

FIRM BROCHURE
(Part 2A of Form ADV)

March 20, 2017



Blankinship & Foster

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Blankinship & Foster, LLC. If you have any questions about the contents of this Brochure, please contact us at (858) 755-5166 and/or info@bfadvisors.com. 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.

Blankinship & Foster, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Blankinship & Foster, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Form ADV Part 2

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

There were no material changes since our last annual update of the Brochure.

Pursuant to SEC Rules, Blankinship & Foster will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of the Firm's fiscal year end, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as Blankinship & Foster experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact the Firm at info@bfadvisors.com.

Additional information about the Firm and its investment adviser representatives is available on the SEC's website at www.adviserinfo.sec.gov or please visit our web site at www.bfadvisors.com.

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Item 4: Advisory Business

A. Description of Firm

Blankinship & Foster, LLC, (“Blankinship & Foster” or the “Firm”) is a Solana Beach, California-based investment management firm founded in 1989. Blankinship & Foster provides customized investment management services to individuals, high net worth clients, trusts, estates, small businesses, charitable organizations, and pension/profit sharing plans. As discussed more fully below, Blankinship & Foster assists clients in investment management and consultation, determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, education funding, retirement planning, and estate planning. Some of the investment instruments Blankinship & Foster advises its clientele on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, treasuries, options and/or limited partnership interests. Additionally, some of the mutual funds, ETFs or limited partnership interests the Firm recommends to clients may invest in commodities and/or real estate.

Blankinship & Foster is currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser and with the State of California as a limited liability company. The Firm conducts business primarily in California. Blankinship & Foster is 100% owned by Stefan Prvanov, Frederick V. Brooks, Jr., and Jon P. Beyrer.

B. Types of Advisory Services Offered

Blankinship & Foster primarily provides two types of advisory services: Financial Planning Services and Investment Management Services. The combination of these services is called Wealth Management Services. The firm may also provide “Other Consulting” services on a case by case basis. Each of these services is described more fully below.

1. Financial Planning Services

Financial Planning Services include the initial writing and formulation of a personal financial plan, with recommendations and supporting written work as necessary, and may include the ongoing tracking of the client’s progress in achieving the personal financial goals targeted in the plan. The scope of Financial Planning Services selected is defined in advance and agreed upon between the firm and the client. Fees for Financial Planning Services are defined below under fees and compensation.

The Financial Planning Services process typically begins with the collection, organization, and assessment of relevant client data, including information concerning the client’s lifestyle, risk tolerance, and cash flow, as well as identification of the client’s financial concerns, goals, and objectives. The primary objective of this process is to allow the Firm to assist the client in developing a strategy for the successful management of income, assets, and liabilities in order to help meet the client’s individual financial objectives. To help achieve this objective, Blankinship

& Foster may perform ongoing tracking of the client's progress in achieving his or her financial goals.

2. Investment Management Services

Blankinship & Foster offers clients Investment Management Services that encompass the traditional asset classes of fixed income, domestic equities and foreign securities, but can also include alternative asset classes as well. The Firm will generally manage a client's investment portfolio on a discretionary basis, and may assist the client in the establishment of the necessary custodial account(s). When exercising its discretionary authority, Blankinship & Foster will make appropriate "buy, sell, hold" decisions as it believes they are needed using the Firm's asset allocation methodology. Through the use of an asset allocation approach, the Firm provides Investment Management Services based on a personalized understanding of each client's independent investment objectives.

The Firm's Investment Management Services typically begins through the gathering of information vis-à-vis a new Investment Policy Statement, or other similar documentation process. Based upon this information, the Firm selects the appropriate allocation for the client's assets.

