



**Valley Forge Investment Consultants, Inc.**

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This brochure provides information about the qualifications and business practices of Valley Forge Investment Consultants, Inc. If you have any questions about the contents of this brochure, please contact us at 610-783-6650 or at [compliance@vffg.com](mailto:compliance@vffg.com). 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. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about Valley Forge Investment Consultants, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 123898.

## **Item 2. Material Changes**

This brochure is our disclosure document prepared according to the United States Securities and Exchange Commission's (SEC) current requirements and rules. The brochure provides you with a summary of Valley Forge Investment Consultants, Inc. (VFIC, the firm, we, or us) services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. Item 2 is used to provide our clients with a summary of new and/or updated information, based on the nature of the information as follows:

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised brochure within 120 days of our FYE or we will provide you with our revised brochure that will include a summary of the changes in this Item.
- **Material Changes:** Should a material change in our operations occur, depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control, location, disciplinary proceedings, significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us and how we do business.

We report no material changes to our business since our last annual filing of this brochure on March 25, 2021:

Other routine updates have been made to this brochure. To receive a current copy of this brochure at any time, please contact us by telephone at 610-783-6650 or via email at [compliance@vffg.com](mailto:compliance@vffg.com).

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## **Item 4. Advisory Business**

### **Firm Description**

Valley Forge Investment Consultants, Inc. (VFIC, the firm, we, or us) is a corporation formed under the laws of the Commonwealth of Pennsylvania. We are an Investment Adviser registered with the SEC since 3/30/16 and previously registered with the Commonwealth of Pennsylvania since 05/23/94.

VFIC provides discretionary and non-discretionary investment advice to individuals, high net worth individuals and institutional investors including trusts, estates, charitable organizations, corporations, or other business entities.

VFIC provides non-discretionary investment consulting advice to plan sponsors of 401(k) retirement plans while also offering discretionary investment management services to both pooled ERISA plans and participant directed ERISA plans.

### **Firm Ownership**

VFIC is a privately held corporation. Michael J. Maher, Jr. (Chairman, Chief Executive Officer, and Chief Compliance Officer) and Sean Maher (Vice Chairman) each own 50% of the voting shares of VFIC. Our principal place of business is located in Berwyn, Pennsylvania.

### **Firm Management**

Michael J. Maher, Jr. is the Chairman, Chief Executive Officer, and Chief Compliance Officer of VFIC. Sean Maher is Vice Chairman, Stephen Mumford is President, Michael Mallick is Secretary, and Trina Menta Hanna is Treasurer of VFIC.

### **Types of Advisory Services**

VFIC primarily provides investment management and consulting services to assist clients with structuring a portfolio of investments based on the particular needs, investment objectives, financial goals, and risk tolerance of each client. We primarily allocate assets among open-end mutual funds, collective investment trusts (CITs) and exchange traded funds (ETFs). For certain clients we recommend investments in privately offered pooled investment vehicles such as hedge funds, private equity funds and, to a lesser extent, private real estate funds sponsored by affiliates of VFIC (Valley Forge Funds) or sponsored by unaffiliated third parties (Non-affiliated Private Funds). In addition, on occasion, for certain clients, we recommend the engagement and/or termination of unaffiliated Third-Party Advisers (Third-Party Advisers) to manage separately managed accounts (SMAs) for specific clients, as appropriate, based on the client's needs, tax considerations and account size.

### **Retirement Plan Management and Consulting Services**

VFIC provides retirement plan investment management and consulting services to employee benefit plans and their fiduciaries. VFIC provides non-discretionary investment advice to plan sponsors about asset classes and investment options available for the plan in accordance with the plan's investment policies and objectives. VFIC provides advice regarding mutual funds and CITs as investment options for employee-benefit plans. Under investment consulting arrangements, the client retains final decision-making authority regarding the initial selection, retention, removal, and addition of investment options. VFIC assists with investment options, development of an investment policy statement (IPS), monitoring investment options and preparing periodic investment reports that document investment performance and conformance to IPS guidelines, assistance with qualified default investment alternatives (QDIA) for participants automatically enrolled that fail to make an investment selection, educating participants in the plan about general investment principles and alternatives under the plan and providing group enrollment meetings.

VFIC provides retirement plan investment management and consulting services to qualified employee benefit plans consistent with Section 404(c) of the Employee Retirement Income Securities Act of 1974, as amended (ERISA). VFIC also provides retirement plan investment management and consulting services to non-qualified plan clients that are not subject to ERISA. In each case, the plan fiduciary retains final decision-making authority to accept or reject VFIC's recommendations and is free to seek independent advice regarding the appropriateness of any recommended services for the plan.

### **Retirement Plan Discretionary Investment Management**

VFIC provides discretionary investment management services to retirement plans subject to ERISA. Each ERISA plan client is required to enter into an investment management agreement with VFIC describing the services that are to be performed for the ERISA plan. VFIC provides both ERISA fiduciary services and non-fiduciary services to ERISA plan clients.

#### ***Participant Directed Plans***

VFIC provides investment management services to ERISA plan clients that are participant-directed plans on a discretionary basis as an investment manager under ERISA Section 3(38) and in that capacity, VFIC's investment decisions are made in our sole discretion without the ERISA plan client's prior approval. The plan sponsor and/or trustee is removed from the selection, monitoring, and replacement process and the plan sponsor's sole responsibility is to monitor VFIC, acting as the 3(38)-investment manager. 3(38) investment management services include the following:

- VFIC will develop an investment policy statement (IPS) for the client. The IPS establishes the investment policies and objectives for the ERISA plan.
- VFIC will provide ongoing and continuous discretionary investment management with respect to the asset classes and investment alternatives available under the ERISA plan in accordance with the IPS. Under this authority, VFIC has the authority to remove and replace the investment alternatives available under the ERISA plan in its discretion.
- If the plan client decides to have a qualified default investment alternative (QDIA) for participants who fail to make an investment election under the ERISA plan, VFIC will select the investment to serve as the QDIA. The plan client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).
- When serving as a 3(38)-investment manager, VFIC is only responsible for the investments it selects and will not have any responsibility or liability in regard to other investments offered by the plan. Certain plan sponsors may offer an option for plan participants to utilize self-directed brokerage accounts. VFIC will not manage assets held in such brokerage accounts and will not advise plan participants on any aspect of a self-directed brokerage account.

