

FORM ADV PART 2A: BROCHURE



VFPE ADVISORS LLC

1030 Old Valley Forge Road
King of Prussia, PA 19406
Phone: 610-783-6650
Fax: 610-783-6792
<https://vffg.com/>

CRD # 299829

Confidential
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This brochure (the “Brochure”) provides information about the qualifications and business practices of VFPE Advisors LLC (“VFPEA” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 610-783-6650. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about VFPEA is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search the SEC’s site using a unique identifying number, known as a CRD number. The CRD number for VFPE Advisors LLC is # 299829.

ITEM 2: MATERIAL CHANGES

Since the filing of its initial Form ADV Part 2A Brochure dated December 28, 2018, VFPE Advisors LLC (“VFPEA” or the “Firm”) has registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”), as noted in Item 4 (Advisory Business). Additionally, VFPEA has amended Item 15 (Custody) relative to its compliance with custody rule requirements. VFPEA reports no other material changes to its business at this time. Certain other non-material amendments have been made throughout this Brochure.

Going forward, VFPEA will provide clients with a summary of any material changes to this Brochure within 120 days of the close of the Firm’s fiscal year end. VFPEA may provide additional interim disclosure about material changes, if warranted, in compliance with regulatory guidance. For a current copy of the Firm’s Brochure, please contact Mr. Jeffrey M. Merrill, Chief Compliance Officer, at 610-783-6650 or jmerrill@vffg.com.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ◆ ***An offer or agreement to provide advisory services to any person;***
- ◆ ***An offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by VFPE Advisors LLC, or its affiliates; or***
- ◆ ***A complete discussion of the features, risks or conflicts associated with any Fund advised by VFPE Advisors LLC, or its affiliates.***

In accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”), VFPE Advisors LLC provides this Brochure to current and prospective clients. VFPE Advisors LLC may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as the Fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such Funds.

Although this Brochure describes the investment advisory services of VFPE Advisors LLC, persons who receive this Brochure (whether or not from VFPE Advisors LLC) should be aware that it is designed solely to provide information about VFPE Advisors LLC as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may not include all information provided in relevant offering materials.

More complete information about each Fund advised by VFPE Advisors LLC and its affiliates is included in relevant offering materials which may be provided to current and eligible prospective investors only by VFPE Advisors LLC, its affiliates, or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials will govern and control.

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ITEM 4: ADVISORY BUSINESS

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

VFPE Advisors LLC (“VFPEA”) is a limited liability company established in November 2018, with its principal place of business in King of Prussia, Pennsylvania, to provide discretionary investment management services to private equity and real estate funds. VFPEA is an affiliate of Valley Forge Private Equity, Inc., Valley Forge Financial Group, Inc., Valley Forge Investment Consultants, Inc., Valley Forge Pension Management, Inc., and Valley Forge Family Office, Inc. which offer diversified financial advisory services focused on serving the dynamic financial needs of entrepreneurs, business owners, and high net worth families. VFPEA became a federally registered investment adviser on February 14, 2019.

History

Founded in 2002, Valley Forge Private Equity, Inc. (“VFPE Inc.”) structures private equity investment partnerships and real estate investment partnerships (“Valley Forge Funds” or “Funds”) which invest in independent private equity funds sponsored by established private equity managers, private companies, real estate funds and real estate. Each of the Valley Forge Funds has formed a separate entity to serve as the general partner (“General Partner”) of that Fund. Each of these Funds pays management and/or performance fees to the General Partner of that Fund. The General Partner, as well as the Fund itself, has no employees and thus contracts with and provides the authority to VFPE Inc. to perform the administrative services required to administer the Fund.

VFPEA is under common control with each of the General Partners of the Valley Forge Funds and was created with the sole purpose of providing discretionary investment advisory services to each of the Valley Forge Funds, as well as any future investment partnerships organized by VFPE Inc.

Principal Owners

The Principals of VFPEA are Sean Maher, Michael J. Maher, Jr., Michael G. Mallick, and R. Radcliffe Hastings (“Principals”) and each own 25% of VFPEA. These same Principals, with some variation between Funds, also serve as the managing members of the General Partner of each of the Valley Forge Funds. Some of these Principals also have a beneficial ownership stake in VFPE Inc. VFPEA receives a portion of the management fee payable to the General Partner of each Fund, although VFPEA does not receive any fees directly from VFPE Inc. or the Valley Forge Funds.

This management structure can potentially lead to conflicts of interest. For example, a Fund will be managed by the General Partner, which is beneficially owned by the Principals. The Principals may also acquire interests and become investors in a Valley Forge Fund, giving the Principals the right to vote on matters subject to the vote of investors. In setting various management and other fees and other conditions for management of a Fund and in determining distributions, the Principals of the General Partner have potential conflicts of interest between their personal interests as Principals of the General Partner and their fiduciary duties to a Fund.

There can be no assurances that the financial arrangements between the General Partner and/or affiliates of the General Partner and a Fund are no less favorable to the Fund than could be negotiated in arm's length dealings. Prospective investors are urged to consider for themselves

whether the management arrangements and allocation of distributions contemplated for a Fund are fair and reasonable.

Throughout this Brochure, VFPE Advisors LLC, together with certain affiliate entities, including General Partner entities, are referred to as “VFPEA”, the “Firm”, “we”, “us”, and “our.”

- B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

VFPEA Advisory Services

VFPEA serves as investment adviser and provides discretionary investment advisory services to each of the Valley Forge Funds pursuant to a separate written investment advisory agreement with each Fund and its General Partner. The Investment Committee for each Valley Forge Fund will be comprised of VFPEA professionals. Each Valley Forge Fund is an advisory client of VFPEA. While this Brochure may be provided to limited partners (“investors” or “limited partners”) in the Valley Forge Funds, VFPEA does not provide investment advice to limited partners and limited partners are not clients of VFPEA. VFPEA does not accept any clients other than the Valley Forge Funds and investment limited partnerships that may be organized in the future by VFPE Inc. or its affiliates.

Private Equity

Fund Structure

Each private equity Fund is organized to build a diversified portfolio of small-to-middle market private companies primarily through investments in independent private equity funds sponsored by established private equity managers (“PE Investment Funds”), co-investments with PE Investment Funds directly into various privately-held portfolio companies (“Co-Investments”) and direct investments in portfolio companies (“Direct Investments”). While Fund structures vary, each Fund typically aims for a percentage of its assets to be committed to PE Investment Funds and the remaining percentage of assets to be invested in Co-Investments or Direct Investments. A structure in which a private equity Fund invests in other PE Investment Funds is known as a “Fund of Funds” structure. VFPEA manages the portfolio of each Fund of Fund with emphasis on diversification and actively monitors the performance of each underlying investment made by the Fund.

The specific investment strategy, structure, diversification guidelines, terms of investment and other terms and conditions associated with each private equity Fund are described in the Fund’s subscription agreement, offering memorandum, operating or limited partnership agreement, or similar disclosure and governing documents (collectively, the “Offering Documents”) prepared specifically for the offering of interests in such Fund. With respect to any Fund, this Brochure is qualified in its entirety by the Offering Documents.

Use of Leverage

While the Funds do not incur indebtedness for purposes of leveraging its investments in PE Investment Funds or portfolio companies, the General Partner has the right to enter into one or more credit facilities on behalf of the Funds, including but not limited to lines of credit for purposes of providing short-term bridge loans. Additionally, the portfolio companies in which a PE Investment Fund holds interests, or in which the Fund holds interests through a Co-Investment or Direct Investment, typically will be leveraged with indebtedness.

