



Investment Management

*Creating Investment Alternatives*

*Since 1992*

SOPHER INVESTMENT MANAGEMENT, INC.  
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SOUTH BURLINGTON, VERMONT 05482  
MAIN PHONE NUMBER: 802-658-0625  
WEB ADDRESS: [www.sopherinvest.com](http://www.sopherinvest.com)  
DATE OF BROCHURE: March 22, 2011

This brochure provides information about the qualifications and business practices of Sopher Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 802-658-0625 or by email at: [msopher@sopherinvest.com](mailto:msopher@sopherinvest.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.

Sopher Investment Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sopher Investment Management, Inc also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## *Item 2*

## **Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to our clients as required by SEC Rules. This brochure, dated March 15, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item Section will discuss only specific material changes that are made to the brochure. It will provide our clients with a summary of those changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to the new SEC Rules, we will be sure that you receive a summary of any materials changes we make to this brochure as well as any subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

You can request a copy of our brochure by contacting Myron R. Sopher, President, at 802-658-0625 or [msopher@sopherinvest.com](mailto:msopher@sopherinvest.com). Our brochure is available on our web site: [www.sopherinvest.com](http://www.sopherinvest.com), also free of charge. Additional information about Sopher Investment Management, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with our firm who are registered, or are required to be registered, as investment adviser representatives of our firm.



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### *Item 4*

### **Advisory Business**

- A. The firm has been offering investment advisory services since 1992. The company's sole owner is Myron R. Sopher.
- B. Our services are in the following areas:
- We manage portfolios for individuals, families, trusts, and non-profit organizations.
  - We consult on an incidental basis for clients who use our expertise to manage complex trust situations.
  - We provide solutions to concentrated investment positions.
  - We work collaboratively with clients' trusted advisors such as accounting or legal firms.
  - We provide oversight of retirement funds for individuals who request that we help them blend the risk and balance of these funds with other non-retirement investments.
  - We have assisted many families prepare for the death of a spouse so that the transition for all family members is without surprise and unwarranted stress.
  - We transition wealth from one generation to another by spending time with older children so that they understand their responsibilities.
  - We educate our clients so that they can understand the value of the services we deliver.
  - We respect the value of a relationship that goes well beyond managing money by incorporating medical needs, business ownership, college expenses, and anticipated retirement aspirations into our wealth management process.

Client portfolios are invested in:

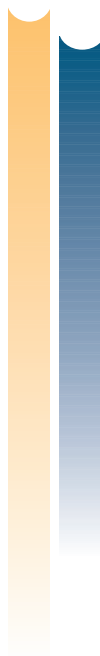
- Stocks
- Bonds: Municipal, Treasury, Corporate, and Foreign bonds that are investment grade. We cannot control bond holdings in mutual funds and inform clients of that fact.
- Exchange traded funds (ETF), or Spiders (Standard & Poors depositary receipt, managed by State Street Global Advisors) used for diversification.



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- A decorative vertical bar on the left side of the page, consisting of two parallel vertical lines. The left line is orange and the right line is blue, both with a slight curve at the top.
- Mutual funds
  - Cash, cash equivalents, certificates of deposit
  - The mix of the above asset classes are balanced on a percentage basis based upon client Investment Objectives that are reviewed annually or as client objectives change.
  - Our mission statement is: “*We build and sustain wealth.*” This is accomplished by:
    - o Listening carefully to our clients and understanding their time horizon for their investments, for example: when they wish to retire, what are the college expenses that are expected, medical conditions, a child with particular needs, etc.
    - o Meeting with our clients who have concentrated stock positions, or for instance, retirement plans that do not have any coordination with investments outside of those plans. Our holistic approach to investing allows us to continually review assets, client aspirations, needs, and anticipate rather than react to situations.
- C. We tailor our advisory services to the individual needs of the client by:
- Discussing risk and signing Investment Objective Agreements that describe by asset class (cash, stocks, bonds) percentages of investment dollars allocated to each category.
  - Listening to clients if they wish to avoid certain stock. Clients may elect to avoid entire sectors of the market.
  - Allowing clients to invest in certain stocks that we do not invest in or follow on a regular basis. We will do this with appropriate documentation and understanding that we do not recommend nor can we be held responsible for such investments.
- D. Clients may participate in ‘wrap fee’ programs that they have independently elected to participate in. These accounts are managed in the same manner as all of our other clients and do not see significantly higher or lower trading in them because they are in a wrap program. These clients have independently asked us to manage their assets for a management fee that is billed separately and shown on their custodial statements on a quarterly basis.



