

Item 1 Cover Page

# **COPLEY INVESTMENT MANAGEMENT, LLC**

**Ronald E Copley, PHD, CFA**

## **ADVII DISCLOSURE BROCHURE**

**This part of the ADV gives information about the investment advisory business and for the use of clients.**

**Web Address: [www.copleyinvestmentmanagement.com](http://www.copleyinvestmentmanagement.com)  
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(This brochure has been compiled by Copley Investment Management, LLC and has not been approved by the Commission or any state security authority)

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### **Item 3 Material Changes:**

Copley Investment Management is no longer associated with Fredrick “Rick” Willetts as stated in our July 28, 2011 ADVII.

**Item 4 Advisory Business** Ron Copley founded Copley Investment Management (CIM) in 1985. Ron pursued his education and careers in both academia and the investment advisory business. He has served as a Professor of Finance at Queens College, Memphis University, UNC Chapel Hill and UNC Wilmington where he published over 40 academic and professional articles. Currently, CIM manages approximately \$60 million for individuals and small business retirement plans, provides business valuations for legal matters, and actively provides international consulting services to foreign governments. He is conversant in Arabic and Japanese.

### **Asset Management: Individual and Families**

CIM believes the best financial advisors ultimately provide their clients with a sense of security and confidence that their financial assets are receiving the type of personal attention and care they deserve. CIM is able to serve a variety of individuals and families who are seeking financial planning, retirement planning and investment reviews.

### **Institutional**

Qualified retirement plans, such as defined benefit, defined contribution, Keogh and SEPs can provide significant tax advantages for closely held businesses and self-employed individuals. Our qualified staff can assist you in evaluating the type of pension plan that will best serve the retirement needs of you and your employees.

### **Business Valuation and Expert Witness Services**

The value of your business is important and our competent staff has the experience to guide you through the process. We can provide useful and objective analysis to assist you in the valuation of any business in which you have an interest.

### **Expert Witness**

The professionals at CIM have assisted Trial, Family, Estate and Probate lawyers as expert witnesses in over 40 cases; bringing not only financial expertise but much needed experience to the court room.

### **Litigation Support**

Litigation often results in the need for an opinion, from a qualified professional, in support or in opposition to evidence submitted in court. Whether you are dealing with an Antitrust, Intellectual Property, Personal Injury, Professional Malpractice or an Economic Damages lawsuit, CIM stands ready to assist your litigation **team Wrap Fee Programs**

Copley Investment Management, as a matter of policy and practice, does not sponsor any wrap fee program, defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services.

### **Client Assets CIM Manages**

CIM manages approximately 259 accounts on a discretionary basis and 17 on a non-discretionary basis. This number is calculated annually during the first quarter of each year. CIM does not have custody of client's accounts

## **International Consulting**

CIM consults in numerous countries funded mostly via the US Agency for International Development.

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- Financial Analyst Review in Raleigh, NC, 1987 – 1992
  - Union Bank of Switzerland, 1988 – 1992
  - Indonesian Financial Analysts Institute, 1990 – 1992
  - Bangkok, Thailand, 1994
  - Security Analysts Association of Japan, 1992 – 1999
  - Manila, Philippines, 1994 – 1999
  - Abu Dhabi Investment Authority, 1996 – 2000
  - Amman, Jordan (Broker, Investment Banker, Social Security Corporation Training) 1999 – 2006

## **Item 5 & 6 Fees and Compensation**

### **Disclosure**

As a matter of policy and practice, CIM fees are disclosed to each client in the client's original "Letter of Agreement", with copies provided to each client. Copley Investment Management calculates fees according to the methodology stated in the agreement.

### **Fees**

Fees are generally 1% per annum payable quarterly of the market value of assets under management, although fees may be negotiable such as fixed fees or hourly fees, which are payable quarterly. Hourly Fees for Business Valuations and Expert Witness Services are payable at the time of service. CIM never bills investment client's for fees in advance of service except a retainer for Valuations. CIM minimizes all fees in your account by using no-load; no-transaction fee mutual funds in which case you will pay a proportionate share of the fund's management and administrative fees as well as the fee you pay CIM. When transacting individual securities, CIM uses discount on-line trading whenever possible. If you direct CIM to use a full-service broker, CIM attempts to negotiate trade discounts.

