



# Part 2A Appendix 1 of Form ADV Wrap Fee Program Brochure

Sponsored by

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Valen Private Capital, LLC ("Valen" or "the Firm"). If there are any questions about the contents of this brochure, please contact us at the telephone number listed above. For compliance-specific requests, please call 971-371-3450. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm has filed to become an SEC-registered investment adviser. Registration does not imply any level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

In this Item, Valen Private Capital, LLC (hereby known as “Valen” or the “Firm”) is required to discuss any material changes that have been made to Part 2A Appendix 1 of Form ADV Wrap Fee Program Brochure (“Brochure”) since the last annual amendment. As the Firm is a newly filing entity, this initial Brochure should be read in its entirety.

We will ensure that all current clients receive this Summary of Material Changes and updated Brochure within 120 days of the close of our business fiscal year. This Summary of Material Changes is also included in our Brochure on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Valen is 342364. We may further provide other ongoing disclosure information about material changes as necessary, and will further provide all clients with a new Brochure as necessary based on changes or new information at any time, without charge.

Clients are encouraged to carefully read the Brochure in its entirety and contact their Financial Advisor with any questions.

Our Brochure may also be requested by contacting Stacy Sizemore, IACCP®, Managing Director, Chief Compliance Officer at (971) 371-3450 or [Stacy@tru-ind.com](mailto:Stacy@tru-ind.com).

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## **ITEM 4 – SERVICES, FEES, AND COMPENSATION**

Valen Private Capital, LLC (“Valen”, the “Firm,” “we,” “our,” or “us”) is a privately owned limited liability company headquartered in Paoli, PA.

Valen is a registered investment adviser with the U.S. Securities and Exchange Commission. The Firm was formed in 2026 and is owned by John Durham.

The Valen Private Capital, LLC, Wrap Program (the “Program”) is an investment advisory program sponsored by Valen. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

As a registered investment adviser, the Firm is a fiduciary to its investment advisory clients and has an obligation to act in good faith, in the best interests of the client, and to place the client's interests first and foremost. This would include a duty of care, which requires, among other things, advisers to ensure that their investment advice is suitable based on the client's investment profile or mandate. As part of a duty of loyalty to clients, advisers must also attempt to eliminate or make full and fair disclosure of all material facts of any conflicts of interest so that a client, or prospective client, can make an informed decision in each particular circumstance. The structure of the Program and other internal controls described in this Brochure are designed to support the Firm's ongoing efforts to fulfill its fiduciary duties. This includes actions to either avoid or mitigate material conflicts of interest that may exist between the Firm and its clients and to provide clients with the required disclosure of these conflicts of interest. Clients and prospective clients should carefully consider the information set forth in this Brochure when evaluating the Program. The Firm's Financial Advisors (each a “Financial Advisor” and collectively, “Financial Advisors”) serve as the primary point of contact for Program clients. Clients are encouraged to carefully read this Brochure in its entirety and contact their Financial Advisor with any questions.

While this Brochure generally describes the business of the Firm, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on the Firm's behalf and is subject to the Firm's supervision or control.

The information included in this Brochure is current as of the date of this Brochure and is subject to change at the Firm's discretion. Please retain this Brochure for your records.

### **Assets Under Management**

As Valen is a newly filing entity, there are no current assets managed by the Firm.

### **Advisory Services Offered**

Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

#### ***Investment Management Services***

The Firm offers continuous, regular investment supervisory services on both discretionary and non-discretionary bases, as well as financial planning and consulting. While working with clients, we have the ongoing responsibility to select and/or make recommendations, based on the client's objectives, regarding specific securities or other investments that the client recommends or purchases/sells in the client's account. We utilize a variety of investment types when making investment recommendations/purchases in client accounts, which include, but are not limited to, equity securities, fixed-income securities, alternatives,

mutual funds, and Independent Managers. The investments recommended/purchased are based on the client's individual needs, goals, and objectives. The Firm offers investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks under Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss. Financial Planning may be provided to clients as a part of the Investment Management Services. When being provided as a separate service, it is described in this section under Financial Consulting Services below.

