



*a Registered Investment Adviser*

44 Old Ridgebury Road  
Danbury, CT 06810

(203) 790-4949

[www.rebyadvisors.com](http://www.rebyadvisors.com)

## **Item 2. Material Changes**

In this Item, Reby is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on March 30, 2020. The Firm has no changes to disclose in relation to this Item at this time.

### **Item 3. Table of Contents**

Item 2. Material Changes.....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-by-Side Management .....	11
Item 7. Types of Clients.....	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9. Disciplinary Information .....	15
Item 10. Other Financial Industry Activities and Affiliations .....	15
Item 11. Code of Ethics .....	15
Item 12. Brokerage Practices .....	16
Item 13. Review of Accounts .....	20
Item 14. Client Referrals and Other Compensation.....	21
Item 15. Custody.....	21
Item 16. Investment Discretion.....	22
Item 17. Voting Client Securities .....	23
Item 18. Financial Information .....	23

## **Item 4. Advisory Business**

Reby Advisors, LLC (“Reby”) was formed on May 4, 2011 in the state of Connecticut, and the successor company of Robert Reby & Co. Inc., which was formed on August 21, 1989 in the state of Connecticut. The firm’s predecessor entity became registered as an investment adviser firm in February, 1990. The firm is principally owned by Robert J. Reby. As of December 31, 2019, Reby had \$530,157,722 in assets under management, of which \$525,888,684 was managed on a discretionary basis and \$4,269,038 was managed on a non-discretionary basis.

Reby offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Reby rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Reby setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

While this brochure generally describes the business of Reby, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Reby’s behalf and are subject to the Firm’s supervision or control.

### **Financial Planning and Consulting Services**

Reby offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Reby is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Reby recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Reby or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Reby under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Reby’s recommendations and/or services.

### **Investment and Wealth Management Services**

Reby manages client investment portfolios on a discretionary basis. In addition, Reby provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary management of investment portfolios.

Reby primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Reby to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Reby directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Reby tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Reby consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Reby if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Reby determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

### **Retirement Plan Services**

Reby provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation

- Fiduciary and Compliance

- Participant Education

### **Use of Independent Managers**

As mentioned above, Reby selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager typically are set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients should also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Reby evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Reby also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Reby continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Reby seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Use of the Schwab Institutional Intelligent Portfolios Program**

Reby provides some of its portfolio management services through an automated investment program (the "IIP Program") through which clients are invested in a range of investment strategies the Firm has constructed and manage, each consisting of a portfolio of ETFs and a cash allocation. The client may instruct the Firm to exclude up to three ETFs from their portfolio. The portion of the client's portfolio managed through the IIP Program is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("Schwab"). The Firm uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to Independent Investment advisors and an affiliate of Schwab, to operate the IIP Program. The Firm is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates. The Firm, and not Schwab, is the client's investment advisor and primary point of contact with respect to the IIP Program. The Firm is solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIP Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. The Firm has contracted with SPT to provide it with the Platform, which consists of technology and related trading and account management services for the IIP Program. The Platform enables the Firm to make the IIP Program available to clients online and includes a system that automates certain key parts of the Firm's Investment process (the "System"). The System includes an online questionnaire that helps the Firm determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that the

Firm will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but the Firm then makes the final decision and selects a portfolio based on all the information the Firm has about the client. The System also includes an automated investment engine through which the Firm manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Reby charges clients a fee for its services as described below under Item 5 (Fees and Compensation). The Firm's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the IIP Program. Schwab does receive other revenues in connection with the IIP Program. The Firm does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the IIP Program.

## **Item 5. Fees and Compensation**

Reby offers services on a fee basis, which includes fixed and/or hourly fees, as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offers securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

Reby charges a fixed and/or hourly fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$2,450 to \$20,000 on a fixed fee basis, and from \$150 to \$500 on an hourly rate basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Reby, under certain circumstances, offsets all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Reby requires payment of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement.