The Firm employs a defined process for each step in the investment management cycle including goal setting and risk/return profiling, asset allocation modeling, investment selection and implementation, and ongoing monitoring and reporting. This approach helps to provide a robust process to provide long-term investment solutions. Depending upon the strategy selected by the Firm and the client, Blankinship & Foster may invest client assets in various sectors and securities, including but not limited to: mutual funds, ETFs, stocks, bonds, treasuries, private funds and/or real estate investment trusts ("REITs"). Please refer to Item 8 for more information on Blankinship & Foster's investment strategies, methods of analysis and their associated risks of loss.

As noted above, Blankinship & Foster generally manages client assets on a fully discretionary basis. In exercising full discretionary authority, Blankinship & Foster selects, without first obtaining client's permission, (1) the securities to be bought and sold; and (2) the amounts of securities to be transacted and whether it will be individually or block traded. Blankinship & Foster's discretionary authority may be subject to conditions imposed by a client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that the Firm place trades with a specific broker-dealer (aka "directed brokerage"). For more information on the Firm's discretionary authority and brokerage practices please refer to Items 12 and 16.

Clients are allowed to impose reasonable restrictions on the types of securities, sectors and/or industries they do not want to be included in their portfolio. Such restrictions must be communicated to the Firm in advance and documented in writing. Once this information is gathered initially, each client is responsible for informing Blankinship & Foster in writing of any

changes to these restrictions or to their overall investment objectives. The Firm does not assume any responsibility for the accuracy of the information provided directly by its clients or the failure of clients to inform the Firm of changes to their investment or financial objectives.

3. Wealth Management Services

Blankinship & Foster's Wealth Management Services is the combination of Financial Planning Services and Investment Management Services, as described above. Fees for Wealth Management Services are defined below under fees and compensation. Any implementation of the recommendations made by the Firm during the course of rendering its Wealth Management Services is entirely at the client's discretion. Clients are advised that a potential conflict of interest exists if Blankinship & Foster recommends its own investment management services for the implementation of the recommendations contained in the financial plan.

4. Other Consulting Services

Other Consulting Services is financial advice and/or analysis of a specific client objective or situation, as defined and agreed on by the client and the firm in advance. The specific objective or situation may be the evaluation of a specific venture or investment the client wants to consider, or it may be the evaluation of an advisory service offered by another professional organization. Fees for Other Consulting Services are described below under fees and compensation.

5. Educational Seminars

From time to time, Blankinship & Foster offers educational workshops to clients and their guests.

C. General Information About Blankinship & Foster's Advisory Services

1. Gathering Individual Client Information

As explained above, Investment Management Services provided by Blankinship & Foster are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, Blankinship & Foster will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the client's Investment Policy Statement. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There may be times when certain restrictions are placed by a client which prevent the Firm from accepting or continuing to service the client's account. Blankinship & Foster reserves the right to not accept and/or terminate a client's account if it feels that the client imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

Blankinship & Foster will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated 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. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies the Firm of changes in the client's financial circumstances, Blankinship & Foster will review such changes and may recommend revisions to the client's portfolio.

2. Advisory Agreements

Prior to engaging Blankinship & Foster to provide investment advisory services, the client will be required to enter into one or more written agreements with the Firm setting forth the fees to be charged and the terms and conditions under which it will render its services. Blankinship & Foster will provide a Brochure and one or more Brochure Supplements to each client or prospective prior to or contemporaneously with the execution of a Client Agreement. The advisory relationship will continue until terminated by the client or Blankinship & Foster in accordance with the provisions of these agreements.

D. Wrap-Fee Programs

Blankinship & Foster does not provide portfolio management services to any wrap fee programs, as that term is defined the instructions to Form ADV Part 2.

E. Assets Under Management

As of 12/31/2016, the following represents the amount of client assets under management by Blankinship & Foster on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$470,000,000
Non-Discretionary	\$0
Total:	\$470,000,000

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees

Prior to engaging Blankinship & Foster to provide advisory services, the client will be required to enter into a written agreement with the Firm setting forth the terms and conditions and the fees under which it will render its services. All fees may be subject to negotiation under certain circumstances and at the sole discretion of the Firm. The following schedule of fees outlines the typical fee structure under which Blankinship & Foster renders its services. The actual schedule of fees, as it applies to a particular client, will be clearly outlined in the Client Agreement.

