



BLB&B Advisors, LLC
INVESTMENT MANAGEMENT

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Form ADV Part 2A Brochure

This brochure provides information about the qualification and business practices of BLB&B Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (215) 643-9100. 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.

BLB&B Advisors, LLC is a Registered Investment Adviser, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. Registration as an investment advisor does not imply a certain level of skill or training. The verbal and written communications of an investment advisor provide you with information you need to determine whether to hire or retain the advisor.

Additional information about BLB&B Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

BLB&B Advisors, LLC's ("BLBB"), previous Brochure was dated December 8, 2016. The material changes made to this Brochure, since the last annual update dated March 24, 2016, are below:

A new fee schedule was added with an effective date of November 1, 2016.

The description of the Global Macro Strategy was changed to reflect the name change of the investment risk of Long Term Growth to Aggressive Growth.

We have provided more information regarding the income received through the affiliated broker dealer, provided a clarification on mutual fund fees that may be received by the affiliated broker dealer and changed the name of the clearing broker from First Clearing Services, LLC to Wells Fargo Clearing Services, LLC effective November 11, 2016.

The financial affiliation of the Chief Operating Officer (COO) of BLB&B Holdings, LLC was added.

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Item 4 - Advisory Business

BLB&B Advisors, LLC (“BLBB”), a Registered Investment Adviser, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, provides investment management services to individuals, institutions and non-profit organizations.

As of December 31, 2016, BLBB managed approximately \$839.8 million on a discretionary basis and \$39.7 million on a non-discretionary basis or a total of approximately \$879 million.

BLBB’s investment advisory services include portfolio structuring, monitoring and researching of all portfolio positions, implementing asset allocation strategies within portfolios, providing portfolio analysis, providing personalized financial planning and periodically conducting client conferences or educational seminars.

Based on the client’s investment objectives, BLBB determines a prudent asset allocation between equities, fixed income, cash, and other assets such as real estate and commodities. Portfolios consistent with the asset allocation are then constructed using stocks, bonds (including Treasury, agency, corporate and municipal), exchange-traded funds (ETFs), mutual funds, and other types of securities. A strategy of holding securities that have identifiable value and potential is generally followed. Lower-quality securities are only purchased when adequate and reliable information is available, and the quantity purchased is generally limited to a minor part of the portfolio for those investors whose individual goals will tolerate such investments.

BLBB will manage portfolios through the best efforts and judgment of its personnel in accordance with the investment objective as selected by the client. Generally, BLBB seeks to invest the majority of a portfolio in seasoned companies for possible long term capital growth and moderate income. Depending on market conditions, a certain portion of the portfolio may be invested with an emphasis on larger potential capital appreciation over time. Companies in this category are usually less seasoned, may be more volatile in price, and could entail a higher degree of risk. BLBB employs Treasury, agency, corporate and municipal debt, and cash balances in portfolios to reduce market volatility. Fixed income investments may be held to maturity or sold to generate funds for other more attractive investments for reasons including credit quality improvement, or differing maturities of similar instruments offering a better investment for the portfolio.

In the majority of cases, BLBB has discretionary investment management authority to make investment decisions and to place orders to structure portfolios. However, BLBB will occasionally manage accounts on a non-discretionary basis if requested by a client and accepted by BLBB. Clients may impose certain restrictions on investing in certain securities or specific types of securities. BLBB manages most portfolios on a separate, individualized basis. Some clients may elect to use a model-based portfolio comprised of ETFs to meet their specific needs. The amount of equities and/or fixed income to be bought and/or sold varies with the size, emphasis, and overall goal of each portfolio, as discussed and coordinated with each client.

BLBB does not participate in any wrap fee programs.

Financial Planning

As part of the advisory services provided to clients, BLBB may provide financial planning which takes a comprehensive view of different aspects of the client’s current financial situation to develop a plan that allows us to help the client meet their investment goals and objectives. During the financial planning

process, the client will participate in meetings to identify and prioritize their objectives, gather information, evaluate recommendations, and track progress towards the goals. The financial planning relationship may include meetings with the client's other specialized advisors (attorneys, accountants, etc.)

