



Part 2A, Appendix 1

Item 1 Cover Page

Valley Financial Management, Inc.
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This brochure provides information about the qualifications and business practices of Valley Financial Management, Inc. ("VFM"). If you have any questions about this brochure, please contact us at (212) 407-4362. 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.

VFM is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. An adviser's oral and written communications provide you with information for you to determine whether to hire or retain an adviser.

Additional information about VFM is available on the SEC's website at www.advisorinfo.sec.gov.

Wrap Fee Program Brochure

March 31, 2023



Item 2 Material Changes

The following summary discusses the material changes that Valley Financial Management, Inc. ("VFM") has made to its Form ADV Part 2A, Appendix 1, Wrap Fee Program Brochure ("Brochure") since March 31, 2022, the date of the last annual update to the Brochure.

On April 1, 2022, Bank Leumi USA, the parent company of Leumi Investment Services Inc. (n/k/a Valley Financial Management, Inc. ("VFM")), merged into Valley National Bank, which is owned by Valley National Bancorp, a publicly traded company. The transaction is not expected to result in any changes to VFM's investment process, operations, or personnel.

This Brochure has been updated to reflect that, following Bank Leumi USA's merger with Valley National Bank, VFM became affiliated with an SEC-registered investment adviser, Hallmark Capital Management, Inc. ("HCM"). Although VFM and HCM do not currently provide each other or each other's clients with investment advisory services, VFM anticipates that, in the future, HCM will be made available to VFM's clients as a portfolio manager to certain wrap fee programs discussed in this Brochure.

This Brochure has been further updated to reflect that, as of March 9, 2023, VFM no longer acts as a solicitor for a third-party program sponsored by Brinker Capital Inc.

Pursuant to SEC Rules, VFM sends you a summary of material changes to this and subsequent Part 2A Brochures within 120 days of VFM's fiscal year-end. We may provide other ongoing disclosure information about material changes as necessary.

Upon request, the Brochure may be obtained by contacting Christopher Wilson, VFM's Chief Compliance Officer, at (212) 407-4362 or cwilson@valley.com.

Additional information about VFM is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about persons affiliated with VFM who are registered, or are required to be registered, as investment adviser representatives ("IARs") of VFM.



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Item 4 Services, Fees and Compensation

Types of Services and Fee Schedules

VFM is a wholly-owned subsidiary of Valley National Bank (“Valley Bank”), a national banking association. Valley Bank is a wholly-owned subsidiary of Valley National Bancorp, a company whose shares are traded on the NASDAQ. Banking products and services are provided through Valley Bank. Brokerage products and services, including the investment advisory business, are provided by VFM. VFM has a clearing arrangement with Pershing LLC for its brokerage and advisory businesses.

This Brochure describes and discloses the services, fees, potential conflicts of interest, and other necessary information clients should consider before becoming a VFM client in one or more of its investment advisory programs covered in this Brochure.

VFM offers the following discretionary programs: (1) VFM Strategic Portfolios (VSP); (2) Separately Managed Accounts (SMA); and (3) Unified Managed Accounts (UMA). VFM also offers two non-discretionary programs, VFM Client Advisor (VCA) and VFM Excess Liquidity Advisor (VELA). Depending on the program, clients can select various portfolio managers, mutual funds, exchange-traded products, and individual securities, based on strategies from capital preservation to aggressive growth.

The discretionary and non-discretionary programs (collectively, the “Programs”) are provided to clients in a “wrap fee” arrangement. A wrap fee arrangement is one in which a single fee is charged based on the market value of assets in the client’s account, rather than on the transactions in the account as in a commission (“Brokerage”) account. The wrap fee covers investment advice provided by VFM and other portfolio managers, the execution of the client’s transactions, account servicing, and performance reporting, in addition to other standard services.

VSP, SMA, and UMA Programs are discretionary programs where a client appoints VFM or one or more other parties to make investment decisions with respect to the assets in the client’s account. VCA and VELA are non-discretionary programs, where the client’s investment adviser representative (“IAR”) makes recommendations to the client, who then approves or disapproves them. To assist VFM with VSP, SMA, UMA, and VCA, VFM uses Envestnet Asset Management, Inc. (“Envestnet”), which provides, among other things, overlay portfolio management services, tax overlay management services, research information on hundreds of different portfolio managers, reporting services, and technological and online services to assist VFM in managing portfolios. In the future, VFM anticipates that the advisory services of one of its investment adviser affiliates, Hallmark Capital Management, Inc. (“HCM”), will be offered through Envestnet’s platform and, therefore, available to VFM’s clients. If HCM is offered to such clients, VFM will have a conflict of interest arising from its incentive to recommend clients invest with an affiliate over third-party managers. Please refer to the Envestnet Asset Management, Inc. Form ADV Part 2A as provided to clients for additional information.

VFM and its IARs do not have discretionary authority to manage securities accounts that comprise the Programs, except for VSP. VSP is a firm discretion advisory program that uses risk-adjusted and objective-based models comprised of exchanged traded funds (“ETFs”) and



mutual funds. The VFM Investment Committee is responsible for setting strategic and tactical asset allocations to guide the Programs. The VFM Investment Committee includes VFM investment professionals with different areas of expertise in asset allocation and specific asset classes. The VFM Investment Committee meets on scheduled monthly dates and on an ad hoc basis, as necessary. The VFM Investment Committee also produces client letters and market commentary on both a scheduled and ad hoc basis.