**Fee Arrangement** Client's may choose to have their balance deducted from their account or to pay CIM directly.

**Performance Base Fees** Copley Investment Management does not accept any Performance Base Fees.

**Wrap Fees:** As mentioned above CIM does not sponsor any wrap fee program. Defined as any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for services.

**Item 7 Types of Clients**

Copley Investment Management provides advisory services to approximately 100 clients. The majority of Copley Investment Management's clients are families and individuals.

A small percentage of clients are Pension and Profit Sharing Plans, and Corporations.

Copley Investment Management does not sponsor pooled vehicles (e.g., hedge funds).

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

CIM employs the top-down approach to investing based on an individual's risk tolerance. The general strategy for each client is diversification across multiple asset classes geared to the client's investment objective. Mutual funds and exchange-traded funds are generally used to create the foundation of the portfolio. Individual securities may be used depending on the client's risk tolerance. Macroeconomic risk is present in all portfolios and cannot be eliminated. Diversification is used in an attempt to negate microeconomic risk. Liquidity needs, tax factors, time horizon, and unique needs of each client are considered in creating an investment strategy uniquely fitted to each client. Interest rate risk, default risk, and general market volatility present risks to each client depending on the strategy employed. The client's age, temperament, financial responsibilities, and health affect the specific strategy to be employed. CIM formally reviews each client's portfolio quarterly in order to rebalance the portfolio according to the client's objectives. In forming an investment strategy, CIM focuses more on the client's personal risk tolerance as opposed to market conditions. CIM views its role as matching the client's needs with investment vehicles available in the market.

**Item 9 Disciplinary Information**

Neither Copley Investment Management nor any of its advisory affiliates has been involved in any Disciplinary Action.

Mr. Willetts formerly with Copley Investment Management is involved in a civil action by the FDIC for a previous position he held at a Failed Bank.

CIM has never given false statements or omissions.

CIM nor any of Copley Investment Management affiliates were involved in a violation of SEC or CFTC regulations.

There are no proceedings before the SEC, or any other federal regulatory agency, state regulatory agency, or any foreign financial regulatory authority.

## **Item 10 Education and Other Financial Industry Affiliations and Education**

### **Ronald E. Copley: Founder and President**

Received his BA in Economics, Old Dominion University (1973), MBA in Management, Old Dominion University (1974), PhD in Finance and Real Estate, University of South Carolina (1981), and Charter Financial Analyst (CFA) Charterholder (1986).

### **Other Financial Affiliations:**

Mr. Frederick Willetts resigned from Copley Investment Management.

### **Broker Dealer**

Copley Investment Management nor any Affiliates are registered as a Broker Dealer.

### **Pooled Investment and Hedge Funds**

Copley Investment Management practice is not to engage in Pooled Vehicles or Hedge Funds.

## **Item 11 Code Of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Copley Investment Management adopted a “Code of Ethics”, in 2004, to set forth standards of conduct expected of personnel for safeguarding material nonpublic information about client transactions, and addresses conflicts that arise from personal trading by personnel. Among other things, the Code requires CIM’s supervised persons to report their personal trading security transactions (Personal Securities Transactions Reports), and is designed to promote compliance with fiduciary standards and federal securities laws by all CIM personnel. CIM’s code requires that all employees take reasonable care in preventing access to material nonpublic information about CIM’s securities recommendations, and client securities holdings and transactions, unless those individuals need the information to perform their duties. All employees will be careful to lock all doors and to activate the alarm system upon exiting the office. The Code requires CIM to restrict access to client information on a “need to know” basis. CIM’s “Code of Ethics” reminds personnel that investment opportunities must be offered to clients before the advisor or CIM’s employees. Personal Holding reports are also required annually. The Code limits acceptance of gifts over \$50 in value. CIM periodically reviews the code for necessary modifications, and keep documentation of personnel’s signatures when they review the code. A copy of CIM’s code is available to all clients upon request.

## **Item 12 Brokerage Practices**

### **Soft Dollar**

Copley Investment Management, as a matter of policy and practice, does not utilize research, research-related products and other services obtained from broker-dealers on a soft dollar commission basis. Soft dollar generally refers to arrangements whereby a discretionary investment advisor is allowed to pay for and receive research, research related or execution services from a broker-dealer or third party provider, in addition to the execution of transactions, in exchange for the brokerage commission from transactions for client accounts.