#### ***Pooled Plans***

VFIC provides investment management services to ERISA plan clients that are not participant-directed (i.e., pooled plans) on a discretionary basis. Investment management services include the following:

- VFIC will develop an investment policy statement (IPS) for the client. The IPS establishes the investment policies and objectives for the ERISA plan.
- VFIC will develop asset allocations and portfolio modeling consistent with the plan objectives expressed in the IPS.
- In accordance with the IPS, VFIC will identify and select specific investments to populate the asset allocation categories.
- As investment results and/or cash flow change the percentage of plan assets represented by the different asset allocation categories, VFIC will provide periodic re-balancing as deemed appropriate in accordance with the IPS.
- VFIC will adjust the asset allocations as deemed appropriate in accordance with the IPS.
- VFIC will monitor and measure investment performance and adherence to the IPS. VFIC will make changes

in the selected investments, if appropriate, and will provide the client with periodic reporting of investment performance and results.

### **Discretionary Investment Management Services – Individuals, High Net Worth, and Institutions**

VFIC provides investment management services to high-net-worth individuals, other individuals, and institutions by assisting clients with structuring a portfolio of investments. VFIC will assist the client in defining investment objectives and overall investment strategies by collecting relevant information such as client objectives, assets, risk tolerance, income needs, investment time horizon and investment experience. Our investment advice and recommendation to individual and institutional clients primarily relate to mutual funds and ETFs. In addition, for certain clients, VFIC recommends investment in Valley Forge Funds and, to a lesser extent, Non-affiliated Funds.

On occasion, for certain clients, we recommend the engagement and/or termination of Third-Party Advisers to manage SMAs for specific clients, as appropriate, based on the client's needs and where the account size meets the Third-Party Adviser's minimum account size criteria. In cases where a Third-Party Adviser is engaged to manage an SMA for the client, we will monitor the performance of the Third-Party Adviser. The Third-Party Adviser will manage the client's SMA assets on a fully discretionary basis. Third-Party Advisers do not pay VFIC for the opportunity to manage VFIC client assets.

In addition, unless otherwise requested, generally we will provide clients with periodic (but no less than annual) performance reports that encompass all client assets under management, including SMAs managed by Third-Party Advisers, Valley Forge Funds and Non-affiliated Private Funds.

### **Services Limited to Specific Types of Investments**

VFIC's investment advice primarily relates to open-end mutual funds and ETFs. VFIC also provides advice to employee benefit plan clients on CITs. For individual and institutional accounts, VFIC is authorized to provide advice on certificates of deposit, municipal securities (e.g., 529 plans), variable annuities, Valley Forge Funds, Non-affiliated Private Funds, the engagement and termination of Third-Party Advisers, and other alternative investments. Each client retains the right to impose reasonable restrictions on VFIC's discretionary authority, such as to direct VFIC to purchase other securities and not to purchase certain securities or types of securities. Additionally, VFIC advises clients on any other type of investment that it deems appropriate based on the client's stated financial goals and objectives. When appropriate, VFIC will also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

VFIC regularly and continuously monitors the investment performance of the accounts that we manage and the investment options we recommend. If we determine that a given investment option is not meeting our performance expectation or other criteria, or if we believe that a different investment option is more appropriate for our clients' accounts, then we will generally recommend that the client assets be moved from one investment option to another and/or act with discretion to make the change. Many factors are considered, including tax considerations, in deciding whether a particular client should move assets from one investment option to another.

Our investment option search and selection process are the result of extensive internal research and due diligence. The process encompasses a comprehensive review of macro factors, historical performance data and underlying quantitative analytics. Qualitative measures include such things as investment manager experience and ownership, investment philosophy, staffing, compliance, code of ethics, risk management, policy and procedures and trading efficiencies. VFIC at times utilizes the research and due diligence of other independent consultants for the purpose of obtaining their proprietary review of prospective investment options and investment managers.

### **Discretionary and Non-Discretionary Assets Under Management**

As of 12/31/2021 we actively manage \$[ ] of clients' assets on a discretionary basis and \$1,824,232,624 on a non-discretionary basis, for a total of \$[ ] regulatory assets under management.

## Item 5. Fees and Compensation

VFIC's compensation for its services is in the form of either asset-based fees or flat dollar fees. Asset based fees are based on a percentage of assets under management, including cash. Our current fee schedule is set forth below. Under certain circumstances, VFIC will consider an alternative fee arrangement.

<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
Up to \$250,000	1.00%, plus
\$250,001 to \$999,999	0.75%, plus
\$1,000,000 to \$3,999,999	0.50%, plus
\$4,000,000 and above	0.25%

\*The VFIC Advisory fee pays only for the advisory services of VFIC. Fees for the custodian and any other fees are payable separately, and do not accrue to VFIC or otherwise benefit VFIC.

Asset-based fees are calculated based on the total market value of the assets under management on the last business day of each calendar quarter. VFIC relies upon the client's custodian, or in some cases an aggregation software, for client asset values. Certain clients are eligible for flat dollar fees that generally range from \$7,500 to \$125,000 annually, based on account size, minimum fee requirements, length of client relationship and other factors, and are not pro-rated for additions or withdrawals. VFIC has established certain minimum annual fees which are subject to change. Current minimum annual fees for new clients are \$5,000 for the Investment Management Services and \$10,000 for discretionary and non-discretionary plan advisory services.

All advisory fees are calculated and due either on a monthly or quarterly basis and are payable in advance or arrears. Clients will be entitled to refunds of any paid but unearned fees upon termination. In any partial calendar quarter, the fee will be pro-rated based on the number of days in which we advised or managed the account during the quarter. Fees and related terms of payment of such fees for all VFIC advisory services are governed by the terms of the applicable client investment agreement(s). Although the fee schedules set forth above represent the fees generally in effect for new clients as of the date of this brochure, all clients will not be subject to the same fee schedules. Terms applying to existing clients may vary pursuant to the fee schedules in effect at the inception of the advisory relationships, while others may vary based on the client's right to negotiate fees.

VFIC does not charge advisory fees for client assets that are invested in Valley Forge Funds; however, as described in this brochure, the sponsors of the Valley Forge Funds are affiliates of VFIC, and those affiliates and their related persons receive certain fees and compensation from the Valley Forge Funds. In addition, the principal executive officer of VFIC, Michael J. Maher, Jr. and other individuals associated with VFIC are also separately licensed as registered representatives with M Holdings Securities, Inc. (MHS), an unaffiliated SEC registered broker-dealer, from which they receive commissions for the placement of certain variable insurance or annuity products and interests in the Valley Forge Funds. VFIC retains a portion of the commissions from MHS to pay for VFIC overhead costs related to non-investment advisory services such as monitoring, servicing, and reporting for these investment types, and VFIC also retains the commissions from registered representatives who have left the firm. Please see Item 12 of this brochure for important disclosures regarding our brokerage practices. These commissions give VFIC an incentive to recommend products for which our affiliates receive commissions rather than based on clients' needs.