In the advisory relationship between the client and VFM, a client will typically work with an IAR to determine the client's overall investment situation, needs, goals, risk tolerance, and time horizon for the assets being invested. To assist in identifying these factors, the client completes an Investment Profile Questionnaire and provides investment profile information on the VFM new account application (collectively referred to as the "Questionnaire"). An IAR will use the information provided by the client, among other considerations, to assist the client in selecting the appropriate Program(s) and subsequent investment strategy. If the client wishes to proceed with the Program(s), the client will execute an advisory agreement that contains specific terms applicable to the Program(s) selected, advisory services to be offered, fees payable by the client, and other terms applicable to the client's advisory relationship with VFM. Not all Programs discussed in this Brochure may be appropriate for a client.

Each Program is designed to meet differing investment needs of clients. The Programs offered have different levels of services, administration, structure, fees and expenses. The particular investment advisory services that VFM provides in connection with each Program are described in detail below. Please review this Brochure carefully and in its entirety.

VFM Strategic Portfolios (VSP)

The VSP Program offers clients discretionary investment management based on proprietary strategic asset allocation models developed by VFM's Investment Committee. The models vary in exposure to different asset classes (such as equities, fixed income and alternative investments), as well as different styles within asset classes, paired together to achieve diversification that seeks to meet a variety of investment objectives. The models use mutual funds and/or ETFs – which must have at least three years of investment history and assets under management of at least \$100 million – to gain these exposures. In limited circumstances, a fund may have less than three years of investment history in which case a fund with similar characteristics will be evaluated in its place, and the fund with less than three years investment history will be added to the VSP platform based on the record of the proxy's investment history. VFM's Investment Committee uses both qualitative and quantitative measures in selecting these mutual funds and ETFs.

With the professional advice and guidance of an IAR, the client will select one of the models based on the information provided by the client. VFM has engaged Envestnet to provide investment model management services. The IAR will provide the client with an investment proposal or strategy that identifies the portfolio model recommended and details the underlying mutual funds and/or ETFs as well as the overall asset and style allocation of the model. VFM's Investment Committee will monitor each strategy to ensure adherence to the original investment selection requirements and for performance, among other things.

Because the VSP Program models are discretionary, VFM constructs the model portfolios and



will from time to time, and without notice or approval from the client, adjust the asset allocations of the models. VFM also determines the mutual funds and/or ETFs that comprise the models and in its sole discretion will from time to time adjust the percentages allocated to those investments and/or will add or remove a mutual fund or ETF as it deems appropriate. Other services offered in the VSP include periodic rebalancing of the client's portfolio (at least annually or upon a movement of +/-5 percentage points from its targeted weighting) to maintain the desired asset allocation and quarterly performance reporting.

Separately Managed Accounts (SMA)

The SMA Program offers clients discretionary investment management services from portfolio managers other than VFM ("SMA"). In the future, is anticipated that HCM's advisory services will also be offered as an available SMA. Based on information in the client's Questionnaire, an IAR presents the client with one or more appropriate investment strategies from an Envestnet list of approved SMAs that Envestnet selects based on its proprietary due diligence process.

Envestnet employs a proprietary "Q-Score model" when conducting due diligence on SMAs. This model emphasizes consistent active value, effective and consistent risk control, and an efficient risk return profile.

VFM has engaged Envestnet to maintain the SMA platform. The client enters an advisory agreement with VFM for advisory, brokerage and administrative services. The client grants discretion to the SMA (not VFM), who actively manages the client's portfolio. VFM has no influence over the SMA's investment decisions. The SMAs offered have varying investment objectives, styles, and strategies and they also employ varying securities to achieve those objectives. In addition, a SMA's strategy may change in response to market conditions. If the client decides to participate in the SMA Program, the client will receive each SMA's Form ADV brochure that describes in detail the manager's strategy. The SMA's Form ADV brochure is also available upon request. Other services offered in the SMA Program include monthly custodial account statements and quarterly performance reporting.

Certain SMAs execute trades through broker-dealers not participating in the Envestnet wrap fee platform ("trading away"). By doing so, these SMAs cause clients to pay an additional fee not included in the wrap program fee. This additional fee will not be shown in trade confirmations or account statements. Please review the SMA's Form ADV brochure and contact your IAR for more information regarding trading away, including the frequency with which an SMA may trade away from Envestnet.

Unified Managed Accounts (UMA)

The UMA Program offers a client multiple investment strategies representing various asset classes combined in a single account. A UMA consists of one or more sub-accounts or "sleeves" that invest in mutual funds, exchange traded funds ("ETFs"), and/or individual securities recommended by SMAs that provide model portfolios to Envestnet. VFM has engaged Envestnet to maintain the UMA platform and manage the client's accounts by implementing the model portfolios in a client's account. The client enters an advisory agreement with VFM for advisory, brokerage and administrative services.