## Investment Management Fees

Reby offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee is based on the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>Fee Rate</u></b>
Up to \$99,999	2.50%
\$100,000 - \$499,999	1.55%
\$500,000 - \$999,999	1.35%
\$1,000,000 - \$1,999,999	1.15%
\$2,000,000-\$2,999,999	.95%
\$3,000,000 - \$3,999,999	.80%
\$4,000,000 and above	Negotiable

Notwithstanding the foregoing, Reby's management fee for assets Reby manages through the IIP Program is 1.00%.

The annual fee is prorated and charged quarterly in advance based upon the market value of the average daily account balance of the preceding quarter. Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the base fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination (the date that the Firm has been notified by the custodian that a transfer of client assets has been initiated) and the outstanding or unearned portion of the fee is refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Reby negotiates a fee rate that typically differs from the range set forth above.

## Retirement Plan Service Fees

Reby offers retirement plan consulting and discretionary investment management services for an annual fee based on the amount of assets under the Firm's advisement or management. This management fee is based on the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>Fee Rate</u></b>
Up to \$99,999	2.50%
\$100,000 - \$499,999	1.40%
\$500,000 - \$999,999	1.20%
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 and above	0.80%



The annual fee is prorated and charged quarterly in advance based upon the market value of the average daily account balance of the preceding quarter.

Since the asset-based fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a quarter, the base fee payable with respect to such assets is adjusted accordingly. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is refunded to the client, as appropriate.

### **Fee Discretion**

Reby, under certain circumstances in its sole discretion, negotiates to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Reby, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, mark-ups and mark-downs on fixed-income transactions, other transaction costs, custodial fees, reporting charges, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. As described in Item 4 above, clients do not pay fees to SPT or transaction fees or other fees to Schwab as part of the IIP Program. Schwab does not receive other revenues in connection with the IIP Program, as described in the IIP Program Disclosure Brochure. The Firm’s brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

Clients generally provide Reby and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Reby. Payment is due upon receipt of the Firm’s invoice.

## **Use of Margin**

Reby is authorized to use margin in the management of certain clients' investment portfolios. In these cases, the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to Reby will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as the Firm has an incentive to use margin to increase its fees.

## **Account Additions and Withdrawals**

Clients can make additions to and withdrawals from their account at any time, subject to Reby's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Reby, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. When appropriate, Reby consults with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Commissions and Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with Reby (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Reby.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of Triad Advisors Inc. ("Triad"), at times provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to Triad, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Reby, when appropriate, also recommends no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with Triad.

The Firm's Supervised Persons will receive commissions for transactions that are executed through their Triad registered representative relationship but held with the client's primary custodian (often called "trade away" transactions). This can be done for clients that have entered into agreements for prime brokerage clearing services with their custodian. In such circumstance, the assets purchased or sold with a commission relationship will be in accounts separate, or otherwise tracked separately, from those assets over which the Firm provides management services and charges management fees.

A potential conflict of interest exists to the extent that a Supervised Person of Reby recommends the purchase or sale of securities through a brokerage relationship where that Supervised Person receives commissions

or other additional compensation as a result of that recommendation (the “Brokerage Relationship”). Because the Supervised Persons receive compensation in connection with the sale of mutual funds in the Brokerage Relationship, a potential conflict of interest exists as such Supervised Persons have an incentive to recommend more expensive mutual fund share classes to clients where such Supervised Persons earn more compensation with respect to the sale of such mutual fund share classes. To mitigate this potential conflict of interest, the Firm has procedures in place to ensure that any recommendations made by such Supervised Persons to engage in the Brokerage Relationship are in the best interest of that client. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty over the Brokerage Relationship recommendations.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Reby does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client’s assets).

## **Item 7. Types of Clients**

Reby offers services to individuals, high-net-worth individuals, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations.