Fees paid to VFIC do not include, and the client will pay or bear the cost of, any fees, expenses and charges imposed directly by the mutual funds, CITs, ETFs, and Valley Forge Funds. These fees, expenses and charges are described in the applicable mutual fund prospectus, CIT prospectus, ETF prospectus, or offering documents or other disclosure documents of the Valley Forge Funds. These fees will generally include a management fee, other fund, or product expenses and possibly performance fees. If the fund or product also imposes sales charges, a client may pay an initial or deferred sales charge. In addition, the client will bear any transaction costs charged by the custodian/brokerage firm, if applicable.

All fees charged by Third-Party Advisers for SMA management are in addition to our advisory fees and are the responsibility of the client. Such fees will be described in the SMA account agreement between the client and the

Third-Party Adviser. Clients will also be responsible for transaction, brokerage, trade-away and custodial fees incurred by the separately managed account. The client should review all fees charged by Third-Party Advisers, VFIC and others to fully understand the total amount of fees to be paid by the client.

Generally, upon a client's written authorization, the custodian for the client's account directly debits advisory fees from the client's account. Prior to deducting fees, VFIC will send the client an invoice showing the amount of the management fee due, the account value on which the fee is based, and how the fee was calculated. The client shall instruct the custodian to deliver an account statement directly to the client at least quarterly. This statement shall reflect all fees deducted from the account. The client is urged to review their custodial account statements for accuracy, compare them to VFIC's account statements and contact VFIC and the custodian if the client suspects any errors. VFIC will receive duplicate copies of the account statements delivered to the client by the custodian.

Upon termination of any client account agreement, any prepaid but unearned fees will be refunded promptly, and any earned but unpaid fees will be due and payable in each case on a pro rata basis for that portion of the period during which the agreement was in effect.

### **Cash Balances**

It is VFIC's policy that cash and cash equivalents (i.e., money market accounts) represent an asset class. Absent approved mitigating circumstances and/or deviations, it is the firm's policy to include cash balances as part of assets under management for fee billing purposes. Exceptions or modifications shall be approved by the Chief Compliance Officer or his designee. Reasons for exceptions include, but are not limited to:

- Segregation of cash earmarked by the client for short-term purposes (i.e., house purchase, medical expenses, college tuition, etc.);
- Competition;
- Negotiations with the client; and,
- Hardship

During periods of exceedingly low short-term interest rates, client fees paid on cash balances will exceed money market yields. VFIC, at its discretion, may, but is not required to, suspend and/or modify its policy to bill on cash balances during any specific billing quarter, including in the event that such billing would result in the client receiving a negative yield.

### **Impact of Margin on Fees**

For billing purposes, the market value of a client's account will represent the full value of invested assets including any margin balances. Because VFIC earns a higher fee when clients use margin, we have a disincentive to encourage the client to trim or eliminate the margin balance. To mitigate this conflict, VFIC does not typically recommend that clients use margin to buy securities in their managed account(s); the decision to do so, if at all, is initiated by the client.

### **Advisory Fees in General**

Clients have the option of investing in mutual funds, ETFs, and certain other investment products that we recommend through brokers or agents without our services. In that case, the client would not receive the services provided by VFIC which are designed, among other things, to assist the client in structuring a portfolio of investments and determining which mutual funds, ETFs, and other investment options (including Third-Party Advisers for SMAs) are most appropriate for each client's particular needs, investment objectives, financial goals, and risk tolerance.

### **Limited Prepayment of Fees**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.



## **Item 6. Performance-Based Fees and Side-By-Side Management**

VFIC does not charge any performance-based fees for the accounts it manages on behalf of clients.

As described in Item 10, Other Financial Industry Activities and Affiliations, of this brochure, the sponsors of the Valley Forge Funds are affiliates of VFIC and those affiliates receive certain fees and compensation, including performance-based compensation, from the Valley Forge Funds. In particular, one of VFIC's supervised persons is a managing member of the general partner of each of the Valley Forge Funds that is entitled to a "carried interest" in profits generated by the Valley Forge Fund of which it is the general partner. Carried interest payments, if any, typically are paid after paying expenses of the Valley Forge Fund, returning the capital contributions made by investors in the Valley Forge Fund, and in most cases, after or subordinated to payment of a preferred return on limited partner capital. VFIC and our supervised persons recommend to certain qualified clients that they invest a portion of their investable assets in the Valley Forge Funds. Clients should be aware that a performance-based fee arrangement creates an incentive for the sponsors of the Valley Forge Funds to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

## **Item 7. Types of Clients**

VFIC provides investment advice to employee benefit plans and their fiduciaries, both high net worth individuals and other individuals, charitable organizations, corporations, trusts, estates, and other business entities.

The stated minimum for VFIC investment advisory services is \$1 million. At the discretion of the firm, this minimum may be waived to accommodate smaller accounts for family members, trusts, or institutional investors.

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

VFIC primarily provides investment management and consulting services to assist clients with structuring a portfolio of investments based on the particular needs, investment objectives, financial goals, and risk tolerance of each client. Our investment advice primarily relates to open-end mutual funds, CITs, and ETFs. To a lesser extent, for certain qualified clients, we recommend investments in privately offered pooled investment vehicles such as hedge funds, private equity funds and private real estate funds (e.g., the Valley Forge Funds). In addition, on occasion, for certain clients, we recommend the engagement and/or termination of Third-Party Advisers to manage SMAs for specific clients, as appropriate, based on the client's needs, tax considerations and account size.

Our approach consists of a 5-step process:

1. We gather information from the client to assess the client's needs, investment objectives, financial goals, and risk tolerance.
2. From this information we develop an asset allocation strategy tailored to the needs of the particular client.
3. We monitor and review on a regular and continuous basis the asset allocation and selected investment options.
4. We collaborate with clients on a regular basis to discuss portfolio performance in light of client objectives and material portfolio changes anticipated in the coming period.
5. On behalf of certain clients, when authorized under the investment management agreement, we will deduct fees, rebalance the portfolio, and make other discretionary portfolio adjustments as necessary, without client approval.

We use long-term strategies in which securities are held at least one year and typically have holding periods of four to six years. Occasionally we use short-term purchases where securities may be sold within a year. We generally do not employ day trading, short sales, or margin.

## **Asset Allocation**

Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equity securities, fixed income, alternative investments, and cash suitable to the client's investment goals and risk tolerance.