Real Estate

Fund Structure

Each private real estate Fund is organized to acquire, own, lease, manage, redevelop, and operate a diversified portfolio of real estate and real estate-related assets (“Real Estate Assets”). Each real estate Fund is an equity investment fund targeting Real Estate Assets throughout the major metropolitan markets of the United States to be acquired, renovated, rehabilitated, and operated for investment. The real estate Funds may invest directly in real estate properties or in other investment funds or entities (“RE Investment Funds”) that own real estate properties. The general partner, managing member or manager of RE Investment Funds may be affiliated with the General Partner and VFPEA. Each real estate Fund typically seeks to generate a blend of current income and capital appreciation.

The specific investment strategy, structure, diversification guidelines (if any), terms of investment and other terms and conditions associated with each real estate Fund are described in the Fund’s Offering Documents prepared specifically for the offering of interests in such Fund. With respect to any Fund, this Brochure is qualified in its entirety by the Offering Documents.

Use of Leverage

While the Funds do not incur indebtedness for purposes of leveraging its investments in RE Investment Funds or Real Estate Assets, the General Partner has the right to enter into one or more credit facilities on behalf of the Funds, including but not limited to lines of credit, for purposes of providing short-term bridge loans. Additionally, each Real Estate Asset typically will be leveraged with indebtedness.

- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

VFPEA will tailor its advisory services to the particular investment strategy, criteria and guidelines as set forth in the Offering Documents for each Fund that is a client of VFPEA. Fund investors may not impose restrictions on investing.

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

VFPEA does not participate in wrap fee programs.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

VFPEA had \$101,948,824 in discretionary Regulatory Assets under Management based on asset values as of December 31, 2018.

ITEM 5: FEES AND COMPENSATION

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Fees and Compensation – Private Equity Funds

In most but not all cases, the General Partner, or its affiliate (including VFPEA) is entitled to receive from each private equity Fund, a management fee (the “Management Fee”), which ranges from 0.5% - 1.5% annually during the investment period, as more particularly described in relevant Offering Documents. Typically, Management Fees are calculated on the aggregate capital commitments to the Fund during the Fund’s investment period, and thereafter are calculated on actual capital contributions made by the Fund’s partners or the Fund’s capital that remains invested in assets. A Fund’s investment period, as specified in the applicable Offering Documents, is the limited period in which the Fund is permitted to enter into new investments (typically, four to six years from the end of the Fund’s fundraising period, although there are exceptions). A portion of the Management Fees are paid to VFPEA in consideration of its investment advisory services pursuant to the written investment advisory agreement between VFPEA and each Fund and General Partner.

In addition to the payment of ongoing Management Fees, the General Partner of each private equity Fund is entitled to receive performance fees in the form of a carried interest in profits (“Performance-Based Fees”) after the return of capital to limited partners and, typically, subject to the payment of a priority return on limited partners’ capital. For additional details about such performance-based compensation, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

Most private equity Fund limited partners are entitled to a priority return on their capital contributions, which is an amount equal to a specified percentage per annum on the average daily balance of each limited partner’s unreturned capital contribution. The priority return begins to accrue on the date a capital contribution in respect of an investment is made and ends when the limited partner’s unreturned capital contribution in respect of an investment has been reduced to zero. Any priority return that remains unpaid typically compounds annually.

In addition, the independent private equity manager of each of the underlying PE Investment Funds also receives management fees and performance-based fees from the applicable PE Investment Fund and may receive management fees and performance-based fees with respect to any Co-Investment. As a result, in the Fund of Funds structure, the limited partnership interests in a private equity Fund will bear the costs of the management fees and performance-based fees payable to the independent private equity managers of the underlying investments, as well as the Management

Fees and Performance-Based Fees payable to the General Partner and its affiliate. After paying all fees and taxes on the investment, limited partners in a private equity Fund of Funds may earn lower net returns than if they had invested directly in the underlying PE Investment Funds, Co-Investments, or Direct Investments, assuming they would be able to access such investments directly.

Fees and Compensation – Real Estate Funds

The General Partner or its affiliate (including VFPEA) of each real estate Fund typically is entitled to receive an asset management fee (the “Asset Management Fee”) of 1% annually, as more particularly described in relevant Offering Documents. Typically, Asset Management Fees are calculated based on the aggregate capital commitments to the Fund during the Fund’s investment period, and thereafter, are calculated based on the Fund’s capital invested in assets. A Fund’s investment period, specified within the Offering Documents, is the limited period in which a Fund is permitted to enter into new investments (often four to six years from the end of the Fund’s fundraising period, although there are exceptions). A portion of the Asset Management Fees are paid to VFPEA in consideration of its investment advisory services pursuant to the written investment advisory agreement between VFPEA and each Fund and General Partner.

The General Partner and/or its affiliates are expressly authorized to act as property managers in connection with any Real Estate Asset and receive market rate property management fees from the Fund or the asset holdings.

Certain real estate Funds may also have a Fund of Funds structure whereby the Fund invests in another RE Investment Fund and the general partner, managing member or manager (which may be an affiliate of the General Partner and VFPEA) of the RE Investment Fund is entitled to receive management fees and/or performance-based fees. As a result, the limited partnership interests in a real estate Fund will bear the costs of the management fees and performance-based fees payable to the general partner, managing member or manager of the underlying RE Investment Fund, as well as the Asset Management Fees payable to the General Partner and its affiliate. After paying all fees and taxes on the investment, limited partners in a real estate Fund may earn lower net returns than if they had invested directly in the underlying investment fund or real estate properties.

Variation in Fees and Terms

Fees and other compensation paid by a Fund to the General Partner may vary from Fund to Fund. Investors should carefully review the Offering Documents of the relevant Fund in conjunction with this Brochure for complete information about fees, compensation, and expenses. Similar advisory services may be available from other investment advisers for similar or lower fees.

Waiver of Management Fees

The General Partner will not assess Management Fees or Asset Management Fees on its portion of a Fund’s committed capital. The General Partner retains the right to reduce the Management Fee or Asset Management Fee due from a limited partner in its discretion.

Other Fees and Expenses – Private Equity Funds

VFPE Inc. may pay for its affiliate General Partners’, normal operating, overhead and administrative expenses, including salaries, bonuses and employee benefits, office facilities, back office support, accounting, management/finance functions, marketing, travel, and other

management-related costs. The Principals or employees of VFPE Inc. or its affiliates generally receive salaries and other compensation derived from, which in certain cases may be structured to include a portion of, the Management Fee, Performance-Based Fees or other compensation received by VFPEA or its affiliates.

Private equity Fund investors will bear certain expenses including:

- ◆ Fund and General Partner formation expenses, generally subject to a limit set forth in the Fund's Offering Documents;
- ◆ Expenses directly related to the Fund's operations and investments, including, without limitation, and not limited to organizational expenses, offering expenses and expenses incurred with the liquidation of the Funds; the costs and expenses, including without limitation, travel and out-of-pocket travel related expenses, commissions, brokerage fees or similar charges, incurred in connection with the identification, evaluation, origination, purchase, holding or sale of investments, whether or not any such origination purchase or sale is consummated, transaction costs and interest expense for money borrowed by the Fund; all expenses relating to litigation and threatened litigation involving the Fund, including indemnification expenses; third party expenses attributable to accounting, appraisal, legal, custodial, and registration services provided to the Fund; the costs of insurance coverage for the Fund including, without limitation, premiums for liability insurance to protect the Fund, the General Partner, the Principals and affiliates of the General Partner in connection with the performance of Fund activities; costs incurred in qualifying and maintaining qualifications of investments under applicable state "Blue Sky" laws; other third party costs; fees or other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against any governmental authority, agency or body; reports to governmental authorities, the preparation of annual audits of the Fund and other reports to limited partners; and
- ◆ Placement fees to a third-party placement agent, calculated as a percentage of the aggregate capital commitments represented by the interests issued in the offering, of which a small percentage is retained by the placement agent entity, with the remaining percentage paid as commissions to the applicable sales personnel registered with the placement agent (who are officers and employees of the General Partner and its affiliates).

The expenses outlined herein do not represent all applicable fees and expenses borne by a Fund. See Fund Offering Documents for a complete list of fees and expenses borne by investors.