Based on information in the client's Questionnaire, an IAR presents the client with one or more appropriate investment strategies fitting the client's profile and investment goals. The client must approve in writing the initial investment selections and subsequent changes to the strategies employed for his or her account. VFM does not exercise investment discretion in the selection of the asset allocation or the specific, underlying investment vehicles and investment strategies used in each sleeve of the UMA portfolio. VFM will provide the client with recommendations regarding the appropriate asset allocation and the underlying investment vehicles or investment strategies to meet the client's objectives.

For those portions of the client's UMA portfolio allocated to SMAs, VFM has hired Envestnet to maintain the client's account consistent with his or her investment strategy model allocations. Envestnet has discretion to place trades in client accounts using these models. VFM does not have influence over the SMA's investment recommendations.

If it chooses, VFM, in its role as Program sponsor, may add mutual funds and ETFs on Envestnet's approved list available in the UMA Program, through varying degrees of initial and ongoing due diligence. VFM has sole discretion to remove a mutual fund or ETF from the available investment options.

Other services offered in the UMA Program include periodic rebalancing of the client's portfolio (at least annually or upon a movement of +/-5 percentage points from its targeted weighting) to maintain the desired asset allocation and quarterly performance reporting.

VFM Client Advisor (VCA)

VCA is a non-discretionary advisory program in which a client receives advice from an IAR regarding the client's assets (mutual funds, ETFs, and individual securities) in his or her account. Neither VFM nor the client's IAR has investment discretion and may not buy or sell securities for the account without the client's consent.

Clients may opt to add a tax-preferred service to their account, which seeks to optimize taxes in a client's portfolio in each tax year.

The client enters an advisory agreement with VFM for the provision of advisory, brokerage and administrative services. Leveraging VFM's Portfolio Strategy team's research, and based on information in the client's Questionnaire, an IAR advises the client on an appropriate investment strategy, which includes security selection and general asset allocation, and, upon request, includes advice on financial planning and other wealth management topics. The client has sole discretion and makes the final decision whether to accept or reject an investment strategy or any specific recommendation to purchase or sell securities.

The IAR will be alerted if any portfolio is not within acceptable ranges against target allocations. Any rebalancing decisions must be authorized by the client. The IAR also is responsible for periodically reviewing the account to assess whether the investment strategy employed by the client and investments made for the client's account are in the client's best interest.



VFM Excess Liquidity Advisor (VELA)

VELA is a non-discretionary advisory program in which a client receives advice from an IAR regarding the client's assets (ETFs and institutional share classes of mutual funds) in his or her account. Neither VFM nor the client's IAR has investment discretion and may not buy or sell securities for the account without the client's consent.

VELA is designed for high net worth clients that are seeking alternatives to low-interest, traditional deposit products and want to increase yields while preserving liquidity in their accounts. The ETFs and mutual funds in this Program focus on fixed income, preferred stocks, and dividend paying equities.

The client enters into an advisory agreement with VFM for the provision of advisory, brokerage and administrative services. Leveraging VFM's Portfolio Strategy team's research, and based on information in the client's Questionnaire, an IAR advises the client on an appropriate investment strategy. The client has sole discretion and makes the final decision whether to accept or reject an investment strategy or any specific recommendation to purchase or sell securities.

The IAR will be alerted if any portfolio is not within acceptable ranges against target allocations, and the client must authorize any rebalancing decisions. The IAR also is responsible for periodically reviewing the account to assess whether the investment strategy and investments in the client's account are in the client's best interest.

Cost for Clients

The Programs may cost the client more or less than purchasing such services separately, depending on the cost of the services if provided separately, the amount of trading activity in the client's account, and the amount, if any, of additional commissions paid by a client when trades are conducted using a broker-dealer other than one participating in the client's selected Program.

Compensation

Clients agree to pay an annualized, asset-based fee based on the value of assets in the account ("Total Client Fee"). The Total Client Fee for each account includes, as applicable, (1) fees paid to VFM for on-going advice, asset management, and due diligence ("Advisory Fee"), (2) fees paid to platform providers for trading, custody, platform and overlay services, and (3) fees paid to portfolio managers other than VFM ("Manager Fees"). The compensation an IAR receives is based on the amount of revenue VFM generates from client assets. At times, the amount of compensation VFM and its IARs receive if a client participates in a Program is more than what VFM and/or its IARs would receive if the client participated in another Program or paid separately for investment advice, brokerage, and other services. VFM and its IARs, therefore, have a financial incentive to recommend one Program over another, or recommend the Programs over other financial products or services that provide less or no compensation to VFM and its IARs.

The maximum Total Client Fee a client can be charged on any Program is 2.50%. Fees are

negotiable. The table below indicates the fees by Program.

