



Valley Forge Asset Management Corp.
Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Valley Forge Asset Management Corp. (VFAM). If you have any questions about the contents of this brochure, please contact our Compliance Department at 610-687-6800 or by email at compliance@vfam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about VFAM is also available on the SEC's website at www.adviserinfo.sec.gov. Form ADV Part 2A is also available on our website at www.vfam.com.

We are a registered investment advisor with the SEC. This registration as an investment advisor does not imply that VFAM or its associates has achieved a certain level of skill or training.

VFAM ADV Part 2A

June 22, 2012

2. Material Changes

1. Amendment Filing on January 12, 2012
 - a. New Disclosures in this document include the following:
 - i. Item 4. The Firm's Assets Under Management were updated to reflect 12/31/2011 values. These totals reflect an acquisition made by VFAM on 12/23/2011 of fifteen accounts totaling approximately \$460 million
 - ii. Item 12, Brokerage Practices. The section Soft Dollars was updated to reflect the Firm's current policy.
2. This section of the Brochure addresses only those "material changes" that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov.

Our last ADV Part 2 update was dated December 19, 2011.
3. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form), in addition to our annual offer.
4. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Compliance Department at 610-687-6800, by email at compliance@vfam.com or by mail to PO Box 960, Valley Forge, PA 19482. It is also available on our website at www.vfam.com.

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4. Advisory Business

The Firm

Valley Forge Asset Management Corp. (VFAM) was founded in 1969, and was acquired by Susquehanna Bancshares Inc. (SBI) in March 2000. SBI is a publicly traded company, stock symbol SUSQ.

Incorporated under Pennsylvania law, we are an SEC registered Investment Advisor and Broker Dealer, a member of FINRA and are licensed with the securities commissions of various states.

We provide investment management services to individuals, foundations, endowments, public funds, retirement funds, corporations, banks and trusts. We also serve as a sub-advisor for a small number of accounts.

We are organized to provide professional investment services for a broad range of portfolio objectives, providing equity, balanced and fixed income management on an individual account basis. We do not pool client funds.

Separately Managed Accounts

We provide investment advice on a discretionary and non-discretionary basis to separately managed retail and institutional accounts using large capitalization stocks and fixed income securities.

Our services begin by working closely with you to determine your investment objectives, risk tolerance and if applicable, account restrictions. These investment parameters are formally documented in the Statement of Investment Policy and Guidelines (SIP). We will then select and monitor the appropriate assets and allocations to make sure they comply with the management of your account based on the SIP.

We maintain an Investment Committee to review, select and monitor the individual stocks and bonds that are purchased and sold in client accounts. Our Portfolio Management Staff evaluates investment results in each account and make changes as needed.

At least quarterly, you will be provided with a management report, which includes portfolio holdings, contributions and withdrawals and year to date performance. Meetings are held on a regular basis (based on your preference), to discuss investment results, current market conditions and any changes to your needs or objectives.

At least quarterly, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account.

Retirement Plan Services

We provide investment advice to fiduciaries of corporate qualified retirement plans primarily using mutual fund investments. In some limited cases we also incorporate an investment strategy that is identical to our advisory services for separately managed accounts.

Our services begin by working closely with the plan sponsors to determine the plan's investment objectives and risk tolerance. These investment parameters are formally documented in an Investment Policy Statement (IPS). We will then select and monitor the appropriate asset classes to make sure they comply with the management of the plan based on the IPS.

We maintain an Investment Committee to review, select and monitor the individual mutual funds that are recommended for participants to invest their retirement plan assets. The Retirement Plan Investment Committee meets quarterly to review and monitor all client holdings.

At least quarterly, you will be provided with a management report, which includes portfolio holdings, contributions and withdrawals and year to date performance. Meetings are held on a periodic basis (based on your preference), to discuss investment results, current market conditions and any changes to your needs or objectives.

At least quarterly, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account.

Additionally, through group and individual meetings, investment advice is provided directly to Retirement Plan Participants as requested.

Wrap Accounts

A professionally managed investment plan in which all expenses, including brokerage commissions, management fees, and administrative costs, are wrapped into a single quarterly charge.

We are an approved investment advisor on a limited number of wrap or networking programs sponsored by other firms not affiliated with VFAM. Some wrap accounts may utilize model based portfolios.

We manage these accounts in the same way as separately managed advisory accounts and receive a portion of the wrap fee for our services.

Assets under Management (as of 12/31/2011)

	US \$\$	Number of Accounts
Discretionary	\$3,362,302,210	2162
Non-Discretionary	\$ 143,673,226	71
Total	\$3,505,975,436	2,233

5. Fees and Compensation

Advisory Fees

Our fees are based on a percentage of assets under management. Fees are calculated on an annual basis and payable quarterly in arrears. There are some exceptions where an account will pay monthly and/or pay fees quarterly in advance. Below are our standard fee schedules.

Retail Fee Schedule		
1 % on the first \$2,000,000 of assets	.75% on the next \$2,000,000 of assets	.50% on the balance of assets.

