

Foster Investment Consulting LLC

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This brochure provides information about the qualification and business practices of Foster Investment Consulting LLC. If you have any questions about the contents of this brochure, please contact us at (213) 612-7667, or by email at contact@fosteric.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.

Additional information about Foster Investment Consulting LLC is available on the SEC's website at www.adviserinfo.sec.gov.

June 1, 2012

Material Changes

Annual Update

Foster Investment Consulting LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 30, 2012.

Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

Since our last annual amendment dated March 30, 2012, FIC is no longer affiliated with SFE Investment Counsel Inc. Mark Foster is no longer a registered representative with Stern Fisher Edwards Inc.

Effective June 1, 2012, the management of FIC was restructured removing Penelope Roeder as Chief Operating Office. In addition, William Carson and Charles Bohlen were removed from FIC's investment advisory committee.

Full Brochure Availability

The Firm Brochure for Foster Investment Consulting LLC is available by contacting contact@fosteric.com or (213) 612-7667.

Table of Contents

Material Changes	2
Annual Update	2
Material Changes since the Last Update.....	2
Full Brochure Availability	2
Advisory Business	6
Firm Description	6
Principal Owners	6
Types of Advisory Services	6
Tailored Relationships	7
Wrap Fee Programs.....	7
Client Assets	7
Fees and Compensation	7
Description	7
Fee Billing.....	8
Other Fees	9
Fees Paid in Advance.....	9
Additional Compensation	9
Performance-Based Fees & Side-by-Side Management.....	9
Sharing of Capital Gains or Capital Appreciation	9
Types of Clients	10
Description	10
Account Minimums.....	10
Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis.....	10
Investment Strategies.....	10
Risk of Loss.....	11
Disciplinary Information	11
Legal and Disciplinary	11
Criminal or Civil Action	11

Administrative Proceeding	11
Self-Regulatory Proceeding.....	11
Other Financial Industry Activities and Affiliations	11
Broker-dealer or Registered Representative	Error! Bookmark not defined.
Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person	11
Material Relationships or Arrangements with Financial Industry	Error! Bookmark not defined.
Recommend or Select Other Investment Advisers	12
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Code of Ethics.....	12
Recommend Securities with Material Financial Interest	Error! Bookmark not defined.
Invest in Same Securities Recommended to Clients.....	12
Personal Trading Policies	Error! Bookmark not defined.
Brokerage Practices.....	13
Selecting Brokerage Firms	13
Research and Soft Dollars	13
Brokerage for Client Referrals.....	13
Directed Brokerage	13
Order Aggregation.....	13
Review of Accounts	14
Periodic Reviews	14
Review Triggers.....	14
Regular Reports	14
Client Referrals and Other Compensation	14
Economic Benefits	14
Third Party Solicitors.....	14
Custody	14
Account Statements.....	14
Investment Discretion	15
Discretionary Authority for Trading	15
Limited Power of Attorney	15
Voting Client Securities	15

Proxy Voting.....	15
Financial Information	15
Prepayment of Fees.....	15

Advisory Business

Firm Description

Foster Investment Consulting LLC ("FIC") provides investment consulting services to high net worth individuals and their families, religious communities, other non-profit organizations and, as appropriate, the business accounts, profit sharing plans or pensions related to these entities. Each account is managed according to the individual client's investment objectives, financial needs, and any investment guidelines provided by the client or mutually agreed upon by Foster Investment Consulting LLC and the client. FIC provides clients with regular assessments of their portfolios and periodic in-person meetings to review past investment results, current goals and objectives, and future investment strategy.

Principal Owners

Foster Investment Consulting LLC is wholly owned by Retsof Holdings LLC, a California limited liability company. The principal owner and managing member of Retsof Holdings LLC is Mr. Foster, who also serves as President of FIC. Mr. Foster co-founded Foster Investment Consulting in 2005, after 10 years of leading the multi-family office practice of The Seidler Companies, Inc. Mr. Foster has nearly 30 years of financial services experience. He served as Managing Director, Executive Vice President and a member of the Board of Directors for Seidler for 15 years. During that time he managed the firm's Corporate Syndicate Department, which handled IPOs of debt and equity, as well as managing the firm's relationships with major investment banking clients and Wall Street correspondents. He also managed the firm's Mutual Fund Department and Chaired the Underwriting Commitments Committee. Mr. Foster began his career at Bateman Eichler, Hill Richards, Inc in 1980. Mr. Foster is a third generation Southern Californian and attended the University of Southern California. Mr. Foster serves as Chairman of the Board of Trustees of the Los Angeles Master Chorale, a trustee of the Los Angeles Performing Arts Center and the Music Center Foundation, where he chairs the Audit Committee. He serves as Vice President and Treasurer of the Ryman Arts Foundation, is a member of the Finance Committee of Loyola High School of Los Angeles. He has also served as a Trustee and Chair of the Investment Committee of Mount St. Mary's College.

