

**Valley National Advisers Inc.  
1655 Valley Center Parkway  
Suite 100  
Bethlehem, Pennsylvania 18017**

**Phone: 610-868-9000  
Fax: 610-868-9900  
Web Site: [www.valleynationalgroup.com](http://www.valleynationalgroup.com)**

**March 26, 2020**

**FORM ADV PART 2A.  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Valley National Advisers Inc. If you have any questions about the contents of this brochure, please contact Matthew E. Petrozelli at 610-868-9000 x105. 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.**

**Additional information about Valley National Advisers Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Valley National Advisers Inc. is 110788.**

**Valley National Advisers Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

### ***Summary of Material Changes***

In this *Summary of Material Changes*, we discuss only the material changes since the last update, encompassing those changes, to the ADV Part 2 brochure dated September 4, 2019. There were no material changes to disclose since our last update of September 4, 2019.

We encourage our clients to review this Summary of Material Changes and/or ADV Part 2A Brochure and 2B Brochure Supplement. If you have any questions or prefer to receive an electronic version of this update, please contact your Financial Advisor at 610-868-9000.

## Table of Contents

<b><i>Advisory Business.....</i></b>	<b><i>1</i></b>
<b><i>Fees and Compensation .....</i></b>	<b><i>4</i></b>
<b><i>Performance-Based Fees and Side-By-Side Management.....</i></b>	<b><i>6</i></b>
<b><i>Types of Clients.....</i></b>	<b><i>7</i></b>
<b><i>Methods of Analysis, Investment Strategies and Risk of Loss .....</i></b>	<b><i>8</i></b>
<b><i>Disciplinary Information.....</i></b>	<b><i>9</i></b>
<b><i>Other Financial Industry Activities and Affiliations .....</i></b>	<b><i>10</i></b>
<b><i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i></b>	<b><i>11</i></b>
<b><i>Brokerage Practices .....</i></b>	<b><i>12</i></b>
<b><i>Review of Accounts .....</i></b>	<b><i>15</i></b>
<b><i>Client Referrals and Other Compensation.....</i></b>	<b><i>16</i></b>
<b><i>Custody .....</i></b>	<b><i>18</i></b>
<b><i>Investment Discretion.....</i></b>	<b><i>19</i></b>
<b><i>Voting Client Securities.....</i></b>	<b><i>20</i></b>
<b><i>Financial Information.....</i></b>	<b><i>21</i></b>
<b><i>Requirements for State-Registered Advisers .....</i></b>	<b><i>22</i></b>
<b><i>Additional Information.....</i></b>	<b><i>23</i></b>

## **Advisory Business**

Form ADV Part 2A, Item 4

Valley National Advisers Inc.'s registration was granted by the U.S. Securities and Exchange Commission on August 30, 1985. Matthew E. Petrozelli (CRD Number 4720275) is Chief Executive Officer and Chief Compliance Officer of the firm. Thomas M. Riddle, Chairman and Founder, owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm. The firm manages each client's portfolio on an individualized basis. Clients may impose restrictions on their accounts. The firm does not participate in wrap programs. As of December 31, 2019, the firm managed assets on a discretionary basis in the amount of \$1,004,851,323.06, representing 4332 accounts and managed on a nondiscretionary basis \$3,233,046.92 representing 2 accounts.

The Firm will provide investment advisory and supervisory services to the clients on an asset allocation basis utilizing comprehensive software such as Morningstar and Tamarac. The client shall pay the Firm a fee (Advisory Fee) for its services on a monthly or quarterly basis depending on the program selected and will be disclosed at the initial proposal. The standard Advisory Fee will be calculated using the Fee Schedules below based upon the client's average account asset value or month or quarter end balance depending on the custodian and accounts managed in previous calendar month or quarter and will become due on the following business day. The first fee payable will be prorated for the first month or quarter from the date of the Agreement or the date the account is funded. An initial set-up fee may be charged depending upon the complexity of the engagement and will not exceed ½ of 1%.

