

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



311 Lindenwold Ave  
Ambler, PA 19002

Ed Woehlcke  
215-947-9190

**March 7, 2024**

**This brochure provides information about the qualifications and business practices of Valley Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 215-947-9190. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about Valley Financial Group, Inc. (CRD# 312254) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

In this Item it is required to discuss any material changes which have been made to the brochure. VFG has changed its address to 311 Lindenwold Ave, Ambler, PA 19002.

**Item 3: Table of Contents**

TABLE OF CONTENTS

Item 1: Cover Sheet.....	1
Item 2: Statement of Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees .....	8
Item 7: Types of Clients .....	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9: Disciplinary Information .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
Item 12: Brokerage Practices.....	14
Item 13: Review of Accounts .....	15
Item 14: Client Referrals and Other Compensation.....	15
Item 15: Custody .....	15
Item 16: Investment Discretion .....	16
Item 17: Voting Client Securities .....	16
Item 18: Financial Information .....	16
Item 1: Cover Sheet – Wrap Fee Program Brochure .....	17

INFORMATIONAL BROCHURE  
Valley Financial Group, Inc.

**Item 4:        Advisory Business**

Valley Financial Group, Inc. (VFG) has been in business since January 2021 as an independent registered investment advisor. However, the firm's principals, Ed Woehlcke and Kevin McGarry together more than 20 years in the industry. VFG provides investment management services and financial planning to individuals, families, trusts, charitable organizations and foundations, businesses, and pension plans.

VFG's comprehensive process starts with a discovery meeting which is spent getting to know the client and what is most important to them, where the client is now financially and what they would like their money to accomplish for them. When appropriate for the client a customized plan is formed where we will weigh the financial implications of each goal discussed, and construct the framework for a plan that supports those goals. The plan will become a working document to help make client decisions. It will be used for investment purposes where we will recommend specific strategies to help match each of the client's goals. Although certain financial circumstances may evolve over time, everything discussed with the client will refer back to the plan to ensure a consistent path to the client's goals is being taken. We believe that managing client assets ourselves in adherence to the custom plan created for each client allows us to mutually and effectively meet client goals and objectives. We like to work hand in hand with clients, helping them navigate any online tools and client technology so that the client can always have a clear picture of how their assets are working for them.

When we perform asset management services within a plan, we will do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will not seek specific approval of changes to client accounts. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and VFG. Specific security changes will be implemented by VFG, or in the case of assets managed by a third party manager, by such third party manager. VFG may, however, have the discretion to hire and fire the third party manager, in which case that change would be made in keeping with client objectives but not necessarily with prior client authorization.

In limited circumstances, we may provide asset management services on a non-discretionary basis, which means we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client's account may not perform as well as it would have had VFG been able to reach the client for a consultation on the recommendation.

*Use of Third Party Managers*

VFG may select certain Third Party Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages a Third Party Manager may be set forth in a separate written agreement with the designated Third Party Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Third Party Managers

engaged to manage their assets. VFG evaluates a variety of information about Third Party Managers, which may include the Third Party Managers' public disclosure documents, materials supplied by the Third Party Managers themselves and other third-party analyses it believes are reputable. To the extent possible, VFG seeks to assess the Third Party Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. VFG also takes into consideration each Third Party Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. VFG continues to provide services relative to the discretionary selection of the Third Party Managers. On an ongoing basis, VFG monitors the performance of those accounts being managed by Third Party Managers. VFG seeks to ensure the Third Party Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### Financial Planning

Financial planning services are provided as a part of asset management. VFG's planning process begins with a discovery meeting where time is taken to gather information, understand client expectations and determine the right fit for pursuing a working relationship. The planning process includes assessing a client's overall financial well-being, collaboratively designing a financial life plan and implementing the agreed upon strategies and actions. The process continues with the development of a blueprint for a continued team effort to manage ongoing plan execution.

### Wrap Program

VFG recommends that investment accounts be held in custody by Fidelity Institutional, a member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity's services include custody of securities, trade execution platforms, and access to research not available to the general public. Fidelity is wholly independent from VFG. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

For some clients, VFG may include certain asset based costs in the client's management fee. This arrangement is referred to a "Wrap Program". For accounts in the Wrap Program, VFG pays a fee to the account custodian based on the total amount of client assets enrolled in the Wrap Program, thus taking on many of the clients' asset based cost. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary custodian. Expenses for the management fees of third party managers are also not included in the Wrap Program, and to the extent utilized, you will be responsible for such fees. Because VFG will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers within the wrap program is expected to be limited. Therefore, there is no difference between how VFG manages wrap free accounts and how VFG manages other accounts.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated VFG outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. Clients whose accounts

will be rarely traded should carefully consider whether the Wrap Program is appropriate. Clients are not required to participate in the Wrap Program. VFG receives a portion of the wrap fee for our services. Please see the separate Wrap Fee Brochure for a more complete description of the Wrap Program.