Types of Advisory Services

Foster Investment Consulting LLC ("FIC") works with each client and the client's advisors to determine the client's current financial situation and needs, and to assess the client's goals. That process generally includes identifying the client's current assets and obligations; determining the client's present and future needs for income; and understanding the client's goals – both explicit financial goals and the life or organizational goals that may affect or determine financial goals. FIC then works with the client to design an investment portfolio that will help the client to accomplish those goals, and to select investment managers to oversee each of the asset classes (e.g., stocks vs. bonds; stocks of large companies vs. stocks of small companies) and strategies (e.g., "growth" stocks vs. "value" stocks) that make up the portfolio. FIC then reviews the managers' performance with each client and recommends manager changes as necessary to meet the client's needs. FIC generally does not buy individual stocks and bonds for its advisory clients. Instead, FIC identifies for clients the managers who have particular expertise in individual asset classes and strategies, and allows those managers to make the individual security decisions.

Tailored Relationships

All of FIC's relationships are tailored to the individual client's needs. The design of the client's portfolio will take into account the client's long-term growth objectives, income needs, the client's ability to tolerate risk, and assets the client may have that are not investable (e.g. real estate or an operating business). Although FIC has preferred managers for many of the asset classes and strategies used by most clients, each client's relationship with the manager is separate and not covered by any prior arrangement between the manager and FIC. Where possible, clients will open separate accounts with the selected managers; when the portion of the client's portfolio to be managed by a particular manager does not meet the manager's minimums, the client may use other products such as investment funds that allow the client to access the manager's expertise. If there are investment restrictions, such as those voted on by a board or directors or imposed by a trust document, that affect the client's portfolio or a particular portion of the portfolio, FIC will choose managers who regularly impose similar restrictions on their investment decisions or who are willing to work with clients in the management of their separate accounts to honor those restrictions. Similarly, if the client has an investment policy that imposes certain restrictions on the portfolio's structure, FIC will honor those in the portfolio design. If FIC believes that restrictions on investment choices are counterproductive in helping to achieve that client's objectives, FIC will try to help the client understand why they are counterproductive and to work with appropriate advisors to help change the policies if such changes can be made. As long as those policies stand, however, FIC will make every effort to honor the policies in place.

Wrap Fee Programs

Foster Investment Consulting LLC does not offer wrap account programs.

Client Assets

As of 12/31/11, assets overseen by Foster Investment Consulting LLC on a discretionary basis totaled \$26,637,589; assets overseen on a non-discretionary basis totaled \$41,161,164.

Fees and Compensation

Description

The posted annual fee schedule for investment consulting services provided to FIC's consulting clients is as follows:

Annual Set-up/Review Fee of \$25,000 (payable in installments of \$6,025 at the time the initial contract is signed and at the beginning of each subsequent quarter) plus asset-based fees of:

- .50% on assets up to \$5,000,000
- .40% on assets from \$5,000,001-\$10,000,000
- .30% on assets from \$10,000,001-\$25,000,000
- .20% on assets over \$25,000,000

The minimum annual fee is \$50,000. Fees other than the annual fee of \$25,000 are payable quarterly in advance. Fees may be adjusted with at least 30 days' advance notice.

The value of each account is determined as follows: Publicly traded securities (such as the stocks and bonds of public companies and shares in mutual funds registered under the Investment Company Act of 1940) are valued at their closing price on the day of valuation, generally as reported by National Financial Services. The value of private securities, including interests in private investment funds, is provided to Foster Investment Consulting LLC by the sponsor of the security; the most recent valuation provided by the sponsor will be adjusted to reflect capital calls or distributions made since the valuation date. The value of stock options is determined by applying the binomial option pricing model, a commonly recognized formula for this kind of valuation.

Fees for investment supervision may be lower than the posted schedule, and they are negotiable based on the length of the relationship, the complexity of the portfolio, and the range of services being provided. Discounted fee arrangements may be negotiated with individuals, families, or institutions seeking consulting services from FIC. Based on those negotiations, fees may be fixed at an agreed upon single percentage, rather than the tiered approach in the posted schedule, or a fixed dollar amount per year. Foster Investment Consulting LLC may also manage the accounts of its employees and their family members at no charge. In addition, certain historical accounts with little activity may be handled on a commission-only basis. Foster Investment Consulting LLC does not intend to benefit from any costs charged to clients for the management of their accounts other than the posted or negotiated fee. Transaction costs associated with the account are charged at the lowest prevailing institutional rates offered and available at each of the custodians or brokerage firms furnishing services to the account. Every effort is made to credit to the client any referral fees received by Foster Investment Consulting LLC in relation to a client's account to use them to offset to a portion of the client's fee to Foster Investment Consulting LLC.