	Manager Fees	Advisory Fee	Platform Fee* (\$0- \$250mm)	Platform Fee* (Over \$250mm)	Max Total Client Fee
SMA/UMAs**					
First \$500k	.20-.60	.74-2.17	.16	.13	2.50
\$500k-\$1mm	.20-.60	.51-1.99	.14	.11	2.30
\$1mm-\$3mm	.20-.60	.28-1.70	.12	.10	2.00
\$3mm-\$5mm	.20-.60	.29-1.46	.11	.09	1.75
Above \$5mm	.20-.60	.26-1.22	.09	.08	1.50
VSP***					
First \$500k	N/A	1.11 – 1.63	.14	.12	1.75
\$500k-\$1mm	N/A	.88 – 1.65	.12	.10	1.75
\$1mm-\$3mm	N/A	.64 – 1.41	.11	.09	1.50
\$3mm-\$5mm	N/A	.55 - .92	.10	.08	1.00
Above \$5mm	N/A	.46 - .93	.09	.07	1.00
VCA****					
First \$500k	N/A	1.18 - 1.70	.07	.05	1.75
\$500k-\$1mm	N/A	.94 - 1.71	.06	.04	1.75
\$1mm-\$3mm	N/A	.69 - 1.46	.06	.04	1.50
\$3mm-\$5mm	N/A	.60 - .97	.05	.03	1.00
Above \$5mm	N/A	.51 - .98	.04	.02	1.00
VELA*****					
First \$5mm	N/A	.10 – 1			1.00
\$5mm-\$10mm	N/A	.10 – 1			1.00
Above \$10mm	N/A	.10 – 1			1.00

* In addition to the fees in the table above, clients are charged clearing and custody costs up to 0.14%, which vary depending on the types of securities in which a client invests.

** Minimum annual per account fee: \$120

*** Minimum annual per account fee: \$75

**** Minimum annual per account fee: \$75

***** Minimum annual per account fee: \$75

A written confirmation of the client's selected Program and associated fees will be delivered to the client. The written confirmation will include estimated Total Client Fees for each account.

Estimates based on the current recommended allocation of assets within each account vary with changes in SMA selection as SMAs charge different fees. Because VFM does not set an SMA's fees, each SMA has its own fee schedule. Hence, when selecting or changing an SMA, the client may pay more or less in total fees than it would for selecting a different SMA or changing from the original SMA. Depending on the timing of an SMA change; the client may be entitled to a rebate or refund of a prepaid fee.



Internal expenses associated with individual mutual funds or ETFs are not included in the Total Client Fee. Please refer to the applicable prospectus or disclosure document for information regarding these fees. For additional details on the Total Client Fees, please contact your IAR.

The table and total fees stated above are inclusive of non-discretionary strategy proposals relating to particular sectors, regions or industries.

Fees payable to VFM for these services are, with the client's prior written acknowledgement, automatically deducted from the client's account when due. The client will receive account statements from the account's custodian, showing the fee amounts debited. In discretionary Programs, VFM will sell money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be sold. In non-discretionary Programs, VFM will not sell a client's money market shares or other investments to raise cash to pay fees without prior authorization from such client.

Should a deposit of \$10,000 or more be made to an account after a quarterly fee assessment has been made, the account may be billed pro-rata for that deposit. Similarly, if a withdrawal of \$10,000 or more is made, the account may be credited pro-rata for the fee that was previously billed. In the event of contract termination, which can occur upon 30 days advance written notice from either the client or VFM, prepaid fees will be pro-rated and the unearned portion returned to the client.

Other Fees and Expenses

The Total Client Fee does not include the following: (a) charges for services provided by VFM, its affiliates or third parties which are outside the scope of the service agreement (e.g., retirement plan administration fees, trustee fees, wire transfer fees, etc.); (b) any taxes for fees imposed by exchanges or regulatory bodies; (c) brokerage commissions and other transaction-related fees and charges other than those included in a wrap fee; and (d) internal operating expenses on mutual funds, exchange traded funds or alternative investments. Each of these additional charges may be separately charged to the client or reflected in the price paid or received for a given security.

Item 5 Account Requirements and Types of Clients

The VSP, VCA, and SMA Programs and UMA Program generally require a \$100,000 and \$250,000 minimum, respectively, and the VELA Program requires a \$5 million minimum.

VFM provides investment advice to individuals, high net worth individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, estates and other U.S. and international institutions. The VELA Program is designed for corporate clients, large family offices, and high net worth/ultra high net worth individuals.

Item 6 Portfolio Manager Selection and Evaluation

General Investment Requirements for Managers and Funds

In connection with its due diligence for VSP, UMA, VCA, and VELA, VFM evaluates funds and fund managers using objective and subjective criteria, including the following:¹

Diversification by Holdings

All fund managers shall maintain a sufficient number and breadth of holdings in each fund they manage to provide an adequate representation of the primary characteristics of each fund's declared strategy or style. An investment in a concentrated fund/investment vehicle is allowable if the overall portfolio is diversified.

Performance

Performance net of fees compared to relevant indices and peers.

Track Record of Manager

Each actively managed fund should have a minimum track record of three years during which the same portfolio management team managed the fund. The three-year requirement may be waived if the fund manager has a proven track record of managing assets in the same category under consideration, or if the fund is an "index" strategy.

Style drift

Each fund manager's objective for a specific fund should remain consistent with its stated investment strategy for the fund.

