to their investors or partners. These fees and expenses are described in each Underlying Investment’s offering documents. These fees and expenses may generally include a management fee,

an incentive fee, and other operating expenses. If a client satisfies certain SEC requirements of qualification, a client may have, and in some cases may still, invest in a one of these Underlying Investments directly, without the services of Registrant. In that case, the client would not receive the services provided by Registrant which are designed, among other things, to assist the client in determining which Underlying Investment are most appropriate to achieving the stated purpose of each respective DCM Fund, as the case may be.

Registrant may waive or reduce the administration fee with respect to the account of certain members of the DCM Funds, including affiliates of Registrant.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. Unless otherwise stated in this *Brochure*, the Registrant shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous year. In the case of a new account, for the first calendar year or portion thereof, as the case may be, fees will be charged quarterly in arrears based upon the value of the account at the end of the initial calendar quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant may often recommend that Pershing LLC ("*Pershing*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing* charges brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (*Pershing* or Fidelity or TD) **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client may have regarding tradeaway fees.

- D. Unless otherwise stated in this *Brochure*, the Registrant shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous year. In the case of new account, for the first calendar year or portion thereof, as the case may be, fees will be charged quarterly in arrears based upon the value of the account at the end of the initial calendar quarter. The Registrant generally requires an annual minimum fee of \$2,500 and a minimum dollar value of assets equal to \$250,000 as a condition of starting a new account for investment advisory services. *See* Item 7 below The Registrant, in its sole discretion, may charge a

lesser investment management fee and/or waive or reduce its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.).

* Each limited partner of these investments must be an accredited investor, as defined in Rule 501(a) under the Securities Act of 1933, as amended. Investors in the DCM Fund will be required to make certain representations and warranties in a subscription agreement in connection with their investments, some of which relate to the investors sophistication and its ability to bear the risk of loss of their entire investment in the applicable DCM Fund.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, a pro-rated portion of the earned but unpaid advanced advisory fee shall be due.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, pension and profit-sharing plans and charitable organizations. The Registrant generally requires an annual minimum fee of \$2,500 and a minimum dollar value of assets equal to \$250,000 as a condition of starting a new account for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee, waive or reduce its minimum fee or asset requirement, charge a fixed fee, or no charge no fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, courtesy accounts, family/employee accounts, negotiations with client, etc.). **Please Note:** Depending upon the type of securities to be managed (fixed income vs. securities other than fixed income), if the client is subject to the \$2,500 annual minimum fee, the client could pay a higher percentage advisory fee than the 1.00% referenced in the above fee schedule. **Please Also Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding advisory fees.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

- A. The Registrant shall utilize the following methods of security analysis:
- **Fundamental** - (analysis performed on historical and present data, with the goal

of making financial forecasts)

- The Registrant will select portfolio managers of the private investment funds on the basis of various criteria, generally including, among other things, an analysis of: the portfolio managers performance during various time periods and market cycles; the portfolio managers reputation, experience and training; its articulation of, and adherence to, its investment philosophy; prudent use of leverage; the presence of risk management discipline; interviews of the management team; and whether the portfolio manager has a substantial personal investment in the investment program. Not all these factors, however, will be considered with respect to each portfolio manager and other criteria may be considered.

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short-Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among U.S. Treasury and Agency Bonds, Corporate Bonds and Preferred Stocks, closed, open-end, and exchange traded funds, on a discretionary basis and affiliated and non-affiliated private investment funds on a non-discretionary basis in accordance with the client's designated investment objective(s).

Please note the following relative to Registrant's affiliated private investment funds:

DCM Income Opportunity Partnership, L.P.

Pursuant to the DCM Income Opportunity Partnership, L.P.'s offering documents, Registrant may invest the fund's assets in other private investment funds that invest in event driven strategies, involves investments in companies undergoing significant corporate transactions or structural transformations. Event-driven strategies generally seek to profit from events such as a change in an issuer's corporate or capital structure, a debt repayment obligation or a management transition. Examples include merger arbitrage (sometimes called risk arbitrage), distressed investing, special situation strategies, and private placement strategies. Registrant may also invest the fund's assets in real estate, either directly or through other private investment funds.

Margin Accounts: Risks/Conflict of Interest. Registrant generally does not recommend the use of margin for investment strategy purposes. A *margin account* is a brokerage account that allows investors to borrow money to buy securities. By using borrowed funds, the client is employing leverage that will magnify both account gains and losses. The broker charges the investor interest for the right to borrow money and uses the securities as collateral. Should a client determine to use margin, Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher account value, resulting in Registrant earning a correspondingly higher advisory fee. As a result, the potential for a conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin. Registrant's Chief Compliance Officer remains available to discuss any questions that a client has regarding the use of margin.