Depending on the client's objectives, a formal written financial plan may cover general financial planning, estate planning, educational fund planning, business succession planning, individual tax planning, business planning, retirement planning, corporate retirement planning, risk management and insurance planning. BLBB may make observations relating to legal or tax issues, but does not provide legal or tax advice.

A BLBB financial plan generally consists of observations, assumptions, strategies, and recommendations. The client is generally presented with a formal written plan based on the information they have provided. The client may choose to implement all or any part of the plan through BLBB or another professional of their choice. For certain consulting or ad-hoc requests, a written summary may not be provided.

Financial plan recommendations may create a potential conflict between the interests of the advisor and that of the client. For instance, if a financial planning recommendation were to increase the level of investment assets with the advisor, it would increase the advisory management fee paid to the advisor.

ERISA Fiduciary Services

Certain services are provided as a fiduciary of specifically designated ERISA plans based on applicable definitions (contained in ERISA Section 404(a), IRC §4972, Investment Company Act of 1940 and state laws). In performing the following services, BLBB will act as a fiduciary as defined by ERISA Section 3(21) or ERISA Section 3(38)

The services provided may include: Investment Advice to the Plan Sponsor, Preparation of the Investment Policy Statement (IPS), Investment Menu Design, Selection of a Qualified Default Investment Alternative (QDIA), Performance Monitoring, Performance Reports and Participant Advice.

Item 5 - Fees and Compensation

Fees for investment management are generally calculated as a percentage of assets under management. Under certain circumstances our fee may be negotiable and we have existing agreements that are higher or lower than this fee schedule with the highest fee being 1.5%. Some employees and their family members may have accounts which pay a discounted fee. Portfolios are valued at the end of each quarter and charged 1/4 of the fee rate based on the value of the portfolio at that time. If the service is for less than the whole of any quarterly period, compensation will be calculated and payable on a pro rata basis for that portion of the period that the assets were in the account. On occasion, BLBB may charge a flat fee or fees on an hourly basis. Fees are not charged in advance. Minimum fees may be waived in certain circumstances.

When valuing a security for billing, BLBB will use that security's closing price or reported Net Asset Value or, if not available, the bid price of the last recorded transaction. In valuing securities, BLBB will use information provided by quotation services believed to be reliable. These services include: first (1) Wells Fargo Clearing Services, LLC, then (2) the Custodian for the account, and finally (3) quotations from a Bloomberg terminal. In the rare absence of a published quotation, BLBB will use its reasonable discretion.

Fee Schedule Effective 11/01/2016

Assets Under Management	Fee
First \$500,000	1.25%
Next \$500,000	1.00%
Next \$1 Million	0.85%
Next \$3 Million	0.75%
Next \$5 Million	0.65%
Thereafter	0.55%
Minimum Fee	\$1,250

Fees are generally debited directly from client accounts, except in certain circumstances where clients are billed directly. Important information about the deduction of management fees:

- Clients must provide authorization for BLBB to deduct fees;
- Clients receive a statement from the custodian which shows their holdings as well as the fee deduction; and
- Clients are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

Fees are generally not charged for financial planning services or educational seminars/conferences if the client is already paying for investment management services.

Clients may cancel the investment management agreement by providing to BLBB written notice of their intention to cancel. Upon such notification, the portfolio is valued and the fee is prorated for the period elapsed since the last billing. There are no restrictions on or penalties for canceling a management agreement.

Purchase and sale transactions of individual securities may involve custodial charges including but not limited to agency commissions. These fees are charged to the client by the client's custodian and BLBB receives no portion of these fees. However, BLBB is affiliated with Burke, Lawton Brewer & Burke, LLC ("Burke Lawton") a broker-dealer with a fully disclosed clearing arrangement with Wells Fargo Clearing Services, LLC. Please see Items 10 and 12 for more information on Burke Lawton. If securities transactions take place through Burke Lawton, the investment advisor representative of BLBB may also act as the registered representative of Burke Lawton but receives no compensation from using Burke Lawton as the introducing broker-dealer. All fees paid to BLBB for investment advisory services are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds and notes (ETFs), and other packaged investment products that clients may hold in their accounts. Such fees and expenses are described in fund or ETF prospectuses. They will generally include a management fee, other fund or ETF expenses, and possibly a distribution fee. The purchase of exchange-traded funds and certain mutual funds may also involve a broker's transaction fee. BLBB receives no portion of these fees.