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#### E. CLIENT ASSETS:

##### ASSETS UNDER MANAGEMENT AS OF 12/31/2010 AND TOTAL NUMBER OF ACCOUNTS:

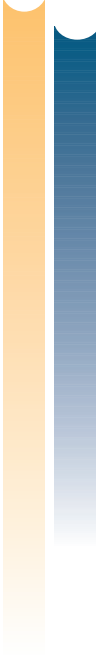
	US Dollar Amount	Total Number of Accounts
Discretionary:	\$ 75,710,940.00	72
Non-Discretionary	\$ 1,434,241.00	2
Total:	\$ 77,145,181.00	74

#### *Item 5* Fees and Compensation

- A. Our annual investment management fee is equal to:
- 1% of the value of the account plus accrued interest up to \$3 million dollars
  - 0.85 % of the value of the account between \$3 million and \$5 million
  - 0.75% of the value of the account between \$5 million and \$7.5 million
  - 0.50% of the value of the account in excess of \$7.5 million
  - This is a graduated scale and is presented and discussed with clients prior to signing investment agreements so that all questions can be addressed.

A 5% reduction in fees is granted to nonprofit organizations.

**The advisory fee is negotiable.** We negotiate fees with clients to assist them with the oversight of retirement plans that they have through their employer. By assisting them in pre-retirement affairs, we prepare them for a transition to retirement where funds are rolled over to an account where we can assist them in building a portfolio unique to their risk and investment requirements.



Some of our clients have elected to use one of our custodians when they have less than \$200,000 to invest. This custodial relationship is entirely electronic. In this paperless relationship, the client elects to be charged our normal management fee as described above for our services. They sign a separate agreement with this custodian that charges them .25% of assets under management, but enables them to buy and sell investment securities as our firm adjusts the holdings in their account. Any additional fees are described in the contractual relationship that the client signs with this custodian. The contractual relationship with the client is detailed for the client so that they are familiar with the terms and conditions of the relationship.

- B. The specific manner in which fees are charged by our firm is established in a client's written agreement with us. We will generally bill our fees on a quarterly basis. Clients will be billed in advance each calendar quarter. Original clients were billed in arrears as described in their investment management agreements. Clients are either billed directly for fees or authorize our firm to directly debit fees from client accounts.
- C. Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, and other fees which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

- D. Investment management fees shall be prorated for each capital contribution made during the applicable calendar quarter (with the exception of de minimis contributions). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termi-

nation of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

- E. None of our personnel or supervised persons accept compensation for the sale of securities or other investment products.

### *Item 6* **Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

We provide portfolio management and incidental consulting services to:

- Individuals
- High net worth individuals
- Trusts
- Non-profit local government organizations
- Charitable institutions
- Foundations
- Municipalities
- Limited Liability Corporations

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

- A. Investing in securities involves risk of loss that clients should be prepared to bear. Since 1992, we have internally developed a very sophisticated system which assists us in evaluating risk in our client portfolios as well as risk that is specific to each security. We have several systems to assist us in the selection of stocks. The investment selection process goes through many screening mechanisms and then specific results are monitored on an on-going basis. Many of our methods have been customized as a result of our research and experience in data collection.

We rely on professional outside vendors. Those vendors assist us in compiling financial information specific to each stock. From our



experience, we have created proprietary systems to deliver investment results for our clients.

We never promise our clients that our past or present investment results can be delivered in the future.

- B.** There will always be material risks for our clients with their investments made through our asset management, as well as their own relationship with the custodian they use to hold their assets. Many of these risks are described in prospectus information received by our clients for securities they hold in their accounts.

These material risks that our clients are made aware of include:

- Unexpected natural disasters
- Damage as the result of war and armed conflicts
- Unexpected loss of key corporate personnel
- Product recalls, manufacturing errors, lost of a major client without notice
- Introduction of new products that could render existing product lines obsolete.
- Patent suits that could cost millions of dollars in penalties
- The recall of defective products
- Government, state or local laws the adversely impact the ability of a company to do business
- There are ultimately too many risks to list, but at some point we all weigh the risks we take against the rewards we might receive.

- C.** We do not recommend any particular type of security. Everything we do is based on client needs and expectations.

### *Item 9*

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of our firm or the integrity of our firm's management. Our firm has no information applicable to this Item.

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

Our firm has nothing to report under this section. We have no affiliations, relationships, or applications pending with outside firms that would create a conflict of interest. Additionally, we do not recommend or select other investment advisors for our clients.