Foster Investment Consulting is also the sponsor of two private investment funds of funds, Foster Investment Partners LLC ("FIP") and Foster Investment Partners (DE) LLC ("FIP(DE)"). FIC clients who invest in those funds are subject to the payment of fees and expenses detailed by the documents related to those investments. Those fees and expenses may be negotiated under the terms of those documents.

Fee Billing

Foster Investment Consulting LLC's clients generally pay fees for consulting services by authorizing direct withdrawals of those fees from an account maintained with FIC. Fees are collected at the beginning of the first quarter of each year; quarterly fees are collected, in advance, at the beginning of each quarter. Quarterly fees are calculated on the basis of the value of the portfolio as of the last day of the prior quarter. That is, fees for the January through March quarter are collected in January and based on the value of the portfolio on 12/31/--. In some cases, where up-to-date values are not available in time for timely collection of quarterly fees, adjustments will be made in later quarters to account for the late valuations.

Other arrangements for payment may be made by written agreement.

Other Fees

Any financial planning services that are incidental to investment and portfolio planning are provided at no additional cost. If a client requests additional services, such as bookkeeping assistance, stand-alone financial planning, or assistance with the management of an operating asset, additional fees will be assessed for those services. Consulting clients who desire documentation, reports, or extensive meetings (for example, with the client's other advisors) that are not part of FIC's standard protocol may be charged for the time spent on those activities. All such fees are negotiated on an as-needed basis and may be set on a per project or per hour basis. These fee arrangements, as well as the provision for payment of them, will be made by written agreement.

Clients may incur fees assessed directly by the investment managers chosen to oversee portions of their portfolios. Foster Investment Consulting LLC does not intend to benefit from any costs charged to clients for the management of their accounts other than the posted or negotiated fee between the client and FIC. Transaction costs associated with the account are charged at the lowest prevailing institutional rates offered and available at each of the custodians and/or brokerage firms furnishing services to the account. Every effort is made to credit to the client any referral fees received by Foster Investment Consulting LLC in relation to a client's account and to use them to offset to a portion of the client's fee to Foster Investment Consulting LLC.

Fees Paid in Advance

Clients may terminate their accounts upon 30 days' written notice. Foster Investment Consulting LLC may terminate a client account upon 30 days' written notice to the client. Upon termination, a pro rata refund of any prepaid fees will be given.

Additional Compensation

Although certain investment managers may pay Foster Investment Consulting LLC referral fees for client accounts, it is not FIC's intent to increase its income from those fees. Every effort is made to credit to the client any sub-advisory fees, and referral fees received by Foster Investment Consulting LLC in relation to a client's account and to use them to offset a portion of the client's fee to Foster Investment Consulting LLC.

Performance-Based Fees & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

Foster Investment Consulting LLC does not charge any performance-based fees. When clients' portfolios perform well, the asset bases on which fees are charged increase; conversely, when portfolios underperform, the asset bases on which fees are charged decrease. Consequently, FIC does have an economic incentive to make recommendations that will enhance the overall performance of each client's portfolio.

Types of Clients

Description

Foster Investment Consulting LLC provides investment consulting services to high net worth individuals and their families, religious communities, other non-profit organizations and, as appropriate, the business accounts, profit sharing plans or pensions related to these entities.

Account Minimums

Foster Investment Consulting LLC's posted and consulting fee structure is designed for accounts of a minimum of \$5 million. In certain cases, because of historical or other relationships between FIC and a client, or because of an individual's relationship to another FIC client, FIC may negotiate an arrangement with a client whose investment assets are less than \$5 million. Although such clients are generally subject to the \$50,000 minimum annual fee, discounts and other arrangements may be negotiated.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Foster Investment Consulting LLC focuses primarily on the design of portfolios for its clients, as well as the finding and oversight of investment managers who have experience and expertise in the management of particular asset classes and strategies that FIC recommends for the client's portfolio. In constructing the portfolios, FIC begins with understanding the client's needs and goals. Those needs and goals, considered in the broader context of the overall economy and economic expectations, form the basis for the design of the client's portfolio and FIC's recommendations regarding the allocation of the client's investment assets among asset classes and strategies. The design of the portfolio and the allocation of the assets in it are periodically reviewed in relation to changes in either the client's circumstances or the economy. In addition, the performance of the investment managers selected for the client is also reviewed, often in comparison to the index that best matches the strategy for which the manager was chosen. FIC also reviews the manager's audited reports of its performance and publicly available analyses of the manager's performance based on those audited reports. Finally, FIC reviews a manager's performance to ensure that the manager has adhered to the client's specific guidelines, such as prohibitions against investing in certain industries or countries.

