

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of Valtinson Bruner Financial Planning LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 651-628-9832. 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 Valtinson Bruner Financial Planning LLC (CRD #297866) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 12, 2020**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual filing for investment advisors. Since the last filing of the Firm Brochure on March 28<sup>th</sup>, 2019, the following items have materially changed:

- Overall formatting, font, and style.
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### **Full Brochure Available**

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will also provide you with other interim disclosures about material changes to the information provided in this Brochure as necessary or required.

Whenever you would like to receive a complete copy of the current Brochure, please contact us at (651) 628-9832. We will be happy to provide you with a complete copy.

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## **Item 4: Advisory Business**

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### **Firm Description**

Valtinson Bruner Financial Planning LLC (“VBFP”) was founded in 2018. Lauris D. Valtinson and Robert J. Bruner are VBFP’s members.

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### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

VBFP offers discretionary asset management services to advisory Clients. VBFP will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize VBFP discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### **Wrap Fee Program**

VBFP also offers discretionary asset management services to advisory Clients through its Wrap Fee Program as described in VBFP’s Wrap Fee Program Brochure – Appendix. Please refer to that Brochure for additional information. VBFP will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize VBFP discretionary authority to execute selected investment program transactions as stated within the Investment Management Agreement.

#### **FINANCIAL PLANNING AND CONSULTING**

If financial planning services are applicable, a thorough review of all applicable topics including but not limited to, Retirement Planning, Succession Planning, Education Planning, Legacy Planning, Insurance Planning, Investment Planning, Budget Planning, Personal Financial Planning, Tax Planning, Major Purchase Planning, Divorce Planning, Debt Management Planning, Business Exit Planning, and Cash Flow Analysis will be reviewed. If a conflict of interest exists between the interests of VBFP and the interests of the Client, the Client is under no obligation to act upon VBFP’s recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transaction through VBFP. One-time financial plans will be completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation. Ongoing services will remain in effect year over year unless cancelled in writing by either party by giving the other party thirty (30) days written notice.

#### **ERISA PLAN SERVICES**

VBFP provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. VBFP may act as a 3(21) Fiduciary:

**Limited Scope ERISA 3(21) Fiduciary.** VBFP may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor VBFP has a fiduciary duty to act in the

best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using VBFP can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary Services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options. VBFP acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands VBFP's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, VBFP is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

VBFP may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between VBFP and Client.

3. VBFP has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;

- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to VBFP on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

#### PUBLICATION OF PERIODICALS

VBFP may publish newsletters providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are being provided in any newsletter, and the information provided is not intended and does not purport to meet the objectives, needs or targets of any client or individual. Absent specific advice or services provided by VBFP, clients should not rely upon the information contained in any newsletter. This newsletter would be distributed to our advisory clients, prospects and other professionals.

#### SEMINARS AND WORKSHOPS

VBFP holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

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#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written Client consent.

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#### **Wrap Fee Programs**

All Clients electing for VBFP to manage assets will be placed within VBFP's Wrap Program as outlined in VBFP's Wrap Fee Program Brochure – Appendix. Please refer to that Brochure for additional information.

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#### **Client Assets under Management**

As the date of this brochure, VBFP has \$203,696,000 in discretionary assets under management and \$0 in non-discretionary assets under management

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### **Item 5: Fees and Compensation**

#### **Method of Compensation and Fee Schedule**

##### ASSET MANAGEMENT

VBFP offers discretionary direct asset management services to advisory Clients. VBFP charges an annual investment advisory fee based on the total assets under management as follows:



Assets Under Management	Annualized Fee	Quarterly Fee
All Assets	Up to 1.50%	Up to 0.375%

The annual fee is negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

Fees are billed quarterly in advance or arrears, depending on the Client's election, based on the amount of assets managed as of the close of business on the last business day of the previous quarter. If margin is utilized, the fees will be billed based on the net asset value of the account. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. After 5 business days, either party may terminate advisory services with thirty (30) days written notice to the other party. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to VBFP. Additionally, all unearned fees will be refunded to the Client. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

#### Wrap Fee Program

All Clients electing for VBFP to manage assets will be placed within VBFP's Wrap Program as outlined in VBFP's Wrap Fee Program Brochure – Appendix. Please refer to that Brochure for additional information.