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

Sopher Investment Management, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the firm must acknowledge the terms of the Code of Ethics annually, or as amended.

Occasionally, one of our employees may elect to buy or sell an investment which is the same as what the firm holds for a client, or has recommended for a client's account. *How do we handle that?*

First, our employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Sopher Investment Management, Inc. may make trades for their own accounts in securities which have been recommended to and/or purchased for its clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the firm will not interfere with

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

Second, under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially *not* interfere with the best interests of our clients. We also require the pre-clearance of transactions, and we restrict trading in close

proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there *is* a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between our firm and its clients.

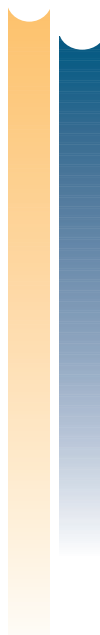
Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs associated with their custodial relationship and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order.

Our clients (or prospective clients) may request a copy of the firm's Code of Ethics by contacting Myron R. Sopher. Clients are made aware of our Code of Ethics prior to or on the day an investment management agreement is signed. They are informed annually of their ability to receive a copy of this code from us.

### *Item 12* **Brokerage Practices**

- A. It is important clients realize that we are a fee-for-service business. We do not derive income from brokerage equity trades, mutual funds, exchange traded funds, or fixed income securities. Our clients pay trading fees in addition to our investment management fees. With ETFs (Exchange Traded Funds) and mutual funds, clients pay double fees; one to our firm, one to the fund and for specific investments that have additional fees associated with them. This is described in our investment management agreement item (see *Item 5: COMPENSATION*).

Although the majority of our clients use one of our custodians, we have relationships with a number of other brokerage/custodians.



Some clients may wish to stay with their current brokerage firm and that is considered in each situation. If they choose to use a particular brokerage firm they may (or may not) pay higher fees. That is their decision, but we inform them of alternatives. Prime brokerage agreements that clients can agree to, have commissions and best execution-of-trades that are reasonably expected based upon our review of each firm, our relationship over the years and the availability of the instrument being purchased. We elect to have these relationships for certain clients whose needs may not be fulfilled with access to just one brokerage firm's inventory. Trade away ability is used to meet client needs. In this case, items we would consider would be a firm's commission rates, availability, response time, and expertise and other items covered in our best execution policy.

1. We have elected not to participate in any soft dollar relationships.
  2. We do not select or recommend a broker-dealer based on the chance they might provide our firm with a client referral. Our interest is to make available the best fit for the client in terms of services and value the brokerage firm can provide.
  3. In terms of Directed Brokerage:
    - a. We do not recommend, request or require that a client direct our firm to execute transactions through a specified broker-dealer.
    - b. We don't recommend a client to use "direct" brokerage once they select a broker-dealer. Doing so could represent an operational issue for us, especially when we electronically download transactions from a broker that may not be set up on our trading systems. If clients want to do this we will allow it but only with the understanding that they may (or may not) incur additional fees. They may not be able to see the transactions on their monthly reports we send them, either. We do allow clients to "trade away" from their brokerage firm if they and we agree to it. We will then set this up to do so operationally. If fact, we like this situation as it allows us to tailor clients' needs.
- B.** As described in Item 11 we do aggregate orders (i.e. combine orders for more than one client at a time- also known as a Block Trade) for

clients when we deem it appropriate. In some instances, a client may have a tax situation that would prevent their order from being part of an aggregate order. Or, they may wish to be contacted first prior to our executing an order. Market circumstances may cause us to not execute the buy or sale of all holdings at the same time. We may elect to sell just a portion of the security and then trade additional securities at a later date depending on news, trading volume, etc. All clients in the block trades will receive the average price of the execution.

### *Item 13*

## **Review of Accounts**

- A. Matthew Johnson, Portfolio Manager and Myron Sopher, President, review accounts on a scheduled basis throughout the year. We formally review all accounts with assets in excess of \$200,000 annually. Meetings we have had with clients or the composition of the portfolio may not warrant this high level of review. A full review allows us to quantify alpha, beta and concentrated risk for a specific account. Some clients will meet with us and tell us they are happy with the current holdings and don't want any adjustments. If our high or low pricing factors are met, we review all holdings and decide on buy or sell conditions. On this basis, all accounts are reviewed for exposure at the same time and appropriate action is taken. Matthew Johnson reviews 42 accounts and Myron Sopher reviews approximately 32 accounts. Some of these accounts are consolidated into just one family consolidated group for review.
- B. Reviews are conducted utilizing our documented "Portfolio Policies and Strategies" document dated February 10, 2010. This document represents our guideline, but a particular client's wishes, or timing/market circumstances may cause us to waiver on some of the elements of the policy. Some sell decisions may cause us to wait for an opportunity rather than immediately reinvest proceeds from sales. Reviews will be conducted immediately if a client wishes to raise cash for immediate use. Also, a change in a client's personal circumstances can cause us to revise investment objectives.
- C. On a monthly basis every account is reviewed manually. We make



