
South Valley Wealth Management
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March 31, 2011

This Brochure provides information about the qualifications and business practices of South Valley Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 541-882-5488 or toll free 800-577-1773. 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.

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

Additional information about South Valley Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

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

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

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

Currently, our Brochure may be requested by contacting Debra DiNapoli, CCO at 541-882-5488. Our Brochure is also available on our web site <http://southvalleywealth.com/>, also free of charge.

Additional information about South Valley Wealth Management is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with South Valley Wealth Management who are registered, or are required to be registered, as investment adviser representatives of South Valley Wealth Management.

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Item 4 – Advisory Business

South Valley Wealth Management, a wholly owned subsidiary of South Valley Bancorp, was established in 1984 as an independent investment firm doing business as Elliott-Ledgerwood & Co. Headquartered in Klamath Falls, Oregon, we serve clients with financial needs through full-service branches in Klamath Falls, Medford, and Bend, Oregon. South Valley Wealth Management is an SEC registered advisory firm.

Our services include wealth accumulation, wealth preservation, and wealth distribution which are customized for our individual clients. We also offer retirement planning services that utilize a selection of IRAs and employer sponsored retirement plans that accommodate a wide range of incomes, lifestyles and financial requirements. In addition, we offer consultations addressing the specific issue or issues a client has with their investment portfolio. South Valley Wealth Management will provide a detailed financial analysis and recommendations to guide toward the achievement of client objectives. Clients make the selection for the custodian of their assets which may or may not be a custodian recommended by South Valley Wealth Management. South Valley Wealth Management will limit its analysis to the specific areas the client chooses such as Cash Flow Analysis, Retirement Capital Needs Analysis, Education Funding, Estate Planning, or Insurance Review.

SVWM Advisor Wrap-Fee Program:

SVWM provides investment advisory services to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations and corporations interested in purchasing shares of open-end investment companies (mutual fund shares), equity securities, certificates of deposit, corporate debt securities, municipal securities, variable annuities and United States government securities.

South Valley Wealth Management offers products and services on a non-discretionary basis. South Valley Wealth Management has one discretionary account for our affiliated company, South Valley Bank & Trust. South Valley Wealth Management has 261 Non-Discretionary accounts. The assets under management for discretionary accounts is \$47,296,636.00 (as of 02-28-2011).

The assets under management for non-discretionary accounts is \$38,879,458.00 (as of 02-28-2011).

Item 5 – Fees and Compensation

SVWM Advisor Wrap-Fee Program:

An investment advisory fee will be charged as a percentage of assets under management and will be negotiable between .50% and 2.00% of the total value of assets held in a wrap-fee account. Fees will be charged on a quarterly basis based upon market value of the account assets at the end of each quarter. Advisor accounts are billed at the beginning of each quarter. The duration of the advisory agreement is one year. Either party may terminate the agreement by delivering a written notice of termination to the other party.

All fees are subject to negotiation.

The specific manner in which fees are charged by South Valley Wealth Management is established in a client's written agreement with South Valley Wealth Management and the client's chosen custodian. South Valley Wealth Management will generally bill its fees on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize South Valley Wealth Management to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

South Valley Wealth Management's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to South Valley Wealth Management's fee, and South Valley Wealth Management shall not receive any portion of these fees and costs.

Item 6 – Performance-Based Fees and Side-By-Side Management

South Valley Wealth Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

South Valley Wealth Management provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, and other U.S. institutions.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

South Valley Wealth Management believes that investing is a long-term proposition, that costs and fees matter and recommends long term purchases of securities (with a horizon of five or more years subject to rebalancing of the portfolio). South Valley Wealth Management sees itself as a financial planner and wealth manager that utilizes money managers and various custodians. South Valley Wealth Management does not try to predict the economy's direction, time markets, or select 'winning' securities. While South Valley Wealth Management uses actively managed mutual funds including those utilizing tax management, South Valley Wealth Management relies heavily on largely actively managed mutual funds and related investment vehicles.

When considering individual securities because of a client's initial holdings, South Valley Wealth Management assesses such securities using fundamental analysis drawing on research materials prepared by others, corporate rating services; and, as appropriate, financial newspapers, magazines and news reports.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of South Valley Wealth Management or the integrity of South Valley Wealth Management's services.

Certain disciplinary events are presumed to be material if they occurred within the last 10 years. An investment adviser must deliver promptly to clients updated information regarding disciplinary events if it is updating a brochure to add a new event or to change material information about a disciplinary event. South Valley Wealth Management has had one civil claim within the last 10 years.

South Valley Wealth Management has no information applicable to this Item. As reported on the web site Finra.org, there are no disclosure events for South Valley Wealth Management. Examples of such disclosure events include certain disciplinary actions initiated by regulators, certain criminal charges and/or convictions, financial disclosures such as bankruptcies, and summary information regarding arbitration awards involving securities and commodities disputes between public customers and the firm.