Institutional Equity Fee Schedule	
.50 % on the first \$75,000,000 of assets	Negotiable over \$75,000,000

Institutional - Balanced Fee Schedule			
.40 % on the first \$25,000,000 of assets	.35% on the next \$25,000,000 of assets	.30% on the next \$50,000,000 of assets	Negotiable over \$100,000,000

Institutional – Fixed Income Fee Schedule			
.35 % on the first \$25,000,000 of assets	.30% on the next \$25,000,000 of assets	.25% on the next \$50,000,000 of assets	Negotiable over \$100,000,000

Other Fee Information

We do not require a minimum dollar amount of assets to open an account, but have a minimum annual fee per managed account of \$5,000.

We will, from time to time, charge a fixed fee. We may negotiate fees, including our minimum fee.

We have changed our fee schedules while continuing to charge existing client accounts on the basis of fee schedules and agreements in force prior to the change.

The fees that we charge for investment advisory services are specified in an agreement between VFAM and each individual client.

If you terminate your investment advisory contract during a quarter, fees will be prorated to the date of termination and a final fee will be due. Any unearned or prepaid fees, if applicable, will be credited or refunded to you.

Aggregating Accounts

We may, at our discretion, combine related accounts for fee purposes, based on business or family relationships. This may not be available if your accounts do not share similar investment objectives or if there are two or more client representatives on the accounts.

Fee Payment Options

At the end of each quarter, we will provide you with a fee invoice, which includes the fee calculation and the assets on which the fee is based. As explained in our advisory agreement with you, there are two options you may select from to pay for our services:

Direct Debiting (preferred):

At the end of the quarter, we will notify your custodian of the amount of the fee due and payable to us based on our fee schedule and contract. The custodian does not validate or check our fee, its calculation or the assets on which the fee is based. The fee will be “deducted” from your account(s) or, if you have more than one account, from the account you have designated to pay our advisory fees.

At least quarterly, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to us.

Pay by Check:

Quarterly, we issue you an invoice for our services and request payment by check or wire transfer within 15 days upon receipt of the invoice.

Wrap Accounts

We provide investment management services, on both a discretionary and non-discretionary basis, to managed accounts under wrap or networking programs sponsored by other firms. Some wrap accounts may utilize model based portfolios.

Our advisory fees charged are negotiated with the wrap sponsor. Because our servicing responsibilities are limited, the investment advisory fee charged by us may be reduced. This may not affect the overall wrap fee, charged to you by the sponsor, which combines the brokerage commissions, management fees and administrative costs in one single quarterly charge.

Sub-Advisory Accounts

We serve as a sub-advisor for a small number of accounts and receive a negotiated rate of the investment advisor's fees, as outlined in the sub-advisory agreement.

Additional Fees and Expenses:

Commissions

If you choose us as your broker dealer, utilizing Pershing, LLC (PER) as your custodian, we will receive brokerage commissions and postage fees in addition to our advisory fees. Please see Item 12 for a complete description of our brokerage services.

Custodians & other brokers may charge you other fees for servicing your account. Such charges and fees are in addition to our fee, and we do not receive any portion of these fees or costs.

You have the option to purchase investment products that we recommend through other brokers or agents not affiliated with us.

12B-1 Fees

For non-ERISA* accounts custodied at PER, we share some additional compensation with PER based on the clients cash reserve invested in money market funds. The additional compensation can be from .0% to .60% of the invested balances, depending on the fund and the interest rate environment.

While this compensation creates a conflict of interest, we evaluate and monitor money market funds based on their track record, yield, safety, depth of client services and the fund's holdings.

*ERISA – Employee Retirement Income Security Act of 1974 – the law which established guidelines for private pension plan administration and investment practices.

401(k) plans

Only no-load mutual funds are used for the retirement plans services investment advisory 401(k) plans. Our investment advisory fee is the only compensation that we receive for the investment management of these accounts; therefore we have no incentive to recommend one mutual fund over another. No conflict of interest exists.

Fund Fees

If your assets are invested in money market or mutual funds, where a management fee is assessed as an expense, you are in effect paying two fees. You pay an investment advisory

fee to us on the total assets under management, and in addition, pay an investment management fee to the manager of the fund. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus.

6. Performance-Based Fees and Side-By-Side Management

Performance based fees are fees that are based on a share of capital gains on, or capital appreciation of, the assets of a client. If an investment adviser receives performance-based fees for some clients and charges non-performance based fees for other clients, such as an asset-based fee, a conflict of interest arises from managing these two types of accounts at the same time. This is called "side-by-side management and the investment adviser has an incentive to favor accounts for which they receive a performance-based fee.

We do not have this conflict, because we do not receive performance-based fees.

7. Types of Clients

We provide our services to a number of clients:

- Individuals, including high net worth individuals
 - Corporations or other business entities
 - Foundations & endowments
 - Charitable organizations
 - Retirement accounts
 - Taft-Hartley plans, governmental plans, municipalities
 - Banks & trusts
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We do not require a minimum dollar amount of assets to open an account, but do have a minimum annual fee per managed account of \$5,000. We may agree to waive the minimum fee.