1. Fees for Financial Planning Services and Other Consulting Services

Fees for Financial Planning and Other Consulting Services are charged in one of three ways:

- i. Hourly Basis: Hourly fees are charged at a rate of \$300.00 per planner-hour, including meeting time and preparation time. Support staff time may be billed at a lower rate where appropriate. The first month's fees will be billed against an initial deposit, with the deposit amount agreed on in advance. Billing for Financial Planning Services and Other Consulting Services is quarterly in arrears or on completion.
- ii. One-time/flat fee: Clients pay a flat fee and make a deposit against the fee as agreed in advance. The balance is due upon completion of Financial Planning Services.
- iii. Hourly Fee with a Guaranteed Maximum (Capped Hourly Fee): Clients agree to pay a maximum fee as agreed in advance, subject to the scope of the work not changing significantly. The first month's fees will be billed against a deposit as agreed in advance. Billing is quarterly in arrears.

When combined with Investment Management services as Wealth Management Services, fees for Financial Planning Services are included in the fees for Investment Management Services, provided the client places greater than \$1 million in assets under Blankinship & Foster's management. This threshold may be waived or varied in Blankinship & Foster's sole discretion. In cases where the scope and difficulty of the Financial Planning Services will cause a larger than normal amount of work, additional hourly fees may be charged upon mutual agreement by both Parties.

2. Fees for Investment Management Services

Blankinship & Foster charges fees for Investment Management Services in one of two ways:

- i. Flat Quarterly Retainer: Clients pay a flat quarterly retainer as agreed in advance. The fee is billed quarterly in advance.
- ii. Percentage of Managed Assets: Clients pay an annualized quarterly advisory fee in advance based on fair market value of the assets under management (as reasonably

determined in good faith by Blankinship & Foster) as of the close of business on the last business day of the preceding calendar quarter. These fees are calculated according to the below fee schedule:

Assets Under Management	Advisory Fee (% AUM)
Up to \$1,000,000	1.0%, plus
Between \$1,000,000 and \$3,000,000	0.75%, plus
Above \$3,000,000	0.60%, plus
In excess of \$5,000,000	Negotiable Rate

Investment Management Services fees are billed quarterly.

B. Billing Method

Fees are usually deducted from a designated client account or accounts to facilitate billing. The client must consent in advance to direct debiting of their investment account. Payment by check is also acceptable.

B. Other Fees and Expenses

Clients should be aware that they will generally be responsible for all fees imposed by the custodian for trading and other related costs. All fees paid to Blankinship & Foster for its services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds (ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Accordingly, the client should review both the fees charged by the funds and the fees charged by the Firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Other fees the client may incur include, but are not limited to, brokerage commissions, transaction fees, sub-advisor fees, cashiering fees and/or taxes/penalties levied by governmental authorities.

C. Termination of Services

Blankinship & Foster bills clients in advance. Terminating clients receive a refund for unearned fees. Either the client or Blankinship & Foster may terminate the Firm's services without penalty at any time. The Firm determines the amount to be refunded to the client, if any, by subtracting its fees earned as of the time of termination from any amounts collected in advance as of the time of termination

E. No Compensation For Sale or Securities

Blankinship & Foster does not accept compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Blankinship & Foster does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, Blankinship & Foster does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as fees based on the client's assets under management). As described above, Blankinship & Foster provides its services for a fixed fee, hourly charges and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1).

ITEM 7: TYPES OF CLIENTS

Blankinship & Foster provides advisory services primarily to individuals and high net worth individuals, as well as to families, trusts, estates, pension and profit sharing plans, charitable organizations, and other business entities.