DCM Real Estate Partners VII, LLC

In general, pursuant to the DCM Real Estate Partners VII, LLC's offering documents, the purposes of the Company shall be to invest substantially all of its assets in the Bridge Multifamily Fund IV-A LP, a Delaware limited partnership and carry on any lawful business or activity, directly or indirectly, including without limitation the acquisition, disposition, leasing, management and operation of real estate and personal property appurtenant thereto, and to engage in any other activities necessary, customary, convenient or incident to the foregoing.

*Subject to the investment objectives and strategies described in the above private investment fund offering documents, Registrant has the discretionary authority to invest and reinvest the assets of the DCM Funds as it sees fit. Accordingly, Registrant may invest on behalf of the DCM Funds in certain types of securities and instruments other than those listed above, including, without limitation, restricted securities purchased in private placements, high yield fixed income securities (commonly referred to as junk bonds), stock option or index transactions, and other derivative instruments.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Private Investment Funds. As disclosed in Item 4.B. above, the Registrant may recommend that certain of its clients consider an investment in affiliated and unaffiliated private investment funds. The Registrant may recommend that certain of its qualified clients consider an investment in the DCM Income Opportunities Partnership,

L.P. Registrant is also the manager of the DCM Real Estate Partners VII, LLC. Derby Capital Management, LLC, a Delaware limited liability company and an affiliate of Registrant, serves as the DCM Funds general partner (the “General Partner”) or Managing Member. Derby Capital Management, LLC is owned by Mark Derby and Jonathan Derby, who also together wholly own Registrant. Each DCM Fund is managed in accordance with the objectives and policies set forth in the DCM Funds offering documents and pursuant to the terms of the investment management agreement between Registrant and each DCM Fund. The Registrant does not have, nor will it exercise, any have discretionary authority to place any client assets in DCM Funds. The Registrant does not receive any additional revenue (fee income, etc.) from the DCM Funds, other than its standard percentage (%) of assets under management fee (or an administration fee in lieu of assets under management fee) as disclosed in the DCM Fund offering documents provided to each investor, generally equal to one percent (1.00%) of the value of the DCM Fund’s assets. All client investors receive an annual audited DCM Fund financial statement. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Registrant or its related persons invest in the DCM Funds. In addition, Registrant is paid an investment management fee or an administration fee by these entities, as the case may. At this time, though, the investments selected by Registrant for each of the DCM Funds will not compete for the same dollars and thus, not affect any investment allocations of marketable securities made for non-private investment fund clients. Although Registrant will act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the DCM Funds it otherwise is not restricted in the nature to timing of investments for the DCM Funds other non-private investment fund clients. Although certain investments of the DCM Funds may have to be held for a substantial period of time before they can be liquidated or sold to the greatest advantage or, in some cases, at all, which may appear to have a positive impact on Registrant’s fee, such may be the nature of the investment and the extent of the illiquid nature of the investment is fully disclosed in the offering documents. The investments may include private securities that may be subject to substantial restrictions on transferability and for which there may be no available market.

Please Note: Because the Registrant’s and/or Registrant’s affiliates can earn compensation from DCM Funds that may exceed the fee that the Registrant would earn under its standard “assets under management” fee schedule referenced at Item 4.B above, the recommendation that a client become a DCM Funds investor presents a conflict of interest. No client is under any obligation to become a DCM Funds investor. **ANY QUESTIONS:** The Registrant’s Chief Compliance Officer, Jonathan Derby, remains available to address any questions regarding this conflict of interest.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’s

Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, the Registrant may recommend that certain of its clients consider an investment in affiliated and unaffiliated private investment funds. The Registrant may recommend that certain of its qualified clients consider an investment in the DCM Income Opportunities Partnership, L.P. Registrant is also the manager of the, DCM Real Estate Partners VII, LLC. Derby Capital Management, LLC, a Delaware limited liability company and an affiliate of Registrant, serves as the DCM Funds general partner (the “General Partner”) or Managing Member. Derby Capital Management, LLC is owned by Mark Derby and Jonathan Derby, who also together wholly own Registrant. Each DCM Fund is managed in accordance with the objectives and policies set forth in the DCM Funds offering documents and pursuant to the terms of the investment management agreement between Registrant and each DCM Fund. The Registrant does not have, nor will it exercise, any have discretionary authority to place any client assets in the DCM Funds. The Registrant does not receive any additional revenue) from the DCM Funds, other than its standard percentage (%) of assets under management fee (or an administration fee in lieu of assets under management fee). As disclosed in the Fund offering documents provided to each investor, this fee is generally equal to one percent (1.00%) of the value of the Fund’s assets. All client investors receive an annual audited DCM Fund financial statement. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Registrant or its related persons invest in the DCM Funds.