We discuss our discretionary authority below. For more information about the restrictions clients can put on their accounts, see Tailored Services and Client-Imposed Restrictions in this item below. We describe the fees charged for investment management services below.

### Financial Planning and Consulting

The Firm provides a variety of consulting services to individuals, families, and other clients regarding their financial resources based upon an analysis of the client's current situation, goals, and objectives. Consulting encompasses one or more of the following areas: additional Financial Planning, Performance Reporting, Investment Planning, Retirement Planning, Education Planning, and Business and Personal Financial Planning.

Services provided under an ongoing consultation agreement are conducted on a regular basis, but no less than annually, with the client. The client is under no obligation to act upon the advisor's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through us.

We describe the fees charged for Consultation Services below.

### Use of Independent Managers and Sub-Advisors

The Firm may select Independent Managers and/or Sub-Advisors to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager and/or Sub-Advisor may be set forth in a separate written agreement with the designated Independent Managers engaged in managing their assets.

The Firm evaluates a variety of information about Independent Managers and/or Sub-Advisors, which may include the Independent Managers' and/or Sub-Advisors' public disclosure documents, materials supplied by the Independent Managers themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Manager's and/or Sub-Advisor's investment strategies, past performance, and risk results concerning its clients' individual portfolio allocations and risk exposure. The Firm also takes into consideration each Independent Manager's and/or Sub-Advisor's management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors.

The Firm continues to provide services relative to the discretionary selection of the Independent Managers and/or Sub-Advisor. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. The Firm seeks to ensure the Independent Managers and/or Sub-Advisor strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### Sponsor and Manager of Wrap Program

The Program described in this Brochure is provided to clients in a "Wrap Fee" arrangement. The Wrap Fee is an asset-based fee that generally includes:

- Investment advisory services
- Trade execution

- Custody
- Account servicing
- Most third-party investment management services

While the Wrap Fee generally includes the fees of third-party investment managers, certain managers, strategies, or asset types—particularly alternative investments—may be excluded and subject to separate fees.

The determination of whether a third-party manager’s fees are included in the Wrap Fee is based on the specific manager, strategy, and platform arrangements.

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon, and risk tolerance, as well as any other factors pertinent to their specific financial situations. After analyzing the relevant information, the Firm assists its clients in developing an appropriate strategy for managing their assets.

### Other Third-Party Platform Services

#### Use of Pontera Solutions, Inc.

The Firm has entered into a service agreement with Pontera Solutions, Inc. to provide asset management services for accounts held away from our primary custodial affiliations. Through this, we can create a portfolio consisting of the available securities/investment opportunities, depending on the type of held-away account our firm manages. The Pontera platform allows us to avoid being considered to have custody of Client funds, since we do not have direct access to Client log-in credentials required to execute trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. The client’s individual investment strategy is tailored to their specific needs and may include some or all the securities made available. Portfolios will be designed to meet a particular investment goal, determined to be suitable for the client’s circumstances. Once the appropriate portfolio has been determined, it is continuously and regularly monitored and, if necessary, rebalanced.

### **Fees for Participating in the Wrap Fee Program**

The Program charges an asset-based fee, meaning participants pay a single annual fee based on assets under management (“Program Fee”). This fee may be structured as a flat percentage of total assets, a fixed dollar amount, or a tiered schedule based on asset levels, rather than transaction-based commissions, where costs typically vary with trading frequency and the types of securities purchased. The specific methodology and fee a client will pay are set forth in their Client Agreement.

The Wrap Fee covers advisory services related to the program, portfolio management services provided by third parties, transaction execution, custody services, account servicing, reporting, and other services.

In establishing the fee applicable to a client’s account, the Advisor will take into consideration the value of the assets and the types of assets being deposited in the account participating in the relevant Program, other assets the client or client’s household may have invested with the Firm, and the nature of the client relationship. Not all clients with the same assets will be charged the same fee for the same program.