8. Methods of Analysis, Investment Strategies and Risk of Loss

Investment Committee

Top-Down/Bottom-Up Analysis

Our investment process starts with our investment committee's top-down analysis of current and projected macroeconomic conditions. The committee, a seven member panel meets on a weekly basis to discuss relevant market issues and their effect in the capital markets.

The bottom-up security selection employs an in-depth fundamental and technical analysis of the specific companies considered for purchase, and their strength and risk relative to other companies in the same sector.

Large-Cap Core Opportunistic Equity Process

Investment Philosophy

Our core investment philosophy seeks growth at a reasonable price using mostly large capitalization (large cap – companies with a market value of \$10 billion or more) securities to provide short-term preservation of principal and long-term growth of assets. This disciplined investment process is designed to manage risk at every opportunity through portfolio diversification and active management.

Portfolio diversification

Our stock selection is comprised of three different styles which allow us to rotate between favored sectors of the market

- Total return
(Takes into account all aspects of the company's return including dividends, earnings & capital gain/loss)
- Growth
(Companies whose earnings are expected to grow at an above-average rate relative to the market)
- Value
(Companies that trade at a lower price relative to their fundamentals: i.e. dividends, earning, sales, etc.)

Portfolio Construction

Industry growth prospects and economic sentiment are major considerations in the portfolio.

lio construction process, as risk reduction through diversification remains the focal point. When fully invested, portfolios contain a manageable number of issues, typically 45 to 55, to further diminish individual security risk.

As an equity manager, we constantly review both price target expectations and market sector performance, relative to our strategies. The top-down analysis and subsequent sector research will determine how the portfolio is positioned relative to value, growth and total return.

Sector and Industry Analysis

Our top-down approach takes into account numerous worldwide economic factors such as:

- Estimates for growth in major economically developed countries
- Forecasts for commodity prices
- Interest rates
- Currency prices
- Wage pressures
- Job growth
- Producer Price Index (PPI)
- Consumer Price Index (CPI)
- Gross Domestic Product (GDP)

These factors, among many others, are used to determine which sectors and industries we believe will offer the best risk and reward relative to the market.

Existing equity valuations are under constant review.

Stock Selection

Once the top-down analysis indicates in which sectors and industries we should invest, the bottom-up stock selection process begins with a comprehensive fundamental and technical analysis. From a fundamental standpoint, securities are reviewed based on a corporate financial analysis including:

- Consistent and predictable earnings
- Solid fundamentals
- Seasoned management
- Reasonable valuations
- Balance sheet strength
- Debt obligations

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- Price to Book ratios
 - Price to Sales ratios
 - Price to Earnings ratios
 - Additional fundamental metrics

Stock Analysis

We then analyze the following fundamental information relative to the overall risk/reward scenario:

- Company cash flow trends
- Consistency and forecast of quarterly earnings
- Dividend yields
- Management's history with respect to growth initiatives
- Market position
- Current product lines
- Future drivers of earnings
- Additional relevant fundamental information

Technical Review

Our technical review begins with an evaluation of market supply and demand characteristics with respect to historical stock trading activity using the following data:

- Trend analysis
- Buying or selling climaxes
- Options positioning
- Moving averages
- Support and resistance levels

Portfolios typically are fully invested within 90 days of account opening, dependent upon market conditions, attractive buying opportunities, perceived relative equity market risk and our short-term outlook on the market.

Sell Discipline

Our sell discipline seeks to control portfolio risk, preserve capital and lock-in capital gains. We consider many factors including:

- Price targets and stops
- Current market outlook
- Risk/reward scenario
- Growth/decline of market share and fundamentals

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- Probability of continued price appreciation
 - Relative performance

Technical analysis and historical valuation ranges are used to establish target prices for all equity issues. When initial target prices are met, we re-evaluate the current market conditions. If we believe the risk/reward scenario is still in the investor's favor (more upside in price before the stocks are fully valued), we will continue to hold the securities.

Risk Controls

If we believe the market has more downside risk than upside opportunity, we will shift to sectors that we feel will perform better when the market declines. Our investment philosophy is always "the short-term preservation of principal and secondarily the long-term growth of assets."

Fixed Income Process

Review

Our fixed income process again begins with the weekly meeting of our Investment Committee. They review the economic variables that have the most significant impact on market conditions and the level and direction of interest rates. These variables include:

- GDP growth
- Employment dynamics
- Inflation trends
- Monetary and fiscal policy
- Global economics
- Political environments

Portfolio Construction

Our client's portfolios typically contain bonds of higher quality than the portfolio's benchmark using a combination of:

- Municipal bonds
- Corporate bonds
- Government Agency bonds
- U.S. Treasury bonds

Duration or interest rate sensitivity management is a direct result of the Investment Committee's top-down economic strategy. When more conservative, portfolios will have dura-

tions shorter than the benchmark and, when more aggressive, at or slightly longer durations.

Bond Selection

Individual issue selection is based on the economic analysis done by our Portfolio Management Team. The debt of companies in these sectors will have better debt coverage and less likelihood of rating declines.