Financial planning services will consist of gathering facts regarding the client's assets and liabilities, tax situation, cash flow, financial goals, retirement objectives, estate, risk exposure and business interests. Financial planning recommendations will be made based upon the information developed in the fact-finding phase. The fees will range from \$500 - \$2,500 dependent upon the complexity of the client's financial situation. Clients may choose any organization to implement financial planning recommendations. Engagements for a specific goal may be on an hourly or fixed fee rate.

Estate analysis will consist of applying the facts of a client's particular situation, gathered in the fact-finding phase, and utilizing computer application software designed to project liquidity, federal and state death taxes, and other considerations which flow from the client's existing or proposed estate plan. Recommendations to clients will generally be based upon the complexity of the engagement and the perceived liquidity, tax savings and asset distribution goals. Furthermore, to the extent requested by a client, VNA shall provide, for a separate fee, consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc., per the terms and conditions of a written agreement with the client. VNA does not serve as an attorney (VNA does not prepare estate planning or any other legal documents) or accountant (VNA does not provide tax preparation services, but its affiliated firm can be engaged to do so), and no portion of VNA's services should be construed as legal or accounting services. To the extent requested by a client, VNA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, tax preparers, insurance, etc.), including representatives of VNA in their separate individual capacities as: (1) representatives of Valley National Investments, Inc. ("BD"), an affiliated SEC registered and FINRA member broker-dealer; (2) as licensed insurance agents of Valley National Indemnity Corp, an affiliated licensed insurance agency ("Insurance"); or, (3) as tax preparers of Valley National Services, Inc. ("Services"), an affiliated tax return preparation firm, per the terms and conditions of a separate written agreement and fee between Services and the client. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such

implementation decisions and is free to accept or reject any recommendation from VNA and/or its representatives.

**Portfolio Activity.** VNA has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, VNA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when VNA determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by VNA will be profitable or equal any specific performance level(s).

**Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note-Conflicts of Interest:** The recommendation by VNA that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of BD and/or as agents of Insurance, or engage Services for tax preparation services, presents a ***conflict of interest***, as the broker dealer or the insurance agency *may* receive commissions on investment products recommended. No client is under any obligation to purchase any securities or insurance commission products from VNI or VNIC representatives or engage Tax for consulting or tax preparation services. Clients are reminded that they may purchase securities and insurance products recommended by VNA through other, non-affiliated broker-dealers and/or insurance agencies, and obtain tax consulting and preparation services from unaffiliated providers. **Valley National Advisers Inc. Chief Compliance Officer, Matthew E. Petrozelli, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Please Note: Retirement Rollovers-No Obligation/Conflicts of Interest:** A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). VNA may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by VNA. As a result, VNA and its representatives may earn an asset-based fee (*see Please Note* below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to VNA (unless you engage VNA to monitor and/or manage the account while maintained at your employer). VNA has an economic incentive to encourage an investor to roll plan assets into an IRA that VNA will manage or to engage VNFA to monitor and/or manage the account while maintained at your employer. There are various factors that VNFA may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus VNA's, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. **No client is under any obligation to rollover plan assets to an IRA managed by VNA or to engage VNA to monitor and/or manage the account while maintained at your employer. Please Note:** If VNA's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. **VNA's Chief Compliance Officer, Matthew E. Petrozelli, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflicts of interest presented by such engagement.**

**Please Note-Use of Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by VNA independent of engaging VNA as an investment adviser. However, if a prospective client determines to do so, he/she will not receive VNA's initial and ongoing investment advisory services.

**Participant Directed Retirement Plans.** VNA may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between VNA and the plan. For such engagements, VNA shall assist the Plan sponsor to select an investment platform from which Plan participants shall make their respective investment choices, and, to the extent engaged to do so, shall provide corresponding education to assist the participants with their decision-making process.