Other Fees and Expenses – Real Estate Funds

Real estate Fund investors will bear certain expenses including:

- ◆ Expenses directly related to the Fund's operations and investments, including, without limitation, and not limited to organizational expenses, offering expenses and expenses incurred with the liquidation of the Funds; the costs and expenses, including without limitation, travel and out-of-pocket travel related expenses, commissions, brokerage fees or similar charges, incurred in connection with the identification, evaluation, origination, purchase, holding or sale of investments, whether or not any such origination purchase or sale is consummated, transaction costs and interest expense for money borrowed by the

Fund; all expenses relating to litigation and threatened litigation involving the Fund, including indemnification expenses; third party expenses attributable to accounting, appraisal, legal, custodial, and registration services provided to the Fund; the costs of insurance coverage for the Fund including, without limitation, premiums for liability insurance to protect the Fund, the General Partner, the Principals and affiliates of the General Partner in connection with the performance of Fund activities; costs incurred in qualifying and maintaining qualifications of investments under applicable state “Blue Sky” laws; other third party costs; fees or other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against any governmental authority, agency or body; reports to governmental authorities, the preparation of annual audits of the Fund and other reports to limited partners;

- ◆ Offering expenses which consist of placement fees to a third-party placement agent, calculated as a percentage of the aggregate capital commitments represented by the interests issued in the offering (note that certain officers and employees of the General Partner and its affiliates are registered representatives of the third-party placement agent who will engage in, and be compensated for, the sale of Fund units);
- ◆ Acquisition fees, refinance fees, property management fees, asset disposition fees and all other normal and customary operating expenses incurred by the Fund in connection with its investments; and
- ◆ Insurance, accounting fees, attorneys’ fees, appraisal fees, and other professional fees rendered to the Fund and/or any real estate property in connection with the wind-up and dissolution of the Fund following the occurrence of the termination date.

The expenses outlined herein do not represent all applicable fees and expenses borne by a Fund. See Fund Offering Documents for a complete list of fees and expenses borne by investors.

The General Partner and/or its affiliates are expressly authorized to act as property managers in connection with any Real Estate Asset and receive market rate property management fees from the Fund or the applicable Project Companies.

Placement Fee Waivers

Notwithstanding the foregoing, the General Partner may waive all or a portion of the placement fee with respect to one or more investors, except for the percentage due the placement agent entity.

Affiliate Revenue Sharing Arrangements

VFPE Inc. maintains revenue sharing arrangements with affiliates Valley Forge Investment Consultants, Inc. and Valley Forge Financial Group, Inc. VFPE Inc. receives a specified percentage of gross fees collected by Valley Forge Investment Consultants, Inc. and Valley Forge Financial Group, Inc. when VFPE Inc. recommends that a Fund investor utilize the services of these affiliates. VFPE Inc. does not perceive these arrangements to create a conflict of interest, as each affiliated entity retains client onboarding requirements that are followed to ascertain the suitability of their services for referred investors.

Transaction Expenses

For further discussion of brokerage fees, commissions and other related transaction costs and expenses, please refer to Item 12 – *Brokerage Practices* as well as each Fund’s Offering Documents.

- B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

The General Partner is authorized under the Offering Documents of each Fund to charge and deduct Management Fees and Asset Management Fees directly from the contributed capital and/or other assets of the applicable Fund. The General Partner of the Fund typically makes capital calls on investors for their *pro rata* share of Fund expenses (including Management Fees or Asset Management Fees). In addition, Performance-Based Fees are paid directly to the General Partner out of distributions paid by the applicable Fund to its partners in accordance with the Offering Documents.

- C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Investors in the Funds pay expenses in addition to Management Fees/Asset Management Fees and Performance-Based Fees, where applicable. These expenses generally include Fund administration, organizational, research and investment expenses, such as brokerage commissions, legal, custodial, accounting, audit and other professional fees and expenses, including indemnity insurance premiums. These expenses are typically allocated based on an investor’s pro-rata portion of the Fund. For additional detail, and a comprehensive list of fees and expenses borne by the investors, please refer to the applicable Fund’s Offering Documents.

See Item 12 – Brokerage Practices for additional information about potential conflicts of interest related to brokerage practices.

- D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Management Fees and Asset Management Fees are paid quarterly and are typically paid in advance. This varies from Fund to Fund, with some Funds paying in arrears. To the extent that Management Fees and Asset Management Fees are paid in advance, there typically would not be any refund of pre-paid fees if the advisory contract is terminated before the end of a billing period. Under the legal terms of the Subscription Agreement that is signed by each investing limited partner for each Fund, limited partners are not permitted to withdraw from a Fund and are required to maintain their investments throughout the life of a Fund. The transfer or assignment of limited

partner interests requires the approval of the Fund's General Partner. See the applicable Fund Offering Documents for more details.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.

The Principals of VFPEA are also separately licensed as registered representatives with M Holdings Securities, Inc., an independent SEC registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA"). These individuals, in their licensed capacity, are compensated through M Holdings Securities, Inc. for subscribing investors into the Funds. Registered Representatives that are licensed with M Holdings Securities, Inc. are also paid commissions for the sale of securities, including variable life and annuity products and are paid fees for asset-based advisory services provided on behalf of VFPEA's affiliate.

Valley Forge Financial Group, Inc., an affiliate of each Fund's General Partner, is a fractional owner of M Holdings Securities, Inc., wherein M Holdings Securities, Inc. may distribute excess profits to its owners, which may include profits from Fund placement fees.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

The General Partner of each Fund is entitled to receive Performance-Based Fees from most, but not all, private equity Funds only. VFPEA does not receive any portion of the Performance-Based Fees payable to the General Partner; however, because each General Partner is an affiliate of VFPEA, VFPEA receives an indirect benefit from the payment of such Performance-Based Fees.

The General Partners of real estate Funds do not receive Performance-Based Fees directly from the real estate Funds. However, in a real estate Fund of Funds structure, the General Partner may be entitled to receive Performance-Based Fees from an underlying RE Investment Fund in which a real estate Fund invests. VFPEA does not receive any portion of the Performance-Based Fees payable to the General Partner; however, because each General Partner is an affiliate of VFPEA, VFPEA receives an indirect benefit from the payment of such Performance-Based Fees.

Any Performance-Based Fee will be paid in accordance with Section 205(3) of the Advisers Act and the applicable rules promulgated thereunder, which specify certain qualification thresholds for investors being assessed such a fee.

Performance-Based Fees, which are dependent upon the achievement of certain cash return thresholds, represent a meaningful portion of the economic benefit that each General Partner expects to derive from private equity Funds. This compensation structure may create an incentive for VFPEA to make investments on behalf of the Funds with greater income or gain potential, but which also are riskier or more speculative than investments that VFPEA might otherwise recommend if the compensation did not include a Performance-Based Fee component. Riskier or more speculative investments may have an adverse impact on the financial condition and results of Fund operations, which may consequently reduce the value of the Funds.

ITEM 7: TYPES OF CLIENTS

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As noted in Item 4 above, VFPEA provides discretionary investment advisory services to the Funds, which are clients of VFPEA. Limited partners of the Fund are not considered investment advisory clients of VFPEA. Fund limited partners may include high net worth individuals, other investment entities, university endowments, family offices, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of VFPEA and its affiliates and members of their families.

Investment minimums are set forth in each Fund's Offering Documents. VFPEA may waive or reduce minimum investment requirements in its discretion, including based upon certain criteria as described in Item 5 above, and reserves the right to decline any investor in its sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

- A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Private Equity

Investment Criteria

The Investment Committee for each private equity Fund, which is comprised of VFPEA professionals, determines the selection of the underlying PE Investment Funds for investment by each private equity Fund of Fund based on the following key criteria: cohesive, high quality management teams; sound strategies relative to their markets and experience; attractive long-term track-record with low loss ratios; robust, high-quality deal flow; disciplined due diligence methods

and standards; emphasis on low purchase price as a multiple of earnings; active value creation after purchase; and package of terms and conditions that align interests of General Partners and limited partners.