From a fundamental standpoint, fixed income is reviewed based on a financial analysis including:

- Balance sheet strength
- Current debt obligations
- Issuance cash flow trend
- Future revenue drivers
- Consistent and predictable earnings
- Solid fundamentals
- Positive cash flow
- Reasonable valuations

Existing fixed income positions are under constant review.

Risk Controls

In an effort to manage risk, we only purchase bonds that are investment grade or better. Our primary focus is on high quality municipal bonds, high quality corporate bonds, U.S. Treasury bonds, Government Agency bonds and money market instruments.

In order to diversify, no single issue may represent more than 10% of the portfolio. Taken even further, no single corporate issuer may represent more than 5% of the portfolio. Depending on the size of the portfolio, we generally hold a minimum of 20-25 issues. Smaller accounts may hold fewer issues.

The yield curve is emphasized and a credit analysis is conducted to ensure that the appropriate liquidity, industry diversification, safety, maximum yield and minimal risk are achieved. Our desire to provide liquidity and safety make it highly unlikely that a portfolio will hold an issue with a maturity of more than 10 years.

The average combined maturity of the securities held may be shortened according to market conditions, but the average maturity will not fall below three years in order to preserve capital if we anticipate a rise in interest rates. Conversely, the average maturity may be lengthened if we expect interest rates to decline.

Risk of Loss

All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Our investment approach constantly keeps the risk of loss in mind.

Depending on the type of securities that you invest in, your risk of loss includes (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions) and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. The investor should be prepared to bear the risk of loss.

As you know, stock and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed.

As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Securities are:

- Not FDIC insured
- Not a deposit
- May lose value
- Not bank guaranteed
- Not insured by any federal government entity

9. Disciplinary Information

We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Advisor relationship, or to continue a Client /Advisor relationship with us.

We have the following item to report:

January 2007 – We inadvertently effected securities transactions in the State of Hawaii prior to receiving approval of our broker dealer registration. We paid the State of Hawaii a fine in the amount of \$5,000. No further action was required.

10. Other Financial Industry Activities and Affiliations

Licenses

We are also an SEC registered broker dealer, a member of FINRA and SIPC and a licensed insurance agency. Various employees are registered representatives of our broker dealer and hold insurance licenses with several insurance providers. Please see Item 5 regarding the fees and compensation that we receive for these services.

Brokerage Services

While we offer brokerage services, we will use whatever broker dealer the client directs us to use. Please see Item 12 for a complete description.

Susquehanna Bancshares, Inc.

We are a wholly owned subsidiary of Susquehanna Bancshares, Inc. (SBI). Other subsidiaries of SBI include banking and non-banking affiliates, Stratton Management Co. (SMC), an SEC registered investment advisor, which also manages Stratton Mutual Funds, an investment company. Semper Trust Company (STC) is a subsidiary of SMC.

Bernard A. Francis, Jr., our President & CEO is a Senior Vice President & Group Executive of SBI and a member of the Susquehanna Executive Committee.

Susquehanna Wealth Management

Susquehanna Wealth Management (SWM) is a registered service mark of Susquehanna Bancshares, Inc. (SBI). It is comprised of the following SBI affiliates: VFAM, SMC, Susquehanna Trust & Investment Company (STIC), and Susquehanna Wealth Strategies (SWS).

Bernard A. Francis, Jr., our President & CEO is the Chief Investment Officer of STIC. He is also the Chairman of the Board for SMC & STC. Michael F. Swallow, Senior Vice President, Chief Risk Officer and Chief Financial Officer of VFAM, is also the Controller and Treasurer of STIC. He is also the Treasurer for SMC & STC.

We have arrangements where some employees act in a sales capacity on behalf of these affiliates – with the exception of SWS, which maintains its own sales force. We are reimbursed on a prorated basis for the costs associated with these employees.

Stratton Mutual Funds

We may include the Stratton Mutual Funds (SMF) on our 401(k) recommended funds list, but will not charge an advisory fee on those assets. Also, our President & CEO, Bernard A. Francis, Jr. is a director of SMF. While this creates a conflict of interest, we evaluate and monitor all funds based on their track record, yield, safety, depth of client services and the fund's holdings.

Board Members

Our Board of Directors includes an attorney and the President & CEO of an insurance company. There are no business arrangements and therefore no conflict of interest exists.

Other Business Names

We also market our services under the names Susquehanna Wealth Management (SWM), and Retirement Plan Services (RPS).

Other Offices

We have branch offices in Wilmington, DE, Blue Ball, PA, York, PA, Hunt Valley, MD and Evanston, IL.

401(k) Accounts

We also offer defined contribution consulting services, act as the agent for 401(k) plans investing in group annuities and provide 401(k) third party administration.

Space Sharing

We share office space with other affiliates.

Pershing, LLC

We have a clearing agreement with Pershing, LLC (PER), a member of NYSE, FINRA and SIPC, to provide custodial, trade settlement and record keeping services. PER is not affili-

ated with Valley Forge Asset Management Corp., Susquehanna Bancshares, Inc. or any of its affiliate firms.