### **Mutual Fund, CIT and/or ETF Analysis**

The principal driver of the selection of mutual funds, CITs and ETFs is the relative skill set of the underlying investment managers in research, risk management and organization building with the integrity of the individual(s) managing the investments being a paramount consideration. We review the experience and track record of the investment manager in an attempt to determine if that investment manager has demonstrated an ability to invest over a period of time and in different economic conditions and cycles. We also review the underlying assets in a mutual fund, CIT, or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another investment option in the client's portfolio. We monitor the underlying holdings, strategies, concentrations, and portfolio turnover rate as part of our overall periodic risk assessment. We also monitor the mutual funds, CITs, and ETFs in an attempt to determine whether the investment managers are continuing to follow their stated investment strategy.

### **Third-Party Advisers/SMAs Analysis**

On occasion, for certain clients, we recommend Third-Party Advisers to manage SMAs for particular clients. These Third-Party Advisers typically have full discretion over the securities trading in the accounts that they manage. As such, traditional fundamental, technical, or other securities analysis is not possible when formulating recommendations. Instead, we rely on robust due diligence of Third-Party Advisers in determining which advisers to recommend to our clients. We examine factors such as the experience, expertise, investment philosophies, past performance, ownership structure, business stability and business risk of the Third-Party Advisers. Additionally, as part of our due diligence, we survey the adviser's compliance and internal control processes. We may use consultants to assist us in this analysis.

### **Private Fund Analysis**

For certain clients, we recommend they invest a portion of their investable assets in Valley Forge Funds and Non-affiliated Private Funds. The Valley Forge Funds primarily invest in other private investment funds, private companies, and real estate assets. Because of our affiliation with the sponsors of the Valley Forge Funds, we have a conflict of interest in recommending the Valley Forge Funds. However, our affiliates who serve as sponsors of the Valley Forge Funds perform due diligence with respect to the selection of the private investments in which the Valley Forge Funds invest, and we review the findings of our affiliates. In evaluating the investments in the Valley Forge Funds, the review is primarily focused on the experience and track record of the underlying investment manager's experience, track record and demonstrated ability to invest over a period of time and in different economic conditions and cycles. Investments are also monitored in an attempt to determine whether the investment managers are continuing to follow their stated investment strategy for the particular private fund. Primary sources of information used to identify potential managers include personal references, qualitative reviews of private fund portfolio managers, consultant recommendations, on-site meetings and review of the fund's offering memorandum, fund agreement, subscription agreement, performance records and other documents by our firm and our client's counsel.

### **Asset Allocation Risks**

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

### **Manager Selection Risks**

A risk of investing with an investment manager (whether of a mutual, CIT, ETF, or private fund) or a Third-Party Adviser who has had a successful past performance record is that the investment manager or Third-Party Adviser may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in any fund or portfolio, there is also a risk that an investment manager or Third-Party Adviser may deviate from the stated investment mandate or strategy of the fund or portfolio, making it a less suitable investment for our clients.

In addition, investment managers of different funds and/or Third-Party Advisers may purchase the same security, increasing the risk for the client if that security were to fall in value. Moreover, as we do not control the investment manager's or Third-Party Adviser's daily business and compliance operations, it is possible that their internal controls may not be sufficient to prevent business, regulatory or reputational deficiencies in certain circumstances.

### **General Risk of Loss**

All investment programs have certain risks that are borne by the clients. VFIC's approach constantly keeps the risk of loss in mind. Clients face the following investment risks:

- **General:** Clients should carefully consider their risk tolerance before investing. As with all investments, loss of money including both income and principal is a risk of investing that clients should be prepared to bear. Past performance is not a guarantee of future returns.
- **Market Risk:** Market risk involves the possibility that the investments in equity securities will decline because of falls in the stock market, reducing the value of individual companies' stocks regardless of the success or failure of an individual company's operations.
- **Interest-rate Risk:** Fluctuations in interest rates generally cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Management Risk:** The strategies employed by the portfolio managers of the underlying investments may fail to produce the intended results.
- **Company Risk:** The value of a portfolio may decrease in response to the activities and financial prospects of an individual company in the portfolio. The value of an individual company can be more volatile than the market as a whole.
- **Foreign Securities Risk:** Foreign securities can be more volatile than domestic securities. Securities markets of other countries are generally smaller than the U.S. securities markets. Many foreign securities may also be less liquid than the U.S. securities which could affect the portfolio's investments.

### **Mutual Fund Risks**

Mutual fund investing involves risk; principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Investors cannot influence the securities bought and sold, nor the timing of transactions which may result in undesirable tax consequences. Shares can only be redeemed directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their net asset value. Mutual funds incur fees that are separate from those fees charged by VFIC. Accordingly, investments in mutual funds will result in the layering of fees and expenses. VFIC seeks to recommend or invest in the best share class available to reduce overall fees and expenses. VFIC and its employees do not accept compensation for the sale of mutual funds.

### **Exchange-Traded Fund Risks**

Exchange-traded Funds (ETFs) are subject to risks similar to those of stocks and are not necessarily suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with each transaction. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Shares can only be redeemed directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their net asset value. ETFs incur fees that are separate from those fees charged by VFIC. Accordingly, investments in ETFs will result in the layering of fees and expenses.

### **Private Fund Risks**

Certain client assets are invested in private funds, either of a real estate or private equity nature. There are a number

of risks associated with private fund investing, which most notably include liquidity constraints and lack of transparency. A complete discussion of each private fund's risks is set forth in each fund's offering documents, which are provided to each qualified client for review and consideration at the time of investment.

### **Data Risks**

Our securities analysis methods regarding mutual funds, CITs and ETFs rely on the assumption that the companies whose securities underlie the investments held by our clients, the rating agencies that review these securities, and other publicly available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Information used in these analyses include economic conditions, historical data, industry outlook, inflation, interest rates, income tax regulations as well as fiscal and monetary policies of the United States and foreign countries.

### **Cybersecurity Risks**

The technology systems of the firm and our service providers may be vulnerable to inadvertent or deliberate interruption and consequent damage from technical or human sources. In addition to natural catastrophes, service/power outages, and network or telecommunication failures, security breaches and intrusion by unauthorized persons could result in damage, disruption, and theft of data, including client information. VFIC has implemented cybersecurity controls meant to address these risks. Nevertheless, given the fundamental dependence on technology, a cyber-attack or similar technology disruption could have a material adverse impact on clients and investments. Additionally, there are inherent limitations in cybersecurity policies and procedures and controls including the possibility that certain risks have not been identified. Although VFIC conducts due diligence of key third-party providers, we are not able to control the cybersecurity plans, breach notifications, incident response plans and controls put in place by other service providers and/or the issuers in which the client invest. It is in the client's best interest to monitor all of their accounts on a regular basis and stay informed relative to cybersecurity best practices.