VFPEA focuses on U.S. buyout PE Investment Funds that seek to generally, but not in all cases:

- ◆ Make control investments in their portfolio companies;
- ◆ Pursue lower-middle market strategies seeking to add value through organic and acquisitive growth;
- ◆ Represent their portfolio companies' first institutional investors;
- ◆ Have an established and attractive long-term record of accomplishment;
- ◆ Exhibit a history of effective sourcing strategies that are primarily proprietary in nature;
- ◆ Emphasize low purchase price as a multiple of earnings;
- ◆ Permit co-investments which allows for the reduction in overall fees, justifying the double layer of fees caused by the Fund of Funds structure;
- ◆ Employ minimal leverage in their portfolio companies;
- ◆ Are not first-time funds, although there have been exceptions in the past for spin-outs when we are familiar with the partners of a prior firm;
- ◆ Have a cohesive, experienced, fund management team with longevity of personnel at the partner level, who have invested together across multiple economic cycles; and
- ◆ Meet specific fund size parameters, generally ranging in size from \$100M to \$500M.

The Investment Committee's investment selection process for Co-Investments and Direct Investments is based on the following criteria: high-quality management team; strong and consistent earnings power; substantial competitive advantage; and business earning consistent returns on equity. Co-Investments and Direct Investments are typically structured with fees and performance-based compensation that are substantially lower than PE Investment Fund investments.

Investment Process

The Investment Committee's mission for due diligence is to successfully identify and select strong performing PE Investment Funds. This process is multi-tiered and emphasizes those elements of risk and financial analysis that distinguish private equity from other asset classes. The Investment Committee's comprehensive due diligence process has five basic steps: screening; initial manager meeting; due diligence questionnaire; on-site visits; and final investment report. The Investment Committee must unanimously agree on any decision to invest in PE Investment Funds, Co-Investments, or Direct Investments.

Real Estate

Investment Criteria

Each real estate Fund is an equity investment fund targeting Real Estate Assets throughout the United States to be acquired, renovated, rehabilitated, and operated for investment. The real estate Funds may invest directly in real estate properties or in other RE Investment Funds. The general partner, managing member or manager of RE Investment Funds may be affiliated with the General Partner and VFPEA. Each real estate Fund typically seeks to generate a blend of current income and capital appreciation.

Investment Process

Each real estate Fund is unique relative to its investment process. Investors should review a Fund's Offering Documents and supporting materials provided by VFPEA relative to a real estate Fund's investment process.

The Investment Committee's mission is to successfully identify and select real estate funds with a proven track-record of buying below market prices, rehabilitating older or mismanaged properties, and selling properties at prices substantially higher than their purchase price, although there is no guarantee that this mission will be successfully accomplished. The General Partner will also seek to negotiate stable, low-risk multiple lease arrangements with single tenant occupants. Each Fund has its own investments with different diversification guidelines and real estate inventory.

- B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

This Brochure does not include every potential risk. Other detailed risk-related information can be found in each Fund's Offering Documents. An investment in the Funds is suitable only for sophisticated investors who are capable of making an informed independent decision as to the risks involved in an investment in the Funds.

Private Equity Fund Risks

An investment in the Funds involves substantial risks due, in part, to the highly speculative nature of investing in PE Investment Funds, Co-Investments and Direct Investments. There can be no assurance that the investment objective of any Fund will be achieved or that an investor will receive a return of his/her/its capital. An investment in the Funds provides limited liquidity since the interests are not freely transferable, and a Fund's investments in PE Investment Funds, Co-Investments and Direct Investments are illiquid. PE Investment Funds are governed by their Offering Documents.

Fund Investments. The PE Investment Funds in which a private equity Fund will invest are generally, but not in all cases, managed by sponsors that are unrelated to the General Partner or VFPEA. Identifying and selecting PE Investment Funds involves a high level of risk and uncertainty. The PE Investment Funds in which a Fund invests may not have commenced operations at the time of investment and, accordingly, may have no operating history upon which the Investment Committee may evaluate likely performance. Further, historical performance of sponsors of PE Investment Funds is not a guarantee or prediction of their future performance. The Investment Committee will not have an active role in the day-to-day management of the PE Investment Funds, Co-Investments, or Direct Investments, and it will not have an opportunity to evaluate the specific investments in portfolio companies made by the PE Investment Funds. Accordingly, the returns of a Fund will depend on the performance of the investment managers of the PE Investment Funds, and the management teams of each Co-Investment and Direct Investment and will be adversely affected by any unfavorable performance.

Portfolio Company Investments. The portfolio companies in which the PE Investment Funds invest, or in which a Fund makes Co-Investments and/or Direct Investments involve a high degree of business and financial risk. The portfolio companies may be in an early stage of development, may have operating losses or significant variations in operating results, and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. Portfolio companies may also include companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations or may face intense competition from companies with greater financial resources. The ability of such companies to respond to changing business and economic conditions may be limited. Such companies may also lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

Limited Liquidity of Interests. An investment in a Fund involves substantial restrictions on liquidity, and the interests are not freely transferable. There is no market for the interests, and no market is expected to develop. Further, resale of the interests is also restricted under federal and state securities laws. Consequently, investors will be unable to redeem or liquidate their interests except to the extent withdrawing from a Fund is permitted under the Offering Documents.

Illiquidity of Investments. The interests in the PE Investment Funds that a Fund will acquire are restricted from being transferred and generally may not be redeemed. A Fund is generally contractually prohibited from disposing of such investments. In addition, a Fund's Co-Investments and Direct Investments will generally be in securities of privately-held companies which are not traded on any organized exchange or over-the-counter market, making the timing and ability to liquidate these securities uncertain. This illiquidity may result in an inability to sell these securities at all. Because of the nature of a Fund's investment programs, there can be no assurance that investors will be able to realize returns on their investments in a timely manner or at all. It is uncertain as to when profits, if any, will be realized.

Losses on unsuccessful investments may be realized before gains are realized on successful investments. The return of capital and realization of gains, if any, from an investment may not occur for a substantial period of time after investing with a Fund. Generally, a Fund will not be able to sell its portfolio company securities publicly without the expense and time required to register them under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. The securities in which a Fund will invest may be the junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.

Limited Diversification of Investments. Each Fund expects to invest in a limited number of PE Investment Funds, and the PE Investment Funds may, in turn, invest in a limited number of portfolio companies. Each Fund also expects to invest in a limited number of Co-Investments and Direct Investments. Because a Fund may only make a limited number of investments and because the Fund investments generally will involve a high degree of risk, poor performance by a few of

the investments could severely affect the total returns to the investors. Furthermore, the PE Investment Funds may invest a significant portion of their committed capital in specific industries or specific geographic regions. As a result, a Fund's investments may be concentrated in relatively few companies, industries, and regions. Accordingly, the performance of any single portfolio company may have a significant impact on the overall portfolio of the relevant Investment Fund and Fund.

Need for Additional Capital. Following its initial investment in portfolio companies, a Fund anticipates that some of its portfolio companies will require additional funding, and that a Fund may have to increase its investment in portfolio companies. There can be no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all such investments. Any decision by a Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Portfolio Company in need of such an investment, may result in a missed opportunity for a Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Fund investment, or may cause a decrease in the value of a Fund's portfolio.

Reliance on General Partner and PE Investment Funds. The success of a Fund depends on the investment success of the PE Investment Funds, Co-Investments and Direct Investments made by the Fund. There can be no assurance that the Fund, the PE Investment Funds, Co-Investments, or Direct Investments will generate returns comparable to those previously generated by any prior Valley Forge Fund.