#### FINANCIAL PLANNING AND CONSULTING

VBFP charges either an hourly or ongoing fee for financial planning and consulting. Prior to the planning process the Client will be provided an estimated plan fee. Services for one-time plans are completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to VBFP. VBFP reserves the right to waive the fee should the Client implement the plan through VBFP.

##### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$300 per hour. Fees are due upon delivery of the completed plan.

##### ONGOING FEES

The annual fee ranges from \$0 to \$20,000 and may be paid quarterly in advance. Clients will be invoiced directly or the fee will be deducted from an account managed by VBFP. Client must approve in writing to have fees deducted from an account managed by VBFP. Ongoing services will remain in effect year over year unless cancelled in writing by either party by giving the other party thirty (30) days

written notice. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets and will not exceed 1%. The annual fee is negotiable and may be charged as a percentage of the Included Assets or as a flat fee. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the billing cycle, VBFP shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of VBFP for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. VBFP does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, VBFP will disclose this compensation, the services rendered, and the payer of compensation. VBFP will offset the compensation against the fees agreed upon under the Agreement.

#### PUBLICATION OF PERIODICALS

VBFP may publish newsletters providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are being provided in any newsletter, and the information provided is not intended and does not purport to meet the objectives, needs or targets of any client or individual. Absent specific advice or services provided by VBFP, clients should not rely upon the information contained in any newsletter. This newsletter would be distributed to our advisory clients, prospects and other professionals. VBFP does not charge a fee for these publications.

#### SEMINARS AND WORKSHOPS

VBFP holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given. VBFP does not charge a fee for attendance to these seminars.

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#### **Client Payment of Fees**

Investment management fees are billed quarterly in advance or arrears. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Fees for one-time financial plans are due upon delivery of the completed plan.

Fees for ongoing financial planning may be paid quarterly in advance.

Fees for ERISA 3(21) services may be billed in advance.

VBFP, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling, margin interest, and miscellaneous fees. For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

VBFP does not require any prepayment of fees of more than \$1,200 per Client and six months or more in advance.

Fees for ongoing financial planning may be paid quarterly in advance.

Investment management fees may be billed quarterly in advance.

Fees for ERISA 3(21) services may be billed in advance.

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to VBFP.

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### **External Compensation for the Sale of Securities to Clients**

Investment Advisor Representatives of VBFP receive external compensation for sales of investment related products such as insurance as licensed insurance agents. From time to time, they will offer clients services from those activities.

This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and VBFP's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing.

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## **Item 6: Performance-Based Fees and Side-by-Side Management**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

VBFP does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for VBFP to recommend an investment that may carry a higher degree of risk to the Client.

## **Item 7: Types of Clients**

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### **Description**

VBFP generally provides investment advice to individuals, high net worth individuals, trusts, estates, or charitable organizations, corporations or business entities. Client relationships vary in scope and length of service.

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### **Account Minimums**

VBFP requires a minimum of \$250,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, quantitative analysis, qualitative analysis, asset allocation, mutual fund and ETF analysis, and sector rotation analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis. VBFP may concentrate on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis. VBFP attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Quantitative Analysis. VBFP may use mathematical models and statistical modeling in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. Quantitative analysis does not necessarily factor in all variables.

Qualitative Analysis. VBFP may subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, VBFP attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance, and we seek to create a portfolio using mean variance optimization to maximize potential return relative to portfolio risk. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. VBFP may look at the experience and track record of the manager of the mutual fund or exchange traded fund (ETF) in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Sector Rotation Analysis. VBFP may review and assess the current condition and future prospects of a given sector of the economy. To add incremental value to a core portfolio by making small adjustments to the size of industry sectors in client portfolios. Sector analysis serves to provide us with an idea of how well a given group of companies within a sector are expected to perform as a whole. A risk of asset allocation is that

In developing a financial plan for a Client, VBFP's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to VBFP. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

Long-term Purchases. We purchase securities with the idea of holding them in the client's account for some period of time, often a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term Purchases. When utilizing this strategy, VBFP purchases securities with the idea of selling them when they reach or pass their price targets. We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Margin Transactions. If granted authority to do so, VBFP may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Margin trading is not a fundamental part of VBFP's overall investment strategy, but we may use this strategy occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

Option Related Strategies. VBFP may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. We may also utilize structured notes, closed end funds or mutual funds that utilize options strategies. The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires. We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We use "covered calls," in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price. We use a "spreading strategy," in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. Option writing is not a fundamental part of VBFP's overall investment strategy, but we may use this strategy occasionally when given authority and we determine

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with VBFP:

- *Market Risk:* The prices of securities in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which

are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.