### **Coronavirus and Public Health Emergency Risk**

As of the date of this brochure, there continues to be an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Pandemic." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak has rapidly evolved, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses have also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in supply chains and economic activity, and have had a particularly adverse impact on transportation, hospitality, tourism, entertainment, and other industries. Although vaccines and advanced virus treatments have had a positive impact on certain sectors of the global economy and financial markets, the full impact of COVID-19 remains uncertain and difficult to assess and is subject to change. Furthermore, the long-term impact of the accommodative monetary policy and government economic relief spending in the United States, aimed at countering the adverse effects of the pandemic, has led to inflation. Any meaningful and sustained rise in inflation could further adversely impact the value and performance of client portfolios.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on client accounts and could adversely affect the client's ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on client accounts will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global,

regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of client accounts. In addition, the operations of VFIC may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of VFIC personnel.

#### **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of VFIC or the integrity of VFIC's management. VFIC and our employees have not been involved in legal or disciplinary events. VFIC has no information to report applicable to this item.

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

##### **Valley Forge Financial Group**

VFIC is affiliated with other entities engaged in the financial services business, commonly referred to as the Valley Forge Financial Group. VFIC, the Valley Forge Financial Group, and all affiliated entities disclosed below are owned and controlled equally by Michael J. Maher, Jr., and Sean Maher.

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

Valley Forge Financial Group, Inc. (VFFG) is a licensed insurance agency and a branch office of M Holdings Securities, Inc., an unaffiliated SEC registered broker-dealer. VFFG provides services related to estate planning, insurance and insurance brokerage, and variable life insurance products. At times, VFFG licensed individuals recommend and place insurance for VFIC clients for which the VFFG licensed individuals will receive insurance commissions that are typical for the insurance products placed. Any clients of VFIC that are recommended insurance products through VFFG will be notified of the ongoing relationship and affiliations that VFIC has with VFFG. No client is obligated to use these VFFG individuals to purchase insurance. From time to time, VFIC Investment Adviser Representatives (IARs) will recommend clients to VFFG. Similarly, VFFG will, from time to time, suggest that clients meet with IARs of VFIC. VFIC will pay VFFG for client referrals and vice versa. See Item 14 of this brochure, Client Referrals and Other Compensation, for additional important disclosures regarding client referrals. Receipt of commissions and other types of compensation creates a conflict of interest and may affect the judgment of VFIC licensed individuals when recommending clients to VFFG individuals.

VFFG is a fractional owner of M Holdings Securities, Inc. wherein M Holdings Securities, Inc. distributes excess profits to its owners, which includes the profits from private fund placement fees, described further below.

##### **Valley Forge Pension Management, Inc.**

Valley Forge Pension Management, Inc. (VFPM) helps design and administer qualified retirement plans to fit corporate needs pertaining to employer contributions, legal limitations, employee turnover, recordkeeping, and cost constraints. For certain VFPM clients, VFIC will provide investment advisory services. VFIC will pay VFPM for client referrals; VFPM does not compensate VFIC for referrals. See Item 14 of this brochure, Client Referrals and Other Compensation, for additional important disclosures regarding client referrals.

##### **Valley Forge Family Office, Inc.**

Valley Forge Family Office (VFFO) provides services related to family communication meetings, family trust and fiduciary services, net worth aggregate reporting and organization, tax compliance support and family business shareholder services. No compensation is provided to VFFO or VFIC as a result of client referrals.

## **Valley Forge Private Equity Inc.**

VFIC is affiliated with Valley Forge Private Equity Inc. (VFPE) which provides administrative management services to the Valley Forge Funds. Michael J. Maher, Jr., Chief Executive Officer of VFIC, and, Sean Maher, Vice Chairman of VFPE, are two of the managing members of the general partners of each of the Valley Forge Funds. As such, affiliates, and other related persons of VFIC receive certain fees and compensation, including performance-based compensation, from the Valley Forge Funds. See Item 5, Fees and Compensation, of this brochure for further information regarding the fees and compensation payable by the Valley Forge Funds to affiliates and related persons of VFIC. In addition, VFIC, its supervised persons and related persons, have and may in the future invest directly in any one of the Valley Forge Funds. Investments in the Valley Forge Funds made by VFIC, and its supervised persons and related persons are not subject to management fees, carried interest payment or any other compensation.

## **VFPE Advisors LLC**

VFPE Advisors LLC (VFPEA) is an affiliate of VFPE and the Valley Forge Funds and was created with the sole purpose of serving as the Registered Investment Adviser with the Securities and Exchange Commission on behalf of VFPE Inc. and its related investment partnerships.

VFIC and its supervised persons recommend to certain clients that they invest a portion of their investable assets in the Valley Forge Funds. Certain supervised persons serve as Registered Representatives of, and are compensated through M Holdings Securities, Inc., for subscribing investors, who are or could in the future be VFIC clients, into the Funds. The Funds engage M Holdings Securities, Inc. to serve as placement agent in connection with the offering of interests in the Funds, while the Funds pay such placement agent a fee calculated as a percentage of the aggregate commitments of the limited partners, as set forth in the Offering Documents. Clients should be aware that the receipt of compensation by a placement agent creates a conflict of interest and may affect the judgment of the placement agent when making a recommendation for an investment.

Michael J. Maher, Jr., Chief Executive Officer of VFIC is a managing member of the general partners of each of the Valley Forge Funds. The relationship between VFIC and VFPE, VFPEA, and the Valley Forge Funds may cause VFIC, VFIC supervised persons or certain of its affiliates' interests to diverge from the interests of VFIC clients or the investors in a Valley Forge Fund. For example, VFIC and its supervised persons have an incentive to recommend that a client invest in one or more Valley Forge Funds because of the compensation payable by the Valley Forge Funds to affiliates of VFIC. In addition, there may be a financial incentive for VFIC and VFIC supervised persons to allocate the more profitable investments to VFIC clients who are also investors in Valley Forge Funds. Should conflicts of interest arise in the future in the context of these relationships, the CCO and senior management of VFIC will address them in accordance with the Code of Ethics described in further detail in Item 11 of this brochure, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below.

## **Registered Representatives of a Broker-Dealer**

The principal executive officer and individuals associated with VFIC are also separately licensed as registered representatives with MHS from which they receive commissions from the placement of certain variable insurance and annuity products and interests in the Valley Forge Funds. VFIC retains a portion of commissions from MHS to pay for VFIC overhead costs related to non-investment advisory services such as monitoring, servicing, and reporting for these investment types, and VFIC also retains the commission from registered representatives who have left the firm. Please see Item 12 of this brochure for important disclosures regarding our brokerage practices. These commissions may give VFIC an incentive to recommend products for which our affiliates receive commissions rather than based on clients' needs.