Private Placements

As a broker-dealer, we may infrequently act as agent for the purchase of private securities by clients. We receive a fee for these services from the organizer of the private security.

We do not provide advisory services or receive any advisory fees from our clients for these securities.

As disclosed in the offering materials for private securities, these securities typically involve a high degree of risk, in part because there is virtually no likelihood that a regular trading market for these securities will develop.

In many cases, these private securities were offered by entities organized by Valley Forge Investment Corp. (VFIC), an organizer of hotel, shopping centers, and business investments. VFIC is not affiliated with VFAM.

Clients are responsible for all purchase and sale decisions regarding private securities.

To assist clients in monitoring the private securities they have purchased through us, we will, from time to time, provide information about developments relating to these securities. Such information will be obtained directly from the issuers of the private securities or we shall otherwise have a reasonable belief that such information is accurate in all material respects.

In addition, we will reflect private securities holdings on advisory clients' quarterly reports, denoting them as "non-managed assets" (as noted above, we do not provide advisory services to clients with respect to such holdings).

These reports generally will show private security positions at their historical cost, unless we have specific information which would lead us to believe that a different valuation should be reflected. Any such valuations will reflect our good faith estimation of value, though in light of the limited or nonexistent trading market for most private securities, we make no representation, directly or indirectly, that a willing purchaser (if any is available) would be willing to purchase a private security at the valuation shown.

We may also show investment performance results in quarterly and other reports to clients that combines the investment performance for the client's advisory account and the private securities. In such cases, the performance included for the private securities will reflect our best estimate, using the valuation methodology discussed above.

11. Code of Ethics

Code of Ethics

As required by regulation (and because it's good business), we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our client (or prospective client), and to drive home a culture of compliance within our firm.

An additional benefit of our Code is to detect and prevent violations of securities laws, including our obligations to you.

Our Code is comprehensive, is distributed to each employee at the time of hire, and annually thereafter. We also supplement the Code with annual training and on-going monitoring of employee activity.

Our Code includes the following:

- Requirements related to the confidentiality of our clients
- Prohibitions on:
 - Insider trading (if we are in possession of material, non-public information)
 - Rumor mongering
 - The acceptance of gifts and entertainment that exceed our policy standards
- Reporting of gifts and business entertainment
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time.

Our Code does not prohibit personal trading by the firm, employees or related persons. As you may imagine, as a professional investment advisor, we follow our own advice. As a result, we may purchase or sell the same or similar securities (or securities that are suitable for an employee or related account but not suitable for any client, including you) at the same time that we place transactions for your account and the accounts of our other Clients. These transactions may be aggregated with client orders in block trades with an average price. Employees may not trade ahead of clients.

Research services provided by our clearing firm, and other brokers, may be used in serving all of our accounts, without reference to whether the research is uniformly valuable to the particular accounts which may pay commissions to such brokers.

You may request a complete copy of our Code by contacting our Compliance Department at 610-687-6800, by email at compliance@vfam.com or by mail to PO Box 960, Valley Forge, PA 19482.

12. Brokerage Practices

Soft Dollars

When appropriate under our discretionary authority and consistent with our duty to obtain best execution, we may direct brokerage transactions for client accounts to broker-dealers who provide us with research and brokerage services. The brokerage commissions used to acquire these services are known as “soft dollars.” The Section 28(e) of the Securities Exchange Act of 1934 and related SEC interpretive materials provide a “safe harbor” which allows us to pay for research and brokerage services with soft dollars generated by your account transactions. Section 28(e) permits us, under certain circumstances; to cause your accounts to pay broker-dealers a commission for effecting portfolio transactions in excess of the commission another broker-dealer would have charged to effect such transactions. Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by third-party but provided by broker-dealer). We may use soft dollars to acquire either type. It is not generally possible to place a dollar value on the special executions or on the research services we receive from broker-dealers effecting transactions in portfolio securities. Accordingly, we may pay broker-dealers commissions for effecting your portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if we determine in good faith that such amounts are rea-

sonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its discretionary accounts.

In determining whether a service qualifies as research or brokerage, we must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include furnishing advice as to the value of securities and as to the advisability of investing in, purchasing or selling securities, and effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). We will not enter into any agreement or understanding with any broker-dealer that would obligate us to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

Receipt of research from brokers who execute client trades involves conflicts of interest. When we use client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your account receiving most favorable execution. We may use soft dollar benefits to service all of our clients' accounts, not just those that paid for the benefits, and we do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

We did not acquire any soft dollar credits prior to fiscal year ending December 31, 2011.

Brokerage for Client Referrals

We participate in the institutional advisor program ("the Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program. Please see the disclosure listed in Item 14.

Directed Brokerage

You direct us as to where your assets are to be custodied and where your trades are to be executed (brokerage). You provide this direction on the Exhibit 1, included in your Investment Advisory Contract with us. Not all advisors require their clients to direct brokerage.

You direct your brokerage in one of the following ways:

Option 1

You direct your brokerage business to our full service brokerage arrangement with Pershing, LLC and you may negotiate commissions.