Valuations. Fund investments are not readily marketable. The General Partner will value a Fund's investments in good faith, based upon information provided by the managers of the PE Investment Funds and available relevant market and other information, and using valuation procedures that the General Partner believes are fair and accurate. However, these procedures are subjective in nature, may not conform to any particular industry standards (if any such industry standards exist) and may not reflect actual values at which the investments are ultimately realized.

Dependence on Principals. A Fund will be particularly dependent on the relationships, skills, and activities of the Investment Committee, in selecting and negotiating investments in PE Investment Funds, Co-Investments and Direct Investments. The death, disability, or termination of participation of any of the members of the Investment Committee could have a significant adverse impact on the operations of a Fund and the investment decisions of the General Partner.

Availability of Suitable Investments; Competition. While VFPEA believes that many attractive investments of the type in which a Fund may invest are currently available and can be identified, there can be no assurance that such investments will be available in the future, or that available investments will meet a Fund's investment criteria. A Fund also may be unable to find a sufficient number of attractive investment opportunities to meet its investment objectives. Furthermore, a Fund expects to encounter intense competition from other entities and investors having investment objectives similar to a Fund's. Historically, the primary competition for private equity investments has been from other private equity funds, private equity initiatives of large industrial companies, wealthy individuals, and foreign investors. Additional competition is anticipated from industrial and financial companies investing directly, rather than through private equity vehicles. A Fund

expects to co-invest occasionally with other professional private equity investors, and these relationships with other investors may expand a Fund's access to investment opportunities. However, there is no assurance that a Fund will succeed in finding investments on similar or favorable terms in comparison to its competitors.

Penalty for Failure to Make Capital Contributions. Failure of a limited partner to meet a capital call could have material adverse consequences, including without limitation, forfeiture of the interest of the defaulting limited partner with only 50% of the Capital Account at time of default returned to the investor, forced sale of the defaulting limited partner's interest, interest charged on the unfunded capital call at a default rate of 18% per annum, eliminating the limited partner's right to make future capital contributions or declaring the entire unpaid capital commitment of the defaulting investor immediately due and payable to a Fund.

Restrictions on Transfer and Withdrawal. There will be no public market for the interests. In addition, the interests are not transferable except with the consent of the General Partner, which may be withheld in its sole and absolute discretion. Limited partners may not withdraw capital from a Fund. Consequently, limited partner may not be able to liquidate their interests prior to the end of a Fund's term. In addition, interests have not been registered under the Securities Act or any other applicable securities laws, and such laws will further restrict an investor's ability to transfer interests in a Fund.

Lack of Regulatory Oversight. As a private investment fund, a Fund's activities are generally not subject to the same degree of regulatory oversight to which publicly traded investment vehicles are subject. A Fund is not (and will not be) registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act") pursuant to the exemption contained in Section 3(c)(1) which excepts issuers whose outstanding securities (other than short-term debt) are beneficially owned by not more than 100 persons who meet the conditions with respect to "beneficial ownership" contained in Section 3(c)(1).

Real Estate Fund Risks

The Funds involve a high degree of risk and should not be purchased by persons who cannot afford the loss of their total investment.

General Risks of Real Estate Ownership. A Fund's investments will be subject to the risks generally incident to the ownership of real property including: uncertainty of cash flow to meet fixed and other obligations; government regulations and restrictions, particularly the need to comply with municipal building codes and to obtain licenses and permits thereunder; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local unemployment rates, interest rates and real estate tax rates; changes in fiscal policies; natural disasters, and uninsured losses and other risks that are beyond the control of the General Partner or VFPEA. There can be no assurance of profitable operations because the cost of owning and operating properties may exceed the gross rental income therefrom, particularly since certain expenses related to real estate, such as real estate taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Further, a Fund may be required to advance funds in order to protect its investment in properties and may be required to dispose of its investments on disadvantageous

terms if necessary in order to raise needed funds. Moreover, although insurance is expected to be obtained to cover casualty losses, general liability and rental interruption arising from the properties, no insurance will be available to cover cash deficits from ongoing operations.

The impact on a Fund of the general risks of investment in Real Estate Assets will be reduced to the extent that the investments are made in various locations and various types of Real Estate Assets. The amount of the diversification will depend upon the funds available to a Fund for investment. A Fund is under no obligation to diversify in different or multiple Real Estate Assets.

Unspecified Properties or Assets. Prior to a Fund's first closing, it may only identify several potential Real Estate Assets in which it may seek to invest. Accordingly, prospective investors may not have property descriptions and other relevant economic, market or financial data for any Real Estate Assets in which a Fund may purchase an interest on which to evaluate an investment in a Fund. Also, there may be a substantial period of time before the proceeds of an offering are fully invested. Although it is the intention of a Fund to use funds to diversify by asset class and geographic location within the submarkets in which it operates, there are no restrictions on the location or the type of the Real Estate Assets in which a Fund may purchase an interest and such Real Estate Assets may be located anywhere within the United States. Due to the fact that a Fund, prior to its initial closing, will not have identified any specific Real Estate Assets in which it will seek to invest and, accordingly, does not know anything about any such Real Estate Assets or the sellers thereof, a Fund may not be able to receive complete warranties from the sellers of the Real Estate Assets to be acquired, and the sellers may not have adequate net worth to satisfy any liabilities to a Fund arising from a breach of warranty. Except as otherwise expressly provided in the Offering Documents, investors have no veto or other rights in connection with the selection of investments for a Fund.

Competition for Investments. A Fund will compete in the acquisition of Real Estate Assets with other individuals and entities engaged in real estate investment activities, many of which will have greater assets than the Fund and more employees engaged in seeking desirable acquisitions. There may be intense competition in obtaining Real Estate Assets of the type in which a Fund intends to invest, and there can be no assurance that a Fund will be able to make a sufficient number of Real Estate Asset investments so as to fully invest the proceeds of an offering.

Risks of Leverage. A Fund will employ leverage, *i.e.*, it will finance the acquisition of Real Estate Assets in substantial part by borrowing. At the time of acquisition, the indebtedness with respect to each Real Estate Asset acquired by a Fund may equal or exceed the appraised value of each Real Estate Asset on an "as-is" basis. This practice will permit the acquisition of Real Estate Assets at a greater value but will also increase a Fund's exposure to losses. Further, this indebtedness may be cross-collateralized and cross-defaulted with the indebtedness of any other Real Estate Assets in which a Fund invests. The General Partner shall also have the right to enter into credit facilities, which may be secured by Fund assets, which may include a pledge by a Fund of all or a portion of the aggregate unfunded commitments and the General Partner's right to make capital calls. Principal and interest payments on indebtedness, including a mortgage having a "balloon" payment after a specified number of years, will be required regardless of cash flow from a Real Estate Asset. A mortgage requiring a balloon payment involves greater risks than a mortgage where the principal amount is fully amortized over the term of the loan since the ability of the borrower to repay at maturity the outstanding principal amount of the balloon loan may be dependent upon the

borrower's ability to obtain adequate refinancing, which ability will in turn be dependent upon economic conditions in general and the value of the Real Estate Asset in particular. If mortgage payments are not made when due, investors may sustain a loss in their investment as a result of foreclosure by the mortgagee. Any such foreclosure would have substantial adverse economic and tax consequences for investors.

Concentration of Investments. A Fund exists to acquire, own, lease, manage, redevelop, and operate value-added and opportunistic Real Estate Assets throughout the United States. This lack of geographic focus could create difficulty for the General Partner to monitor the portfolio due to geographic dispersion.