- *REIT Risk:* To the extent that a Client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Derivatives Risk:* Funds in a Client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles



may be subject to purchasing power risk — the risk that your investment’s return will not keep up with inflation.

- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Options Trading:* The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a “book-entry” only investment without a paper certificate of ownership.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Leveraged Risk:* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

VBFP and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

VBFP and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

VBFP and its management have not been involved in legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of VBFP or the integrity of its management.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Broker-Dealer or Representative Registration**

VBFP is not registered as a broker- dealer and no affiliated representatives of VBFP are registered representatives of a broker-dealer.

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**Futures or Commodity Registration**

Neither VBFP nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Persons providing investment advice on behalf of VBFP are licensed insurance agents. Based on a Client's specific financial goals, VBFP may offer Clients insurance products, and may be referred to Valtinson Financial Group LLC, Bruner Financial Planning LLC, or Erik Young LLC for these products. These products are separate and distinct from investment advisory services offered through VBFP.

VBFP also may refer clients to Valtinson Tax Services LLC, a firm owned by one of the VBFP members, for tax advice and tax preparation.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent or firm of their choosing.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

VBFP does not select or recommend other investment advisors.

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**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of VBFP have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of VBFP affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of VBFP. The Code reflects VBFP and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

VBFP's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of VBFP may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

VBFP's Code is based on the guiding principle that the interests of the Client are our top priority. VBFP's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or VBFP.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

VBFP will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

VBFP and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

VBFP and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide VBFP with copies of their brokerage statements.

The Chief Compliance Officer of VBFP is Erik Young. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

VBFP does maintain a firm proprietary trading account and affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, the firm and affiliated persons are required to disclose all reportable securities transactions as well as provide VBFP with copies of their brokerage statements.

The Chief Compliance Officer of VBFP is Erik Young. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

VBFP requires the use of a particular broker-dealer such as TD Ameritrade Institutional which is a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"). VBFP will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. VBFP relies on its broker to provide its execution services at the best prices available.

VBFP participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with VBFP. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. VBFP receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*  
VBFP does not allow directed brokerage accounts.
- *Best Execution*  
Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. VBFP does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by VBFP from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, VBFP receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of VBFP. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when VBFP receives soft dollars. This conflict is mitigated by the fact that VBFP has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

VBFP utilizes the services of custodial broker dealers. Economic benefits are received by VBFP which would not be received if VBFP did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to VBFP's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and

positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

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**Aggregating Securities Transactions for Client Accounts**

VBFP is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of VBFP. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed no less than annually by VBFP. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bands of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, VBFP suggests updating at least annually.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by VBFP's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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**Item 14: Client Referrals and Other Compensation**

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**Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, VBFP participates in TD Ameritrade's institutional customer program and VBFP may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between VBFP's participation in the program and the investment advice it gives to its Clients, although VBFP receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving VBFP participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client

accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to VBFP by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by VBFP's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit VBFP but may not benefit its Client accounts. These products or services may assist VBFP in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help VBFP manage and further develop its business enterprise. The benefits received by VBFP or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, VBFP endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by VBFP or its related persons in and of itself creates a conflict of interest and may indirectly influence the VBFP's choice of TD Ameritrade for custody and brokerage services.

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**Advisory Firm Payments for Client Referrals**

VBFP does not compensate for Client referrals.

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**Item 15: Custody**

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**Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by VBFP.

VBFP is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of VBFP.

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**Item 16: Investment Discretion**

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**Discretionary Authority for Trading**

VBFP requires discretionary authority to manage securities accounts on behalf of Clients. VBFP has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

VBFP allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to VBFP in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. VBFP does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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**Item 17: Voting Client Securities**

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**Proxy Votes**

VBFP does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, VBFP will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

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**Item 18: Financial Information**

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**Balance Sheet**

A balance sheet is not required to be provided because VBFP does not serve as a custodian for Client funds or securities and VBFP does not require prepayment of fees of more than \$1,200 per Client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

VBFP has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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**Bankruptcy Petitions during the Past Ten Years**

VBFP has not had any bankruptcy petitions in the last ten years.