**ByAllAccounts.** VNA, in conjunction with the services provided by ByAllAccounts, Inc, may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by VNA (the "Excluded Assets"). **The client and/or his/her/its other advisers that maintain trading authority, and not VNA, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless otherwise specifically agreed to, in writing, VNA's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if VNA is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), VNA does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If VNA is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and VNA shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that VNA provide investment management services for the Excluded Assets, the client may engage VNA to do so pursuant to the terms and conditions of the *Asset Management Agreement* between VNA and the client.

**Client Obligations.** In performing its services, Valley National Advisers Inc. shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Valley National Advisers Inc. if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Valley National Advisers Inc.'s previous recommendations and/or services.

**NEXT Program.** VNA offers the NEXT program to individuals who are in the wealth accumulation stage of their lives. The NEXT program is designed for those who have yet to amass substantial investable assets (i.e., less than \$150,000), but seek the guidance of an investment adviser to assist with financial planning, tax strategies and budgeting matters as they accumulate investable assets. An individual who has a minimum of \$100,000 of annual income (\$175,000 minimum for a household) is eligible for the program. The fee for the NEXT engagement shall be based upon a percentage (%) of the client's taxable income as set forth on Schedule "A" of the Financial Planning and Consulting Agreement. Fees are payable in four equal quarterly advance installments. The terms and conditions for participation in the program, its services and limitations, are set forth in a *Financial Planning and Consulting Agreement* between VNA and the client. VNA's fee is payable regardless of whether or not the client utilizes some or all of the program's services.

## *Fees and Compensation*

Form ADV Part 2A, Item 5

Valley National Advisers Inc. offers the following Discretionary Fee Schedule

Annual rate as a percentage of client's average account asset value and asset class:

	<u>% of Assets</u>
Chargeable Assets	
.01 to \$1,000,000	1.00%
\$1,000,000.01 to \$2,000,000	0.70%
\$2,000,000.01 to \$5,000,000	0.50%
\$5,000,000.01 and above	0.40%

This cumulative fee schedule is developed for those individuals and accounts holding stock, bonds, and mutual funds.

There may be a minimum annual advisory fee of \$1,500 per household.

**Accounts managed and held direct at American Funds:**

These accounts are subject to a 1.00% annual advisory fee and are calculated using an average daily balance and are billed in arrears on a quarterly basis. Accounts meeting certain criteria may be exempt from the minimum annual advisory fee of \$1,500 per household.

**Accounts managed and held direct at Nationwide Advisory Solutions:**

These accounts are subject to an annual percentage, not to exceed 1%, and are calculated using an average daily balance and are billed in arrears on a monthly or quarterly basis. Accounts meeting certain criteria may be exempt from the minimum annual advisory fee of \$1,500 per household.

### **Institutional Fee Schedule**

A separate fee schedule is available for institutions with a flat rate of .50% as a percentage of the institution's average account asset value. An institution is defined as an organization, either for-profit or non-profit, that was founded and operates for a religious, educational, social, or general business purpose. Firm may provide account management services to institutions restricted as to the institution's investment directives, including asset allocation.

The minimum annual Advisory Fee and the annual rate based on the Fee Schedules are negotiable fees. An associated person to the Firm may receive a sales charge on the sale of loaded funds. Also, mutual funds will be subject to fund operating expenses in addition to the regular fee to Firm. The firm will recommend no load or load waived funds.

VNA, in its sole discretion, may modify or waive its minimum fee, or charge a lesser investment advisory fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, fee schedules established prior to the revision date of December 1, 2015, etc.).

**Please Note:** If you maintain less than \$150,000 of assets under VNA's management, and are subject to the \$1,500 annual minimum fee, you will pay a higher percentage annual fee than the 1.00% referenced in the above fee schedule.

If separately managed accounts are utilized, the firm uses Charles Schwab Select Access as a sub-adviser in recommending, selecting, and monitoring one or more affiliated or unaffiliated sub-advisers with which Charles Schwab has entered into a sub-advisory agreement. The firm selects the appropriate portfolio manager(s) on the Schwab platform, based upon the client's financial needs and investment objectives. Schwab also establishes custodial facilities, monitors performance of portfolio managers, provides clients with performance accounting and other administrative services, and assists portfolio managers with certain trading activities.