This management fee generally ranges up to 2%, depending on the size and composition of a client’s portfolio and the type of services rendered. The annual fee is prorated and charged monthly in advance, based on the market value of the assets managed by the Firm on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee

payable with respect to such assets is adjusted to reflect the interim change in portfolio value. The fee is calculated on a pro rata basis for the initial engagement period. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination, and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services, the Firm may, with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), negotiate a fee rate that differs from the range set forth above.

### Additional Fee Information

As referenced above, a portion of the fees paid to Valen are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios.

The Firm has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. A person recommending the Program will not earn more compensation than he or she would otherwise receive if a client elected another investment management program.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per-transaction basis and paying a separate fee for advisory services. Therefore, the Firm has a conflict of interest where the Firm has an incentive to place fewer trades for clients in the Program since the Firm incurs transaction expenses. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs. The Firm mitigates this conflict through disclosure of the conflict in this Brochure, and because it provides investment advisory services to clients, the Firm and its Financial Advisors have a fiduciary duty to act solely in the best interest of clients.

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange-traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed at a broker-dealer, wire transfer fees and other fees and taxes on brokerage accounts and transactions.

### Payments to Independent Managers

Valen pays a portion of the total fee received from the client to the Independent Manager, if applicable, for services provided to the client through the relevant Program. In some cases, the Independent Manager may be paid directly through debiting the account. Although the amounts paid to third parties participating in the Program may be changed from time to time without notice to clients, such changes will not impact the amount of the fees paid by clients without prior notification to the client. The fees paid to these third parties vary based on factors such as the relevant manager's investment strategy or style and the client's account size.

### Direct Fee Debit

Clients generally authorize the Firm to debit their accounts directly for payment of investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to deduct fees directly, have agreed to send clients statements at least quarterly detailing all account transactions, including any amounts paid to the Firm.

### Account Additions and Withdrawals

Clients may make additions to and withdrawals from their accounts at any time, subject to the Firm's right to terminate an account. Additions may be in cash or securities, provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges), and/or tax ramifications.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Minimum Account Requirements**

Valen does not impose a stated minimum fee for advisory services. The Firm does have a minimum portfolio value of \$10,000,000 for starting and maintaining an investment management relationship. This minimum may be waived at the Firm's discretion. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, the Firm may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

### **Types of Clients**

The program is offered to the following types of clients: individuals, high-net-worth individuals, pension and profit-sharing plans, trusts, estates, corporations or other businesses, charitable organizations, state or local municipal government entities, partnerships, limited liability entities, and foundations and endowments.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Product Evaluation and Approval**

Valen's wrap-fee and non-wrap-fee accounts are managed by the Firm on an individual basis based on the client's investment objectives, financial goals, risk tolerance, and other factors. We do not manage wrap-fee accounts differently from non-wrap-fee accounts. We also allow clients to impose reasonable restrictions on investing in certain securities or types of securities. The Firm does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

As stated above, the Firm may select certain Independent Managers to manage a portion of its client's assets in a separate written agreement with the designated Independent Manager, which will include the payment of any promoter fees by the Firm to the Independent Manager for their services. In these situations, the Firm continues to conduct ongoing due diligence on such managers, but such recommendations rely heavily on the Independent Managers' ability to successfully implement their investment strategies. In addition, the Firm generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

### **Methods of Analysis and Investment Strategies**

Valen may utilize several methods of analysis when structuring client portfolios, including fundamental analysis and technical analysis.

Fundamental analysis involves the company's financial condition and competitive position. The Firm may analyze the financial condition, management capabilities, earnings, new products and services, and the company's markets and position among its competitors to determine the recommendations it makes to

clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve using charts to identify market patterns and trends based on investor sentiment rather than the company's fundamentals. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually recur, there is no guarantee that the Firm will be able to accurately predict such a reoccurrence.

To implement its recommendations, the Firm primarily allocates client assets among various individual equity and debt securities, fixed income, mutual funds, and exchange-traded funds ("ETFs") in accordance with their stated investment objectives. On a more limited basis, the Firm may utilize mutual funds or other securities to meet a client's investment needs.