The minimum account size for Investment Management Services is generally \$1,000,000. However, Blankinship & Foster may accept smaller portfolios or maintain portfolios whose value has fallen below \$1,000,000 in the Firm's sole and absolute discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

In formulating investment advice and managing assets, Blankinship & Foster analyzes economic factors such as the supply of money, various interest rates, and commodity prices to help forecast the future economic environment. This in turn guides the Firm's asset allocation decisions and the selection of investments suitable for particular investment portfolios. Political factors are considered in those areas that impact the overall economic environment. Client should be aware that investing in securities involves risk of loss that they should be prepared to bear.

B. Investment Strategies

The primary investment strategy used to implement any investment advice given to clients is asset allocation. Based on the Firm's economic forecast and client-driven factors such as desired rate of return, aversion to risk, investment time horizon, tax consequences, and other constraints, investments are diversified across different asset classes and investment styles.

C. Risk of Loss

Investing in securities involves a significant risk of loss, and all investments have certain risks that are borne by the investor. Blankinship & Foster's methods of analysis and investment strategies aim to keep the risk of loss in mind.

Some of risks of loss a client should be aware of include, but are not limited, to the following:

1. 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.
2. Market Risk: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
3. Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. 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.
5. Political and Legislative Risks: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States.
6. 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.
7. Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
8. 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.

9. Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as Blankinship & Foster are required to disclose all material facts regarding any legal or disciplinary event that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. Blankinship & Foster has not been subject to any such legal or disciplinary event, and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Blankinship & Foster, nor any member of its management is registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

The Firm does not have any affiliation with any related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Blankinship & Foster does not receive compensation directly or indirectly from other advisers that creates a material conflict of interest, nor does it have other business relationships with advisers that would create a material conflict of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics Summary

The principals and staff of Blankinship & Foster have adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm owes a duty of loyalty, fairness and good faith towards its clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may

include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

B. Participation or Interest in Client Transactions and Personal Trading

It is Blankinship & Foster's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to an advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Neither Blankinship & Foster nor any of its employees act as general partner in a partnership in which clients are solicited to invest or as an investment adviser to a mutual fund or other investment company that is recommended to clients. Based upon a client's stated objectives, Blankinship & Foster may, under certain circumstances, recommend the purchase or sale of securities in which the Firm or its affiliates have an interest. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of Blankinship & Foster's fiduciary duty to clients, the Firm and its associated persons will endeavor at all times to put the interests of the clients first, and at all times are required to adhere to the Firm's Code of Ethics.

The Firm's principals and staff may have positions in securities that we also recommend to clients. Blankinship & Foster's recommendations to clients may differ from client to client, based on each client's unique circumstances. The Firm may also recommend purchase of a security for one client while recommending the sale of that security for another. However, as a fiduciary Blankinship & Foster aims to act for the benefit of clients and place clients' interests before its own. Client transactions have priority over transactions in securities and other investments of which our principals and staff may own. Principals and staff may participate with clients in block trades. Principals and staff must adhere to the Firm's Personal Trading Policy at all times.

To help mitigate any real or potential conflicts of interest associated with these practices, the Chief Compliance Officer of Blankinship & Foster reviews employee trades involving reportable securities each quarter and holding reports annually. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the transactions generally do not affect the securities markets. It should be noted, that under the Firm's Code of Ethics employees of the Firm are not required to report transactions involving open-ended mutual funds to the Firm's Chief Compliance Officer and some employees may hold outside brokerage accounts consisting of non-reportable

securities, which consequently are not subject to the Chief Compliance Officer's quarterly transactions review.

Timing of Trade Orders

All trades, for clients, staff and principals must be submitted through the central trading process, in which all orders are submitted together and executed at the market price. This mitigates the potential for favoritism or abuse.

ITEM 12: BROKERAGE PRACTICES

A. Selection Criteria

The Firm's Oversight Committee is responsible for identifying and approving broker-dealers to use in executing trades for client accounts. The committee considers various factors in selecting a broker, including:

- Financial Condition;
- Acceptable record keeping;
- Ability to obtain best price;
- Knowledge of market, securities and industries; • Commission structure; and
- Reputation and integrity.