#### Managed Accounts Fee Schedule

Separately Managed Account Program- when applicable, the fee schedule for a chosen program will be reviewed with the client prior to selecting such program as Separately Managed Account manager's fees may change from time to time.

#### Other Compensation

Valley National Advisers may be asked to review retirement plans or outside managed portfolios for clients. In these cases, fees for these services are 1% per year of the total portfolio assets as calculated monthly or quarterly, as agreed, and paid monthly or quarterly as services are rendered.

Financial evaluations may also be performed when a client's needs relate to a specific financial area mentioned above as opposed to a comprehensive financial plan. Fees for a financial analysis will range from \$200/hour to \$300/hour.

Firm's engagement letter will provide that a client may terminate the engagement within five (5) business days without penalty and be entitled to a refund of any fees paid in advance. If advisory client wishes to terminate the relationship with Firm after five (5) days a partial refund will be made of the fee paid. The refund will be prorated for the portion of engagement not completed or period in which services would not be rendered.

Services provided not involving securities are: income tax planning, computer-assisted estate analysis, and financial planning services; also, business-financial planning – including marketing and strategic planning, and pension and business valuations. Tax planning will consist of explaining tax law changes, calculating year-end liabilities. Fees will be charged at the rate of \$90/hour to \$500/hour, depending on the complexity. Fees for these services will generally be payable as follows: ½ upon signing engagement letter, ½ upon Firm's furnishing the completed report to client.



***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

Not Applicable.

### *Types of Clients*

Form ADV Part 2A, Item 7

Valley National Advisers Inc. provides advisory services to the following types of clients:

- Individuals
- Pension Plans
- Profit Sharing Plans
- Trusts
- Estates
- Charitable organizations
- Corporations and other business entities.
- Government Entities

There may be a minimum annual fee of \$1,500 per household.

VNA, in its sole discretion, may modify or waive its minimum fee, or charge a lesser investment advisory fee, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, fee schedules established prior to the revision date of December 1, 2015, etc.).

**Please Note:** If you maintain less than \$150,000 of assets under VNA's management, and are subject to the \$1,500 annual minimum fee, you will pay a higher percentage annual fee than the 1.00% referenced in the above fee schedule.

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

Form ADV Part 2A, Item 8

Fundamental, technical and cyclical analysis will be used as methods of securities analysis.

Long term purchases (securities held at least a year), short term purchases (securities held less than a year), trading (securities sold within 30 days) and margin transactions will be used as investment strategies.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Valley National Advisers Inc.) will be profitable or equal any specific performance level(s).

All investments carry associated risk of loss.

***Disciplinary Information***

Form ADV Part 2A, Item 9

No disciplinary events to disclose.

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

Form ADV Part 2A, Item 10

Thomas M. Riddle, Chairman and Founder, is a FINRA Securities Principal. He is the sole shareholder of this Firm and owns 100% of Valley National Services, Inc., an accounting firm. He also owns 100% of the common stock of Valley National Investments, Inc., a FINRA Broker/Dealer and 100% of Valley National Indemnity Corporation, a life, health and accident insurance broker. Valley National Realty Corp. is owned 100% by Thomas M. Riddle. Valley National Realty Corp. is a managing member of Valley National Properties, LLC, which is a general partner of a limited partnership.

Both Thomas M. Riddle and Valley National Advisers, Inc., owned by Thomas M. Riddle, Chairman and majority shareholder have a minority ownership interest (less than 10%) in National Advisors Holdings, Inc. ("NAH") a Delaware corporation. The business purpose of NAH is as sole owner and operator of National Advisors Trust Company, FSB ("National Advisors Trust"), a Federal Savings Bank that offers personal trust, employee benefit services, IRA, and custodial services to clients on a national basis. National Advisors Trust is currently supervised by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

The client may choose any insurance broker, brokerage firm or broker dealer they wish for the implementation of the recommendation made by the Firm. In the event that any employee or affiliate of the Firm should act as a securities or insurance agent in implementing any such recommendation, all fees or commissions paid by the client for same will be the usual charges for such services. Insurance products are available through an affiliate of the Firm, Valley National Indemnity, Inc.