BLBB does not generally purchase mutual funds with front or back-end loads, or which pay distribution fees. In the event such a mutual fund is transferred into an account, it is evaluated and could be held, for example to convert a short-term capital gain into a more favorably taxed long term capital gain, or to defer the tax recognition of that gain to another year. Typically, these share classes are liquidated. In certain circumstances, accounts may hold load or no load mutual funds which may pay Burke Lawton annual distribution charges sometimes referred to as 12(b)-1 fees. For ERISA assets, the broker-dealer of record (which may or may not be Burke Lawton) is responsible for ensuring such fees are used to offset the plan's administrative costs and that administrative costs that remain after the application of the fees are paid by the plan in accordance with the arrangement between the plan and the qualified custodian.

Item 6 - Performance-Based Fees and Side-By-Side Management

BLBB does not charge "performance based fees" or engage in side-by-side management.

Item 7 - Types of Clients

BLBB generally provides investment advice to individuals, trusts/estates/charitable organizations, corporations or business entities, pensions/profit sharing plans, and banks/thrift institutions.

Prior to accepting and opening an account for a client, BLBB must determine that there is a fit between the client's goals and objectives and BLBB's philosophy and decision-making process.

BLBB does not currently have or require a minimum household size but there is a minimum household fee of \$1,250 that may be waived in certain circumstances.

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

BLBB's security analysis methods include charting, fundamental, technical and cyclical strategies and research.

BLBB's main sources of information include financial newspapers/magazines, data services, inspections of corporate reports and activities, research materials prepared by others, corporate rating services, company filings (including annual reports, prospectuses and other SEC filings) and company press releases.

BLBB investment advisory services include portfolio structuring, monitoring and researching of all portfolio positions, making changes to the portfolio, providing account evaluations, and periodically conducting conferences. BLBB utilizes a strategy of holding securities that have identifiable value and potential. Our goal is to invest profits in other securities with better underlying values. Lower-quality securities are only purchased when adequate and reliable information is available, and the quantity purchased is generally limited to a minor part of the portfolio for those investors whose individual goals will tolerate such investments.

Global Macro Strategy

BLBB's Global Macro Strategy offers an option for accounts which may benefit from a diversified portfolio of ETFs selected by BLBB ETF Committee and supervised by the investment advisor. These portfolios span nine different levels of investment risk (ranging from Conservative Income to Aggressive Growth), are regularly rebalanced, and offer exposure to as many as fourteen asset classes including stocks, fixed income, real estate and commodities, as well as a cash component. Similarly, BLBB's Concentrated Global Macro Strategy offers a diversified portfolio of ETFs of up to five asset classes including stocks, fixed income and a cash component based on nine different levels of investment risk from Conservative Income

to Aggressive Growth. BLBB works with the client to determine whether one of these strategies is appropriate for the client's investment goals and objectives and then manages the selected strategy on an ongoing basis.

Risks

Investing in securities markets involves the risk of loss that clients should be prepared to bear. All investing involves risk. We have listed below the most common forms of risk that investors should be aware of before making the decision to invest:

