

Valley Wealth, Inc.

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Disclosure Brochure

March 29, 2012

This brochure provides information about the qualifications and business practices of Valley Wealth, Inc. If you have any questions about the contents of this brochure, please contact us at 209.579.5900. 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.

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

Additional information about Valley Wealth, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

Material Changes

On August 12, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which revises the format of Form ADV Part 2 from a “check-the-box” form to a narrative brochure written in plain English. This brochure dated March 25, 2011 is prepared according to the new Form ADV Part 2 format. As a result, Valley Wealth, Inc. (“Valley Wealth, we, us, our, ours”) is providing you with a brochure that not only looks different, but contains more information than our earlier disclosure documents.

We have offered or delivered information about our qualifications and business practices to clients on an annual basis. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of our last annual update of our

brochure.

Our current brochure may be requested by contacting Jeffrey Burrow, President and Chief Compliance Officer, at 209.579.5900. We will provide you with a brochure at any time without charge.

Additional information about us, and persons affiliated with us who are registered as our investment advisor representatives (“your advisory representative”) is available via the SEC’s website at www.adviserinfo.sec.gov. Information regarding your advisory representative can also be found in the supplement to this brochure on the page shown in the table of contents to the right of this column.

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Advisory Business

Select Wealth Advisors is a corporation organized under the laws of the State of California. Mark E. Royer, CFP founded the Modesto-based investment advisory firm in 2001 and was the principal owner until October 2011 when Valley Wealth, Inc. purchased the company. Valley Wealth, Inc. is an SEC registered investment advisory firm.

We provide comprehensive investment and financial management services to individuals, pension and profit sharing plans, corporations and trusts and estates. We provide individual and institutional investment account management for a fee based on a percentage of assets under management. We also offer personal and business financial and estate planning on both a fixed fee and hourly fee basis as outlined below.

Individually Managed Accounts Program

We act as portfolio managers for the program. We work with you to identify your investment goals, objectives and risk tolerance to create an initial portfolio allocation designed to complement your financial situation and personal circumstances. The portfolio may consist of various investments including, but not limited to, stocks, fixed income securities, mutual funds, exchange traded funds (“ETFs”) and variable annuities. The investment strategies utilized depend on your investment objectives and goals as provided to us. Portfolios are

constructed along basic investment objective categories and focus primarily on a long-term buy and hold approach as opposed to short-term trading. However, you have the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio. All accounts are managed on a non-discretionary basis.

Pension and Profit Sharing Plans

We provide investment management advice to the trustees of employer sponsored retirement plans at a plan level. Investment alternatives are recommended based on a review and analysis of client information including, but not limited to, size of the plan, risk tolerance levels, investment objectives and time horizons. Such advice does not include advice for plan participants of self-directed retirement plans.

Financial Advisory Services

We offer advisory services for investment, financial, estate, retirement, and college planning. We collect financial data from you and assist you in developing a plan to work toward your financial goals and objectives.

In managing your investment portfolio, we consider your

- financial situation,
- risk tolerance,
- investment horizon,
- liquidity needs,
- tax considerations,
- investment objectives, and

- any other issues important to your state of affairs.

You should notify us promptly if there are any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions upon the management of your account.

As of December 31, 2010, we managed approximately \$74.6 million in client assets where our clients made the investment decisions based upon our recommendations.

Fees and Compensation

Individually Managed Accounts Program

We offer our individually managed accounts program and our pension and profit sharing plan services on a fee-only basis. Our fee is calculated based upon the market value of the assets in your account on the last day of the previous quarter.

Broker-dealers and other financial institutions that hold client accounts are referred to as custodians (“custodian/broker-dealer”). Your custodian/broker-dealer determines the values of the assets in your portfolio.

Fees for the initial quarter are based on the value of your cash and securities on the date the custodian/broker-dealer receives them and are prorated based upon the number of calendar days in the calendar quarter that our agreement is in effect.

Our fee schedule is described below:

Assets under Management/ Pension Plan Assets	Advisory Fee¹
\$50,000 to \$249,999	1.15%
\$250,000 to \$499,999	1.10%
\$500,000 to \$749,999	1.05%
\$750,000 to \$1,249,999	1.00%
\$1,250,000 to \$1,999,999	0.90%
\$2,000,000 to \$4,999,999	0.75%
\$5,000,000 to \$24,999,999	0.55%
Over \$25 million	Negotiable

¹ All fees are negotiable at our sole discretion.