**Conflicts of Interest:** As indicated above at Item 4, To the extent requested by a client, VNA may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, tax preparers, insurance, etc.), including representatives of VNA in their separate individual capacities as: VNA in their separate individual capacities as: (1) representatives of including representatives of Valley National Advisers Inc. in their separate individual capacities as representatives of Valley National Investments, Inc. ("BD"), an affiliated SEC registered and FINRA member broker-dealer; (2) as licensed insurance agents of Valley National Indemnity Corp, an affiliated licensed insurance agency ("Insurance"); or, (3) as tax preparers of Valley National Services, Inc. ("Services"), an affiliated tax return preparation firm, per the terms and conditions of a separate written agreement and fee between Services and the client. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from VNA and/or its representatives. **Please Note-Conflicts of Interest:** The recommendation by VNA that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of BD and/or as agents of Insurance, or engage Services for tax preparation services, presents a ***conflict of interest***, as the broker dealer or the insurance agency *may* receive commissions on investment products recommended. No client is under any obligation to purchase any securities or insurance commission products from VNI or VNIC representatives or engage Tax for consulting or tax preparation services. Clients are reminded that they may purchase securities and insurance products recommended by VNA through other, non-affiliated broker-dealers and/or insurance agencies, and obtain tax consulting and preparation services from unaffiliated providers. **Valley National Advisers Inc. Chief Compliance Officer, Matthew E. Petrozelli, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

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

Form ADV Part 2A, Item 11

VNA has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code of ethics is based on the principle that Valley National Advisers Inc. and each of its employees have a fiduciary duty to its client's and a duty to comply with federal and state securities laws and all other applicable laws.

Employees, officers and directors of Valley National Advisers Inc. may from time to time have knowledge of present or future client transactions and, in certain circumstances, the power to influence transactions made by or for clients. If such individuals engage in personal transactions in securities that are eligible for investment by clients, these individuals could be in a position where their personal interest's conflict with the interests of clients. The Code of Ethics is designed to ensure that employees with access to this information about client trades will not adversely impact the trade or trades recommended for clients.

Our code of ethics requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. These procedures are designed to assist the CCO in detecting and preventing abusive sales practices.

Investment Adviser Representatives and affiliates of Valley National Advisers may have a financial interest in affecting business through the affiliated broker, Valley National Investments, and therefore must act within the guidelines set forth in our Code of Ethics.

Clients or prospective clients may request a complete copy of our Code of Ethics by contacting us at the address or telephone number on the cover page of this brochure, attention Chief Compliance Officer.

**The Custodian and Brokers We Use**

Valley National Advisers, Inc. does not maintain custody of client assets that we manage and may recommend various broker/dealers.

Valley National Advisers, Inc. may recommend an affiliate; Valley National Investments, Inc., a FINRA broker/dealer which receives pricing and quotations services at no cost from National Financial Services, LLC, as well as custodial services. Valley National Advisers' rationale for using Valley National Investments, Inc., include the benefits of control of client information and additional compliance requirements. Commissions or standard trading fees charged by the broker are reviewed for reasonableness.

Valley National Advisers, Inc., may recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that clients use Schwab as custodian/broker, clients will decide whether to do so and will open their account with Schwab by entering into an account agreement directly with them. We do not open the account for clients, although we may assist in doing so. Even though client accounts may be maintained at Schwab, we can still use other brokers to execute trades for client accounts as described below.

**How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

**Your Brokerage and Custody Costs**

For clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the Schwab account. Schwab's commission rates applicable to client accounts were negotiated based on the condition that our clients collectively transfer a total of at least \$300,000,000.00 of their assets in accounts to Schwab. This commitment benefits clients because the overall commission rates clients pay are lower than they would be otherwise. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the

commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for client's accounts.