- **Market Risk** - The risk to a specific investment or portfolio that the value may decline due to general market conditions not specifically related to a particular security. Examples may include real or perceived adverse market conditions now or in the future, changes in the outlook for earnings and changes in interest rates or currency and exchange rates.
- **Interest-Rate Risk** - The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.
- **Inflation Risk** - The risk of loss of purchasing power due to rising prices of goods and services.
- **Credit Risk** - The possibility that a debt issuer may not be able to repay you for your investment principal or interest owed to you.
- **Reinvestment Risk** - The risk that an investor faces when an investment matures and the new interest rates available are less than they were previously.
- **Currency Exchange Risk** - A form of risk that comes from the change in price of one country's currency against another.
- **Business Risk** - Often referred to as company risk, this is the risk of owning one or only a few investments in specific companies. This risk includes competition, technological obsolescence of the company's products or systems, reductions in the market demand and pricing for the company's products (such as reduced pricing for oil and natural gas), regulatory changes which make the company's business model no longer competitive (and in some cases permissible), management missteps, cybersecurity risk, and fraud whether real or perceived.
- **ETF and Mutual Fund Risk** - When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Leverage Risk** - This risk comes from using debt, or margin, to fund investments. As debt has to be repaid regardless of investment performance, leverage has the potential to multiply your losses or gains.
- **Liquidity Risk** - The risk that your investment cannot be converted into cash when you would like.

- **Political Risk** – The risk an investment’s returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, or foreign policy makers or military control.

Our investment process is designed with an awareness of the risks listed above; however, it is impossible to eliminate all of these risks when investing. While individual portfolio structuring can take many of these risks into consideration, there can be no assurance of success in investing or that BLBB’s attempts to address risk will prove to be successful.

Item 9 - Disciplinary Information

Neither BLBB nor any of its employees have any disciplinary history to report.

Item 10 - Other Financial Industry Activities and Affiliations

BLBB is affiliated with Burke, Lawton Brewer & Burke, LLC (“Burke Lawton”) a broker-dealer with a fully disclosed clearing arrangement with Wells Fargo Clearing Services, LLC. If the client has selected Burke Lawton to custody their assets and when securities transactions take place through Burke Lawton, the investment advisor representative of BLBB may also act as the registered representative of Burke Lawton, but receives no compensation from using Burke Lawton as the introducing broker-dealer. However, Burke Lawton may earn compensation including commissions for the purchase or sale of securities in client accounts, revenue share for acting as an introducing broker-dealer such as interest on margin balances, cash sweep accounts, and 12(b)-1 fees for mutual fund positions. Because of the potential revenue received by Burke Lawton from Wells Fargo instruments, there is a financial incentive for BLBB to utilize those products. BLBB has procedures in place to ensure that any recommendations made are in the best interests of clients. Clients are under no obligation to trade through Burke Lawton and BLBB supports a wide range of other custody and execution platforms with differing fees and service offerings. As affiliated businesses under common ownership, BLBB also has a service agreement under which it pays Burke Lawton for certain administrative, management, personnel and occupancy expenses. BLBB provides clients with a description of the primary affiliated and unaffiliated custody options supported by BLBB.

Stefanie Jane Little is BLBB’s Chief Compliance Officer. Ms. Little is an attorney and founder of Chenery Compliance Group LLC and its affiliated entities, all of which provide investment management compliance consulting services. BLBB has entered into a compliance services agreement with Chenery Compliance Group pursuant to which Chenery Compliance Group provides compliance services to BLBB, including the appointment of Ms. Little as BLBB’s Chief Compliance Officer.

W. Dean Karrash, portfolio manager at BLBB, is currently a director of Abraxas Petroleum Corporation, an energy exploration and production firm with headquarters in San Antonio, Texas. Mr. Karrash devotes an immaterial amount of time to this board during business hours at BLBB. Clients of BLBB may own shares of Abraxas in their BLBB accounts and there are appropriate procedures in place to address any potential conflicts of interest. In addition, Franklin A. Burke, Co-Chairman at BLB&B Holdings LLC is director-emeritus of Abraxas, serves on the board of Starkey Chemical Process Co. and is President of Venture Securities Corporation.

Douglas Huntley is the Chief Operating Officer of BLB&B Holdings, LLC. Mr. Huntley is also the President and founder of Fountainhead Services®, LLC. Fountainhead is a middle market strategic financial consulting firm providing Chief Financial Officer (CFO) services to supplement and develop clients' existing accounting staff and specializing in financing; management control systems; strategic

planning; and exit strategies. Fountainhead has some shared clients with BLBB and there are appropriate procedures in place to address any potential conflicts of interest.