### **Minimum Account Value**

The minimum investment required to open an account in the IIP Program is \$5,000. The IIP Program Disclosure Brochure describes minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

### **Minimum Account Requirements**

Reby does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Reby typically alters its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Strategy**

Reby's primary investment strategy, Long Term Purchases, is a fundamental strategy. Fundamental analysis requires an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Reby, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Reby may also employ other methods of analysis in combination with fundamental analysis. These methods may include technical analysis, cyclical, and behavior finance methods to inform an asset allocation strategy based on Modern Portfolio Theory ("MPT") principles.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Reby will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Reby is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological factors. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavior finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

Modern Portfolio Theory ("MPT") is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (*e.g.*, tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, Reby's investment process is structured in

such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

### **Risk of Loss**

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Reby's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Reby will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face

greater business risks.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Independent Managers*

As stated above, Reby selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Reby continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Reby does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Margin*

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial

Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

## **Item 9. Disciplinary Information**

Reby has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## **Item 10. Other Financial Industry Activities and Affiliations**

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Registered Representatives of a Broker-Dealer**

Certain of the Firm's Supervised Persons are registered representatives of Triad and provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agents**

Certain of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Reby recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## **Item 11. Code of Ethics**

Reby has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Reby's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Reby's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions are made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Reby to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

Reby recommends that clients utilize the custody, brokerage and clearing services of Schwab through its Schwab Advisor Services division and SEI Global Services, Inc. ("SEI") for investment management accounts managed by SEI. Reby is independently owned and operated and not affiliated with Schwab or SEI. Schwab provides Reby with access to their institutional trading and custody services, which are typically not available to retail investors.

Factors which Reby considers in recommending Schwab, SEI, or any other broker-dealer to clients include the value of research provided, execution capability, commission rates and responsiveness. The commissions and/or transaction fees charged by Schwab or SEI may be higher or lower than those charged by other Financial Institutions.



The commissions paid by Reby's clients to Schwab or SEI comply with the Firm's duty to seek "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Reby determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution's services, including the value of research provided, execution capability, commission rates and responsiveness. Reby seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

When appropriate, transactions are cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with seeking best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Reby in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client at times are used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Reby does not have to produce or pay for the products or services.

Client accounts enrolled in the IIP Program are maintained at, and receive the brokerage services of, Schwab. While clients are required to use Schwab as custodian/broker to enroll in the IIP Program, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. The Firm does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then the Firm cannot manage the client's account through the IIP Program.

As described above under Item 4 (Advisory Business), the Firm does not pay SPT fees for its services in connection with the IIP Program as long as the Firm maintains \$100 Million in client assets in accounts at Schwab that are not enrolled in the IIP Program. In light of the Firm's arrangements with Schwab, a conflict of interest exists because the receipt of these benefits creates an incentive for the Firm to recommend that the Firm's clients maintain their accounts with Schwab. This is based on the Firm's interest in receiving Schwab's services that benefit the Firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. The Firm believes, however, that its selection of Schwab as custodian and broker-dealer is in the best interest of its clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only the Firm.

Reby periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to seek best execution.

### **Software and Support Provided by Financial Institutions**

Reby receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together “Support”) which allow Reby to better monitor client accounts maintained at Schwab and otherwise conduct its business. Reby receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The Support benefits Reby, but not its clients directly. Clients should be aware that Reby’s receipt of economic benefits such as the Support from a broker-dealer creates a potential conflict of interest since these benefits can influence the Firm’s choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon the Firm’s clients’ use of Schwab’s services. In fulfilling its duties to its clients, Reby endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm’s duty to seek best execution.

Specifically, Reby receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Schwab’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

Schwab also makes available to the Firm other products and services that benefit the Firm but not all of its clients’ accounts. These benefits typically include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits include occasional business entertainment of personnel of Reby by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which accompany educational opportunities. Other of these products and services assist Reby in managing and administering clients’ accounts. These include software and other technology (and related technological training) 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 the Firm’s fees from its clients’ accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally are used to service all or some substantial number of the Firm’s accounts, including accounts not maintained at Schwab. Schwab also makes available to Reby other services intended to help the Firm manage and further develop its business enterprise. These services often include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession,

regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, at times, Schwab makes available, arranges and/or pays vendors for these types of services rendered to the Firm by independent third parties. Under certain circumstances, Schwab discounts or waives fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Reby endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **Brokerage for Client Referrals**