The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. Generally, the Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Generally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period

thereafter on a date the Registrant selects.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Pershing*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Factors that the Registrant considers in recommending *Pershing* (or any other broker dealer/custodian to clients, including Fidelity and TD) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

- 1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from *Pershing* (or another broker-dealer/custodian or vendor, including Fidelity and TD) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted

and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* (or any other custodian) as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Pershing*, or any other entity (including Fidelity and TD), to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative brokerage and/or custodial arrangements that may be recommended by the Registrant, such as *Pershing*. Higher transactions costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or

“bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on another than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant can receive an economic benefit from *Pershing*. The Registrant, without cost (and/or at a discount), can receive support services and/or products from *Pershing* (and/or other broker-dealer/custodians or vendors).

Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Pershing* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant’s Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.

- B. The Registrant does not maintain any solicitor arrangements, nor pay compensation to non-employees for introduction of new clients.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Please Note: Custody Situations: The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual audit or a surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from Registrant to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority(i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

The Registrant does not vote proxies. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Jonathan Derby, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.

Item 1 Cover Page

A.

Mark Derby

Derby and Company, Inc.

Brochure Supplement

Dated April 5, 2019

Contact: Jonathan J. Derby, Chief Compliance Officer

7 Wells Avenue

Newton, Massachusetts 02459

B.

This Brochure Supplement provides information about Mark Derby that supplements the Derby and Company, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jonathan J. Derby, Chief Compliance Officer, if you did *not* receive Derby and Company, Inc.'s Brochure or if you have any questions about the contents of this supplement.

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

Item 2 Education Background and Business Experience

Mark Derby was born in 1960. Mr. Derby graduated from Union College in 1982, with a Bachelor's of Science and from Boston University in 1984 with a Masters of Business Administration. Mr. Derby is Co-Founder, Chief Executive Officer and has been an investment adviser representative of Derby and Company, Inc. since 1987.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

A. The supervised person is not actively engaged in any other investment-related businesses or occupations.

- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 Additional Compensation

None.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jonathan J. Derby, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Derby at (617) 527-0033.

Item 1 Cover Page

A.

Jonathan J. Derby

Derby and Company, Inc.

Brochure Supplement
Dated April 5, 2019

Contact: Jonathan J. Derby, Chief Compliance Officer
7 Wells Avenue
Newton, Massachusetts 02459

B.

This Brochure Supplement provides information about Jonathan J. Derby that supplements the Derby and Company, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jonathan J. Derby, Chief Compliance Officer, if you did *not* receive Derby and Company, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Jonathan J. Derby is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Education Background and Business Experience

Jonathan J. Derby was born in 1963. Mr. Derby graduated from Skidmore College in 1985, with a Bachelor's of Science and from Suffolk University Law School in 1988 with a Juris Doctor degree. Mr. Derby is Vice President, General Counsel and has been an investment adviser representative of Derby and Company, Inc. since 1992.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 Additional Compensation

None.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jonathan J. Derby, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Derby at (617) 527-0033.

Item 1 Cover Page

A.

Allison O'Neill Montgomery

Derby and Company, Inc.

Brochure Supplement
Dated April 5, 2019

Contact: Jonathan J. Derby, Chief Compliance Officer
7 Wells Avenue
Newton, Massachusetts 02459

B.

This Brochure Supplement provides information about Allison O'Neill Montgomery that supplements the Derby and Company, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jonathan J. Derby, Chief Compliance Officer, if you did not receive Derby and Company, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Allison O'Neill Montgomery is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Education Background and Business Experience

Allison O'Neill Montgomery was born in 1977. Ms. Montgomery graduated from Washington College in 1999, with a Bachelors of Arts degree in Business Management. Ms. Montgomery has been the Director of Financial and Retirement Planning of Derby and Company, Inc. since June 2015. From February 2000 through May 2015, Ms. Montgomery was a registered representative and a Senior Associate with Merrill Lynch, Pierce, Fenner & Smith, Inc.