Investment Strategies

In general, FIC counsels its clients to seek broad diversification of their portfolios among asset classes and strategies. Specific construction of the portfolio and allocation to each asset class and strategy in the portfolio will depend on a number of factors, including the client's need for regular income from the

portfolio; the client's tax bracket and its potential impact on sources of investment income; the client's long-term goals for the investment portfolio; the client's level of comfort with asset classes and strategies that have varying levels of volatility; and the client's other assets.

Risk of Loss

Investing in securities involves a risk of loss that clients should understand and be prepared to withstand. FIC recommends managers who invest in a range of asset classes and who pursue a variety of investment strategies. FIC reviews with clients the risk-reward profile of each manager's approach, and makes recommendations based on the client's financial goals and risk tolerance. All of their strategies are subject to short-term or long-term downturns and they may be less liquid than other kinds of investments. While the managers seek to achieve positive returns, there is no guarantee that they will meet their investment objectives. FIC seeks to mitigate the risk of loss by building portfolios with diverse asset classes and strategies, with the goal of creating non-correlated returns (i.e. losses in one asset class or strategy will be offset by gains in another). However, there is no guarantee that FIC will achieve this goal.

Disciplinary Information

Legal and Disciplinary

FIC has not been involved in any legal or disciplinary actions not resolved in its favor or withdrawn before resolution.

Criminal or Civil Action

No criminal or civil action has been filed against FIC that has not been resolved in FIC's favor or withdrawn before resolution.

Administrative Proceeding

FIC has not been the subject of any administrative proceeding.

Self-Regulatory Proceeding

FIC has not been the subject of a proceeding by any of the self-regulatory organizations in which it or its affiliates participate.

Other Financial Industry Activities and Affiliations

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person

Foster Investment Consulting LLC and its personnel do not do any business that requires them to be registered with any commodities organization, and none is.

Recommend or Select Other Investment Advisers

FIC's advisory services center on designing clients' portfolios and recommending investment managers whose strategies match the clients' investment goals. Depending on the size of the client's position to be managed by a particular advisor and that advisor's minimum account sizes, FIC may recommend separate account management, private pooling accounts, or even mutual funds run by that advisor. FIC refers to some managers repeatedly because of their above-average investment performance, but FIC makes ultimately its recommendations to clients solely on the basis of the client's needs and the manager's expertise and experience. Some managers to which clients may be referred do offer referral fees to FIC, but FIC generally does not treat those as a source of additional income. Instead, wherever possible, such referral fees are credited to clients against the fees due to FIC for its services. Although FIC personnel may, from time to time, be invited to educational events conducted by investment managers or receive educational or other materials from them, FIC has no relationship with any other investment managers or advisors who provide services, research, or other materials as an implicit payment for referrals from FIC (often referred to as "soft money" arrangements).

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Foster Investment Consulting LLC has a Code of Ethics that is available to clients on request. The general principals in this Code are: (1) the duty at all times to place the interests of clients ahead of those of Foster Investment Consulting LLC and its employees; (2) the requirement that all personal securities transactions are to be conducted in such a manner as to avoid any actual or potential conflict of interest or abuse of any individual's position of trust and responsibility; and (3) the fundamental standard that access persons should not take inappropriate advantage of their positions or of their relationship with Foster Investment Consulting LLC or its clients.

Invest in Same Securities Recommended to Clients

Foster Investment Consulting LLC permits its employees to buy and sell mutual funds and securities that it also recommends to clients but always in accordance with its Code of Ethics (the "Code"). The Code's main principles are described above.