## **Portfolio Management by Affiliates and Related Persons**

Portfolio Management services provided by Valen, a Related Person, certain Affiliates, and the Firm's models present a conflict of interest because, under these circumstances, the entire client fee is retained by the Firm and its Affiliates. This means that, through these arrangements, the Firm and its Affiliates or Related Persons may receive higher total compensation than if the client selected a third-party or otherwise non-affiliated investment manager. However, the Firm mitigates this conflict by disclosing it in this Brochure, and because it provides investment advisory services to clients, the Firm and its Financial Advisors have a fiduciary duty to act solely in clients' best interests.

Further information about the Firm's Related Persons, the conflicts of interest noted above, and how the Firm addresses these conflicts of interest is included in the Other Financial Industry Activities and Affiliations and Code of Ethics sections below.

## **Performance-Based Fees**

Valen does not charge performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the client's account assets).

## **Risk of Loss**

### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of the Firm's recommendations and/or investment decisions may depend largely upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. There can be no assurance that the Firm will be able to predict those price movements accurately or capitalize on any such assumptions.

### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or exchange-traded funds (ETFs) involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily

per-share net asset value (“NAV”), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to the actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## **Proxy Voting Authority**

### Voting of Proxies

In regard to SEC Rule 206(4)-6 under the Advisers Act, Valen will accept the authority to vote a client's securities (i.e., proxies) on their behalf. When the Firm accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interests of its clients. We are responsible for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned in their Account are voted and voting or causing such proxies to be so voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other similar type events pertaining to their Assets. Upon request, the Advisor will provide the Client with information regarding how proxies were voted.

### Class Action Lawsuits

The Advisor will file proofs of claim relating to class action lawsuits affecting individual client accounts. Upon the Client's request, Advisor will provide any and all documentation surrounding any such proof of claim.

### Mutual Funds

The investment advisor that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Valen is required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updates. The Firm communicates with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you request us to, when market or economic conditions make it prudent to do so, etc.

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Valen's clients may directly contact their portfolio manager(s) with questions or concerns, or by calling the number on this Brochure for contact information.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **Disciplinary Information**

Valen has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

#### *Relationship with Sanctuary Wealth, LLC*

Valen maintains a business relationship with Sanctuary Wealth, LLC ("Sanctuary"), a service platform for investment professionals and the owner of three SEC-registered investment advisers – tru Independence Asset Management, LLC, and tru Independence Asset Management2, LLC, which are related advisors, and Sanctuary Advisors, LLC. Through its relationship with Sanctuary, the Firm gains access to services related to reporting, compliance, technology, transition support, and other related services.

In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. The Firm reviews all of its service provider relationships on an ongoing basis in an effort to ensure decisions are made in the best interests of clients. Clients should be aware, however, that this relationship may pose certain conflicts of interest. Specifically, Sanctuary charges the Firm a platform fee that decreases as assets increase. Accordingly, the Firm has an incentive to increase the assets it places through the Sanctuary platform. Sanctuary also provided transition support aimed at helping the Firm launch its new advisory firm. The receipt of economic and other benefits as described above from Sanctuary creates an incentive for the Firm to choose Sanctuary over other service providers that do not furnish similar benefits.

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

Certain of the Firm's Supervised Persons are registered representatives of Sanctuary Securities, Inc. ("Sanctuary"), and may provide clients with securities brokerage services under a separate commission-based arrangement. All supervision is conducted by Sanctuary, but we take our fiduciary duty and professional responsibility very seriously and always endeavor to act in the Clients' best interest regardless of any such affiliations. This arrangement allows Valen's Supervised Persons to offer certain qualified clients trading services, enabling the Firm to execute trades of client assets custodied with a qualified custodian. Although Sanctuary is also a Registered Investment Adviser, the Supervised Persons are only registered as Registered Representatives at Sanctuary.