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

BLBB has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and the fiduciary duty owed to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, pre-clearance procedures, among other things. All supervised persons at BLBB must acknowledge the terms of the Code of Ethics annually and as amended.

Officers, directors, and employees of BLBB and its affiliates may trade for their own accounts in securities that are recommended to and/or purchased for BLBB's clients. At no time, to the extent controllable by BLBB, will the transactions of BLBB or its associates be given priority over client transactions and these trades are usually aggregated with client orders or traded afterward. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of the employees of BLBB will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of BLBB's clients. As the Code of Ethics permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between BLBB and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. In such circumstances, the affiliated and client accounts will receive securities at a total average price. BLBB will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions would be explained on the order documentation.

It is BLBB's policy that the firm will not engage in any principal transactions for client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

BLBB also does not engage in cross trades between client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

A complete copy of BLBB's Code of Ethics is available to clients and prospective clients upon request by contacting Stefanie Little, BLBB's Chief Compliance Officer.

Item 12 - Brokerage Practices

Clients of BLBB are required to designate the brokerage firm through which their account transactions will be effected. Not all investment advisers require their clients to direct brokerage. BLBB is required to disclose that by directing brokerage, BLBB may not be able to include directed accounts in aggregated (block) trades in order to achieve the most favorable execution of client transactions. This practice may result in higher commissions or smaller discounts on client transactions with directed brokers. While BLBB does not have any negotiated volume discount for block trades, clients of BLBB may receive higher discounts for multi-round lot trades.

Regardless of the broker-dealer selected, any discounted commission rate available to the client will be dependent upon the client's ability to negotiate such discounts with the broker they select. Clients may pay more to direct brokerage so they should periodically review the terms of their brokerage arrangements to ensure that such arrangements meet their needs and are competitive in the market in relation to the services offered. In designating an executing broker, clients should also take into account services other than trade execution they require.

BLBB is affiliated with Burke, Lawton Brewer & Burke, LLC ("Burke Lawton") a broker-dealer with a fully disclosed clearing arrangement with Wells Fargo Clearing Services, LLC ("WFCS"). While most clients of BLBB use Wells Fargo Clearing Services, LLC, through Burke Lawton, as the custodian and broker of their investment advisory accounts, clients can also choose Fidelity Institutional Wealth Services, Pershing Advisor Solutions, or in certain circumstances, another Qualified Custodian of their choosing. There are differences in pricing, services and software tools that are available to BLBB as described in the BLBB BD Options document. BLBB does not independently select brokers for clients and we strive to make it clear that it remains the client's obligation to enter into a relationship and negotiate terms with their broker of choice

Trade Errors

If it appears that a trade error has occurred, BLBB will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors or breaches of investment guidelines and restrictions occur, BLBB's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. BLBB has discretion to resolve a particular error in any manner that is consistent with the above-stated policy.

Soft Dollars

"Soft dollars" were historically generated when an investment advisor entered into an agreement with an executing broker to receive a portion of the commissions generated by the advisor's client trades. The soft dollars were allocated to the investment advisor and could then be used to purchase items or services from the broker-dealer. The investment advisor has a fiduciary duty to its clients to obtain best execution, on an overall basis, for all securities transactions.

BLBB does not use soft dollars as described above. The SEC changed the wording of certain questions on the Form ADV and has indirectly changed the definition of soft dollars. Due to the new wording, the receipt of goods and/or services from a third party in connection with providing advice to clients could be seen as

“soft dollars.” The additional services BLBB receives from Fidelity, Pershing, Burke Lawton / WFCS and other financial institutions could fall under this new description of soft dollars. Notwithstanding that technicality, BLBB continues to refrain from using commission dollars to purchase items or services.