We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

### **Products and Services Available to Valley National Advisers Inc. from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

#### **Services That Benefit You.**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our client and their accounts.

#### **Services That May Not Directly Benefit the client.**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### **Services That Generally Benefit Only Us.**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that clients



maintain accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have over \$950,000,000 in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest. See Item 5 above for a discussion of additional conflict of interest involving Schwab.

VNA intends to recommend the services offered by National Advisors Trust on a case-by-case basis to investment advisory clients of the Firm. The Firm intends to recommend National Advisors Trust for client accounts in cases where fiduciary costs, access to investment products, technology support, or other service features offered by National Advisors Trust are deemed by the Firm to be advantageous to the client account or the client when compared with other trustee or custodial services. The Firm does not directly share in any service fees charged to client accounts by National Advisors Trust.

VNA is approved as a Trust Representative Office ("TRO") of National Advisors Trust Company FSB of Overland Park, Kansas. As a TRO office, certified representatives of VNA are permitted to hold client meetings, offer educational seminars, provide informational brochures, fee schedules and other pre-approved marketing materials promoting VNA access to trust, employee benefit, and other fiduciary services offered by National Advisors Trust Company. National Advisors Trust Company may provide its trustee and/or custodial services on behalf of clients referred by VNA under Valley National Trust Services (VNTS), registered with the state or county where VNA is located. The name Valley National Trust Services is owned by National Advisors Trust Company. All promotional materials used by VNA through the TRO office must clearly state that services offered by Valley National Trust Services are provided by National Advisors Trust Company.

VNA and VNTS are authorized to use its designation as a TRO office of National Advisors Trust Company on signage, business cards, and other marketing material promoting the investment advisory services offered by VNA. Any promotional materials or advertising must clearly specify that trustee and custodial services are provided by National Advisors Trust Company FSB, Overland Park, Kansas.

National Advisors Trust does not share fees from client accounts, provide referral compensation, or pay revenue of any kind to VNA, its principal officers, and employees for its services as a Trust Representative Office.

As a TRO office, VNA and its employees are not authorized to formally accept any client accounts, sign documents, hold client assets in custody, perform discretionary fiduciary duties (other than investment management of client account assets) or collect fees on behalf of National Advisors Trust Company. VNA may facilitate communications between the client and National Advisors Trust Company, transmit documents for review or signature, or counsel clients on the services provided by National Advisors Trust Company.

**Valley National Advisers Inc. Chief Compliance Officer, Matthew E. Petrozelli, remains available to address any questions that a client or prospective client may have regarding the above arrangements with Schwab and NATC and corresponding conflicts of interest.**

### ***Review of Accounts***

Form ADV Part 2A, Item 13

All accounts are initially reviewed by the financial planners listed in Form ADV Part 2B, Item 2.

All accounts are reviewed for accuracy by the financial planners listed in Form ADV Part 2B, Item 2 whenever a transaction has occurred and reports of such review will be sent to clients. Otherwise, all accounts will be reviewed frequently (quarterly, semi-annually, annually) depending on client's particular needs and situations with appropriate reports sent to clients.

Accounts may also be reviewed periodically by one or more of the financial planners listed in Form ADV Part 2B, Item 2.

## *Client Referrals and Other Compensation*

Form ADV Part 2A, Item 14

VNA may employ the services of paid solicitors.

VNA's principal business (75%) will consist of providing the services set forth above. Thomas Riddle is actively engaged in managing and operating other businesses, as described in Item 10, above.

Laurie A. Siebert has a weekly radio program titled "Your Financial Choices with Laurie A. Siebert, CPA, CFP®, AEP®". Laurie's radio show is an extemporaneous discussion concerning a wide range of general financial planning issues including income taxes and answers to questions posed by listeners. Any mention of any security products, variable annuities, variable life insurance, or options is incidental.