**Broker Dealer Recommendations**

Copley Investment Management does recommend broker- dealers to clients. CIM reviews firms each quarter to determine order execution, commissions, and web access ease for use for clients. Copley Investment Management does not have an incentive for recommending broker-dealers based on client referrals. Unless a client specifies a particular broker-dealer, CIM generally recommends Charles Schwab.

**Direct Brokerage**

Copley Investment Management does not require clients to execute transactions through a specified broker-dealer. Generally CIM does not aggregate (group) orders, but when CIM has researched the security, CIM requires each client's permission to place the order.

**Item 13 Review of Accounts**

Dr. Ronald Copley formally reviews all accounts at the end of each quarter unless directed otherwise by the client. He may review an account throughout the quarter depending on the market conditions. Dr. Copley follows the client's investment policy statement when making the review. He is the only professional at CIM who conducts the review. One of Dr. Copley's assistant's reviews each quarterly reports for clerical errors before the reports are sent to CIM's clients.

**Item 14 Client Referrals and Other Compensation**

Copley Investment Management does not receive any compensation or economic benefit for client, or non-client referrals.

**Item 15 Custody**

The term "Custody" refers to when an advisor or firm holds the client's assets directly or indirectly, and has the authority to obtain possession of them.

Copley Investment Management does not maintain custody of advisory clients funds although CIM does have the authority to withdraw advisory fees from client's accounts. A qualified custodian holds all clients' funds and securities. The custodian also sends clients quarterly statements. On each of CIM's invoices the clients are urged to compare the account statements of the qualified custodian and the statements from CIM.

**Item 16 Investment Discretion**

Copley Investment Management does accept discretionary authority to manage securities on behalf of clients. CIM discusses with the client the ability to manage and trade in their account.

## **Item 17 Voting of Client Securities**

Copley Investment Management, as a matter of policy and as a fiduciary to our clients, has the responsibility for voting proxies for portfolio securities consistent with the best economic interest of the client. Our firm maintains written policies and procedures as to handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

All potential conflicts of interest between the interest of the client and the interest of CIM are settled in favor of the client.

### **Voting Procedures**

All employees will forward any proxy materials received on behalf of clients to Ronald E. Copley; Dr. Copley will determine which client's accounts hold the security to which the proxy relate; Absent of material conflicts, Ronald Copley will determine how CIM should vote the proxy in accordance with the application voting guidelines, complete the proxy in a timely and appropriate manner;

### **Client Request for information**

All client requests for information regarding proxy votes, or policies and procedures, received by any employee should be forwarded to Dr. Copley.

In response to any request Ronald E Copley will provide a written request to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how CIM voted the client's proxy request with respect to each proposal about the client inquired

### **Voting Guidelines**

In the absence of specific voting guidelines from the client, CIM will vote proxies in the best interest of each particular client. Copley Investment Management's policy is to vote all proxies from a specific issuer the same way for each client absence qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on Copley Investment Management's voting authority in the same manner that they may place restrictions on the actual securities. CIM will generally vote in favor of routine corporate housekeeping proposals such as election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit service. Copley Investment Management will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, CIM will further consider the opinion of management, and the effect on shareholders value and the issuer's business practices.

### **Conflicts of Interest**

Copley Investment Management will identify any conflicts that exist between the interest of the adviser and client by reviewing the relationship of CIM with the issuer of each security to determine if Copley Investment Management or any of its employees has a financial, business or personal relationship with the issuer. If material conflicts of interest exist, Ronald E. Copley will determine whether it is appropriate to disclose the conflicts to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objected means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation. CIM will maintain a record of the voting resolution

A full copy of our Proxy Voting Policy is available upon request.



**Item 18 & 19 Financial Information and Requirement for State-Registered advisers**

Copley Investment Management does not require or solicit prepayment of fees.

CIM does not have custody of client funds.

Copley Investment Management has never been subject to a petition at any time for a bankruptcy petition.

CIM's compensation and fees are listed above. CIM does not use performance- based fees.

Copley Investment Management nor any management person has been involved in any arbitration claim, fraud, false statements, or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, extortion; or dishonest, unfair, or unethical practices.

**Item 20 Requirements for State Registration**

Copley Investment Management is not compensated for advisory services either performance base fees.

Copley Investment Management has never be found liable for fraud, false statement(s) or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion; dishonest, unfair, or unethical practices.