Reby does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

In limited circumstances, the client may direct Reby in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Reby (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of seeking best execution, Reby may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

### **Commissions or Sales Charges for Recommendations of Securities**

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of Triad. These Supervised Persons are subject to FINRA Rule 3280 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the registered representatives give prior notice of such transactions to Triad and, in most circumstances, Triad provides written consent. Therefore, clients are advised that certain Supervised Persons are restricted to conducting securities transactions through Triad if they have not secured written consent from Triad to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Triad, these Supervised Persons are generally prohibited from executing securities transactions through any broker-dealer other than Triad under its internal supervisory policies. The Firm is cognizant of its duty to seek best execution and has implemented policies and procedures reasonably designed in such pursuit.

## Trade Aggregation

Transactions for each client will be effected independently, unless Reby decides to purchase or sell the same securities for several clients at approximately the same time. Reby may (but is not obligated to) combine or “batch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Reby’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Reby’s Supervised Persons invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Reby does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

Reby monitors client portfolios on a continuous and ongoing basis. Such reviews are conducted by the Firm’s employees. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Reby and to keep the Firm informed of any changes thereto. 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 Firm on an annual basis. B. The Firm may conduct account reviews on an other 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.

## **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Reby and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Reby or an outside service provider.

## **Item 14. Client Referrals and Other Compensation**

### **Client Referrals**

In the event a client is introduced to Reby by either an unaffiliated or an affiliated solicitor, the Firm pays that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Reby's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Reby's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Reby is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

Reby is deemed to have constructive custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13, Reby will also send, or otherwise make available, periodic supplemental reports to clients. We urge clients to carefully review the statements sent directly by the Financial Institutions and compare them to those received from Reby.

In addition, Reby is deemed to have custody of client accounts due to the Firm's ability to direct clients' custodians to make money transfers from client accounts to designated third parties based on standing letters of authorization ("SLOAs") for certain clients. These arrangements are disclosed in Reby's Form ADV Part 1A, Item 9. This level of custody does not require the firm to receive surprise audits annually provided

certain guidelines are followed. In accordance with the guidance provided in the SEC's February 21, 2017 No-Action Letter to the Investment Adviser Association, Reby follows the below guidelines with respect to such accounts:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes Reby, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- Reby has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- Reby maintains records showing that the third party is not a related party of Reby or located at the same address as Reby.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instructions and an annual notice reconfirming the instruction.

## **Item 16. Investment Discretion**

Reby is given the authority to exercise discretion on behalf of clients. Reby is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Reby is given this authority through a power-of-attorney included in the agreement between Reby and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Reby takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

### **Declination of Proxy Voting Authority**

Reby does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

Reby does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered.

In order to support its ongoing operations during this period of economic uncertainty, Reby Advisors applied for and was granted a loan from Union Savings Bank in the aggregate amount of \$257,900 pursuant to the Paycheck Protection Program (the "PPP") administered by the Small Business Administration and established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act which was enacted March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. Under the terms of the PPP, the loan may be forgiven to the extent that funds from the loan are used for payroll costs and costs to continue group health care benefits, as well as for rent, mortgage interest, or utilities (collectively, "qualifying expenses"), and the borrower is otherwise in compliance with the terms of the loan agreement. Reby intends to maximize the use of the loan proceeds for qualifying expenses and intends to apply for forgiveness of the loan in accordance with the terms of the CARES Act. Reby continues to provide uninterrupted service at its customary level of competency in light of the circumstances. Reby's acceptance of the PPP loan is not due to any reasonable likelihood of the Firm experiencing a financial condition that would impair the Firm's ability to meet contractual commitments to our clients.

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years. Reby is neither insolvent nor is Reby currently experiencing a reasonable risk of being insolvent or bankrupt because of the Coronavirus pandemic or for any other reason.