Mutual Fund and ETF Due Diligence and Selection Process

Each external investment manager must meet specific investment objectives and/or performance standards. The VFM Investment Committee conducts periodic assessments of managers and funds. The Committee has a long-term perspective. Accordingly, short-term investment performance shortfalls are not necessarily of critical interest unless they suggest failures in strategy execution. At a minimum, the assessment includes a review of the following, if applicable:

- History of the firm
- Part 1 & 2 of Form ADV for investment advisers
- Management, ownership structure and business practices
- Breadth of products offered
- Minimum level of continuous trading history and assets under management
- Investment philosophy
- Any material pending or concluded disciplinary events

Additional factors are reviewed at the Investment Committee's discretion. In addition, the Committee conducts quarterly reviews of investment returns against standard benchmarks

¹ For the SMA Program, Envestnet is responsible for conducting due diligence on SMAs.



applicable to the manager given its strategy.

Manager Monitoring Policy

The Investment Committee reviews the investment performance of the investments in the Programs relative to guidelines no less frequently than quarterly. The Committee also reviews significant issues such as change in ownership, personnel, or style. VFM typically conducts meetings with managers when deemed necessary to review:

- Adherence to the original investment/account selection requirements, including long-term performance measures.
- Any material changes to the investment manager's organization, process, or portfolio manager or team.
- Any material litigation or regulatory action against the investment firm that may impact future performance or the reputation of the provider.
- Significant loss or growth of the manager's assets under management.
- Significant declines in relative performance of a manager

Watch List and Terminations

For SMA, UMA, VCA, and VELA, if there is a material issue identified for a particular investment manager or fund with respect to the foregoing criteria, then VFM may decide, in its sole judgment, to (i) take no action if it concludes that it has reasonable basis for such a conclusion, (ii) monitor the investment manager or fund closely on a regular basis (quarterly, semi- annually, or annually) for at least one year as a means of evaluating future progress in addressing the issue of concern or (iii) terminate the investment manager or fund.

An investment manager or fund which is held within any of the Programs except VSP may be placed on a "Watch list" for closer monitoring when one or more of the following occur but is not limited to these items:

- An investment manager or fund performs below the median for its peer group over a 3- or 5-year cumulative measurement period.
- There is a style drift away from the stated investment approach for more than two years.
- There is a significant change in the professionals managing the investment.
- There is a significant decrease in the investment manager's assets under management.
- There is a significant increase in the investment fees and expenses.
- Any extraordinary event occurs that may interfere with an investment manager's ability to prudently manage investment assets.

The investment manager or fund may be placed on the "Watch List" for 12 months, but that time may be extended or reduced in VFM's discretion.

Related Persons

VFM IARs, pursuant to guidance received from VFM's Investment Committee, give investment recommendations to clients in the VCA and VELA Programs. No SMAs are currently available



in those Programs and therefore VFM does not have a conflict of interest in favoring its own personnel or affiliates. In the future, it is anticipated that VFM's affiliate, HCM, will be an SMA made available to VFM's clients through the Envestnet platform. If HCM is offered as an SMA, VFM will have a conflict of interest arising from its incentive to recommend clients invest with an affiliate over third-party SMAs. In the event HCM is offered as an SMA, VFM will adopt policies and procedures requiring it to use the same due diligence process as it uses when evaluating third-party SMAs, and implement such processes in a manner consistent with VFM's fiduciary duty to its clients.

Investment Restrictions

Clients may impose reasonable investment restrictions on the management of their account by identifying certain securities that may not be purchased for their accounts. The portfolio manager for a Program will review restrictions requested by a client to determine whether they are reasonable and generally allocate the assets that would have been invested in the restricted security pro rata across other investments held in the client's account or to one or more substitute securities, which may include ETFs. If one or more restrictions are determined to be unreasonable, the account will not be opened. Restrictions may adversely affect the investment performance and diversification of the securities in a client's account.

Performance-Based Fees and Side-By-Side Management

VFM does not charge any performance-based fees, which are fees based on a share of capital gains on or capital appreciation of the assets of a client.

Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that a client should be prepared to bear. Prospective clients meet with a VFM IAR at the time of initial application. Based on information that is reviewed with and provided by the client, the client approves an appropriate investment option. All products sold by VFM, including its advisory Programs and non-deposit investment products sold by Valley Bank, are:

- Not insured by the FDIC or any other federal or government entity
- Not guaranteed by Valley Bank, Valley National Bancorp., or any other bank
- Subject to investment risks, including possible loss of the principal amount invested

Material Risks

As with any investment, loss of principal is a risk of investing. Investments in securities are subject to numerous risks, including, but not limited to, those listed below.

General Risks

Market Risk — The market values of securities owned by an account may decline, at times sharply and unpredictably. Market values of securities are affected by numerous factors. For equity securities, market risk may be more significant in smaller capitalization companies.



Market values of fixed income securities may be affected by inflation, changes in interest rates, the credit quality of issuers, and general economic and market conditions. Lower-quality fixed income securities may suffer larger price declines.

Issuer Specific Risk – The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Asset Allocation Risk — The performance of a client's account is dependent upon VFM's or a portfolio manager's ability to allocate the client's assets to meet their specific financial objectives. Each client has an allocation designed specifically for their unique financial situation. The allocation of investments among different asset classes may have a significant effect on portfolio value when one asset class is performing more poorly than others. In addition, there is a risk that certain asset allocation decisions may not achieve desired results and a client's portfolio may incur significant losses or underperform a market benchmark, particularly over shorter time frames.