#### Assets Under Management

As of January 31, 2024, VFG has \$197,468,866 in assets under management across 739 accounts managed on a discretionary basis.

### **Item 5: Fees and Compensation**

#### **A. Fees Charged**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, VFG for investment services.

#### Asset Management

VFG asset management fees generally range from 0% to 1% per annum of the net market value of a client's account managed by VFG. Clients may pay a different fee in each account dependent on the assets within that account. Fees are negotiable and may be higher or lower than this range, based on the nature of the account, and the origin of the client. Factors affecting fee percentages include the size of the account, complexity of asset structures, the non-management services provided to the client, and any other unique factors that may exist. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. Financial Planning fees are included in the asset management fee.

#### Financial Planning

Our financial planning fees are negotiable, but generally range from \$250 to \$300 on an hourly rate basis. The range of fees depends upon the level and scope of the services you desire and the professional rendering the financial planning services. These fees are dependent on the nature of the engagement, and are decided on a case-by-case basis.

#### **B. Fee Payment**

#### Asset Management:

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter, including any cash in the client's account. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, then divide by the number of days in that calendar year and multiply that

number by days in the quarter to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to VFG.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. VFG is to invoice the qualified custodian for fees. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. VFG encourages clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by VFG against the information in the statements provided directly from the custodian. Please alert VFG of any discrepancies.

#### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. For clients participating in VFG's wrap program, these include some fees that may be paid by VFG on your behalf, such as transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock, as discussed above. All other fees will be deducted from your account. Expenses of a mutual fund or ETF will not be included in management fees, as they are deducted from the value of the shares by the manager. When selecting mutual funds that have multiple share classes for recommendation to clients, VFG will take into account the internal fees and expenses associated with each share class, and it is VFG policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. VFG can provide or direct you to a copy of the prospectus for any fund that we recommend to you. Fees charged by independent third party managers are also separate and additional to any fees paid to VFG, and such managers will be authorized to separately debit fees from client accounts.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If a client becomes a client during a quarter, they will pay a management fee for the number of days left in that quarter. If clients terminate the relationship during a quarter, they will be entitled to a refund of any management fees for the remainder of the quarter they may have prepaid. Once the notice of termination is received, VFG will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way clients direct (check, wire). VFG will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to VFG and will become a retail account with the custodian.

#### E. Compensation for the Sale of Securities.

To permit VFG clients to have access to as many investment solutions as possible, certain professionals of VFG are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional

products to clients' portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with VFG or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to VFG.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with VFG. VFG attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

#### **Item 6: Performance-Based Fees**

VFG will not charge performance based fees.

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

Clients advised may include individuals, families, trusts, charitable organizations and foundations, businesses, and pension plans. VFG does not impose a stated minimum fee or minimum portfolio value for starting or maintaining an investment advisory relationship.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

##### *Strategies and Methods of Analysis*

VFG manages client assets using a predominantly top-down approach. We believe that in the current global economy, individual securities will tend to increase in value if the macroeconomic conditions are such that it can increase. The converse would also follow: individual securities will go down if the macroeconomic factors are not favorable. In addition, some sectors or individual securities may perform better or worse depending on where they are in a cycle that may be determined by time or outside economic conditions. It is with these concepts in mind that VFG begins to construct client portfolios. There may be specific securities where this is limited or no research information available, and in those instances VFG will not be able to assist clients with recommendations regarding those securities.

##### *Investment Allocations & Investment Programs*

Each client's portfolio will be invested according to that client's investment objectives, which are ascertained through the financial planning process or through a review of the existing plan. Once we ascertain your objectives for each account, using our evidence based investment philosophy, we will

develop a set of asset allocation guidelines that will aide in executing the proper allocation strategy. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

The investment programs are not investment products. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

The investment strategies that we recommend are based on the needs of the client as compared with the typical behavior of that security type or manager, current market conditions, the client's current financial situation, financial goals, and the timeline to meet those goals, while emphasizing value and momentum within the market. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client.

