

Disclosure Brochure

March 15, 2011

Valentine Investments, LLC

a Registered Investment Adviser

8226 Douglas Avenue, Suite 410
Dallas, TX 75225

(214) 363-4820

www.valinvestments.com

This brochure provides information about the qualifications and business practices of Valentine Investments, LLC (hereinafter "Valentine"). If you have any questions about the contents of this brochure, please contact Brad Valentine at (214) 363-4820. 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. Additional information about Valentine Investments, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Valentine Investments, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Valentine's last annual update. Valentine has no material changes to report.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Firm Disclosure Brochure	iii
Item 4. Advisory Business	4
Item 5. Fees and Compensation	6
Item 6. Performance-Based Fees and Side-by-Side Management	9
Item 7. Types of Clients	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9. Disciplinary Information	14
Item 10. Other Financial Industry Activities and Affiliations	15
Item 11. Code of Ethics	16
Item 12. Brokerage Practices	17
Item 13. Review of Accounts	20
Item 14. Client Referrals and Other Compensation	21
Item 15. Custody	22
Item 16. Investment Discretion	23
Item 17. Voting Client Securities	24
Item 18. Financial Information	25

Item 4. Advisory Business

Valentine provides financial planning, consulting, and investment management services. Prior to engaging Valentine to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Valentine setting forth the terms and conditions under which Valentine renders its services (collectively the “*Agreement*”).

Valentine has been in business as an SEC registered investment adviser since May 20, 2011. Valentine Investment Holdings, LLC is the primary owner of Valentine.

Valentine has \$61,090,804 of assets under management as of February 22, 2011. \$54,797,677 of these assets are managed on a discretionary basis and \$6,293,127 are managed on a non-discretionary basis.

This Disclosure Brochure describes the business of Valentine. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Valentine’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Valentine’s behalf and is subject to Valentine’s supervision or control.

Financial Planning Services

Valentine may provide its clients with a broad range of comprehensive financial planning services (which may include non-investment related matters) as part of its overall investment management services.

In performing its services, Valentine is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Valentine may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Valentine recommends its own services. The client is under no obligation to act upon any of the recommendations made by Valentine under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Valentine itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Valentine’s recommendations. Clients are advised that it remains their responsibility to promptly notify Valentine if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Valentine’s previous recommendations and/or services.

Investment Management Services

Clients can engage Valentine to manage all or a portion of their assets on a discretionary or non-discretionary basis.

Valentine primarily allocates clients’ investment management assets among mutual funds, exchange-traded funds (“ETFs”), individual equity securities and/or options in accordance with the investment

Valentine Investments, LLC Disclosure Brochure

objectives of the client. Valentine also provides advice about any type of investment held in clients' portfolios.

Valentine also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Valentine either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Valentine tailors its advisory services to the individual needs of clients. Valentine consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Valentine ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Valentine if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Valentine's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Valentine's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Item 5. Fees and Compensation

Investment Management and Financial Planning Fees

Valentine provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Valentine. Valentine also provides a broad range of financial planning services; however, any financial planning service shall be included as part of the overall investment management fee.

Valentine's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Valentine does not, however, receive any portion of these commissions, fees, and costs. Valentine's annual fee is prorated and charged quarterly, in advance, based upon the average month-end market value of the assets being managed by Valentine in the preceding three months. The annual fee varies (between 0.50% and 1.10%) depending upon the market value of the assets under management and the type of investment management services to be rendered, as follows:

Equity Portfolios:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$500,000	1.10%
\$500,001 - \$1,500,000	0.90%
\$1,500,001 - \$5,000,000	0.80%
above \$5,000,000	0.70%

Fixed Income Portfolios

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$500,000	0.50%
\$500,001 - \$1,500,000	0.45%
\$1,500,001 - \$5,000,000	0.40%
above \$5,000,000	0.30%

Balanced Portfolios

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
up to \$500,000	0.80%
\$500,001 - \$1,500,000	0.65%
\$1,500,001 - \$5,000,000	0.60%
above \$5,000,000	0.50%

Valentine, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Valentine generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Valentine may only implement its investment management recommendations after the client has arranged for and furnished Valentine with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by Valentine, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Valentine's fee.

Valentine's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Valentine to debit the client's account for the amount of Valentine's fee and to directly remit that management fee to Valentine. Any *Financial Institutions* recommended by Valentine have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Valentine.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Valentine and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Valentine's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Valentine's right to terminate an account. Additions may be in cash or securities provided that Valentine reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account.

Valentine Investments, LLC Disclosure Brochure

Clients may withdraw account assets on notice to Valentine, subject to the usual and customary securities settlement procedures. However, Valentine designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Valentine may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

Valentine does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Valentine provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee

As a condition for starting and maintaining a relationship, Valentine generally imposes a minimum annual fee of \$1,000. This minimum fee may have the effect of making Valentine's service impractical for clients, particularly those with portfolios less than \$100,000 under Valentine's management. Valentine, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

Methods of Analysis

Valentine's primary methods of analysis are fundamental and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Valentine will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made 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 the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. 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 reoccur, there is no guarantee that Valentine will be able to accurately predict such a reoccurrence.