## **Investment Opportunities**

VFIC IARs are responsible for recommending investments for clients. There are no restrictions on the ability of VFIC, its IARs and its affiliates (including VFPE) to manage accounts for multiple clients, including accounts for affiliates of VFIC or their directors, officers, or employees, or to follow the same, similar, or different investment objectives,

philosophies, and strategies as those used for clients. In these situations, VFIC and its affiliates may have conflicts of interest in allocating investment opportunities between the client accounts and/or investors and any other account managed by such persons. Such conflicts of interest would be expected to be heightened to the extent that VFIC manages an account for an affiliate or its directors, officers, or employees.

To mitigate the conflicts discussed in this Item 10, VFIC's policies and procedures provide that VFIC will seek to make investment decisions in accordance with the fiduciary duties owed to its clients and without consideration of the pecuniary investment or other financial interests of VFIC, or its directors, officers, employees, or affiliates.

Clients should be aware that the receipt of additional compensation by affiliates and related persons of VFIC, including its directors, officers, or employees, as described above creates a conflict of interest that run the risk of impairing the objectivity of VFIC and these individuals when making advisory recommendations. VFIC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete, and relevant client background information, including the client's needs, investment objectives, financial goals, and risk tolerance;
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are appropriate to the client's needs and circumstances; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Any individual not in observance of the above will be subject to disciplinary action or termination.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics provides for oversight, enforcement, and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request by emailing us at [compliance@vffg.com](mailto:compliance@vffg.com).

VFIC or its affiliates or related persons are permitted to, and at times do buy or sell investments identical to those recommended to VFIC clients for their personal accounts. In addition, certain affiliates, or related persons of VFIC have an interest in or receive compensation from the Valley Forge Funds which are also recommended to certain clients.

VFIC maintains a personal securities transaction policy to monitor the personal securities transactions and securities holdings of each access person. VFIC's securities transaction policy requires that an access person provide the Chief Compliance Officer or his designee with a written report of his/her current securities holdings within ten (10) days after becoming an access person. Additionally, each access person must provide the Chief Compliance Officer or his designee with a written report of the access person's current securities holdings at least once each twelve (12) month period thereafter. Within 30 days of each calendar quarter-end, access persons must provide the Chief Compliance Officer or his designee with a written report of any reportable personal securities transaction that occurred during the prior quarter. All access persons must receive pre-approval from the Chief Compliance Officer in advance of initiating a transaction in a private placement, limited offering (such as a hedge fund), or initial public offering ("IPO").

Access persons may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where access persons may be in a position to benefit from the sale or purchase of

those securities. Therefore, this situation creates a conflict of interest. As indicated above, VFIC has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each access person. In no circumstance may VFIC or its access persons place its interests or the interests of its access persons ahead of the interests of clients.

Each access person is obligated to:

- Serve the financial interests of our clients. Each professional shall always place the financial interests of the client first. All recommendations to clients and decisions on behalf of clients shall be solely in the interest of providing the highest value and benefit to the client.
- Emphasize the unrestricted right of the client to decline to implement any advice rendered.
- Disclose fully to clients the services provided and the compensation received. All financial relationships, direct or indirect, between consultants and investment managers, plan officials, beneficiaries, sponsors, or any other material potential conflicts of interest shall be fully disclosed on a timely basis.
- Provide to clients all information related to the investment decision making process as well as other information they may need in order to make informed decisions based on realistic expectations. All client inquiries shall be answered promptly, completely, and truthfully.
- Maintain the confidentiality of all information entrusted by the client to the fullest extent permitted by law.
- Comply fully with all statutory and regulatory requirements affecting the delivery of advisory services to clients. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Endeavor to establish and maintain personal excellence in all aspects of investment management consulting and in all aspects of financial services to clients.
- Maintain the highest standard of personal and professional conduct.

## **Item 12. Brokerage Practices**

### **Selecting Brokerage Firms**

Although the client is typically responsible to select the broker-dealer or custodian to be used and the commission rates to be paid, VFIC may recommend a custodian or broker-dealer to be used at the client's request. When the client selects the broker-dealer or custodian to be used, it should be understood that we do not have the authority to negotiate commissions and do not generally have the ability to obtain volume discounts. Also, we may be unable to achieve "best execution" (defined as an optimal combination of price and service) which may cost the client more money. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.

Upon request, VFIC makes specific custodian recommendations to clients based on their need for such services. VFIC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. Schwab Institutional, division of Charles Schwab & Co., Inc. (Schwab) and Fidelity Institutional Wealth Services, division of FMR, LLC (Fidelity) are the primary custodians for our clients' accounts, although VFIC does not require clients to use these custodians.

Schwab and Fidelity are recommended by the adviser for a majority of their clients for the following reasons:

- Discounted and competitive, and in some cases, zero commission rates
- Quality of front and back-office service
- Electronic trading capability enhancing speed and accuracy of trades
- Knowledgeable and experienced trading desks
- Financial stability of company
- Excellent industry reputation
- Low error rates and diligent follow-through and support
- Reliability



- Quality of reporting
- Consulting on investment adviser “best practices”, which benefits all advisory clients

VFIC maintains a best execution policy which governs its due diligence relative to these custodians.

### **Mutual Fund Selection**

VFIC seeks to ensure that portfolios hold mutual fund positions that are in client best interests based upon client needs, share class availability, custodial fund offerings, transaction fees, and other factors. VFIC employs a mutual fund and share class selection process that is implemented by investment professionals across the firm. The appropriateness of a particular fund share class selection is dependent upon a range of considerations, including but not limited to: whether transaction charges are applied to the purchase or sale of funds, operational considerations associated with accessing or offering particular share classes (including the ability to access particular share classes through the custodian), anticipated future investment in mutual fund holding, tax implications of selling shares, and share class eligibility requirements, among other considerations. VFIC does not receive fees or compensation from mutual fund sponsors.

### **Aggregation of Orders**

VFIC’s trade allocation policy seeks to ensure that all allocations are conducted in such a way that client accounts are treated fairly and equitably over time. VFIC endeavors not to favor any clients or subsets of clients when trading. Trades will not be allocated if prohibited or inconsistent with the client’s investment management agreement or written restrictions.

As a matter of policy and practice, VFIC does not generally block client trades and, therefore, implements client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Clients may not receive volume discounts available to advisers who block client trades.