#### *Insurance Agents*

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. We take our fiduciary duty and professional responsibility very seriously and always endeavor to act in the Clients' best interest, regardless of any such affiliations.

### **Code of Ethics**

Valen has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Firm's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices, such as the use of material non-public information by the Firm or any of its Supervised Persons, and the trading by the same of securities ahead of

clients to take advantage of pending orders.

The Code of Ethics also requires certain of the Firm's personnel to report their personal securities holdings and transactions, and to obtain pre-approval for certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will have access to this information, may knowingly affect themselves or for their immediate family (*i.e.*, spouse, minor children, and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements, and other high-quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact the Firm to request a copy of its Code of Ethics.

## **Account Reviews**

Valen continuously monitors client portfolios, and regular account reviews are conducted at least annually. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfill the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. Valen contacts ongoing investment advisory clients at least annually to review their previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

## **Account Statements and General Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from Valen and/or an outside service provider contains certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from the Firm or an outside service provider.

## **Client Referrals and Other Compensation**

Although Valen does not currently provide compensation to third-party solicitors for client referrals; it is permitted by the Firm. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with the Firm's written brochure(s) and a

copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Brokerage Practices**

Valen generally requests that accounts not managed by third-party Independent Managers and/or Sub-Advisors be established with Goldman Sachs Custody Solutions ("GS"), a member of FINRA/SIPC. The Firm considers factors in recommending Custodians or any other broker-dealer to clients, including their respective financial strength, reputation, execution, pricing, research, and service.

The Custodian maintains custody of the client's assets and effects and settles trades for their accounts. The final decision to custody assets with any Custodian is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Note that the Firm is not affiliated with any such Custodian. The Custodian provides the Firm with access to its institutional trading and custody services, which are typically not available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis and at no charge. Custodian services include brokerage services related to the execution of securities transactions, research, including advice, analyses, and reports, and access to mutual funds and other investments that are generally available only to institutional investors or would otherwise require a significantly higher minimum initial investment.

The custodians generally do not charge clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodians or that settle into accounts at the custodians. The custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and debt securities transactions). The custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the custodians may be higher or lower than those charged by other custodians and broker-dealers. These fees are included in your wrap fee program.

We may aggregate (combine) trades for ourselves or our associated persons with client trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek the best price) for the client and with the terms of our investment advisory agreement with the client for which the trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a procedure specifying how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Our books and records will separately reflect, for each client account, the aggregated orders

- and the securities held by and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation and
  8. Individual advice and treatment will be accorded to each advisory client.

The execution clients receive from the Custodian will comply with the Firm's duty to obtain "best execution." In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including, among others, the value of research provided, execution capability, commission rates, and responsiveness.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services that assist Valen in its investment decision-making process. The receipt of investment research products and/or services, as well as the allocation of the benefit of such investment research products and/or services, poses a conflict of interest because the Firm does not have to produce or pay for the products or services.

The Firm periodically and systematically reviews its policies and procedures for recommending Financial Institutions in light of its duty to obtain best execution.

The Custodian also makes available other products and services that benefit Valen but may not benefit its clients' accounts. These benefits may include national, regional, or firm-specific educational events organized and/or sponsored by the Custodian. Other potential benefits may include occasional business entertainment for personnel, such as meals, invitations to sporting events, golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist the Firm in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its client's accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at the Custodian. The Custodian also makes available to the Firm other services intended to help Valen manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, capital consultants, insurance, and marketing. In addition, the Custodian may make available, arrange, and/or pay vendors for these types of services rendered to the Firm by independent third parties. The Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to the Firm. While, as a fiduciary, the Firm endeavors to act in its client's best interests, the Firm's recommendation/requirement that clients maintain their assets in accounts at the Custodian may be based in part on the benefit to Valen of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by the Custodian, which may create a potential conflict of interest.

Valen does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third parties.

## **Financial Information**

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Valen does not require prepayment of more than \$1,200

in fees per client, six months or more in advance; does not have, or foresee, any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients; and has not been the subject of a bankruptcy proceeding.