BLBB may receive without cost from Fidelity, Pershing, Burke Lawton/WFCS and other financial institutions, computer software and related systems support that allow BLBB to better monitor and manage client accounts. BLBB may receive the software and related support without cost because BLBB renders investment management services to clients that maintain assets at these institutions. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit BLBB, but not its clients directly. In fulfilling its duties to its clients, BLBB endeavors at all times to put the interests of its clients first. Clients should be aware, however, that BLBB’s receipt of economic benefits from a broker/dealer/custodian creates a conflict of interest since these benefits may influence BLBB’s willingness to accept one broker/dealer/custodian over another that does not furnish similar software, systems support or services. Specifically, BLBB may receive the following benefits from other financial institutions:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

BLBB does not receive “soft dollar benefits” and any such benefits available would not be a factor in choosing a broker-dealer or custodian for clients. BLBB does not select broker-dealers or custodians for clients. BLBB has specific compliance procedures to ensure there are no soft dollar arrangements made.

Item 13 - Review of Accounts

Accounts are regularly reviewed by a portfolio manager of the firm. When actions are pending or if market or security-specific circumstances warrant, accounts will be reviewed more frequently as deemed necessary by the portfolio manager. Each portfolio manager has the responsibility to act in the best interests of their clients and to provide investment advice in the client’s best interests and consistent with the client’s objectives.

Ongoing contact with the client is maintained by each portfolio manager and his/her assistant, providing the client an opportunity to update their investment objectives and goals and to implement or modify any reasonable restrictions on the management of the account. The number of accounts varies among the portfolio managers as to type and size.

In addition to any BLBB account statement, statements and confirmations are sent directly to clients from the 3rd party custodian they have selected. Clients are encouraged to compare their custodial statements with BLBB’s statements and to promptly notify BLBB of any discrepancies.

Item 14 - Client Referrals and Other Compensation

BLBB does not receive compensation for referring clients to other service providers. BLBB does not receive any economic benefits from any third parties for advisory services offered to its clients.

If a client is introduced to BLBB by a solicitor, BLBB may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the investment management fee of the referred client, and shall not result in any additional charge to the client. Clients will be informed, in writing, of any solicitor arrangement before they enter into a contract with BLBB.

Item 15 - Custody

BLBB is deemed to have custody of client assets as the majority of accounts are subject to automatic fee deduction. In order to avoid additional regulatory requirements in these cases, BLBB follows the procedures outlined in “Item 5: Fees and Compensation.” Client assets are held at either a third-party broker-dealer or custodian (a qualified custodian) of their choosing and not at BLBB. Clients generally receive monthly statements and trade confirmations directly from these organizations. Clients should review these statements carefully as they report important information regarding their managed account. In addition to the statements and confirmations, clients will receive quarterly statements from BLBB which they should also monitor regularly. BLBB also urges clients to compare account statements received from their Custodian to any statements received from BLBB.

In certain rare instances, a BLBB portfolio manager may act as a trustee or power of attorney for a BLBB client and therefore BLBB would have actual, as opposed to deemed, custody of such client’s assets. In these cases, such accounts are subject to a Surprise Verification Audit pursuant to paragraph (a)(1) of Rule 206(4)-2 of the Investment Advisers Act of 1940 by an outside independent certified public accountant.

While BLBB shall issue appropriate instructions to the custodian of the account in connection with settlement of portfolio transactions, neither BLBB nor its affiliates shall have any responsibility with respect to collection of income, reclamation of withheld taxes, physical acquisition or safekeeping of the assets of the account. All such duties of collection, physical acquisition and safekeeping shall be the sole obligation of the account’s qualified custodian.

Item 16 - Investment Discretion

Clients of BLBB generally grant the firm discretionary investment management authority to select securities and to execute transactions based on the client’s objectives.

Clients may request that we impose reasonable restrictions on investing in certain securities. In these situations, BLBB will consider the request for implementation provided that it is a reasonable request and in the best interest of the client.

BLBB obtains discretion by asking the client to sign the Investment Management Agreement.

Item 17 - Voting Client Securities

BLBB will not vote proxies for securities held in client accounts. The client maintains authority and responsibility for the voting of proxies which are provided to them by their custodian. Clients may contact their portfolio manager regarding any questions they may have related to these materials.

Item 18 - Financial Information

BLBB does not charge any clients fees for services more than 90 days’ advance and, therefore, has no material additional financial disclosures to make.