



Form CRS Relationship Summary for Valley Financial Management, Inc.

July 28, 2023

Valley Financial Management, Inc. (“VFM,” “we” or “us”) is a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”). VFM is a member of FINRA and SIPC. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

RELATIONSHIPS AND SERVICES

What investment services and advice can you provide me?

We offer brokerage services to retail investors. You may select investments, or we may recommend investments for your account, but you ultimately decide what investments to purchase or sell. You may purchase and sell any mutual funds, exchange-traded funds, stocks and bonds, among other securities. We do not offer proprietary products. Non-traded products (such as, structured notes and mutual funds) are limited to sponsors that we have a selling agreement with. We do not provide you with investment advice on a regular basis. We do not monitor your brokerage account for you, unless we state otherwise in writing. We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account, but you might pay more. Account statements will be delivered to you either monthly or quarterly (depending on activity) in paper or electronically. There are no account minimums to open or maintain a brokerage account. Investment advisory services are provided through our affiliate, Valley Wealth Manager, Inc. (“VWM”). Information describing VWM’s advisory services can be found in VWM’s ADV Part 2A brochure and client relationship summary.

For additional information, see our website (www.leumiusa.com) and our annual Disclosure Statement.

Conversation Starter. Ask your financial professional:

- Given my financial situation, should I choose a brokerage service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

What fees will I pay?

If you open a brokerage account we are compensated in a variety of ways. You will pay us transaction-based fees 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 separate from the price you pay for the investment when your transaction is for stocks or exchange-traded funds. When your transaction is for other investments, such as bonds, the fee might be part of the price you pay for the investment. If the commission is included in the price this is called a “markup” or “mark down.” With mutual fund transactions, this fee (typically called a “load”) reduces the value of your investment. We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees. Some investments (such as mutual funds and variable annuities) charge additional fees that will reduce the value of your investment over time. You may have to pay fees such as “surrender charges” to sell mutual funds or variable annuities. Our fees vary and are negotiable. The amount you pay will depend, for example, on the amount and type of investment you buy or sell.

The more transactions in your account, the more fees we charge you. Therefore, we have an incentive to encourage you to trade often. You will pay fees and costs 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.

For additional information, see our website (www.leumiusa.com) and our annual Disclosure Statement.

Conversation Starter. 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? How else does your firm make money and what conflicts of

interest do you have?

When we provide you with a recommendation, we have to act in your best interest and not put our interest 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 we provide you. Here are some examples to help you understand what this means.

Riskless Principal: When we are acting as a broker-dealer on a riskless principal basis, we may buy securities from, or sell securities to, you for our own account. We earn compensation on the trade by selling the security to you at a price that is higher than the market price, or by buying the security from you at a price that is lower than the market price. We have an incentive to recommend trades that result in our receiving a mark-up or a spread.

Certain products that we can sell to you have recurring fees such as mutual funds that pay us distribution fees. Certain products pay us higher fees, such as selling a structured note in the primary offering versus a corporate bond or stock on the secondary market.

Third-Party Payments: We earn fees from some third-party product sponsors and managers (or their affiliates) when we recommend or sell their products. We have an incentive to recommend or invest your assets in products of third parties that pay us over products of third parties that do not pay us, or pay less.

When you open a brokerage account, you are also generally required to open a bank account with our parent company, Valley National Bank. You are not required to maintain a minimum balance in this bank account. We have an incentive for you 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 generate revenue for our affiliate.

Free Credit Balance: You have the option to have “free credit balances” swept into your bank account with Valley National Bank. We have an incentive for you to have your free credit balances swept to your bank account with Valley National Bank because our affiliate generates revenue and derives other benefits from those deposits. You also have the option to have your “free credit balances” swept into bank accounts through Pershing LLC (“Pershing”). We have an agreement with Pershing, and we receive compensation based on the amount of the free credit balance in your account. You also have the option to retain your free credit balances in your brokerage account.

Conversation Starter. Ask your financial professional:

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

For additional information, see our website (www.leumiusa.com) and our annual Disclosure Statement.

How do your financial professional make money?

Our financial professionals are paid partly through sales of securities or products and partly through service fees on mutual funds. Fees and costs are paid directly or indirectly by you. Our financial professionals also receive fees and costs from product sponsors. Also, certain of our financial professionals provide other services including advisory, insurance, and/or banking services through our affiliates. These financial professionals receive more compensation for revenue generated from certain services than they do for the same amount of revenue generated from other services. This creates a conflict of interest whereby financial professionals have a financial incentive to recommend products and services that result in more compensation for the financial professional per dollar of revenue generated for us or our affiliates. For example, financial professionals who are dually registered as both registered representatives of VFM and investment adviser representatives of VWM generally have an incentive to recommend advisory services over brokerage services because financial professionals typically receive more compensation for revenue generated from advisory services than they do for revenue from brokerage services.

DISCIPLINARY HISTORY

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

Yes. Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Conversation Starter. Ask your financial professional:

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

ADDITIONAL INFORMATION

For additional information about our services and to request an up-to-date copy of this relationship summary call (212) 407-4362.

Conversation Starter. Ask your financial professional:

- Who is my primary contact person? Is he or she a representative of an investment adviser or 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 March 31, 2023.

In general, we updated Form CRS to reflect that, in connection with an internal corporate reorganization on June 30, 2023, our affiliate, Hallmark Capital Management Inc., acquired our advisory business, and the newly reorganized advisory business was renamed Valley Wealth Managers, Inc. (the “Transaction”). As part of the Transaction, the investment adviser representatives (“IARs”) who were previously licensed with us were relicensed as IARs with VWM. We continue to provide brokerage services but will no longer provide advisory services. The relicensed IARs continue to be dual-licensed as registered representatives of VFM.

As a result of the Transaction, we have updated our Form CRS to:

- reflect that investment advisory services previously provided through VFM are now provided through our affiliate, VWM;
- reflect that when clients open a brokerage account that they are generally required to also open a bank account with our parent company, Valley National Bank;
- reflect that 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;
- disclose that financial professionals who are dually registered as both registered representatives of VFM and IARs of VWM generally have an incentive to recommend advisory services over brokerage services because financial professionals typically receive more compensation for revenue generated from advisory services than they do for revenue from brokerage services.

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