Brokerage Practices

Selecting Brokerage Firms

In many cases, the portions of a client's accounts that are managed by the investment managers chosen for the client by FIC are both held in custody and traded according to that manager's arrangements. A client may choose an alternative to any manager's standard arrangements at the discretion of that manager. For assets not held by other managers, FIC clients may make any brokerage arrangements they want; FIC can, and does, receive statements from those accounts for purposes of review and oversight. For convenience sake, many of FIC's clients keep the assets not held by individual money managers at National Financial Services ("NFS"), FIC's primary custodian, and consent to have trades placed at NFS through Stern Fisher Edwards Inc., a FINRA broker-dealer. On the rare occasion that Foster Investment Consulting LLC might direct a client transaction through Stern Fisher Edwards Inc., Foster Investment Consulting LLC would negotiate for the lowest possible rate. If the negotiated rate for such a transaction were to be for an amount greater than the prevailing institutional rate, every effort is made to give the client a credit against their Foster Investment Consulting LLC fees for any commissions in excess of the prevailing institutional rate.

Research and Soft Dollars

Although FIC personnel may, from time to time, be invited to educational events conducted by investment managers or receive educational or other materials of interest from them, FIC has no relationships with any other investment managers or advisors who provide services, research or other materials as an implicit payment for referrals from FIC. (That is, FIC has no "soft money" relationships.)

Brokerage for Client Referrals

Foster Investment Consulting LLC does not have any relationships with brokers in which the brokers refer clients to FIC in exchange for business for that broker.

Directed Brokerage

Foster Investment Consulting LLC recommends that any client assets not held by the investment manager overseeing that portion of the client's portfolio be held at one of the firms with which FIC has arrangements, currently NFS and TD Ameritrade. Trading in accounts custodied at one of those firms is done in accordance with FIC's arrangement with that firm. However, if a client chooses to use another custodian, FIC will make arrangements to ensure that trading is appropriately executed in those accounts.

Order Aggregation

The trading practices of investment managers chosen for its clients are under the control of those managers. In the rare instance that FIC buys or sells an individual security in a client's portfolio, the client's order is placed separately from any orders for other clients.

Review of Accounts

Periodic Reviews

A Foster Investment Consulting LLC administrator reviews transactions daily and does weekly account reconciliations. Depending on the size and complexity of each client's portfolio, as well as economic conditions and market trends, the allocations may be reviewed against targets quarterly, semi-annually, or annually. FIC reviews allocation in the context of the overall economy at monthly investment committee meetings, and revises both models and accounts when needed. Different target allocations may be chosen for a particular portfolio if the client's needs, concerns, or circumstance change.

Review Triggers

Client portfolios may be reviewed more frequently if either the client's circumstances or the economic situation change significantly. A client may also request a review of the portfolio.

Regular Reports

FIC clients receive reports from custodians at least quarterly. The client may receive additional reports from FIC quarterly or annually, depending on the client's concerns and interests.

Client Referrals and Other Compensation

Economic Benefits

As noted above, Foster Investment Consulting LLC does not receive research or other services from any brokers or other investment advisors in return for referring clients to them. Nor does FIC receive referrals from brokers in exchange for the client's brokerage account. Other than client fees, FIC may receive referral fees paid to it in hard dollars by money managers. Every effort is made to ensure that any such fees received by FIC are credited to the client's account and used to offset fees charged to the client by FIC.

Third Party Solicitors

Foster Investment Consulting LLC does not use third party solicitors.

Custody

Account Statements

Foster Investment Consulting LLC does not provide custody for consulting clients' assets. Assets for any client's portfolio may be custodied by the investment manager managing that portion of the client's portfolio, at one of the custodians with which FIC has arrangements (currently NFS and TD Ameritrade),

or another custodian of the client's choice. Custodians provide clients with statements at least quarterly. For consulting clients whose assets are divided among several custodians, reports showing an aggregated portfolio are provided at least annually.

Investment Discretion

Discretionary Authority for Trading

Consulting clients of Foster Investment Consulting generally sign an agreement giving FIC the discretion to execute any trades necessary to maintain the asset allocation of the client's portfolio. Generally, however, FIC personnel make every effort to discuss any significant change with the client before executing a trade. In general, clients sign agreements directly with any manager that is going to manage a portion of the client's portfolio in a separate account or a private pooling vehicle. In most cases, clients will be asked for direct and specific authorization to move assets from one investment manager with which they have a direct agreement to another, or to FIC.

Limited Power of Attorney

In few cases, Foster Investment Consulting LLC clients have requested that FIC assume a limited power of attorney in order to facilitate execution of certain transactions when the client is not available. FIC has complied with some of those requests but generally prefers to discuss any significant changes with the client before taking steps to execute them.

Voting Client Securities

Proxy Voting

FIC does not vote client securities.

Financial Information

Prepayment of Fees

Clients of Foster Investment Consulting LLC pay consulting fees quarterly, usually in advance. If a client ends the relationship with FIC and gives 30 days notice, a pro rata portion of those fees is refunded.