We may periodically recommend changes to the investment strategies and client portfolios to meet the guidelines of the asset allocation for the program or an individual client's objectives. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

When VFG makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

Additionally, as assets are transitioned from a client's prior advisors to VFG, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from its VFG portfolio. If a client transitions mutual fund shares to VFG that are not the lowest-cost share class, and VFG is not recommending disposing of the security altogether, VFG will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any adverse tax consequences associated with such conversion.

### Third Party Managers

In some instances, VFG can utilize other managers to assist in the management of client assets. These managers are selected by VFG after a process whereby VFG evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for VFG clients. This process continues on an ongoing basis, throughout the time the client works with the third party manager. Prior to referring any client to another manager, VFG will confirm that such manager is registered, or exempt from registration, as an investment adviser.

### Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that VFG may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. VFG endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. Margin carries a higher degree of risk than investing without margin.
- **Short Sales.** "Short sales" are a way to implement a trade in a security VFG feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. VFG utilizes short sales only when the client's risk tolerances permit.
- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external

(provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While VFG selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to VFG there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by VFG. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of VFG may adversely affect the client's account values, as VFG's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** VFG may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as

commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

- **MLPs:** VFG may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask VFG any questions regarding the role of MLPs in their portfolio.

- **BDCs (Business Development Companies):** Business Development Companies (BDCs) are a specific subset of investment companies that receive preferential tax treatment provided they meet certain investment restrictions and other regulatory requirements. Because BDCs are managed by third parties, and are frequently chosen for the perceived strength of their managers, the investment thesis, and tax treatment, the risks associated with a BDC investment generally follow directly from the manager, in that the manager ultimately controls the investments, and can adversely impact the tax treatment of the vehicle. Additional risks exist, and may be specific to the particular BDC. Accordingly, investors should carefully review the BDC’s prospectus and any addendums thereto.

#### **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

##### **A. Broker-dealer**

*Please see response to Item 5E with regards to Purshe Kaplan Sterling Investments Inc.*

##### **B. Futures Commission Merchant/Commodity Trading Advisor**

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

C. Relationship with Related Persons

Legal & Accounting Services

VFG may utilize certain individuals to provide estate and tax planning services to clients, as part of VFG's asset management services. These services are available to clients who have at least \$500,000 in assets under VFG's management; however this minimum can be waived at the discretion of VFG. There are no separate charges for these services; they are included within the asset management fee. Neither VFG nor the attorneys or CPAs in this arrangement share in any of the revenue for these services. VFG attempts to mitigate any potential conflict of interest by disclosing this arrangement to clients, and informing the clients that they are always free to engage other companies that are not affiliated with VFG for legal and/or accounting services. VFG also attempts to mitigate any potential conflict of interest by requiring employees to acknowledge their individual fiduciary duty to the clients of VFG, found in the firm's Code of Ethics, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of Other Advisers

As discussed in Item 8, VFG may recommend the use of one or more third party managers.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. VFG does not recommend to clients that they invest in any security in which VFG or any principal thereof has any financial interest.

C. On occasion, an employee of VFG may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of VFG may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

**Item 12: Brokerage Practices**

**A. Recommendation of Broker-Dealer**

VFG recommends that investment accounts be held in custody by Fidelity Institutional Brokerage Group (“Fidelity”). Fidelity offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Fidelity is wholly independent from VFG. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

VFG recommends Fidelity to its clients based on a variety of factors. These include, but are not limited to, commission costs. Fidelity has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Fidelity adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Fidelity also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Fidelity has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. VFG re-evaluates the use of Fidelity at least annually to determine if they are still the best value for our clients.

Fidelity provides VFG with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, VFG will determine a reasonable allocation of investment to non-investment use and non-cash benefits will be allocated only to the investment portion of the product (and we will pay the remaining cost). VFG receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause a conflict of interest as we may want to place more client accounts with a broker-dealer/custodian such as Fidelity, solely because of these added benefits. As such, VFG may have an incentive to select or recommend a broker-dealer based on interests in receiving the research or other products or services, rather than on clients’ interest in receiving most favorable execution. VFG attempts to mitigate this potential conflict by performing regular reviews of execution services and value clients receive to ensure clients are receiving the best possible value for costs paid. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate non-cash benefits that acquire products and/or services that are not ultimately utilized for that same client’s account. Non-cash benefits provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Fidelity or any other broker-dealer/custodian, refers clients to VFG as part of our evaluation of these broker-dealers.

