



VALLEY FINANCIAL MANAGEMENT, INC

Form CRS Relationship Summary for Valley Financial Management, Inc.

April 22, 2025

Valley Financial Management, Inc. (“VFM”) is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and a broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). An affiliate of VFM, Valley Wealth Managers, Inc. (“VWM”), is also registered with the SEC as an investment adviser. Certain supervised persons of VWM are also registered as agents of VFM and may offer brokerage services on behalf of VFM, in addition to investment advisory services on behalf of VWM. Information about VWM and the investment advisory services it provides may be found on its website: <https://valley.com/personal/wealth-management>.

Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. We are providing this summary of our brokerage and investment advisory services as required by SEC rules. Free and simple tools are available to research firms and financial professionals on the SEC’s website at <https://Investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?	
Brokerage Services	Advisory Services
We offer brokerage services to retail investors, where you may select or we may recommend investments, based on your financial profile and investment objectives, but you make all investment decisions.	We provide investment advisory services through Valley Digital Investor (VDI), where we make investment decisions for you, without asking, based on your financial profile and investment objectives.
For brokerage accounts, we do not provide you with investment advice on a regular basis, and we do not monitor your brokerage account for you, unless we state otherwise in writing.	For VDI accounts, after implementing the initial investment strategy, we will periodically rebalance each client’s portfolio to maintain an efficient portfolio in accordance with the strategy.
With a brokerage account, you will have a financial professional with whom you can meet and discuss your account.	With VDI, you will not have a financial professional with whom you can meet and discuss your account. Instead, we interact with you through our website or mobile app (“VDI Platform”). Each investor enters data and completes an investor questionnaire. Afterwards, an investment strategy is generated for the client and a portfolio of ETFs is recommended.
With a brokerage account, you will have a range of investment options from which you can choose or from which we may recommend to you.	With VDI, after providing responses to an investor questionnaire, our computer software will recommend one of six investment strategies.
Brokerage clients may purchase and sell any exchange-traded securities. Non-traded products (for example, structured notes and mutual funds) are limited to sponsors with which VFM has a selling agreement. We do not offer proprietary products.	Our investment advice will cover primarily exchange-traded funds (“ETFs”). Other firms could provide advice on a wider range of choices, some of which might have lower costs.
We can offer you additional services to assist you with your investment strategy and in your monitoring the performance of your account. Such services typically increase costs for you.	

There are no account minimums.	The account minimum is \$1,000.
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Additional documentation on our brokerage and advisory services, including our Form ADV and Part 2A Wrap Fee Program Brochure, can be found on the SEC's website <https://adviserinfo.sec.gov/firm/summary/105387>, and on our website: <https://valley.com/personal/wealth-management>.

Ask your financial professional:

1. *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
2. *How will you choose investments to recommend to me?*
3. *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

What Fees Will I Pay?	
Brokerage Services	Advisory Services
<i>Transaction-based fees.</i> You will pay us a fee every time you buy or sell an investment. This fee, often referred to as a “ commission ,” is based on the value of the specific transaction and not the value of your account. This fee is usually a separate commission when your transaction is in stocks or exchange-traded funds. When your transaction is in other investments, such as bonds, the fee might be part of the price you pay for the investment and is called a “ markup ” or “ mark down .” With mutual fund transactions, this fee (typically called a “ load ”) reduces the value of your investment.	<i>Asset-based fees.</i> We charge an ongoing asset-based wrap fee for our investment management services in VDI. The annual fee is fifty basis points (.50%), payable quarterly, even if there are not any transactions in your account. The asset-based fee reduces the value of your account and will be deducted from your account.
You are not charged fees for cash positions.	The asset-based wrap fee includes the cash value in your advisory account.
We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees.	The asset-based wrap fee includes ongoing advice and asset management services and the execution of transactions and account servicing
Some investments (such as mutual funds and variable annuities) charge additional fees that will reduce the value of your account over time. You may have to pay fees such as “ surrender charges ” to sell mutual funds or variable annuities.	The asset-based wrap fee does not include the underlying fees and expenses of exchange-traded funds that are selected for your account or fees for certain services of our affiliate bank, such as wire transfer fees
Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.	VDI fees do not vary and are not negotiable.
The more transactions in your account, the more fees we charge you. We have an incentive to encourage you to engage in transactions.	The more assets you have in your account, including cash, the more you will pay us. We have an incentive to encourage you to increase the assets in your account to increase our fees.
You may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods.	Paying an advisory fee could cost more than paying commissions if there are few trades in your account. You may prefer an asset-based fee, however, if you want continuing advice or want our software to make investment decisions for you. You also may prefer an advisory account if you prefer the certainty of a quarterly fee regardless of the number of transactions you have.