You must authorize us to have the custodian/broker-dealer pay us directly by charging your account. This authorization must be provided in writing. One-fourth of the annual fee is charged each calendar quarter.

We send a quarterly statement that includes the value of your investments and our advisory fee. Your custodian/broker-dealer also provides you with statements that show the amount paid directly to us. You should compare the statement we send to your custodian/broker-dealer’s statement and verify the calculation of our fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

In addition to our fee, you may be required to pay other charges such as:

- custodial fees,
- brokerage commissions,
- transaction fees,

- internal fees and expenses charged by mutual funds, exchange traded funds (“ETFs”) or variable annuities.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to advisory fees charged by us. Complete explanations of internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these explanations before investing any money. You may ask us any questions about fees and expenses.

If you purchase mutual funds through the custodian/broker-dealer, you may pay a transaction fee that would not be charged if the transactions were made directly through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may charge internal expenses that are different from funds held at the mutual fund company.

Mutual funds purchased directly from a mutual fund company would not be part of our advisory relationship. Accordingly, they would not be included in our investment strategies, performance monitoring, or portfolio reallocations.

Please be sure to read the section entitled “Brokerage Practices,” which follows later in this brochure.

Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any

unearned fees that were deducted from your account will be returned. The amount refunded is calculated by dividing the most recent advisory fee you paid by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that the agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee paid in advance to determine the refund.

Fixed Fee or Hourly Charges

Fees for advisory services may be charged on an hourly or fixed fee arrangement as mutually agreed upon. Fees are negotiable and vary depending upon the complexity of your financial situation, and the services to be provided. Similar advisory services may be obtained elsewhere at a lower cost.

Our fixed fee schedule is described below:

<u>Client Net Worth</u>	<u>Fixed Fee¹</u>
Up to \$1,000,000	\$3,500 Maximum
\$1,000,000, to \$5,000,000	\$7,000 Maximum
Over \$5,000,000	Negotiable

Our hourly fee charge is \$250 per hour. Hourly fees are due on a monthly basis on the last business day of each calendar month or in full upon completion of the service to be provided, whichever occurs first.

Fifty percent (50%) of the agreed upon fixed fee is due on execution of the advisory agreement with the balance due upon presentation of the financial plan

You must pay our advisory fees in advance of receiving our services. Should you terminate the advisory agreement within five (5) business days from the execution date of the agreement all fees will be refunded.

Performance-Based Fees

Performance-based fees are designed to give a portion of the investment gains to the investment advisor as a reward for positive performance. The fee is generally a percentage of the profits made on the investments.

We do not charge performance-based fees on any client accounts.

Types of Clients

We provide advisory services primarily to high net worth individuals, trusts, estates and retirement accounts. We also provide services to corporations or business entities including their pension and profit sharing plans.

We generally require a minimum portfolio size of \$500,000. We may accept clients with lesser amounts based upon anticipated future earnings or future additional assets, account composition, related accounts, and pre-existing client relationships. We may also

consider the accounts of your family members to determine if your portfolio meets the minimum size requirement.

Methods of Analysis, Investment Strategies and Risk of Loss

We select specific investments for your portfolio(s) through fundamental investment analysis.

Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to trade or hold the security.

Cyclical analysis is a form of fundamental analysis that involves the process of making investment decisions based on the different stages of an industry at a given point in time.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but use charts and other tools to identify patterns that can suggest future activity.

Our strategies may include long-term and short-term investment holding periods. You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

All investments involve risks that may result in:

- loss of principal,
- a reduction in earnings (including interest, dividends and other distributions), and
- the loss of future earnings.

Additional risks may include:

- market risk,
- interest rate risk,
- issuer risk, and
- general economic risk.

Although we manage portfolios in a manner consistent with your risk tolerances, we cannot guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

Disciplinary Information

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

Other Financial Industry Activities and Affiliations

As explained under “Fees and Conditions” above, advisory representatives are also licensed as insurance agents with various insurance companies. These arrangements may present a conflict of interest because they create an incentive to make recommendations based upon the amount of compensation advisory representatives can receive rather than based upon your needs.