## B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)  
Directed Brokerage

VFG allows clients to direct brokerage. “Directing” brokerage means choosing to maintain all or some of their assets with a broker-dealer that is not recommended by VFG. VFG may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients’ money because without the ability to direct brokerage VFG may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## Item 13: Review of Accounts

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client by a member of senior management on at least a quarterly basis. However, it is expected that market conditions, changes in a particular client’s account, or changes to a client’s circumstances will trigger a review of accounts.

The annual report in writing provided by VFG is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from the custodian. Please refer to Item 15 regarding Custody.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

### B. Compensation to Non-Advisory Personnel for Client Referrals.

VFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## Item 15: Custody

There are two avenues through which VFG has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization (“SLOAs”). SLOAs permit a client to issue one document that directs VFG to make distributions out of the client’s account(s). Clients will receive statements directly from the account custodian, and copies of all trade confirmations directly from the account custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by the qualified custodian. Each month, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by VFG against the information in the statements provided directly from the custodian. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to VFG or the account custodian.

#### **Item 16: Investment Discretion**

When VFG is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and VFG.

#### **Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request. From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. VFG will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. VFG will not give clients advice on how to vote proxies.

#### **Item 18: Financial Information**

VFG does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

**Item 1: Cover Sheet**

**FORM ADV PART 2A APPENDIX 1  
WRAP FEE PROGRAM BROCHRE**



311 Lindenwold Ave,  
Ambler, PA 19002

Ed Woehlcke  
(215) 947-9190

**March 7, 2024**

**This brochure provides information about the qualifications and business practices of Valley Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 215-947-9190. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.**

**Additional information about Valley Financial Group, Inc. (CRD# 312254) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

Valley Financial Group, Inc. is required to include in this Item 2 any material changes to this Wrap Brochure. VFG has changed its address to 311 Lindenwold Ave, Ambler, PA 19002.

### **Item 3: Table of Contents**

Item 1: Cover Sheet .....	17
Item 2: Material Changes.....	18
Item 3: Table of Contents .....	19
Item 4: Services, Fees, and Compensation.....	20
Item 5: Account Requirement and Type of Clients.....	23
Item 6: Portfolio Manager Selection and Evaluation .....	23
Item 7: Client Information provided to Portfolio Managers .....	25
Item 8: Client Contact with Portfolio Managers .....	25
Item 9: Additional Information .....	25

WRAP FEE PROGRAM  
Valley Financial Group, Inc.

**Item 4: Services, Fees, and Compensation**

The Valley Financial Group Wrap Program (the “Program”) is a wrap fee program sponsored by Valley Financial Group, Inc. (“VFG”). VFG has been in business since January 2021 as an independent registered investment advisor. However, the firm’s principals, Ed Woehlke and Kevin McGarry have together more than 20 years in the industry. VFG provides investment management services and financial planning to individuals, families, trusts, charitable organizations and foundations, businesses, and pension plans.

**A. Description of the Program**

---

Asset Management

VFG’s comprehensive process starts with a discovery meeting which is spent getting to know the client and what is most important to them, where the client is now financially and what they would like their money to accomplish for them. When appropriate for the client a customized plan is formed where we will weigh the financial implications of each goal discussed, and construct the framework for a plan that supports those goals. The plan will become a working document to help make client decisions. It will be used for investment purposes where we will recommend specific strategies to help match each of the client’s goals. Although certain financial circumstances may evolve over time, everything discussed with the client will refer back to the plan to ensure a consistent path to the client’s goals is being taken. We believe that managing client assets ourselves in adherence to the custom plan created for each client allows us to mutually and effectively meet client goals and objectives. We like to work hand in hand with clients, helping them navigate any online tools and client technology so that the client can always have a clear picture of how their assets are working for them.

When we perform asset management services within a plan, we will do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will not seek specific approval of changes to client accounts. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and VFG. Specific security changes will be implemented by VFG, or in the case of assets managed by a third party manager, by such third party manager. VFG may, however, have the discretion to hire and fire the third party manager, in which case that change would be made in keeping with client objectives but not necessarily with prior client authorization.

In limited circumstances, we may provide asset management services on a non-discretionary basis, which means we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client’s account may not perform as well as it would have had VFG been able to reach the client for a consultation on the recommendation.