Uninsured Losses. Each Fund intends to arrange for certain casualty, liability, fire and extended coverages and other insurance on the Fund and any respective Real Estate Asset, the underlying Real Estate Assets, its employees, and operations, among other things, in amounts as are customary for similar businesses. Nevertheless, there are certain types of losses, generally, of a catastrophic nature, which are either uninsurable or not economically insurable. An uninsured casualty loss affecting a Fund and its operations might cause the Fund to lose part or all of its invested capital and anticipated profits. Although a Fund intends to carry adequate insurance covering employee acts of embezzlement, concealment, pilferage and theft, certain acts could impair a Fund's operations beyond the amounts of insurance recoveries. Each Fund intends to carry business interruption loss insurance. Should a Fund incur catastrophic losses which would result in the Fund closing business operations with respect to a particular Real Estate Asset for an extended duration, a Fund could incur substantial losses with no revenues being derived from operations and limited business interruption insurance to cover the period of time during which the Real Estate Asset was out of operation. There are no provisions to toll the accrual and payment of debt service, salaries, and other expenses during any period when a Fund or respective Real Estate Asset is not operating. A Fund does not anticipate obtaining terrorism insurance.

Long-Term Nature of Investments. The inherent nature of investing in Real Estate Assets dictates a significant length of time between the initial investment and the realization of gains, if any. The General Partner estimates that the holding period for the typical Real Estate Asset to be acquired by a Fund shall be from five to seven years. Thus, there may be a number of years when the only income from a Fund is rental income. The operating expenses of each Real Estate Asset may exceed income during that period.

Risks of Co-Investing and Other Investments. A portion of a Fund's investments may be made (i) in RE Investment Funds (including those in which the principals of VFPEA and/or their affiliates may have an interest) and (ii) with co-investors, which may include other persons and/or other real estate funds, including other entities in which the principals of VFPEA and/or their affiliates have an interest. Such investments will involve certain risks that the RE Investment Fund or co-investor might have economic or business interests or goals that are inconsistent with those of a Fund and may be in a position to act contrary to the interests, desires, or obligations of a Fund.

No Obligation of the General Partner to Provide Funds. The General Partner has no obligation to provide capital to a Fund or any Real Estate Asset, through loans or otherwise, which may be necessary to pay any operating deficits, to meet cash requirements, to fund, to prevent foreclosure

on a Real Estate Asset in which the Fund invests, or for any other business purposes. The cash available to a Fund may be inadequate to meet the future cash requirements for the Fund and the subsidiary entities and real estate projects in which it invests. In such event, a property in which a Fund invests could suffer mortgage foreclosure, which would result in adverse tax and other consequences to investors.

Limited Transferability and Liquidity of Interests. Purchase of interests in a real estate Fund should be considered a long-term investment. Transfer of the interests is subject to significant restrictions. The interests in a real estate Fund will not be registered under the Securities Act by reason of specific exemptions under the provisions of such Securities Act, which depend, in part, upon the agreement of the investors not to transfer their interests except under certain circumstances. Sales or other transfers of the interests may be made only in compliance with the Securities Act, applicable state securities laws and certain limitations set forth in the Offering Documents. Because of these restrictions and the absence of a public market for the interests, an investor may be unable to liquidate his or her investment even though his or her personal financial circumstances would dictate such liquidation. The interests will not be readily acceptable as collateral for loans.

Unforeseen Problems. As is true of all businesses, a Fund's ability to generate income and achieve its other goals will be affected by unforeseen and unpredictable conditions. Although the General Partner and VFPEA will try to anticipate and prepare for unforeseen conditions which could cause unexpected losses, there is no guarantee that the General Partner or VFPEA will anticipate them all or be able in all instances to counteract negative developments as they occur.

Management and General Partner's Obligations. The management of the business and affairs of a Fund are vested exclusively in the General Partner and the Offering Documents provide that the General Partner will have general responsibility for all aspects of a Fund's operations. The General Partner has delegated to VFPEA full discretionary authority over all investment advisory decisions regarding the Fund. Further, the General Partner or affiliates of the General Partner shall provide administrative services to a Fund. While the General Partner and its affiliates (including VFPEA) shall devote such part of their time to the affairs of a Fund as they deem reasonably necessary for the conduct of such affairs, the General Partner and its affiliates are not required to devote their entire time or attention to the business of a Fund. Neither a Fund nor any investor shall have any interest in any of the aforementioned other ventures of the General Partner and its affiliates by virtue of their owning interests in a Fund. The General Partner and its affiliates have limited personnel and extensive commitments to other business activities. Accordingly, it is anticipated that the General Partner and its affiliates will devote a substantial amount of their respective time to activities other than the management of a Fund. The loss of the services of any or all of the Principals could have a significant adverse effect on a Fund. There can be no assurance that adequate replacements could be found in the event of their unavailability.

General Partner's Interest. The capital contribution of the General Partner represents only a small portion of a given Fund's capital. As a result of Performance-Based Fees, distributions of income and gains to limited partners may be proportionally less than those corresponding to their aggregate capital commitments, and the income and gains to the General Partner may be proportionally greater than those corresponding to its capital commitment. The right of the General

Partner to receive Performance-Based Fees may create an incentive for the General Partner to make investments that may be more risky or speculative than otherwise.

Arbitrary Offering Price. The offering price of a Fund's interests is determined by the General Partner without negotiation and is based primarily upon the planned costs of acquiring, owning, leasing, managing, developing, and operating unspecified Real Estate Assets, and the expenses to be paid as a result of the Fund's offering and related matters. The offering price of the interests, therefore, may not be indicative of their value or the value of a Fund. No assurances can be given that the interests, if transferable, would be sold for the offering price or for any other amount.

Limited Participation. Limited partners in a Fund will have no right to participate in management of the Fund. They will have no vote with respect to any Fund decisions except in some extraordinary circumstances and in such cases, generally only with the consent of limited partner investors holding at least a majority of the interests held by all limited partners.

No Guaranty of Cash Distributions. Payment of income distributions and returns of capital are not guaranteed. Distributions to investors of net cash flow are within the discretion of the General Partner, which may elect to retain net cash flow for any one of a number of reasons, including to prepay (or establish a "sinking fund" in respect of) indebtedness of a Fund and/or any respective subsidiary entities. In addition, the terms of borrowings may prohibit any distribution to the Fund investors during the continuance of any event of default. Fund interests are not insured or guaranteed by any governmental agency or any other person, and a Fund is not subject to governmental regulation such as is applicable to investment companies, banks, and some other financial institutions.

Absence of Effective Remedy against the General Partner. Although the General Partner has a fiduciary responsibility to investors to exercise good faith and integrity in dealing with respect to the affairs of a Fund, there can be no assurance that adequate remedies will be available to investors if the General Partner violates its fiduciary responsibility. The Funds provide that the General Partner and its affiliates will not be liable to a Fund or the limited partners and will be indemnified and held harmless by the Fund, for errors in judgment or other acts or omissions which do not amount to fraud, gross negligence, or willful misconduct in connection with the operation of the Fund or its business. It should be noted that the cost of litigation against the General Partner for enforcement of its fiduciary responsibility may be prohibitively high and that any judgment obtained against the General Partner may not be collectible. An investment decision should be based on the judgment of an investor as to the value of a Fund's proposed investment in Real Estate Assets and the Fund's assets together with the effect of its liabilities and other investment factors described in the offering materials, rather than upon reliance on the value of the right to bring legal action against or to control the activities of the General Partner.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

See Item 8 B above for information about material risks.

ITEM 9: DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Like other registered investment advisers, VFPEA is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of VFPEA or the integrity of its management. VFPEA is not aware of any legal or disciplinary events that would be material to an investor's or a prospective investor's evaluation of VFPEA or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

The Principals of VFPEA are also separately licensed as registered representatives with M Holdings Securities, Inc., an independent SEC registered broker-dealer and a member of FINRA. These individuals, in their separate capacity, are compensated through M Holdings Securities, Inc. for subscribing investors into the Funds. Registered Representatives that are licensed with M Holdings Securities, Inc. are also paid commissions for the sale of securities, including variable life and annuity products and are paid fees for asset-based advisory services provided on behalf of VFPEA's affiliate. In addition, Valley Forge Financial Group, Inc. is a branch office of M Holdings Securities, Inc.