Investment Strategies

Valentine's investment strategies are based on the principles of asset allocation and risk-adjusted total return. Specifically, Valentine strives to determine the appropriate mix of equities, fixed-income and cash that offer the best combination of potential return when weighed against the portfolio's level of risk. Valentine utilizes various types of securities, including, but not limited to: US stocks, foreign stocks, open-end and closed-end mutual funds, ETFs, real estate investment trusts, preferred stocks, US corporate bonds, municipal bonds, US government and agency bonds, foreign government and corporate bonds, and options.

For equity portfolios, Valentine chooses a combination of individual stocks, mutual funds, ETFs and options. Valentine selects individual stocks by examining each company's balance sheet, income statement, and expected earnings growth. In addition, Valentine considers various macroeconomic factors as well as technical indicators to determine when to buy certain companies.

Mutual funds are selected based upon the quality of the management team, risk-adjusted performance of the mutual fund, and internal costs of the fund.

Valentine chooses ETFs based on macroeconomic analysis as well as the cost-effectiveness of the ETF. In regards to fixed-income, Valentine invests in US government and agency bonds, foreign government bonds, municipal bonds, certificates of deposit, bond mutual funds, and bond ETFs. Valentine evaluates the attractiveness of its bond investments based upon the bonds' current yield to maturity, time to

maturity, yield, timing of interest payments, and safety/soundness of the bond issuers. Valentine's cash investments are typically in bank sweep accounts, money market instruments, short-term US treasury bills and certificates of deposit.

In addition, Valentine monitors the riskiness of each asset class based upon the current market and economic conditions and then implements changes in the allocations according to its assessment of these factors. Valentine's main goal is to select the most appropriate mix of each asset class to maximize the risk-adjusted total return of the portfolio. Valentine maintains limits on the amount of the portfolio assets that may be allocated to stocks, bonds or cash; Valentine may invest up to 100% of the portfolio in any of the three asset classes.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF 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 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 indexed-based ETFs and 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 50,000 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.

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of Valentine’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Valentine will be able to predict those price movements accurately.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Valentine is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Valentine does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Valentine is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Valentine has described such relationships and arrangements below.

Affiliated Limited Partnership

An affiliate of Valentine is the general partner of Daytona Investors, L.P. ("*Daytona Investors*"). *Daytona Investors* is a limited partnership formed to invest primarily in Daytona Flexible Packaging, LLC ("*Daytona Flexible Packaging*"). *Daytona Flexible Packaging* is an operating company which provides contract packing services.

Certain of Valentine's existing advisory clients participate as limited partners in *Daytona Investors*. However, Valentine does not solicit any other prospective clients to invest in the partnership. Investment in *Daytona Investors* involves a significant degree of risk. All relevant information, terms and conditions relative to the investment, including the compensation received by any affiliate, suitability, risk factors, and potential conflicts of interest, are set forth in the Limited Partnership Agreement and corresponding documents.

Item 11. Code of Ethics

Valentine and persons associated with Valentine ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Valentine's policies and procedures.

Valentine has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Valentine or any of its associated persons. The *Code of Ethics* also requires that certain of Valentine's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Valentine's *Code of Ethics*, none of Valentine's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Valentine's clients.

When Valentine is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Valentine is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. 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 Valentine to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Valentine generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which Valentine considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables Valentine to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Valentine's clients comply with Valentine's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Valentine determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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. Valentine seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Valentine periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Valentine in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Valentine will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Valentine (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Valentine may decline a client's request to direct brokerage if, in Valentine's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Valentine decides to purchase or sell the same securities for several clients at approximately the same time. Valentine may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Valentine's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Valentine's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Valentine determines to aggregate client orders for the purchase or sale of

securities, including securities in which Valentine's *Supervised Persons* may invest, Valentine generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Valentine does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Valentine determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Valentine may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Valentine in its investment decision-making process. Such research generally will be used to service all of Valentine's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. 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 Valentine does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Valentine may receive from *Schwab*, without cost to Valentine, computer software and related systems support, which allow Valentine to better monitor client accounts maintained at *Schwab*. Valentine may receive the software and related support without cost because Valentine renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit Valentine, but not its clients directly. In fulfilling its duties to its clients, Valentine endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Valentine's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Valentine's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Valentine Investments, LLC Disclosure Brochure

Additionally, Valentine may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom Valentine provides investment management services, Valentine monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of Valentine's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Valentine and to keep Valentine informed of any changes thereto. Valentine contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom Valentine provides financial planning services will receive reports from Valentine summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Valentine.

Item 14. Client Referrals and Other Compensation

Valentine is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Valentine is required to disclose any direct or indirect compensation that it provides for client referrals. Valentine does not have any required disclosures to this Item.

Item 15. Custody

Valentine's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Valentine through such *Financial Institution* to debit the client's account for the amount of Valentine's fee and to directly remit that management fee to Valentine in accordance with applicable custody rules.

The *Financial Institutions* recommended by Valentine have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Valentine. Clients should carefully review the statements sent directly by the *Financial Institutions*.

Item 16. Investment Discretion

Valentine may be given the authority to exercise discretion on behalf of clients. Valentine is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Valentine is given this authority through a power-of-attorney included in the agreement between Valentine and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Valentine takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

Valentine is required to disclose if it accepts authority to vote client securities. Valentine does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Valentine does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Valentine is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Valentine has no disclosures pursuant to this Item.

Valentine Investments, LLC

a Registered Investment Adviser

8226 Douglas Avenue, Suite 410
Dallas, TX 75225

(214) 363-4820

www.valinvestments.com

Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®