The CCO is responsible for periodically conducting a formal review of the firm's custodial relationships.

B. Research and Other Soft Dollar Benefits

The Firm does not have any arrangements to receive soft dollar benefits in connection with client securities transactions.

However, Blankinship & Foster does receive products and services from Charles Schwab & Co. and other firms, such as Dimensional Fund Advisors and Vanguard, that may be used to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab Institutional, or accounts not invested in DFA or Vanguard securities. Schwab Institutional and other firms may waive or discount fees for these products and services at its discretion. Schwab Institutional and other firms also make available other services intended to help the Firm manage and further develop our business enterprise, including consulting, publications, practice management conferences, information technology, business succession planning, regulatory compliance, and marketing. In addition, Schwab and other firms may make available, arrange and/or pay for these types of services by independent third parties.

Schwab Institutional and other firms 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.

As a fiduciary, we endeavor to act in our clients' best interests at all times. Our recommendation that clients maintain their assets in accounts at Schwab is based solely on the nature, cost or quality of custody and brokerage services provided by Schwab regardless of any other products or services which may be provided to the Firm. We are aware, however, that the availability of some of the foregoing products and services may create a potential conflict of interest.

C. Brokerage for Client Referrals

Blankinship & Foster does not have any arrangements to receive client referrals from any broker-dealer or third party. Additionally, and as explained more fully in Item 14 below, Blankinship & Foster does not give or receive economic benefits for referring or referred clients.

D. Directed Brokerage

The Firm does not routinely recommend, request or require that a client direct it to execute transactions through a specified broker-dealer. Blankinship & Foster does permit clients to direct brokerage, however, we generally recommend that investment management accounts be maintained at Charles Schwab & Co., Inc. Clients should be aware that, in the event a client directs the brokerage to be used for transactions, the Firm may be limited in our ability to negotiate commissions, obtain volume discounts, or best execution in some transactions. Clients may pay higher transaction costs as a result of a broker-directed account by a client.

E. Aggregation of Orders

Blankinship & Foster may aggregate ("block trade") sale and purchase orders with other client accounts that have similar orders being made at the same time under the management of the Firm, if in the Firm's judgment aggregation is reasonably likely to result in an overall economic benefit to the client. Such benefits may include better transaction prices and lower trade execution costs. If all aggregate orders do not fill at the same price, Blankinship & Foster may cause the client and each similar order to pay or receive the average prices at which the orders were filled. If such orders cannot be fully executed under prevailing market conditions, Blankinship & Foster may allocate the securities traded among clients and each similar order in a manner which it considers equitable, taking into account, the size of the order placed, the client's cash position, investment objective of the account, size of the order and liquidity of the security.

ITEM 13: REVIEW OF ACCOUNTS

A. Review of Accounts and Reviewers

The Firm's managed accounts are reviewed on an other-than-periodic basis, with regard to the overall asset allocation of the portfolio and in light of the client's Investment Policy Statement. The Review triggers for our reviews are explained below.

Reviews are conducted by Blankinship & Foster's professional staff, all of whom are Supervised Persons.

B. Review Triggers

The Firm's managed accounts are reviewed with regard to the overall asset allocation of the portfolio and in light of the client's Investment Policy Statement. Triggers for investment reviews include:

- Deposits or withdrawals
- Changes in the firm's investments as determined by the investment committee
- Changes in the client's situation or in the client's objectives
- Re-balancing of accounts.