Valley Forge Financial Group, Inc., an affiliate of each Fund's General Partner, is a fractional owner of M Holdings Securities, Inc., wherein M Holdings Securities, Inc. may distribute excess profits to its owners, which may include profits from Fund placement fees.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

Neither VFPEA nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with defined related persons. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

As governed by each written investment advisory agreement between VFPEA and each Fund and its General Partner, VFPEA serves as investment adviser to each of the Valley Forge Funds. In addition, pursuant to an administrative services agreement, VFPE Inc. provides administrative services to each of the Valley Forge Funds. The advisory services provided by VFPEA under each investment advisory agreement do not include any of the administrative services provided by VFPE Inc. under the administrative services agreement and vice versa.

As noted in Item 10A. above, the Principals of VFPEA are also separately licensed as registered representatives with M Holdings Securities, Inc., an independent SEC registered broker-dealer and member of FINRA. These individuals, in their licensed capacity, are compensated through M Holdings Securities, Inc. for soliciting investors for the Funds. Registered Representatives that are licensed with M Holdings Securities, Inc. are also paid commissions for the sale of securities, including variable life and annuity products and are paid fees for asset-based advisory services on behalf of VFPEA's affiliate. As noted above, Valley Forge Financial Group, Inc., an affiliate of each Fund's General Partner, is a fractional owner of M Holdings Securities, Inc. M Holdings Securities, Inc. may distribute excess profits to its owners, which may include profits from Fund placement fees.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices, and discuss the material conflicts of interest these practices create and how you address them.

With respect to private equity Funds, VFPEA identifies and selects PE Investment Funds managed by independent private equity firms. As a general rule, neither VFPEA nor any of its affiliates receives any compensation from the independent private equity firms sponsoring these PE Investment Funds.

With respect to real estate Funds, however, VFPEA or its affiliates may control an RE Investment Fund in which a real estate Fund may invest. In this case the General Partner or its affiliate (including VFPEA) may receive a Management Fee or Performance-Based Fee from the controlled RE Investment Fund. The General Partner also receives a Management Fee from the real estate Fund but does not receive a Performance-Based Fee from such real estate Fund.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.

VFPEA values investor trust and places its fiduciary responsibilities to the Funds and investors first and foremost in all aspects of its business. In accordance with Rule 204A-1 under the Advisers Act, VFPEA has adopted a code of ethics (the "Code of Ethics"). The Code of Ethics outlines a high standard of business conduct and reinforces each employee's role in discharging his/her

fiduciary duty to the Funds and Fund investors. The Code of Ethics sets forth standards of conduct expected of VFPEA's employees, reflects our fiduciary duties and addresses conflicts that arise from personal trading, gifts and entertainment, political contributions, and outside business activities. VFPEA is committed to maintaining the confidentiality, integrity, and security of current and prospective investors' nonpublic personal information and adheres to high standards to safeguard such information. VFPEA's Code of Ethics includes, among other things, the following minimum standards for VFPEA and its supervised persons. Supervised persons are those employees, partners, officers, directors (or other persons occupying a similar status or performing similar functions) as well as any other persons that provide advice on behalf of VFPEA and are subject to the VFPEA's supervision and control.

Key Code of Ethics provisions include:

- ◆ A requirement for supervised persons to comply with applicable Federal securities laws;
- ◆ A requirement for supervised persons who are access persons (e.g., directors, officers and members, and other person who have access to nonpublic information regarding certain securities recommendations, transactions and holdings) to report, and VFPEA to review, their personal securities transactions and holdings periodically as provided below;
- ◆ A requirement for supervised persons to report any violations of VFPEA's Code of Ethics promptly to the chief compliance officer; and
- ◆ A requirement that VFPEA provide each supervised person a copy of the Code of Ethics and any amendments, and a requirement that supervised persons provide VFPEA with a written acknowledgment of their receipt of the Code of Ethics and any amendments.

A copy of VFPEA's Code of Ethics is available to any current or prospective investor by contacting Jeffrey M. Merrill, Chief Compliance Officer, at 610-783-6650 or jmerrill@vffg.com.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice, and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Each General Partner of a Valley Forge Fund holds a direct interest in such Fund and, therefore, holds indirect beneficial interests in each of the investments owned by the Funds and will share in any profits and losses generated by Fund investments. As a result of Performance-Based Fees, the General Partner of each Fund may share disproportionately in profits. In addition, other affiliates of VFPEA may invest as limited partners in the Valley Forge Funds.

Additionally, certain real estate Funds invest in RE Investment Funds which are under common control with VFPEA.

VFPEA and its affiliated General Partners will always endeavor to act in the best interest of the Funds; however, investors should be aware that General Partners' receipt of compensation from the Funds creates a conflict of interest with respect to such transactions. These and other operating relationships have the potential for creating conflicts of interest. Where actual or potential conflicts of interest between VFPEA, affiliates, related persons and the Funds are identified, procedures

contained in the Offering Documents of the Funds and/or VFPEA's compliance policies and procedures provide for resolution.

Conflicts of Interest

In the ordinary course of conducting its investment advisory activities, the interests of a Fund may conflict with the interests of VFPEA, other Funds, or their respective affiliates. Certain of these conflicts of interest, as well a summary of how these conflicts are mitigated, can be found below. Other conflicts are disclosed throughout this Brochure and applicable Fund Offering Documents.

Resolution of Conflicts

In the case of all conflicts of interest, the determination as to which factors are relevant, and the resolution of such conflicts, will be made by VFPEA using its best judgment, but in its sole discretion. In resolving conflicts, VFPEA considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Many important conflicts of interest generally will be disclosed in and resolved by specified procedures, restrictions or other provisions contained in the Fund Offering Documents.

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options, or futures) that you or a related person recommends to clients, describe your practice, and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

See Item 11B. above.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

See Item 11B. above.

ITEM 12: BROKERAGE PRACTICES

- A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

VFPEA does not engage broker-dealers in the normal course to effect transactions because each Fund generally will make privately negotiated purchases of interests in PE Investment Funds, Co-Investments, Direct Investments, RE Investment Funds, or Real Estate Assets. Sponsors of underlying PE Investment Funds and RE Investment Funds are responsible to negotiate private transactions relative to the assets in which they directly invest.

VFPEA always attempts to achieve the best overall price for the Funds, considering the circumstances of the transaction and the reputability of the counterparty, and will evaluate each transaction to ensure that the execution price is in line with, or exceeds, that of the current market. There is no guarantee that VFPEA will be successful in achieving this objective.

- 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.**

Any research or other products or services that are provided to VFPEA by third parties may be used for the benefit of all Valley Forge Funds and are not received in connection with or subject to the selection of a counterparty hired to assist in making Fund investments.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

VFPEA does not receive client referrals from unaffiliated counterparties or third-parties utilized to arrange Fund investments.

- 3. Directed Brokerage. If you routinely recommend, request, or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. If you permit a client to direct brokerage, describe your practice.**

Directed brokerage does not apply to the business model of VFPEA.

- B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Trade aggregation does not apply to the business model of VFPEA.

VFPEA generally may allocate investment opportunities among multiple Funds that are actively seeking investments to the extent that prospective investment opportunities meet the respective Fund’s investment guidelines and VFPEA seeks to remove or mitigate all conflicts of interest associated with allocation practices. VFPEA will allocate investment opportunities to investing Funds based on factors determined in good faith by the Investment Committee, as permitted by Offering Documents. The rationale for investment allocation decisions are documented in the written Investment Committee memo prepared for each investment.

It is VFPEA’s policy that all investment opportunities shall, to the extent practicable, be allocated among the Funds on a basis that over a period of time is fair and equitable to each Fund relative to other Funds, taking into account all relevant facts and circumstances, including without limitation: (i) the investment objectives, strategies, guidelines and restrictions of each Fund, (ii) the relevant

allocation of investment opportunity provisions in a Fund's Offering Documents, (iii) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size, and remaining life of the Fund; (iv) potential conflicts of interest, including whether a Fund has an existing investment in the opportunity in question; (v) the nature of the investment opportunity, including the size, minimum investment amounts and source of the opportunity; (vi) current and anticipated market conditions; (vii) portfolio diversification; (viii) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for a particular Fund and/or client; (ix) tax, legal or regulatory considerations; or (x) any other factors VFPEA believes to be relevant in making an allocation decision.