Portfolio Manager Selection Risk — The performance of a client's account is also dependent upon VFM's ability to identify portfolio managers whose investment performance will enable the client to meet their financial objectives. Portfolio managers selected by VFM may or may not meet the client's objectives and may underperform appropriate benchmarks.

Management Risk – VFM applies its investment techniques and risk analysis when managing a client's portfolio, but there is no guarantee that these techniques and VFM's judgment will produce the intended results.

Liquidity Risk – Liquidity risk generally results from the inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of securities are generally liquid (e.g., exchange-traded stocks and corporate bonds), there are risks which may occur such as when a security trading in a given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also the risk of not being able to purchase a particular issue at the desired price.

Concentrated Portfolio Risk – Certain, more aggressive strategies may result in holding fewer investments than other, more diversified, portfolios and strategies. As a result, changes in the prices of these investments are more likely to have a larger impact on portfolio performance than a more broadly invested strategy. Concentrated portfolios are much more likely to experience dramatic price swings and may experience larger loss of value.

Legal, Regulatory, or Legislative Risk – Legislative and regulatory changes or court rulings may negatively impact the value of investments or the securities' claims on an issuer's assets and finances.

Derivatives and Commodity-Linked Derivatives Risk - These may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Commodity-linked derivative instruments may involve additional costs and risks such as changes in commodity index volatility or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Investing in derivatives could lose more than the amount invested.

ESG and Socially Responsible Investing Risk - Making investments considering environmental, social or governance (“ESG”) factors or selecting a socially responsible overlay program may have a material impact on value creation in investments. If a client selects to participate in a socially responsible overlay program, an investment transaction’s ESG profile and risks is only one of a number of factors VFM or a portfolio manager will consider when evaluating managers and investments, and such ESG considerations are not determinative of any selection of a manager or investment. VFM or a portfolio manager may choose to forgo opportunities to participate in certain investments for a portfolio because of ESG considerations when it might otherwise be advantageous to do so. The exclusion of investments for ESG purposes may cause the performance of a portfolio to be lower than it otherwise would be if such investments were included, and there is no guarantee that the evaluation of ESG considerations will be additive to a portfolio’s overall performance. The incorporation of ESG factors into investment decision-making may increase or lower a portfolio’s exposure to certain companies or industries that have an impact on ESG factors, and the consideration of such factors in the investment decision-making process may not work as intended. There is no guarantee that a portfolio’s investments for which ESG due diligence is conducted will not have ESG issues or will be effective in achieving any direct or indirect ESG objective.

Cyber Security Risk - VFM is susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, misuse, release, loss, destruction or corruption of confidential and restricted data; denial of service attacks; unauthorized access to systems, compromises to networks or devices that VFM, other portfolio managers, and their service providers, if applicable, utilize to service client accounts; ransomware attacks; or operational disruption or failures in the physical infrastructure or operating systems that support VFM, other portfolio managers, or their service providers. Cyber attacks against, or security breakdowns of VFM, other portfolio managers, or their service providers, if applicable, may adversely impact VFM and its clients, potentially resulting in, among other things, financial losses; violations of applicable privacy and other laws; limitations on VFM’s ability to transact business on its clients’ behalf; regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs; and/or additional compliance costs. Cyber security risks may also impact issuers of securities in which a client invests, which may cause such investments to lose value. There can be no assurance that VFM, other portfolio managers, or their service providers will not suffer losses related to cyber attacks or other information security breaches in the future. While VFM has business continuity plans and risk management systems that seek to address breaches or failures, there are inherent limitations in such plans and systems.

Acts of God, Geopolitical, Economic, Social, and Health Risk - The success of a client’s investment portfolio could be impacted by acts of God or other unforeseen events where VFM, its affiliates, and third-party managers have a lack of control (collectively, “Disruptions”), including, but not limited to, natural disasters (including, without limitation, fire, flood, and

earthquakes), public health concerns (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), war, terrorism, social and political discord, geopolitical events, national and international political circumstances, economic uncertainty, changes in laws, trade barriers, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. A Disruption may materially and adversely impact the value and performance of any investment, the ability to source, manage and divest investments, and the ability to achieve a client's investment objectives, ultimately resulting in significant losses to clients. In addition, there is a risk that a Disruption will significantly impact the operations of VFM, other portfolio managers, VFM's clients, and clients' portfolio companies, or even temporarily or permanently halt their operations.

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions. The extent of the impact of any such disruption on VFM's, its clients', and any portfolio investments' operational and financial performance will depend on many factors, including the duration and scope of such Disruption, the extent of any related travel advisories and restrictions implemented, the impact of such Disruption on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disturbance to important global, regional, and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted.

Real Estate Securities and Sector Risk — Certain of the accounts may invest in partnerships investing in real estate. The partnerships will be affected by changes in the values of and incomes from the properties they own and/or the credit quality of the mortgage loans they hold. These risks of investing in real estate include:

- declines in the value of real estate
- risks related to general and local economic conditions
- possible lack of availability of mortgage funds
- extended vacancies of properties
- increased competition or overbuilding
- increases in property taxes and operating expenses
- changes in existing laws
- losses due to costs resulting from the clean-up of environmental problems
- liability to third parties for damages resulting from environmental problems
- casualty or condemnation losses
- limitations on rents
- changes in neighborhood values and the appeal of properties to tenants
- changes in interest rates

An economic downturn could have a material adverse effect on the real estate markets and on real estate companies in which the partnership invests, which in turn could result in the partnership not achieving its investment objectives.