You will pay fees whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional Information

Additional documentation on costs and fees can be found on our website, <https://valley.com/personal/wealth-management>, and on the SEC's website at: <https://adviserinfo.sec.gov/firm/summary/105387>.

Ask your financial professional:

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When acting as an investment adviser, we are your fiduciary and are required to act in your best interests. As a broker-dealer, we are not your fiduciary; however, applicable regulations require that we act in your best interests when we make a recommendation and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

Brokerage Services
When you place an order with us to buy certain securities, we may purchase them on the open market for our own account and then sell them to you from our inventory. Similarly, when you place an order to sell a security, we may find a buyer on the open market and then purchase the security from you for our own account and sell it to the buyer from our inventory. These transactions are known as " riskless principal transactions ." When we act as riskless principal, we mark up the price you pay or mark down the price you receive, which is a benefit to us. We have an incentive to encourage you to trade with us this way so we can earn a profit on these trades.
Certain products that we can sell to you have recurring fees (for example, mutual funds that pay us distribution fees) or pay us higher fees, such as selling a structured note in the primary offering versus a corporate bond on the secondary market or an equity.
We can make extra money when you invest in certain investments, such as mutual funds, because they are offered by companies that pay our firm to offer their investments.
We have an incentive to offer or recommend certain investments, such as mutual funds or alternative investments (e.g., hedge funds or private equity funds), when the manager or sponsor of those investments shares the revenue it earns on those investments with us.

Advisory Services
We require that clients in Valley Digital Investor ("VDI") use VFM as a broker-dealer to introduce trades to its clearing broker-dealer, Pershing, LLC. VDI advisory clients pay a wrap fee, that is, one fee that includes advisory and brokerage services. This directed brokerage should not impact the client's fees, but, because we cover any clearing fees paid to Pershing, we may face an economic conflict to effect fewer brokerage transactions. To mitigate this conflict, we have created procedures that address account rebalancing so that the make-up of the portfolios does not drift too far outside of our established parameters.
When you enroll in Valley Digital Investor ("VDI"), you are also required to open a bank account with our affiliate bank, Valley National Bank. This bank account will serve as the funding source for your VDI account. You are not required to maintain a minimum balance in this bank account. We have an incentive to require that you open a bank account because bank deposits held at Valley National Bank and the purchase of bank products and services offered by Valley National Bank generate revenue for our affiliate.

Brokerage and Advisory Services

We invest “free credit balances” in your advisory or brokerage account by automatically “sweeping” these balances into bank accounts held by Pershing LLC (“Pershing”). We have an agreement with Pershing and we receive compensation based on the amount of free credit balance in your account.

Additional Information

Additional documentation on conflicts of interest can be found on our website, <https://valley.com/personal/wealth-management>, and in our Form ADV and Part 2A Wrap Fee Program Brochure on the SEC’s website at: <https://adviserinfo.sec.gov/firm/summary/105387>.

Ask your financial professional:

How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

For brokerage services, VFM financial professionals are paid in part through sales of securities or products and service fees (on mutual funds). Fees and costs are paid directly or indirectly by retail investors as well as product sponsors. Certain products pay more incentive compensation to our financial professionals than other products.

For advisory accounts, Valley Digital Investor (“VDI”) clients interact with us through the VDI Platform only. Certain VFM employees may function in a customer service capacity for which they will receive a salary which primarily compensates them for other job duties.

Do you or your financial professionals have legal or disciplinary history?