As previously noted, upon request we will explain specific costs associated with any recommended investments with you. We also recommend no-load and load-waived mutual funds to further reduce conflicts of interest. You may purchase investment and insurance products through other brokers or agents not affiliated with us.

Code of Ethics; Participation or Interest in Client Transactions and Personal Trading

We have adopted a *Code of Ethics* (“Code”) to address the securities-related conduct of our advisory representatives and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities

transactions of our advisory representatives and employees be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of an advisory representative's or employee's position of trust and responsibility;

- that advisory representatives may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

We do not buy or sell securities for our firm that we also recommend to clients.

Our advisory representatives and employees are permitted to trade the same securities for their personal and family accounts that are bought or sold for your account(s). The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by you or
- considered for purchase or sale for you.

We have adopted policies and procedures that are intended to address

these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in your best interest,
- prohibit favoring one client over another, and
- provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for you.

Brokerage Practices

We may recommend that the broker-dealer/custodian for your account be the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member FINRA/SIPC. Schwab assists us in servicing your accounts. We are independently owned and operated and not affiliated with Schwab. Our use of Schwab is, however, a beneficial business arrangement for us and for Schwab. Information regarding the benefits of this relationship are described below.

In recommending Schwab as custodian and as the securities brokerage firm

responsible for executing transactions for your portfolios, we consider Schwab's:

- existing relationship with us,
- financial strength,
- reputation,
- reporting capabilities,
- execution capabilities,
- pricing, and
- types and quality of research.

The determining factor in the selection of Schwab to execute transactions for your accounts is not the lowest possible transaction cost, but whether Schwab can provide what is in our view the best qualitative execution for your account.

Schwab provides us with access to institutional trading and custodial services, including:

- brokerage,
- custody,
- research, 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.

We are not required a minimum quantity of transactions, or to maintain a minimum dollar amount of client assets to receive these services.

Schwab does not charge separately for holding our client's accounts, but may be compensated by you through transaction-related fees associated with the securities transactions executed for your account(s).

Schwab also makes available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

- provide access to account data such as:
 - duplicate trade confirmations,
 - bundled duplicate account statements, and
 - access to an electronic communication network for client order entry and account information;
- facilitate trade execution, including:
 - access to a trading desk serving advisory participants exclusively and
 - access to block trading which provides the ability to combine securities transactions and then allocate the appropriate number of shares to each individual account;
- provide research, pricing information and other market data;
- facilitate payment of our fees from client accounts; and
- assist with back-office functions, record keeping and client reporting; and

- receipt of compliance publications.

Schwab also makes available to us other services intended to help us manage and further develop our business. These services may include:

- consulting,
- publications and conferences on practice management,
- information technology,
- business succession,
- regulatory compliance, and
- marketing.

Schwab may also make available or arrange for these types of services to be provided to us by independent third parties. Schwab may discount or waive the fees it would otherwise charge for some of the services it makes available to us. It may also pay all or a part of the fees of a third party providing these services to us. Thus, we receive economic benefits as a result of our relationship with Schwab, because we do not have to produce or purchase the products and services listed above.

Commissions and other fees for account transactions executed through Schwab may be higher than another custodian/broker-dealer firm. We believe that the overall level of services and support provided to our clients by Schwab outweighs the benefit of possible lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through Schwab. We do not attempt to allocate these benefits to specific clients.

You may direct us in writing to use a particular custodian/ broker-dealer to execute some or all of the transactions for your account. In this case, you are responsible for negotiating the terms and arrangements for the account with the custodian/broker-dealer. We may not be able to negotiate commissions, obtain volume discounts or best execution pricing. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular custodian/ broker - dealer and clients who do not direct us to use a particular custodian/broker - dealer.

We do not aggregate your account transactions with those of other clients. As we do not have discretion over the assets in your account, we must have your approval prior to placing trades for your account. Orders are placed individually upon client approval.

Review of Accounts

Your account is monitored on an ongoing basis with a formal review conducted at least annually or as agreed upon with you. Account reviews focus on the consistency of portfolio investments with your stated objectives

and risk tolerances. Reviews also consider investment restrictions requested by you, investment time horizons, liquidity needs, tax considerations and other circumstances unique to you.