The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws (e.g., Americans with Disabilities Act and tax laws), interest rate levels, and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income to the partnership will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the partnership is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of partnerships to vary their accounts promptly in response to changes in economic or other conditions is limited.

Equity Risks

Common Stock Risk — Stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular fund invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or micro-capitalization stocks, may underperform the market as a whole. In addition, growth stocks can be more volatile than other types of stocks. Value stocks can continue to be undervalued by the market for long periods of time. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of common stocks in which an account invests will declare dividends in the future or that if declared they will remain at current levels or increase over time.

Mid-Cap/Small-Cap Stock Risk — Small-cap companies may lack the management expertise, financial resources, product diversification, and competitive strengths of larger companies. In addition, the frequency and volume of their trading may be less than is typical of larger companies, making them subject to wider price fluctuations. In some cases, there could be difficulties in selling the stocks of small-cap companies at the desired time and price. Mid-cap companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. Stocks of small-cap and mid-cap companies may be subject to more abrupt or erratic market movements than those of large, more established companies or the market averages in general.

Fixed Income Risks

Credit Risk — Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. The issuer or guarantor may default, causing a loss of the full principal amount of a security. The degree of

risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations. For example, credit risk is generally heightened for accounts that may invest in “high yield” securities. Rating agencies may misjudge the riskiness of any individual creditor.

Income Risk — The income earned from an account may decline because of falling market interest rates. Also, if an account invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the account’s income may decrease if short-term interest rates rise.

Interest Rate Risk — Interest rate risk is the risk that the value of an account will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond’s expected life on a present value basis, taking into account the bond’s yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond’s price sensitivity to changes in interest rates.

During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing an account to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future; however, historical interest rate levels are not necessarily predictive of future interest rate levels.

Municipal Securities Tax Risk — Municipal bonds are susceptible to events in the state, county, or municipal agency that issued the bond or the security posted for the bond. These events may include economic or political policy changes, changes in law, tax base erosion, state constitutional limits on tax increases, budget deficits or other financial difficulties and changes in the credit rating assigned to municipal issues. Income from municipal bonds that may be held by an account could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. In addition, a portion of an account’s otherwise exempt dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

Exchange-Traded Fund Risks

ETFs are subject to risks like those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold, they may be worth more or less than their



original cost. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. There is also the risk that a manager may deviate from the stated investment mandate or strategy of the ETF which could make the holdings less suitable for a client's portfolio. ETFs may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. In addition, while many ETFs are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these ETFs or holding periods that may not benefit the client. Shorter holding periods, as well as commodities and currencies that may be part of an ETF's portfolio, may be considered "non-qualified" under certain tax code provisions.

Equity Fund Risks

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, there is the risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund which could make the holdings less suitable for a client's portfolio. Also, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund. Mutual funds may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

Fixed Income Fund Risks

In addition to the risks associated with investing in equity mutual funds, fixed income mutual funds also carry the same risks as set forth under "Fixed Income Risks" listed above.

Index Fund Risks

Index funds have the potential to be affected by "tracking error risk" which means a deviation from a stated benchmark index. Since the core of a fund's portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these funds or holding periods that may not benefit the client. Shorter holding periods, as well as commodities and currencies that may be part of a fund's portfolio, may be considered "non-qualified" under certain tax code provisions.

Options Risks

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill

and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Federal Agency Securities

Although the issuer may be chartered or sponsored by an Act of Congress, the issuer is not funded by Congressional appropriations and its debt and equity securities are neither guaranteed nor insured by the U.S. Government. Without a more explicit commitment, there can be no assurance that the U.S. Government will provide financial support to such issuers or their securities.

Master Limited Partnerships

Master Limited Partnerships (MLPs) are a type of limited partnership that is publicly traded and sells like a common stock on the major stock exchanges. There are two types of partners in this type of partnership: The limited partner is the person or group that provides the capital to the MLP and receives periodic income distributions from the MLP's cash flow, whereas the general partner is the party responsible for managing the MLP's affairs and receives compensation that is linked to the performance of the venture. MLP investors face several kinds of risk that are inherent in these types of investments and in the market, including loss of money, volatility, and interest rate risk.

Alternative Investments

The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity, or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

International Risks

International Investing Risk — Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in foreign securities markets, and geopolitical and economic risks.

Currency Risk — Because the foreign securities in which the accounts invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the account's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of an account.

Foreign Securities Market Risk — Securities of many non-U.S. companies may be less liquid



and their prices more volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the United States. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

Political and Economic Risks — International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

Additionally, an account's income from foreign issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors concerning non-U.S. issuers. In addition, some countries restrict to varying degrees foreign investment in their securities markets. These restrictions may limit or preclude investment in certain countries or may increase the cost of investing. To the extent an account invests in depositary receipts, the account will be subject to the same risks as when investing directly in foreign securities.