Yes. For additional information about our brokers and services, visit <https://Investor.gov> or FINRA BrokerCheck (<https://BrokerCheck.Finra.org>) and our website free and simple search tool to research us and our financial professionals.

Ask your financial professional:

As a financial professional, do you have any disciplinary history? For what type of conduct?

For Additional Information

For additional information on advisory services, see our website (<https://valley.com/personal/wealth-management>) and our Form ADV and Part 2A Wrap Fee Program Brochure available at <https://Investor.gov>.

If you choose to open an account with Valley Digital Investor (“VDI”), your primary way to interact with us as your investment adviser will be through our website or app. If you have questions, you may contact us at ValleyDigitalInvestorSupport@valley.com. Please be aware that we will be unable to provide you investment advice as a part of any communications we have with you via email. Please also see [answers to the Conversation Starters and] Frequently Asked Questions.

This relationship summary is available on our website (<https://valley.com/personal/wealth-management>). To receive up-to-date information and a printed copy of this relationship summary call (212) 407-4362.

Ask your financial professional:

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

**Summary of Material Changes to the Valley Financial Management, Inc.
Client Relationship Summary (“Form CRS”)**

Valley Financial Management Inc. (“VFM,” “our,” “we,” or “us”) is required to update its Form CRS when information in the Form CRS is materially changed. This exhibit summarizes the material changes to our Form CRS since the date of its last update on July 28, 2023.

In general, we updated Form CRS to reflect that VFM will provide investment advisory services through an online investing platform (Valley Digital Investor) offering six advisory portfolios that are periodically updated based on the macroeconomic insights of the Valley Financial Management (VFM) Investment Committee.

As a result, we have updated our Form CRS to reflect that:

- VFM will provide investment advisory services through Valley Digital Investor, where our software will make investment decisions for you, without asking, based on your financial profile and investment objectives;
- After implementing the initial investment strategy, VDI will periodically rebalance model portfolios to maintain an efficient portfolio in accordance with the relevant strategies;
- VDI does not involve human interaction but, instead, clients will complete an investor questionnaire online, through the “VDI Platform,” and based on those responses a computer software model will make an investment strategy recommendation;
- VDI investment strategies will cover a limited selection of investments, primarily exchange-traded securities, and that other firms could provide advice on a wider range of choices, some of which will have lower costs;
- The minimum amount required to open a VDI account is \$1,000;
- VFM will charge an annual asset-based wrap fee for its investment advisory services in VDI of fifty basis points (.50%), which is payable quarterly even if there are not any transactions in your account, and that the asset-based wrap fee includes ongoing advice and asset management services and the execution of transactions and account servicing but does not include the underlying fees and expenses of exchange-traded funds that are selected for your account or fees for certain services of our affiliate bank, such as wire transfer fees;
- When acting as an investment adviser, we are your fiduciary and are required to act in your best interests;
- We require that clients in Valley Digital Investor (“VDI”) use VFM as a broker-dealer to introduce trades to its clearing broker-dealer, Pershing, LLC. VDI advisory clients pay a wrap fee, that is, one fee that includes advisory and brokerage services. This directed brokerage should not impact the client’s fees, but, because we cover any clearing fees paid to Pershing, we may face an economic conflict to effect fewer brokerage transactions. To mitigate this conflict, we have created procedures that address account rebalancing so that the make-up of the portfolios does not drift too far outside of our established parameters.
- VFM has an incentive to encourage you to increase the assets in your VDI account to increase our fees because paying an advisory fee will generate more revenue for the firm than it assessing commissions if there is limited trading activity in your account;
- VFM generally has an incentive to recommend advisory services over brokerage services because the firm will generate revenue even if there is no trading activity in an advisory account and the advisory model at

VFM does not require the firm to share revenue with a financial professional, which can result in VFM receiving a higher percentage of the revenue than it would under a brokerage arrangement; and

- When clients open a Valley Digital Investor account they are required to also open a bank account with VFM's parent company, Valley National Bank. VFM has an incentive for clients to open a bank account because bank deposits held at Valley National Bank and the purchase of bank products and services offered by Valley National Bank will generate revenue for our affiliate.

Clients are encouraged to review the attached copy of the Form CRS in its entirety.