VFG recommends that investment accounts be held in custody by Fidelity Institutional, a member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Fidelity is wholly independent from VFG. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

For some clients, VFG may include certain asset based costs in the client's management fee. This arrangement is referred to a "Wrap Program". For accounts in the Wrap Program, VFG pays a fee to the account custodian based on the total amount of client assets enrolled in the Wrap Program, thus taking on many of the clients' asset based cost. Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, mark-ups and mark-downs, spreads, odd-lot differentials, fees charged by regulatory agencies, and any transaction fees for securities trades executed by a broker-dealer other than the primary custodian. Expenses for the management fees of third party managers are also not included in the Wrap Program, and to the extent utilized, you will be responsible for such fees. Because VFG will be managing the assets of wrap fee program clients the same way as other non-wrap fee program clients, the use of external portfolio managers within the wrap program is expected to be limited. Therefore, there is no difference between how VFG manages wrap free accounts and how VFG manages other accounts.

Because of the nature of a wrap fee program, where wrap fees are not tied to an account's frequency of trading and apply to generally all assets in the account, the wrap fee program client may pay more or less than if the client had compensated VFG outside of the wrap fee program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. Clients whose accounts will be rarely traded should carefully consider whether the Wrap Program is appropriate. Clients are not required to participate in the Wrap Program. VFG receives a portion of the wrap fee for our services. Please see the separate Wrap Fee Brochure for a more complete description of the Wrap Program.

### Financial Planning

Financial planning services are provided as a part of asset management. VFG's planning process begins with a discovery meeting where time is taken to gather information, understand client expectations and determine the right fit for pursuing a working relationship. The planning process includes assessing a client's overall financial well-being, collaboratively designing a financial life plan and implementing the agreed upon strategies and actions. The process continues with the development of a blueprint for a continued team effort to manage ongoing plan execution.

### Assets under Management

As of January 31, 2024, VFG has \$197,468,866 in assets under management across 739 accounts managed on a discretionary basis.

## **Fees and Compensation**

---

### Our Wrap Fees

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services, and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, VFG for investment services. VFG asset management fees generally range from 0% to 1% per annum of the net market value of a client's account managed by VFG, as shown in the schedule below. Clients may pay a different fee in each account dependent on the assets within that account. Fees are negotiable and may be higher or lower than this range, based on the nature of the account, and the origin of the client. Factors affecting fee percentages include the size of the account, complexity of asset structures, and any other unique factors that may exist. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. Financial Planning fees are included in the asset management fee.

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter, including any cash in the client's account. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, then divide by the number of days in that calendar year and multiply that number by days in the quarter to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to VFG. Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. VFG is to invoice the qualified custodian for fees. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. VFG encourages clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by VFG against the information in the statements provided directly from the custodian. Please alert VFG of any discrepancies.

There are a number of other fees that can be associated with holding and investing in securities. For clients participating in VFG's wrap program, these include some fees that may be paid by VFG on your behalf, such as transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock, as discussed above. All other fees will be deducted from your account. Expenses of a mutual fund or ETF will not be included in management fees, as they are deducted from the value of the shares by the manager. When selecting mutual funds that have multiple share classes for recommendation to clients, VFG will take into account the internal fees and expenses associated with each share class, and it is VFG policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. VFG can provide or direct you to a copy of the prospectus for any fund that we recommend to you. Fees charged by independent third party managers are also separate and additional to any fees paid to VFG, and such managers will be authorized to separately debit fees from client accounts.

Please make sure to read Item 12 of the Informational Brochure, where we discuss broker-dealer and custodial issues.

#### Pro-rata Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way you direct (check, wire). VFG will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to VFG and will become a retail account with the custodian.

### **Item 5: Account Requirement and Type of Clients**

Clients participating in the program may include individuals, families, trusts, charitable organizations and foundations, businesses, and pension plans. VFG does not impose a stated minimum fee or minimum portfolio value for starting or maintaining an investment advisory relationship.

### **Item 6: Portfolio Manager Selection and Evaluation**

The wrap fee program offered by VFG is sponsored by the firm. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by VFG as well as asset based fees. All client accounts managed by VFG, including wrap fee program clients, are managed with similar processes, although account recommendations may differ.

#### Methods of Analysis, Investment Strategies and Risk of Loss

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Each client’s portfolio will be invested according to that client’s investment objectives, which are ascertained through the financial planning process or through a review of the existing plan. Once we ascertain your objectives for each account, using our evidence based investment philosophy, we will develop a set of asset allocation guidelines that will aide in executing the proper allocation strategy. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

The investment programs are not investment products. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

The investment strategies that we recommend are based on the needs of the client as compared with the typical behavior of that security type or manager, current market conditions, the client’s current financial situation, financial goals, and the timeline to meet those goals, while emphasizing value and momentum within the market. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from

another client.