As described in items 10, 11 and 12, affiliates of the Firm may receive sales charges on the sale of loaded funds, sales commissions, and insurance commissions from a non-client in connection with giving advice to clients.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices) The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Schwab Advisor Network®**

Valley National Advisers Inc. receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Valley National Advisers Inc.'s participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with Valley National Advisers Inc. Schwab does not supervise Valley National Advisers Inc. and has no responsibility for Valley National Advisers Inc. management of clients' portfolios or Valley National Advisers Inc.'s other advice or services. Valley National Advisers Inc. pays Schwab fees to receive client referrals through the Service. Valley National Advisers Inc. participation in the Service raises conflicts of interest described below.

Valley National Advisers Inc. pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Valley National Advisers Inc. is a percentage of the fees the client owes to Valley National Advisers Inc. or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee.

Valley National Advisers Inc. pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Valley National Advisers Inc. quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Valley National Advisers Inc. and not by the client. Valley National Advisers Inc. has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Valley National Advisers Inc. charges clients with similar portfolios who were not referred through the Service.

Valley National Advisers Inc. generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab

Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab.

The Non-Schwab Custody Fee is higher than the Participation Fees Valley National Advisers Inc. generally would pay in a single year. Thus, Valley National Advisers Inc. will have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Valley National Advisers Inc. clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Valley National Advisers Inc. will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Valley National Advisers Inc. fees directly from the accounts.

For accounts of Valley National Advisers Inc. clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Valley National Advisers Inc. clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees.

Thus, Valley National Advisers Inc. has an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Valley National Advisers Inc. nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Valley National Advisers Inc. other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

## *Custody*

Form ADV Part 2A, Item 15

### **SEC - Investment Advisers Acts of 1940 Rule 206(4)-2 (Custody Rule)**

Under Rule 206(4)-2 (Custody Rule), an investment adviser is deemed to have “custody” when they are holding a client’s funds or securities, directly or indirectly, or have the authority to obtain possession of them. The SEC has clarified that investment advisers, including Valley National Advisers Inc., are deemed to have custody when clients grant advisers with third-party money movement authorization. The SEC has also clarified that investment advisers are not required to obtain a surprise independent verification over accounts where the client has granted the investment adviser with disbursement authority, subject to certain conditions, Valley National Advisers Inc. is not subject to the Custody Rule’s surprise independent verification requirement.

Furthermore, we are deemed to have custody of client assets if clients authorize us to instruct a custodian to deduct advisory fees directly from their accounts.

Unaffiliated custodians like Schwab, National Financial Services and National Advisors Trust Company maintain actual custody of client assets. Clients will receive account statements directly from those custodians at least quarterly. They will be sent to the email or postal mailing address provided to the custodian by the client. Statements should be reviewed carefully and promptly when received by the client.

***Investment Discretion***

Form ADV Part 2A, Item 16

By reason that the Firm will have discretionary authority, the Firm will decide which securities to buy and sell, the quantities and timing of buys and sells. Typically, without specific client instructions, the Firm will not have the power to transfer funds or securities to or from a client's account.

### *Voting Client Securities*

Form ADV Part 2A, Item 17

Firm will not vote proxy statements on behalf of advisory clients. Clients will receive their proxies or other solicitations directly from the custodian. Firm may tender shares for discretionary advisory clients under tender offers if the firm determines that such tender is in the best interest of the client. Although it is the general policy of the firm not to vote proxy statements on behalf of advisory clients, proxy statements may be voted in certain relationships involving National Advisors Trust Company.

***Financial Information***

Form ADV Part 2A, Item 18

Since the firm will not receive fees more than six months in advance, no financial information is required to be reported in this section.



***Requirements for State-Registered Advisers***

Form ADV Part 2A, Item 19

Not applicable.

*Additional Information*

**ANY QUESTIONS: Valley National Advisers Inc. Chief Compliance Officer, Matthew E. Petrozelli, remains available to address any questions regarding this Part 2A.**