C. Regular Reports

Blankinship & Foster typically sends written quarterly reports to all Investment Management Services clients. The reports include Investment Portfolio Holdings Summaries and Performance Reports. For accounts, assets or other investments that a client does not want to be actively managed by the Firm, Blankinship & Foster will not generally provide performance reports for these "Unmanaged" accounts, assets or other investments. Additionally, the Firm may not provide holding summaries for all client accounts. Clients are urged to carefully compare statements sent by the Firm with statements sent by other third parties, such as those sent by the client's custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Incoming Referrals

While the firm's general policy is to not enter into solicitation arrangements, Blankinship has made a one-time exception to its policy and has entered into one such arrangement, which is evidenced by written agreement and complies with the requirements of Rule 206(4)-3 of the Advisers Act. If a client is introduced to Blankinship by the solicitor, Blankinship pays that solicitor a fee, which is disclosed to the client in writing in accordance with the requirements of

Rule 206(4)-3 of the Advisers Act. The fee shall be paid solely from Blankinship's investment management fee received from solicited clients, and shall not result in a higher fee or any additional charges to the clients.

Each prospective client who is referred to Blankinship under the solicitation arrangement will receive a copy of Blankinship's disclosure brochure (Form ADV Part 2A) and a separate written document disclosing the nature of the relationship between the third party solicitor and Blankinship, and the amount of compensation that will be paid by Blankinship to the solicitor. Each client will be required to sign the written disclosure document acknowledging receipt.

B. Referring Clients to Third Parties

Blankinship & Foster does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them by the Firm. For information regarding benefits that Blankinship & Foster receives from some of its third party service providers, please refer to Item 12 above.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, because the Firm has the authority and ability to debit its fees directly from clients' accounts, Blankinship & Foster is deemed to have "constructive custody" of client assets. Our policy is to not have custody of client assets beyond the "constructive custody" arising from debiting fees. However, to mitigate any potential conflicts of interests, all client assets, with the exception of a limited number of private placements, are actually maintained with an independent qualified custodian. Furthermore, clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the quarterly statements provided by Blankinship & Foster. Blankinship & Foster's statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority; Limitations

Unless otherwise agreed upon at the inception of the client relationship and memorialized in writing, most Investment Management Services rendered by Blankinship & Foster are done on a discretionary basis. In exercising its discretionary authority, Blankinship & Foster has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to

be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon, as outlined in the client's Investment Policy Statement. In addition, Blankinship & Foster's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on Blankinship & Foster's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be communicated to Blankinship & Foster in writing.

Limited Power of Attorney

By signing Blankinship & Foster's Client Agreement, clients authorize Blankinship & Foster to exercise discretionary authority with respect to all Investment Management Service transactions involving the client's account (excluding any assets or accounts that are designated as "Unmanaged" per client direction). Pursuant to such agreement, Blankinship & Foster is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account. This limited power of attorney authorizes the Firm to give instructions to third parties for servicing client's account. Clients should note that for all "Unmanaged" accounts or assets, the Firm will not exercise discretionary authority and, importantly, will not take responsibility for the suitability of these investments as they relate to the client's investment objectives.

ITEM 17: VOTING CLIENT SECURITIES

Blankinship & Foster's policy and practice is to not vote proxies on behalf of its clients and therefore, the Firm shall have no obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, clients retain the responsibility for receiving and voting all proxies for securities held within the client's account.

While Blankinship & Foster employees may answer client questions regarding proxy voting matters in an effort to assist the client in determining how to vote the proxy, the final decision of how to vote the proxy rests with the client. Blankinship & Foster shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

For ERISA clients requiring the Firm to vote proxies, we may agree to do so on a case-by-case basis, at our sole discretion. Blankinship & Foster's proxy voting policy requires that we vote proxies in the best interest of our clients. We reserve the right to charge an additional fee of \$2,000 per year or 0.25 percent per year of the account value, whichever is greater. We will record each proxy vote that we make and relay each to the client in a reasonable amount of time.

ITEM 18: FINANCIAL INFORMATION

Blankinship & Foster does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Furthermore, Blankinship & Foster does not have any financial commitments that may impair its ability to meet contractual and/or fiduciary obligations to clients. Finally, the Firm has not been the subject of a bankruptcy proceeding.