We may periodically recommend changes to the investment strategies and client portfolios to meet the guidelines of the asset allocation for the program or an individual client's objectives. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

When VFG makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

Additionally, as assets are transitioned from a client's prior advisors to VFG, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from its VFG portfolio. If a client transitions mutual fund shares to VFG that are not the lowest-cost share class, and VFG is not recommending disposing of the security altogether, VFG will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any adverse tax consequences associated with such conversion.

#### Strategies and Methods of Analysis

VFG manages client assets using a predominantly top-down approach. We believe that in the current global economy, individual securities will tend to increase in value if the macroeconomic conditions are such that it can increase. The converse would also follow: individual securities will go down if the macroeconomic factors are not favorable. In addition, some sectors or individual securities may perform better or worse depending on where they are in a cycle that may be determined by time or outside economic conditions. It is with these concepts in mind that VFG begins to construct client portfolios. There may be specific securities where this is limited or no research information available, and in those instances VFG will not be able to assist clients with recommendations regarding those securities.

#### Voting Client Securities

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. VFG will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. VFG will not give clients advice on how to vote proxies.

#### Performance-Based Fees

VFG will not charge performance based fees.

## **Item 7: Client Information provided to Portfolio Managers**

Please see response to Item 6, above.

## **Item 8: Client Contact with Portfolio Managers**

Clients may contact VFG at any time.

## **Item 9: Additional Information**

### **Disciplinary Information**

---

Neither the firm nor any of its employees or principals has any disciplinary information to report.

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

---

#### Broker-dealer

To permit VFG clients to have access to as many investment solutions as possible, certain professionals of VFG are registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with VFG or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to VFG.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with VFG. VFG attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

#### Futures Commission Merchant/Commodity Trading Advisor

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

### Relationship with Related Persons

Please refer to Item 10 of the Informational Brochure for more information regarding relationships with related persons.

### Recommendations of other Advisers

As discussed in Item 8 of the Informational Brochure above, VFG may recommend the use of one or more third party managers.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

---

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. VFG does not recommend to clients that they invest in any security in which VFG or any principal thereof has any financial interest.

C. On occasion, an employee of VFG may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of VFG may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

### **Review of Accounts**

---

All accounts will be reviewed by a senior professional on at least a quarterly basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by VFG is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from Fidelity. Please refer to Item 15 of the Informational Brochure regarding Custody.

## **Client Referrals and Other Compensation**

---

### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

VFG recommends that investment accounts be held in custody by Fidelity Institutional Brokerage Group (“Fidelity”). Fidelity offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Fidelity is wholly independent from VFG. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

VFG recommends Fidelity to its clients based on a variety of factors. These include, but are not limited to, commission costs. Fidelity has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Fidelity adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Fidelity also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Fidelity has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. VFG re-evaluates the use of Fidelity at least annually to determine if they are still the best value for our clients.

Fidelity provides VFG with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, VFG will determine a reasonable allocation of investment to non-investment use and non-cash benefits will be allocated only to the investment portion of the product (and we will pay the remaining cost). VFG receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause a conflict of interest as we may want to place more client accounts with a broker-dealer/custodian such as Fidelity, solely because of these added benefits. As such, VFG may have an incentive to select or recommend a broker-dealer based on interests in receiving the research or other products or services, rather than on clients’ interest in receiving most favorable execution. VFG attempts to mitigate this potential conflict by performing regular reviews of execution services and value clients receive to ensure clients are receiving the best possible value for costs paid. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate non-cash benefits that acquire products and/or services that are not ultimately utilized for that same client’s account. Non-cash benefits provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Fidelity or any other broker-dealer/custodian, refers clients to VFG as part of our evaluation of these broker-dealers.

**B. Compensation to Non-Advisory Personnel for Client Referrals.**

VFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Financial Information**

---

VFG does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

## **Valley Financial Group, Inc.**

# **Privacy Notice**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

### **INFORMATION WE COLLECT**

Valley Financial Group, Inc. must collect certain personally identifiable financial information about its clients to ensure that it offers the highest quality financial services and products. The personally identifiable financial information which we gather during the normal course of doing business with you may include:

1. information we receive from you on applications or other forms;
2. information about your transactions with us, our affiliates, or others;
3. information collected through an Internet "cookie" (an information collecting device from a web server); and
4. information we receive from a consumer reporting agency.

### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. We do not disclose your personal information to any third party for the purpose of allowing that party to market other products to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.