Voting Client Securities

In the VSP Program the Home Office manager does not exercise authority to vote proxies and corporate actions on behalf of advisory clients. In the UMA Program, SMA managers within the UMA Program vote on proxies and corporate actions on behalf of their clients pursuant to the Envestnet Form ADV Part 2A. In the SMA Program, the SMA manager votes on proxies and corporate actions on behalf of their clients pursuant to the Envestnet Form ADV Part 2A. In the VCA and VELA Programs, VFM does not have any authority to and does not vote proxies or corporate actions on behalf of advisory clients. In these Programs, the client retains the responsibility for receiving and voting proxies for any and all securities maintained in the client's portfolios. VFM may provide advice to the client regarding the client's voting of proxies and corporate actions.

Item 7 Client Information Provided to Portfolio Managers

As part of the enrollment process into a Program, clients are asked to complete a Questionnaire that elicits information about their financial circumstances, investment objectives, risk tolerance and other relevant information relating to their account. VFM uses the information in the Questionnaire to formulate advice to clients, but does not provide this information to portfolio managers in the Programs either initially or as clients provide VFM with updated information.

Item 8 Client Contact with Portfolio Managers

We encourage clients to contact their VFM IAR with questions about the client's accounts. Portfolio managers in the Programs will be reasonably available for a joint consultation with the



client and his or her VFM IAR about the client's account, upon request.

Item 9 Additional Information

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 VFM or the integrity of VFM's management. The disciplinary items below do not pertain to the advisory business of VFM and are only shown in the interest of full and complete disclosure.

In the past, our affiliates have entered into certain settlements with regulators and other third parties and have been the subject of adverse legal and disciplinary events. You can learn more about those actions by reviewing our Form ADV, Part 1A at www.advisorinfo.sec.gov.

On November 3, 2016, Financial Industry Regulatory Authority ("FINRA") accepted a Letter of Acceptance, Waiver and Consent ("AWC") from Leumi Investment Services Inc., VFM's predecessor, under which it agreed, without admitting or denying the allegations, to pay a \$15,000 fine for failing to report the correct time of trade execution in TRACE-eligible securities within the required time frame, and for books and records violations regarding same, during Q2 and Q3 2015.

Other Financial Industry Activities and Affiliations

VFM is registered as a broker-dealer and certain of its management persons are registered representatives of VFM.

VFM has been engaged in the brokerage business since May 2001 and licensed as an insurance agency since April 2002. Approximately 90% of VFM's business is brokerage and insurance transactional service provided to clients.

Customers of Valley Bank who are interested in securities products or services or in insurance products or services are referred to VFM. There is no fee and no special compensation paid or received for any such a referral.

HCM is an SEC-registered investment adviser that is affiliated with VFM. VFM does not currently have any arrangement to provide advisory services to HCM's clients, and HCM does not currently have any arrangement to provide advisory services to VFM's clients. VFM and HCM do not currently share any supervised persons. In the future, it is anticipated that HCM will be made available as an SMA in certain of VFM's Programs. If HCM is offered as an SMA, VFM will have a conflict of interest arising from its incentive to recommend clients invest with an affiliate over third-party SMAs. In the event HCM is offered as an SMA, VFM will adopt policies and procedures requiring it to use the same due diligence process as it uses when evaluating third-party SMAs, and implement such processes in a manner consistent with VFM's fiduciary duty to its clients.

VFM does not receive compensation, directly or indirectly, from portfolio managers it selects for or recommends to clients.



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

VFM has Written Supervisory Procedures (“WSPs”) and a Code of Ethics. Each contain provisions regarding employee securities restrictions and conflicts of interest. In brief, employees may not use material non-public information for personal gain, and employee brokerage transactions are reviewed by the Compliance Department.

VFM'S WSPs and Code of Ethics also includes provisions relating to the confidentiality of client information, exercising honesty and candor in all activities, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, personal securities trading procedures, and complying with applicable laws, rules and regulations, among other things. All supervised persons at VFM must acknowledge annually the terms of these WSPs and Code of Ethics.

VFM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the VFM Compliance Department.

VFM may effect principal or agency cross securities transactions for client advisory accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

When VFM purchases mutual fund shares for clients, it selects share classes that do not pay it 12b-1 fees or other distribution fees (“Trailer Fees”). If a client transfers shares into its account that pay Trailer Fees, VFM credits the account with the amount of Trailer Fees it receives.

Review of Accounts

VFM, through its IARs, gathers information from a client about that client's financial situation, risk tolerance, investment objectives, and any reasonable restrictions that the client wishes to impose upon the management of the account. Each IAR periodically reviews reports and otherwise consults with the client and contacts the client at least annually to review the client's financial situation and investment objectives. You should notify your IAR of any changes in your financial situation, risk tolerance, investment objectives or account restrictions.

Client Reports

Clients will receive an account statement at least quarterly from their custodian. Performance reports will be available upon request.



Client Referrals and Other Compensation

No person who is not a client provides an economic benefit to VFM for providing advisory services to its clients in the Programs described in this Brochure. VFM does not compensate any person for client referrals to these Programs.

Financial Information

VFM has no financial condition that impairs its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.