ITEM 13: REVIEW OF ACCOUNTS

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

VFPEA continuously monitors Fund investments on behalf of the Valley Forge Funds. Investments are reviewed in the context of each Fund's stated investment objectives and guidelines as set forth in the Offering Documents of each such Fund. Members of the Investment Committee meet regularly to determine and review overall investment objectives, strategy, and other information relevant to the Funds.

Limited Partner Advisory Committee

From time to time, a limited partner Advisory Committee for certain real estate Funds may be formed. The Advisory Committee is comprised of representatives of the limited partners who are appointed by the Fund General Partner or its affiliate to engage in certain activities as specified in the Offering Documents of each Fund. An Advisory Committee provides industry expertise to the General Partner of a Fund but has no authority over decision-making. The General Partner pays a per-meeting fee to each member of the Advisory Committee which generally meets twice a year. An Advisory Committee is not formed for every Fund and there is no guarantee that any such Committee will be formed for real estate Funds going forward.

VFPEA's Private Equity Funds do not utilize Advisory Committees.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

See 13.A. above.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Limited Partners in certain Funds will receive annual audited financial statements within 120 days for a Fund or 180 days for a Fund of Funds after the fiscal year end, while all investors receive

quarterly unaudited portfolio statements. Investors in the Funds also receive periodic electronic reports pursuant to the terms of the relevant Offering Documents, such as tax documents. VFPEA will from time-to-time, in its sole discretion, provide additional information relating to a Fund or to one or more limited partners in such Fund as it deems appropriate. Investors should refer to the Offering Documents of each Fund for further information on the reports provided by a particular Fund to its investors.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

- A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

As noted in Item 5 – *Fees and Compensation* above, VFPE Inc. maintains revenue sharing arrangements with affiliates Valley Forge Investment Consultants, Inc. and Valley Forge Financial Group, Inc. VFPE Inc. receives 12.5% of gross fees collected by Valley Forge Investment Consultants, Inc. and Valley Forge Financial Group, Inc. when VFPE Inc. introduces a Fund investor that utilizes the services of these affiliates. VFPE Inc. does not perceive these arrangements to create a conflict of interest, as each affiliated entity retains client onboarding requirements that are followed to ascertain the suitability of their services for referred investors.

In residential real estate transactions, VFPEA from time to time utilizes the services of an unaffiliated real estate franchising, brokerage, relocation, and settlement firm. A family member of one or more VFPEA Principals who is a real estate professional affiliated with this firm, does receive a fee for referring realtors to VFPEA as part of its Fund Real Estate Asset acquisition and sale activity. VFPEA also utilizes this firm to conduct appraisals of certain Fund Real Estate Assets. This conflict of interest is mitigated by VFPEA's investment controls which require the Investment Committee to approve all Fund acquisitions and sales using pre-determined investment criteria, including competitive market rate pricing for services.

- B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

VFPE Inc. has entered into a written agreement with M Holdings Securities, Inc. for marketing services, including the introduction of prospective investors to a Fund. Such arrangements are governed by a written agreement between parties. VFPE Inc. follows a standard fee schedule and will not charge any additional amounts to investors who are solicited by the third party to cover the amounts that VFPE Inc. pays to such third party, although some of the Funds may provide for the payment of costs associated with placement agents, generally capped at a specified limit.

The Principals of VFPEA are also separately licensed as registered representatives with M Holdings Securities, Inc., an independent SEC registered broker-dealer and a member of FINRA. These individuals, in their licensed capacity, are compensated through M Holdings Securities, Inc.

for subscribing investors into the Funds. Registered Representatives that are licensed with M Holdings Securities, Inc. are also paid commissions for the sale of securities, including variable life and annuity products and are paid fees for asset-based advisory services provided on behalf of an affiliate.

As a fiduciary, VFPEA endeavors at all times to put the interests of the Funds and investors first and foremost. Nevertheless, the receipt of compensation by the placement agents and its registered representatives creates a conflict of interest and may affect the judgment of the placement agent and its registered representatives when making referrals to the Funds. The potential conflict of interest is mitigated by the fact that the General Partner of each Fund makes the ultimate decision as to which investors will be accepted as limited partners in the Fund and establishes criteria relative to the qualification requirements for investors.

ITEM 15: CUSTODY

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. VFPEA indirectly retains custody over each Fund due to its affiliate General Partner relationships.

VFPEA takes appropriate steps to meet custody rule requirements relative to Fund cash and holdings. For certain Funds, investors will receive quarterly statements from the qualified custodians holding Fund assets, where such custodians are not affiliated with VFPEA.

For certain other Funds, VFPEA will engage an independent public accountant to conduct an annual surprise custody examination. For certain other Funds, VFPEA will direct an independent public accountant to conduct a Fund audit in accordance with Generally Accepted Accounting Principles (“GAAP”). In such cases, the accountant is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Fund’s audited financial statements will be distributed to investors no later than 120 days for a Fund or 180 days for a Fund of Funds after the end of the applicable Fund’s fiscal year end. Upon the final liquidation of a Fund, VFPEA will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all the liquidating Fund’s investors promptly after completion of the audit. VFPEA, and/or an affiliate, is authorized to determine the appropriate means of custody rule compliance on a case by case basis.

ITEM 16: INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

VFPEA provides investment advisory services on a discretionary basis to the Funds. VFPEA's advice with respect to a Fund is provided in accordance with the investment objectives, limitations, and guidelines as set forth in the applicable Offering Documents. Prior to assuming discretion in managing a Fund's assets, VFPEA enters into a written investment advisory agreement with the Fund and its General Partner that sets out the scope of VFPEA's discretion. The investment discretion that may be exercised by VFPEA will be subject to any investment limitations set forth in a Fund's Offering Documents. In the case of Funds whose investment periods have closed, VFPEA's investment discretion will be limited to certain follow-on investments and the liquidation of existing portfolio holdings.

In the Fund of Funds structure, VFPEA has discretion to select underlying PE Investment Funds or RE Investment Funds, while the sponsors of the underlying PE Investment Funds retain discretion to buy and sell underlying PE Investment Fund assets.

ITEM 17: VOTING CLIENT SECURITIES

- A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

Valley Forge Funds do not hold registered securities, and therefore VFPEA does not vote proxies in the traditional sense. Nonetheless, VFPEA or its affiliate may vote proxies (or similar instruments) for a Fund if required by a Fund's Offering Documents. In accordance with Advisers Act requirements, VFPEA has adopted proxy policies to address voting requirements, if any, for Fund portfolio investments. Proxy policies seek to ensure that VFPEA votes in the best interest of the Funds, including when there may be material conflicts of interest in voting. VFPEA believes its interests are aligned with Fund limited partners and therefore does not generally seek limited partner approval or direction when voting proxies. If, however, there is or may be a conflict of interest between VFPEA and a Fund in voting proxies, VFPEA may address the conflict using several alternatives as set forth in proxy policies. VFPEA's proxy policies are designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict.

Investors may obtain a copy of VFPEA's voting policies and procedures as well as information on how proxies were voted, if applicable, by contacting Jeffrey M. Merrill, Chief Compliance Officer, at 610-783-6650 or jmerrill@vffg.com.

- B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

See Item 17A. above.

ITEM 18: FINANCIAL INFORMATION

- A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

VFPEA does not require or solicit prepayment of advisory fees six months or more in advance.

- B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

VFPEA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients or investors.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

VFPEA has not been the subject of a bankruptcy or insolvency proceeding.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

N/A