If you choose this option, we will benefit monetarily. Providing multiple services may be viewed as creating a potential conflict of interest. Similar services may be offered at higher or lower prices elsewhere.

Under this option we provide a negotiated commission rate – our full commission rate is available upon request.

We ask you to carefully consider the services offered relative to the brokerage commissions being paid based on your individual needs.

Option 2

You direct your brokerage to a custodian and/or broker other than us, with whom you have negotiated custodian charges and/or commission.

There is no monetary benefit to us if you choose this option.

If you choose this option you have negotiated a commission schedule with a broker on your own and we will direct all trades to this broker. These brokers may be affiliated with the consulting firm that introduced you.

We ask you to carefully consider the services offered relative to the brokerage commissions being paid based on your individual needs. The commission costs that you negotiate with your broker may be higher than the commission costs we could negotiate if we had discretion to direct the brokerage.

If you select option (1) or (2) we will not monitor for best price and execution, because you have negotiated your own commission schedule with the broker.

Option 3

You direct the custodian on the account and you may choose a preferred broker, but direct us to operate on a best price and execution basis.
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We do not negotiate custodian charges or take them into consideration relative to best price and execution.

To provide Best Execution when executing your orders we will take into account:

- Price
- Cost of execution
- Speed of execution
- Likelihood of execution and settlement
- Size and nature of the order

We maintain a list of approved brokers that we have selected based on the full range and quality of their services. We monitor the approved brokers on a quarterly basis using criteria which includes:

- Order flow (rotation)
- Execution capability
- Commission rate
- Financial responsibility
- Responsiveness to us as the advisor

Order Flow

- Gross compensation paid to each broker dealer

Execution Capabilities

- Ability to execute orders in a timely fashion without affecting the market
- Ability to settle trades in a timely manner
- Ability of the broker dealer to handle a mix of trades, i.e. block trades and odd lots
- Ability and willingness of a broker to work large or difficult trades for our clients so as to obtain best executions
- Ability of the broker dealer to fill orders completely
- Statistics on securities executions and the frequency of trading errors
- Whether the broker dealer is equipped to handle electronic trade entry and reporting links with us

Commission Rates

-
- Competitiveness of commission rates and spreads

Financial Responsibility

- Financial strength (net capital) of broker-dealers
- Statistics or other information by independent consultants on relative quality of executions/financial services by broker-dealers

Responsiveness

- Ability to respond promptly to our inquiries during volatile markets
- Broker's responsiveness to requests for trade data and other financial information
- How well the broker dealer serves us and our clients

Trade Rotation

Since we manage assets for accounts at numerous institutions, we alternate the order for placing trades in an effort to achieve fairness with respect to the timing of execution. This is to ensure that no client receives an unfair advantage or disadvantage with respect to the timing of execution. It is recognized that depending on the type of trade, market conditions, portfolio manager availability and time constraints, we may be forced to deviate from the normal rotation. Any deviation will be documented.

We utilize numerous brokers for fixed income trading, taking into account the aforementioned factors. Orders are alternated between its approved brokers. Fixed income trades will be randomly selected and a comparison will be done between a reputable pricing service and the price received to help ensure that the price received is in line with the overall market.

Aggregating Trades

We often group similar orders together in an effort to achieve an average price (aggregated trades). While orders are aggregated for average price, you pay your individually negotiated commission rate, as previously agreed upon. As a result, you will not achieve savings in commissions from block trades.

401(k) Accounts

We recommend that our 401(k) accounts use the custodial services of Charles Schwab or Fidelity. This recommendation is based upon the asset classes chosen by the client and the intent to keep transaction and administrative costs competitive.

Principal Trades

Generally, we do not trade on a principal basis. It is possible that an exception would be made under extenuating circumstances.

Trade Errors

In the event of an error, we are responsible for any loss/gain incurred while trading your account(s). While this could create a potential conflict of interest we have in place policies and procedures to minimize trade errors.

13. Review of Accounts

Separately Managed Accounts

The Review

We review accounts regularly and not less than once a month, and will do so whenever information coming to our attention would make a review advisable.

Factors that would trigger a review:

- Changes in your financial situation
- Changes in financial/economic news
- Changes in the securities markets

Reviewers

Reviewers are all of the members of our Portfolio Management Staff, which include our CEO, CIO and one to three other portfolio managers. The Portfolio Management Staff acts as a group to select the securities to be bought and sold in your account(s).

- All client account reviews are rotated among the Portfolio Management Staff
- The CEO or CIO retain final control over all investment decisions

Reports

At least quarterly, you will be provided with a management report, which includes portfolio holdings, contributions and withdrawals and year to date performance.

Meetings

Meetings are held on a regular basis (based on your preference), to discuss investment results, current market conditions and any changes to your needs or objectives.

Retirement Plan Services

Reviewers

We maintain an Investment Committee to review, select and continually monitor the individual mutual funds that are recommended for participants to invest their retirement plan assets. The Retirement Plan Investment Committee meets formally on a quarterly basis to review and monitor all client holdings.

Reports

At least quarterly, you will be provided with a management report, which includes portfolio holdings, contributions and withdrawals and year to date performance.