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notes in the margins or ask clients to call us. We make recommendations that we want them to think about. This process of writing recommendations or observations in a client's monthly report causes us to check in with them to review their response to our observations. This process keeps us connected and brings value to the relationship. Our monthly reports are appraisal and income statements. They include cost basis, current market value, yield and percentage of assets base for each holding. The total dollar amount of investments is shown along with cost basis information. There are no written reports other than what has been mentioned above. We rely upon our standard reports which break down investments into asset categories. Equity holdings are reported by industry sector for easy concentration of risk review.

The monthly report also includes two pages of net-of-fee performance calculations. These calculations include time weighted returns and internal rates of return by asset class. Performance is shown against Standard and Poors 500 index with dividends included and the Dow Jones Industrial Average Index with dividends included. Clients may also select other index comparisons upon request. A total return for the previous twelve month period is shown as well as performance-to-date from inception for the entire portfolio.

Since 1993, we have utilized the capabilities of a portfolio management system that is now integrated with custodial data. This capacity enables us to create reports that assist our clients by enabling them to sell by tax lot, track cost basis for reporting purposes, and aggregate family assets into one report for summary review of investments.

Clients are formally asked on an annual basis to review their investment objectives and to contact us if any circumstances regarding their needs or risk factors have changed.

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

Sopher Investment Management, Inc. does not pay for client referrals nor do we receive compensation from any outside entity for referrals.

### *Item 15*

## **Custody**

Our clients receive monthly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge our clients to carefully review such statement and compare such official custodial records to the account statements that we provide to them. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. They may differ in pricing for certain securities that are priced infrequently or where there is limited trading in a security. We find these differences in American Depositary Receipts, municipal bonds, or foreign bonds. When we do see this, we usually have conversations with the client to explain pricing differences. Some pricing services that brokerage firms or banks use have differing methods to price certain securities.

### *Item 16*

## **Investment Discretion**

Sopher Investment Management, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients we advise. Investment guidelines and restrictions must be provided to us in writing, if clients wish to invest in particular securities that we do not recommend purchasing.

### *Item 17*

## **Voting Client Securities**

As a matter of firm policy and practice, we do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.



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*Item 18*

## Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our firm's financial condition. Our firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

- A. We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.
- B. Our investment management agreements do give our clients the opportunity to give us discretion over the investment of their assets. Our firm is registered in the State of Vermont. We do not have any client that we charge in excess of \$500 in fees per client, six months or more in advance.

*Item 19*

## Requirements for State-Registered Advisers

- A. The identification of our principal executive officers and management persons:

*Myron R. Sopher, President and Chief Compliance Officer*

**Born:** May 6, 1950

**Education:** University of Vermont, B.A. in Psychology and minor in Economics

**Business background:**

President and CCO for Sopher Investment Management, Inc. and an investment advisor since 1992.

Held various executive positions at Computer Aided Planning, Herman Miller, Inc., American Hospital Supply Corporation, and Burlington Industries.

*Matthew D. Johnson, CFA, Portfolio Manager*

**Born:** September 15, 1974

**Education:** BA; Economics- Environmental Sciences,





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St. Lawrence University, 1996,  
2003 CFA designation, #854812

**Business background:**

2007 – Present	Sopher Investment Management, Inc., Portfolio Manager
2001-2007	Bombardier Aerospace, Manager Credit Assessment, Senior Credit Analyst, Colchester, VT.
1999-2001	Stratevest Group, Burlington, VT.
1997-1999	State Street Bank, Portfolio Accountant, Quincy, MA.
1996-1997	Putnam Investments, Mutual Fund Accountant, Braintree, MA.

- B.** Our management is not actively engaged in any other business.
- C.** Our employees and management are not compensated for performance-based fees.
- D.** None of our management persons have been involved in any of the events listed.
- E.** None of our management persons have any relationship or arrangement with any issuer of securities that is not listed in *Item 10*.