On a quarterly basis, the performance of each client account is reviewed to monitor consistency with market benchmarks that we deem applicable. Account reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, issuer news and interest rate movement. Your advisory representative is responsible for all reviews.

You will receive statements from the custodian/broker-dealer at least quarterly. These statements identify your current investment holdings, the price of each of those investments, and their current market values. You will also receive performance analysis reports prepared by us which describe the returns realized on the investments in your account.

Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals who is not one of our advisory representatives or employees.

We receive certain economic benefits as a result of our participation in Schwab's institutional program. Those benefits are

described in detail in the preceding section entitled "Brokerage Practices."

Custody

You will receive investment account statements at least quarterly from your custodian/broker-dealer. We urge you to carefully review these statements and compare them to the statements that we may provide you. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative or our Chief Compliance Officer should you have any questions or concerns regarding your account.

Investment Discretion

We offer our advisory services on a non-discretionary basis. This means that we need advance approval from you to determine the type and amount of securities to be traded for your account(s). We also do not have the ability to choose the custodian/broker-dealer through which transactions will be executed. Additionally, we are not able to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization.)

Voting Client Securities

We do not act upon or give advice for voting of proxies solicited by the issuer of securities in your account(s).

Additionally, we do not act upon or give advice for securities that are subject to class action lawsuits. We will forward any information we receive to you regarding proxies and legal matters involving any securities held in your account(s).

Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding.

Mark E. Royer, CFP, ChFC

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Brochure Supplement

March 29, 2012

This brochure supplement provides information about Mark E. Royer that supplements the Valley Wealth, Inc. brochure. You should have received a copy of that brochure. Please contact Jeffrey Burrow, President and Chief Compliance Officer if you did not receive Valley Wealth, Inc.'s brochure or if you have any questions about the contents of this supplement.

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

Educational Background and Business Experience

Mark E. Royer

Year of birth: 1955

Formal education:

- Modesto Junior College – Attended 1980-81
- California State University, Fresno – 1982, B.S., *summa cum laude*, Agricultural Business
- College of Financial Planning – 1988; Certified Financial Planner
- American College – 2010 ; Chartered Financial Consultant

Business background:

- Valley Wealth, Inc. – Investment Adviser Representative (10/2011-Present)
- Select Wealth Advisors, Inc. – President, Chief Compliance Officer, Advisory Representative; (08/01 – 10/2011)
- FSC Securities Corporation – Registered Representative; (08/87 – Present); Registered Principal (03/89 – 10/2011)
- Crosby, Royer, Starin and Trevino, Inc. – Vice President, Advisory Representative (1987 – 08/01)

Professional Designations

CFP®

CERTIFIED FINANCIAL PLANNER™, CFP® and federally

registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP® Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States

college or university (or its equivalent from a foreign university). CFP® Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

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

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

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

ChFC®

Chartered Financial Consultant®, ChFC®: The credential is awarded by The American College, a non-profit educator with an 83-year heritage and the highest level of academic accreditation. The ChFC® designation has been a mark of excellence for almost thirty years and currently requires nine college-level courses, the most of any financial planning credential. Average study time to earn the ChFC® exceeds 450 hours.

Required courses cover extensive education and application training in financial planning, income taxation, investments, and estate and retirement planning. Additional electives are chosen from such topics as macroeconomics, financial decisions for retirement, and executive compensation. ChFC® designees must meet experience requirements and adhere to continuing education and ethical standards. .

Disciplinary Information

Mr. Royer has not been the subject of any legal or disciplinary event.

Other Business Activities

Mr. Royer is not engaged in any business activities other than those related to Valley Wealth, Inc.

Additional Compensation

Our advisory representatives are also licensed with various insurance companies. Commissions may be earned by our financial advisors if insurance products are purchased through these insurance companies.

We may receive benefits such as assistance with conferences and educational meetings from product sponsors.

The above arrangements may present a conflict of interest because they may create an incentive to make

recommendations based upon the amount of compensation we receive rather than based upon your needs. We will explain the specific costs associated with any recommended investments with you upon request. We also recommend no-load and load-waived mutual funds to further reduce conflicts of interest. Additionally, you have the option to purchase investment and insurance products through other brokers or agents who are not affiliated with us.

Supervision

Mr. Royer is supervised by Jeffrey Burrow, President and Chief Compliance Officer.