Item 10 – Other Financial Industry Activities and Affiliations

South Valley Wealth Management is actively engaged in a business other than giving investment advice. South Valley Wealth Management also serves as an introducing broker-dealer.

IMS Capital Management employs Doug Kintzinger, who also serves as the Chairman of the Board for South Valley Bancorp, Inc. and its subsidiaries, South Valley Wealth Management and South Valley Bank & Trust. Mr. Kintzinger is currently the CEO and President of IMS Capital Management.

Potential investors are advised of this possible conflict of interest that may or may not exist before investing in IMS funds. Current clients of South Valley Wealth Management invested with IMS funds are provided with an annual disclosure for this potential conflict of interest.

SVWM clients use RBC Correspondent Services for all or substantially all of their brokerage transactions. In addition to brokerage services, RBC provides SVWM with valuable custodial, and recordkeeping services. SVWM may have the opportunity to receive traditional “non-cash benefits” from RBC such as customized statements, receipt of duplicate client confirmations; access to a trading desk; ability to have investment advisory fees deducted directly from client accounts; receipt of industry communications; and perhaps discounts on business-related products. Any research received is used for the benefit of all clients.

While SVWM endeavors at all times to put the interest of the clients first as part of its fiduciary duty, clients should be aware that the receipt of any additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Item 11 – Code of Ethics

SVWM Code of Ethics: As associates of SVWM we will: strive at all times to place the interests of our clients first, never take inappropriate advantage of our position with our clients, hold the identity of security holdings and financial circumstances of our clients as confidential, practice the principle that

independence in our client's investment decision-making process is paramount, conduct ourselves in a consistent manner while avoiding any actual or potential conflicts of interest.

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

South Valley Wealth Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which South Valley Wealth Management has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which South Valley Wealth Management, its affiliates and/or clients, directly or indirectly, have a position of interest. South Valley Wealth Management's employees and persons associated with South Valley Wealth Management are required to follow South Valley Wealth Management's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of South Valley Wealth Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for South Valley Wealth Management's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of South Valley Wealth Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, clients are contacted or good faith efforts are made to contact clients prior to any transaction(s) taking place in advisor accounts or any related family member accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between South Valley Wealth Management and its clients.

South Valley Wealth Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Debra DiNapoli at 541-882-5488.

It is South Valley Wealth Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. South Valley Wealth Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

SVWM/SVB&T Wrap-Fee Program: Most trades are executed through RBC Correspondent Services, at rates competitive to those available to non-affiliated brokerage firms. SVWM does not share in any of the commissions generated. Trades are usually directed to RBC Correspondent Services, which provides research information used with individual securities. No agreement exists regarding the amount of total commissions directed to RBC Correspondent Services by SVB&T.

SVWM has no written or verbal arrangements whereby it receives soft dollars.

Item 13 – Review of Accounts

SVWM/SVB&T Wrap-Fee Program: At least annually, SVWM provides investment comments for each client account designated by SVB&T. Quarterly, SVWM provides statistical information regarding investment results for each managed investment objective model portfolio and annually provides appropriate risk measure and a statistical analysis for each model portfolio.

Reviews are handled by SVWM and assigned to securities licensed officers handling 50-100 accounts each. Annual reviews are generated on a staggered monthly basis assigned by SVB&T.

SVB&T custodies all client assets and provides client statements and communication.

SVWM/Advisor Wrap-Fee Program: Individual investment advisors of SVWM review their Advisor client accounts on an annual basis.

At least quarterly, Advisor clients receive statements and portfolio reviews, Portfolio reviews include a portfolio summary, asset allocation, portfolio changes, total return performance, current holdings and realized gain/loss detail. Reviews are generated by RBC Correspondent Services and mailed by SVWM.

Item 14 – *Client* Referrals and Other Compensation

- A. There is no entity or individual providing an economic benefit to our firm for providing investment advice or other advisory services to our clients.
- B. Our firm does not compensate any unassociated person for client referrals.

Item 15 – Custody

SVWM does not take custody of client funds or securities. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. South Valley Wealth Management urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

South Valley Wealth Management does not accept discretionary authority to input trades into securities accounts on behalf of clients. Our firm follows

procedures provided by clients and their custodians that allow for trading access only.

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

When selecting securities and determining amounts, South Valley Wealth Management observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, South Valley Wealth Management's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to South Valley Wealth Management in writing.

Item 17 – Voting *Client* Securities

SVWM acts as a non-discretionary investment advisor for various clients, including clients governed by the Employee Retirement Income Act of 1974 (ERISA). Upon execution of the Client Agreement, the client assumes the responsibility for voting all proxies solicited by issuers of securities held in the account. SVWM neither votes proxies for clients, nor provides advice to clients about how to vote proxies. The custodian sends proxies directly to clients for voting.

Item 18 – Financial Information

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