In some situations, VFIC may determine that the aggregation of client orders is prudent and necessary to fulfill the firm’s fiduciary duty to obtain the most favorable terms for each client. In the aggregation of client orders, VFIC’s considerations include but are not limited to the following:

- No advisory accounts, including employee and related accounts, are favored over any other accounts.
- Clients participating in an aggregated order receive an average share price with other transaction costs shared on a pro rata basis.
- The firm will not aggregate transactions unless it is consistent with our duty to seek best execution and the terms of the investment management agreement with each client for which trades are being aggregated.
- Before aggregating trades, the investment professional will specify the participating client accounts and the intended allocation among those clients.
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the terms of the order.
- If the order is partially filled, it will be allocated on a pro rata basis within the same terms of the order.
- Notwithstanding the foregoing, the order may be allocated on a different basis from that specified in the original order if all client accounts receive fair and equitable treatment. If an order must be allocated in a manner that is different from the original order, all clients must receive fair and equitable treatment, and the written rationale for the departure must be documented in writing.
- The firm’s books and records will reflect the orders for each client account that are aggregated, as well as the securities bought and sold for and held by that account.
- Individual investment advice and treatment will be accorded to each client.

If trade blocking is deemed appropriate to achieve best execution for participating clients, trades are blocked by

custodian. If trade blocking becomes a regular occurrence, VFIC may employ an alphabetical rotation between custodians (Fidelity and Schwab) so that no client or groups of clients are consistently favored or disfavored over others. If such a custodian system is employed, VFIC seeks to document the custodian rotation. Preferential treatment is never given to employee or related accounts in the allocation process. At the same time, employee or related client accounts that are deemed supervised by the firm should trade at the same time as non-related accounts held at the same custodian within a given strategy trade to ensure that all clients receive fair treatment.

VFIC does not receive any additional compensation or remuneration due to aggregating orders and placing them with any broker. VFIC may, however, receive soft dollar benefits in the form of expense-free invitations to attend industry events or seminars sponsored by client-selected custodians, as noted below.

For certain clients, VFIC recommends Third-Party Advisers that aggregate orders with respect to a security if such an aggregation is consistent with achieving best execution for the various client accounts. A Third-Party Adviser's aggregation policies and procedures should be disclosed in the Third-Party Adviser's disclosure statement.

### **Soft Dollars**

VFIC may receive general unsolicited research from certain brokers or custodians, however we have no contractual obligation to compensate or do business with these research providers. From time to time, VFIC's representatives may attend a seminar or conference that relates to its advisory business. For example, a representative may attend a mutual fund conference wherein the custodian or sponsor may pay for the representative's conference fees, travel expenses, and/or meals. VFIC does not solicit these benefits and they are not offered to induce us to maintain client assets with or trade with these custodians or sponsors. Nonetheless, there is a conflict of interest between VFIC's fiduciary duty to clients and the benefits that VFIC may receive as outlined above. To mitigate such conflicts, all such activities must be pre-approved by the Chief Compliance Officer, be reasonable in value, directly relate to the business of VFIC, and also be in keeping with applicable compliance policies.

### **Principal/Agency-Cross/Cross Transactions**

As a matter of firm policy and practice, VFIC does not engage in either principal trading, agency cross or cross transactions.

### **Brokerage for Client Referrals**

We do not consider recommending broker-dealers or custodians on the basis of whether VFIC or a related person receives client referrals from such broker-dealer or custodian.

### **Directed Brokerage**

Clients generally select the broker-dealer or custodian to hold their assets, although as noted above, VFIC may recommend a broker-dealer or custodian at the client's request. VFIC generally executes client transactions with the client's selected broker-dealer/custodian. In these situations, VFIC may be unable to achieve the most favorable execution of client transactions and the client might pay higher brokerage commissions because we do not generally aggregate orders or trade away from the client's custodian to reduce transaction costs.

### **Trade Errors**

It is VFIC's policy to make the client whole with respect to any trade error losses incurred by the client as a result of a trade error caused by our firm. Furthermore, VFIC does not retain any client trade error gains. It is our firm's policy that any benefits realized as a result of a trade error caused by VFIC will accrue to the benefit of such client.

## **Item 13. Review of Accounts**

### **Review of Accounts**

The VFIC Investment Committee is comprised of members of VFIC's senior management, including Michael J. Maher, Jr., as well as our IARs. The Investment Committee meets regularly on a periodic basis to review all VFIC investment option recommendations to determine whether such investment options continue to meet our performance expectations and other criteria and to examine new investment options to determine whether we will recommend those investment options. If the Investment Committee determines that a given investment option is not meeting our performance expectation or other criteria, or if we believe that a different investment option is more appropriate for our clients' accounts, then we will generally recommend that the client assets be moved from one investment option to another or initiate the change where VFIC has the discretionary authority to do so. Many factors are considered, including tax consequences, in deciding whether a particular client should move assets from one investment option to another.

On an ongoing basis, the IARs will monitor the performance of the individual client accounts for which they are responsible to ensure that the assets are performing in line with our expectations and are meeting the individual needs of the client. On a periodic basis, the assets in these accounts will be valued and the asset allocation of the portfolio will be compared to the target allocation and any material adjustments will be recommended to the client at that time. At least annually, the IAR will offer to meet with the client and conduct a thorough review of the client's needs, investment objectives, financial goals and risk tolerance and make any necessary changes to the asset allocation. VFIC personnel, under the supervision of the CCO, also periodically review the performance of each account and its adherence to clients' objectives and investment guidelines.

### **Factors Prompting a Non-Periodic Review of Accounts**

From time to time, circumstances and events necessitate review of client accounts in between regular reviews. These include significant market events, extraordinary change in the price of a security held by one or more clients, significant cash flows, and highly irregular account activity.

### **Content and Frequency of Regular Account Reports**

Clients will receive regular reports from their broker-dealers and/or custodians. In addition, clients will receive periodic (but no less often than annually) performance reports while their assets are managed by VFIC. VFIC may deliver such reports electronically in accordance with the investment advisory agreement between VFIC and the client.

## **Item 14. Client Referrals and Other Compensation**

At times, VFIC receives client referrals from current clients, other professional advisors, and friends of employees. VFIC does not compensate any of the above referring parties for these referrals.

VFIC does pay referral fees to certain affiliates and related persons of VFIC (Solicitors) for introducing clients to us. Whenever we pay a referral fee to a Solicitor who is an employee or affiliate, we follow internal compliance policies to ensure compliance with SEC regulations governing solicitation arrangements.

Please refer to Item 10, Other Financial Industry Activities and Affiliations, of this brochure, for further information regarding the referral fees that VFIC pays to its affiliates and related persons for introducing clients. VFIC will disclose to the client the nature of VFIC's relationship with the Solicitor at the time of the solicitation.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral or referral fees that we pay.