Ms. Montgomery is a CERTIFIED FINANCIAL PLANNER™. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 83,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 6 hours, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide

financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Ms. Montgomery has held the designation of Certified Investment Management Analyst (CIMA®) since 2011. The CIMA® certification signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for investment management consulting, including advanced investment management theory and application. Prerequisites for the CIMA® certification are three years of financial services experience and an acceptable regulatory history. To obtain the CIMA® certification, candidates must pass an online Qualification Examination, successfully complete a one-week classroom education program provided by a Registered Education Provider at an AACSB accredited university business school, and pass an online Certification Examination. CIMA® designees are required to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks. CIMA® designees must report 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association (IMCA®).

Ms. Montgomery has held the designation of Chartered Retirement Planning Counselor (CRPC®) since 2005. The College of Financial Planning® awards the CRPC® designation to applicants who complete the CRPC® professional education program, pass a final examination, commit to a code of ethics and agree to pursue continuing education. Continued use of the CRPC® designation is subject to ongoing renewal requirements. Every two (2) years the designee must renew their right to continue using the CRPC® designation by completing 16 hours of continuing education and reaffirming to abide by the Standards of Professional Conduct.

Ms. Montgomery has held the designation of certified Divorce Financial Analysts (CDFA®) since 2015.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related businesses or occupations for compensation.

Item 5 Additional Compensation

Ms. Montgomery's annual compensation is based, in part, on the amount of assets under management that Ms. Montgomery introduces to the Registrant. Accordingly, Ms. Montgomery has a conflict of interest for recommending the Registrant to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jonathan J. Derby, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Derby at (617) 527-0033.

Item 1 Cover Page

A.

Rachel M. Zibrak

Derby and Company, Inc.

Brochure Supplement
Dated April 5, 2019

Contact: Jonathan J. Derby, Chief Compliance Officer
7 Wells Avenue
Newton, Massachusetts 02459

B.

This Brochure Supplement provides information about Rachel M. Zibrak that supplements the Derby and Company, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jonathan J. Derby, Chief Compliance Officer, if you did *not* receive Derby and Company, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Rachel M. Zibrak is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Education Background and Business Experience

Rachel M. Zibrak was born in 1977. Ms. Zibrak graduated from Lehigh University in 1999, with a Bachelors of Science degree in Finance and from Boston College in 2004 with a Master of Business Administration degree. Ms. Zibrak has been the Director of Research of Derby and Company, Inc. since December 2014. From February 2010 through December 2014, Ms. Zibrak was a Senior Consultant with RINET Company, LLC.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 Additional Compensation

Ms. Zibrak's annual compensation is based, in part, on the amount of assets under management that Ms. Zibrak introduces to the Registrant. Accordingly, Ms. Zibrak has a conflict of interest for recommending the Registrant to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jonathan J. Derby, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Derby at (617) 527-0033.

Item 1 Cover Page

A.

Todd Silverman

Derby and Company, Inc.

Brochure Supplement

Dated April 5, 2019

Contact: Jonathan J. Derby, Chief Compliance Officer

7 Wells Avenue

Newton, Massachusetts 02459

B.

This Brochure Supplement provides information about Todd Silverman that supplements the Derby and Company, Inc. Brochure; you should have received a copy of that Brochure. Please contact Jonathan J. Derby, Chief Compliance Officer, if you did not receive Derby and Company, Inc.'s Brochure or if you have any questions about the contents of this supplement.

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

Item 2 Education Background and Business Experience

Todd Silverman was born in 1974. Mr. Silverman graduated from Ithaca College in 1996 with a Bachelors of Science Degree in Business Management. Mr. Silverman has been the Director, Wealth Management at Derby and Company, Inc. since November 2019 where he is a member of the Investment Committee. Prior to beginning his position with Derby, Mr. Silverman served as a Senior VP at Ferris Capital from September 2018 through to Sept 2019. From February 2009 through September 2018, Mr. Silverman was Director of Wealth Management at Siharum Advisors, LLC, where he was a shareholder and advised high net worth clients with investable assets up to \$30 million. From 1998-2009 he served as Senior Vice President at Kobren Insight Management.

Item 3 Disciplinary Information

None.

Item 4 Other Business Activities

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

Item 5 Additional Compensation

Mr. Silverman's annual compensation is based, in part, on the amount of assets under management that Mr. Silverman introduces to the Registrant. Accordingly, Mr. Silverman has a conflict of interest for recommending the Registrant to clients for investment advisory services, as the recommendation could be made on the basis of compensation to be received, rather than on a client or prospective client's best interests.

Item 6 Supervision

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("*Act*"). The Registrant's Chief Compliance Officer, Jonathan J. Derby, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Derby at (617) 527-0033.