Meetings

Meetings are held on a regular basis (based on your preference), to discuss investment results, current market conditions and any changes to your needs or objectives.

Additionally, through group and individual meetings, investment advice is provided directly to Retirement Plan Participants as requested.

14. Client Referrals and Other Compensation

Third Party Marketing

We have referral agreements with third party individuals for client introductions and marketing support. These individuals are compensated in accordance with Rule 206(4)-3 under the Investment Adviser's Act of 1940. Full disclosure is provided to all accounts that are solicited.

The solicitor fee paid varies, depending on the exact nature of the relationship, but we believe that we pay customary industry rates as a percentage of the client's fee. The Client does not pay a higher fee as a result of these arrangements.

Susquehanna Wealth Management

As disclosed in Item 10, some employees act in a sales capacity on behalf of other SBI affiliates. These individuals are compensated for their sales efforts.

TD Ameritrade Institutional Program

As disclosed in Item 12, we participate in TD Ameritrade's institutional customer program and our Clients may choose TD Ameritrade for custody and brokerage services.

There is no direct link between our participation in the program and the investment advice we give to its Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate Client statements and confirmations
- Access to a trading desk serving Advisor participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts)
- The ability to have advisory fees deducted directly from Client accounts
- Access to an electronic communications network for Client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers and
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel, through participation in the program, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself create a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

TD Ameritrade Advisor Direct Program

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Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect.

In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade.

TD Ameritrade is a discount broker-dealer independent of and unaffiliated with us and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors.

TD Ameritrade does not supervise Advisor and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee").

We will also pay TD Ameritrade a Solicitation Fee on any advisory fees paid to us from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client.

We will not charge clients referred through AdvisorDirect any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to TD Ameritrade to our clients.

For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Our participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade.

Consequently, in order to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that they custody their assets with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

In addition, we have agreed not to solicit clients referred to us through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

Our participation in AdvisorDirect does not diminish our duty to put the interest of our clients first.

Other Managed Account Programs

We may, from time to time, make payments to firms or persons that offer our services in a managed account program. These payments may be for conference attendance, participation, sponsorship or exhibition fees; educational and training fees; or fees tied to program participation or for a specific marketing initiative within a program. We may pay travel, meal and other expenses for a firm's representatives and others who visit our office or other locations to learn about our products or services. We also may make charitable contributions or sponsor charitable events at the request of others.

We are not required to make such payments to firms as a condition of participating in a program.

These payments vary from firm to firm depending on, among other things, the amount of the firm's separate account client assets under our management.

15. Custody

Client Statements

You will receive account statements from your broker dealer, bank or other qualified custodian on a quarterly or monthly basis. In addition, we provide statements (usually on a quarterly basis). We urge you, our Client, to compare the account statement you receive from your qualified custodian and the statements provided by us.

The two statements may be different due to the pricing service used – VFAM uses Pershing (our clearing firm), IDC (International Data Corp.), Bloomberg and feeds from other custodians. Your custodian may use different pricing services, so there could be a slight variation in the pricing of some securities (particularly fixed income).

For tax and other purposes, the custodial statement is the official record of your account(s) and assets.

16. Investment Discretion

We obtain written discretionary authority from you with respect to the purchase or sale of portfolio securities and the amounts to be purchased or sold. Trading is done as outlined in your Statement of Investment Policy and Guidelines (See item 4), which includes any restrictions requested by you.

This discretionary authority is included in our Investment Advisory Contract and becomes effective once that contract is signed by you and approved by our Chief Investment Officer.

This authority does not include the withdrawal or transfer of funds or securities.

We may from time to time accept non-discretionary accounts.

In some instances we have been given discretion to choose the broker. In this circumstance, we operate on a best price and execution basis in accordance with our fiduciary duties. Please see Item 12 for a complete description.

17. Voting Client Securities (i.e., Proxy Voting)

In general, proxies will be sent to the owner of record directly from the custodian.

Proxy Voting Policy

It is not our policy to vote proxies on behalf of our clients. In the event that a client requests us to do so, we will, as a matter of policy and as a fiduciary to our clients, vote proxies for portfolio securities consistent with the best economic interests of our clients.

We have a proxy voting service agreement with EC Proxy Voting Service and have provided them with our proxy voting guidelines to vote client proxies for accounts that direct us to do so.

We maintain written policies and procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our proxy policies and practices.

Our policy and practice includes:

- The responsibility to monitor, receive and vote client proxies
- Disclosure to clients of any potential conflicts of interest
- Making information available to clients about how proxies were voted

-
- Maintaining relevant and required records

Responsibility

The Chief Compliance Officer or his Designee has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

Procedure

We have adopted procedures to implement our policy and we review to ensure that our policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Voting Procedures

All employees will forward any proxy materials received on behalf of clients to the Chief Investment Officer or his Designee; the Chief Investment Officer or his Designee will determine which client accounts hold the security to which the proxy relates.

Absent material conflicts, The Chief Investment Officer or his Designee will determine how we should vote the proxy in accordance with applicable voting guidelines, complete the proxy and vote the proxy in a timely and appropriate manner.