Except as specifically described in this brochure, VFIC does not accept or allow our employees and related persons

to accept any form of compensation including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

#### **Item 15. Custody**

Custody is defined as any legal, actual, or constructive ability by our firm to access client funds or securities. VFIC does not take possession of client's assets and does not have physical custody of any client funds or securities. Client assets are housed at nationally recognized banks or brokerage firms, otherwise known as custodians. VFIC does not receive fees or commissions from any of these custodial arrangements. VFIC is deemed to have custody because some of our clients have authorized us to directly debit advisory fees from client accounts and/or to effect third party transfers from client accounts pursuant to standing letters of authorization.

As described in Item 10, Other Financial Industry Activities and Affiliations, of this brochure, the sponsors of the Valley Forge Funds are affiliates of VFIC. In particular, Michael J. Maher, Jr., Chief Executive Officer of VFIC, and, Sean Maher, Vice Chairman of VFPE, are two of the managing members of the general partners of each of the Valley Forge Funds. General partners of limited partnerships are deemed to have custody of the funds and securities of the limited partnerships for which they act as general partners. As such, affiliates of VFIC that serve as the general partners of the Valley Forge Funds are deemed to have custody of the funds and securities held by the Valley Forge Funds. As described in this brochure, VFIC recommends to certain qualified clients that they invest a portion of their investable assets in the Valley Forge Funds. Nonetheless, VFIC and its employees, including Michael J. Maher, Jr., do not have access to VFIC client accounts or securities. If a VFIC client makes an investment in a Valley Forge Fund, VFIC is not involved in the process initiated by the client to send a wire or check to the affiliate to subscribe to a Valley Forge Fund.

#### **Account Statements**

VFIC disclosed in the Fees and Compensation section (Item 5) of this brochure that, when authorized by clients, our firm directly debits advisory fees from client accounts. Unless we are instructed otherwise, a quarterly invoice is delivered to the client detailing the calculation of the fee amount. This is also submitted to each client's custodian showing the amount to be deducted from that client's account. On at least a quarterly basis, the custodian is required to provide to the client an account statement showing all transactions, including the fee debit, within the account for the reporting period. The custodian does not verify the accuracy of VFIC's fees.

It is important for clients to carefully review their custodial statements in order to verify the accuracy of the amount debited for our fee, among other things. Clients should contact us directly if they believe that there is an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account reports directly to our clients on a periodic basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings, and values are correct and current.

#### **Item 16. Investment Discretion**

VFIC provides non-discretionary and discretionary investment advisory services, as outlined in the respective client agreement.

VFIC regularly and continuously monitors the investment performance of the accounts that we manage and the investment options we recommend. If we determine that a given investment option is not meeting our performance expectation or other criteria, or if we believe that a different investment option is more appropriate for our clients' accounts, then we will generally recommend that the client assets be moved from one investment option to another. When VFIC retains discretionary authority, the firm may initiate account transactions without seeking client approval. Many factors are considered, including tax consequences, in deciding whether a particular client should move assets from one investment option to another or when an account transaction should be initiated.

Our affiliates are deemed to have discretionary authority over client assets invested in the Valley Forge Funds. See Item 10, Other Financial Industry Activities and Affiliations, of this brochure for further information regarding the Valley Forge Funds.

**Item 17. Voting Client Securities**

As a matter of firm policy, VFIC does not vote proxies on behalf of client accounts. Clients will receive proxies and other solicitations directly from the custodian or transfer agent and retain sole responsibility for voting all proxies. VFIC will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of Proofs of Claim in class action settlements.

For SMAs managed by Third-Party Advisers, the SMA account agreement will dictate whether the Third-Party Adviser will vote proxies on behalf of the client. As such, we encourage all clients to review the proxy voting provisions of each SMA agreement prior to the engagement of a Third-Party Adviser.

**Item 18. Financial Information**

We do not collect fees in excess of \$1,200 more than six months in advance of services rendered. There is no financial condition affecting VFIC that is likely to impair our ability to meet our contractual and fiduciary commitments to our clients.

On June 1, 2020, we reported that Valley Forge Financial Group and its affiliated companies (including VFIC) applied for and received a Paycheck Protection Program (PPP) loan through the U.S. Small Business Administration (SBA) in conjunction with the relief afforded under the CARES Act. These proceeds were used to pay employee salaries, including a portion of the salaries who are primarily responsible for performing advisory functions for clients. We are pleased to report that since that time, our business has operated smoothly through the global pandemic, with no disruption to services or capabilities. Valley Forge Financial Group applied for and was granted forgiveness of its PPP loan on 3/30/2021. Though there remains uncertainty surrounding the economy and financial markets, we remain confident in our ability to continue serving our clients' needs as we have since our founding in 1994. Designated VFIC officers implement a formal policy to monitor the firm's financial condition on an ongoing basis. The policy includes a framework for disclosure of material changes to the firm's financial condition to ensure full transparency.

## FACTS

### WHAT DOES VALLEY FORGE FINANCIAL GROUP DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- account balances and wire transfer instructions
- assets and account transactions
- investment experience and risk tolerance

When you are *no longer* our client, we continue to share your information as described in this notice.

#### How?

All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons Valley Forge Financial Group chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Valley Forge Financial Group share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to maintain your account(s) or respond to court orders and legal investigations	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes—</b> information about your business and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share

#### To limit our sharing

- Call (610) 783-6650

**Please note:**

If you are a new client, we can begin sharing your information, as noted above, within 30 days from the date we sent this notice. When you are no longer our client, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

#### Questions?

Call us at (610) 783-6650 with any questions about this Notice.

**Who we are****Who is providing this notice?****Valley Forge Financial Group****What we do****How does Valley Forge Financial Group protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

**How does Valley Forge Financial Group collect my personal information?**

We collect your personal information, for example, when you

- give us your contact information or provide account information
- seek advice about your investments or enter into an investment advisory contract
- make a wire transfer

- **Why can't I limit all sharing?**

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

**Definitions****Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Valley Forge Financial Group, Inc.
- Valley Forge Investment Consultants, Inc.
- Valley Forge Private Equity, Inc.
- VFPE Advisors LLC
- Valley Forge Pension Management, Inc.
- Valley Forge Family Office, Inc.

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- Valley Forge Financial Group does not share with nonaffiliates, so they can market to you

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- Valley Forge Financial Group doesn't jointly market

**Other important information**

Your privacy is important to us. Valley Forge Financial Group is committed to handling your information with care. If you have any questions about this privacy notice or you would like to discuss how we protect your information, please contact us at (610) 783-6650.