Voting Guidelines

In the absence of specific voting guidelines from the client, we will vote proxies in the best interests of each particular client. Our policy is to vote all proxies from a specific issuer the same way for each client, absent qualifying restrictions from a client.

Clients are permitted to place reasonable restrictions on our voting authority in the same manner that they may place such restrictions on the actual selection of account securities. Clients may direct our vote in a particular solicitation.

We will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services. We will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights.

In reviewing proposals, we will further consider the opinion of management, the effect on management, the effect on shareholder value and the issuer's business practices.

Client Requests for Information

All Client requests should be directed to our Compliance Department at 610-687-6800, by email at compliance@vfam.com or by mail to PO Box 960, Valley Forge, PA 19482.

In response to any request the CCO or his designee will prepare a written response to the client with the information requested, and as applicable, will include the name of the issuer, the proposal voted upon, and how we voted the client's proxy with respect to each proposal about which client inquired.

Conflicts of Interest

We will identify any conflicts that exist between the interests of the advisor and the client by reviewing the relationship that we have with the issuer of each security to determine if we or any of our employees have any financial, business or personal relationships with the issuer.

If a material conflict of interest exists, the Chief Compliance Officer or his Designee will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation. We will maintain a record of the voting resolution of any conflict of interest.

18. Financial Information

We do not have any financial condition that would impair our ability to meet contractual commitments to our clients.

19. Privacy Policy

The relationship between Valley Forge Asset Management Corp. (VFAM) and our clients is the most important asset of our firm. We strive to maintain your trust and confidence in our firm, an essential aspect of which is our commitment to protect your personal information to the best of our ability. We believe that all of our clients value their privacy, so we will only disclose your personal information as outlined below.

Information that we collect and maintain includes your personal information so that we can provide our services to you. This includes: information we receive from you to open an account (such as your home address, telephone number and financial information); infor-

mation that we generate to service your accounts (such as trade tickets and account reports); and information that we may receive from third parties with respect to your account (such as trade confirms and statements from your custodian).

We do disclose your personal information in very limited instances, in order to provide our services to you, which include: disclosures to companies – subject to strict confidentiality agreements – that perform services on our behalf (such as record retention) and disclosures to companies as permitted by law, including those necessary to service your account (such as providing account information to brokers and custodians).

We may disclose your personal information in very limited instances, to our affiliates for marketing purposes. [Affiliates are companies related by common ownership or common control with us]. If you prefer that we do not disclose nonpublic personal information about you to our affiliates, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law). If you wish to opt out of disclosures to our affiliates for marketing purposes, you may submit the attached Opt Out Notice (please call 610-687-6800, if the opt out form is not attached).

To fulfill our privacy commitment, we have instituted firm-wide practices to safeguard the information that we maintain about you. These include: Adopting policies and procedures that put in place physical, electronic and other safeguards to keep your personal information safe; Limiting access to personal information to those employees who need it to perform their job duties; Requiring third parties that perform service for us to agree by contract to keep your information strictly confidential; and protecting information of our former clients to the same extent as our current clients.

Valley Forge Asset Management Corp.

Privacy Notice – OPT OUT NOTICE

Name(s): _____ (please print)

Account Number(s): _____

I (we) do not wish to have my (our) nonpublic personal information disclosed or shared with any affiliates of Valley Forge Asset Management for marketing purposes. Nonpublic personal information includes the information provided at the time account(s) was (were) opened (such as home address, telephone number and financial information), information generated from account activity (such as trade tickets and account reports); and information supplied by third parties (such as trade confirms and statements from the account custodian).

This notice remains in effect until revoked.

Signature: _____

Signature: _____

Date: _____

Date: _____

Please return to:

Valley Forge Asset Management Corp. ATTN: Compliance Department, PO Box 960, Valley Forge, PA 19482

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20. Other Information

Bank Secrecy Act/Anti-Money Laundering

As a securities firm, we are subject to a number of statutory and regulatory requirements that were designed to assist the Federal Government in combating money laundering including the Bank Secrecy Act ("BSA"), the Money Laundering Control Act of 1986 and the USA Patriot Act of 2001 ("UPA").

Our Board of Directors has issued a Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Policy Statement in which it has affirmed that it is the policy of VFAM to implement an effective anti-money laundering program.

In order to accomplish the Board's directive of combating money laundering, Bank Secrecy Act/Anti-Money Laundering Compliance Procedures ("BSA/AML Compliance Procedures") have been adopted and made binding on all of our employees.

Business Continuity

As part of our fiduciary duty to our clients and as a matter of best business practices, we have adopted policies and procedures for disaster recovery and for continuing our business in the event of an emergency or a disaster.

These policies are designed to allow us to resume providing service to our clients in as short a period of time as possible, in the event of a disaster.

These policies are, to the extent practicable, designed to address those specific types of disasters that we might reasonably face given our business and location.

Client Complaints

All Client complaints should be directed to the Chief Compliance Officer at 610-687-6800, by email at compliance@vfam.com or by mail to PO Box 960, Valley Forge, PA 19482.