

**FIRM BROCHURE**  
(Part 2A of Form ADV)

March 16, 2023



**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](mailto: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](http://www.adviserinfo.sec.gov).**

## ITEM 1: COVER PAGE

Please refer to previous page.

## ITEM 2: MATERIAL CHANGES

Blankinship & Foster, LLC has updated its Form ADV Part 2A (“Disclosure Brochure”) to reflect the following change(s):

- **Item 4 – Advisory Services** - updated to: (i) reflect the firm’s asset under management as of December 31, 2022, (ii) expand disclosures regarding financial planning recommendation conflicts and how addressed by the Firm.
- **Item 5 – Fees and Compensation** – updated to: update and expand disclosures relating to investment management fees, including when a Minimum Fee applies, and when an Early Career Physician Plan Minimum Fee applies.

The prior version of the firm’s Disclosure Brochure was dated November 17, 2022. 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](mailto: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](http://www.adviserinfo.sec.gov) or please visit our web site at [www.bfadvisors.com](http://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 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 occasionally provides "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, depending on the scope of a client's engagement, 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 Item 5: 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, depending on the scope of a client's engagement, ongoing tracking of the client's progress in achieving his or her financial goals.

Importantly, clients always retain the right to decide whether to act upon any recommendations made by Blankinship & Foster, and are free to follow or disregard, wholly or in part, any information, recommendation, or advice provided by the Firm. Typically, we recommend any investment management services be provided by us. However, this creates a conflict of interest since the Firm will receive investment management fees should a client use us for implementing investment management recommendations. To address this conflict, as mentioned above, our clients always have the right whether to act upon any recommendations. Clients also are free to select any financial firm to implement any, or all the recommendations provided by Blankinship & Foster. Importantly, as part of our fiduciary duty to our clients, Blankinship & Foster and our representatives always endeavor to put the interests of our clients first, and recommendations are only made to the extent that we believe such to be in the best interests of the client. Additionally, Blankinship & Foster maintains written policies and procedures covering, among other things, the Firm's fiduciary duty to clients and the steps we take to help ensure the services we provide are in our clients' best interests.

## 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 begin 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

Wealth Management Services refers to the combination of Financial Planning Services and Investment Management Services, as each is described above. Fees for Wealth Management Services are defined below under Item 5: 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. As outlined in Item 4.B.1 above, clients retain the right whether to act upon any recommendations and are always free to select any financial firm for implementing any of our Financial Planning recommendations. Clients also are advised that a conflict of interest exists when Blankinship & Foster recommends its own Investment Management Services for the implementation of the recommendations contained in the financial plan. Please refer to Item 4.B.1 for information on how Blankinship & Foster addresses this conflict.

### 4. Other Consulting Services

Other Consulting Services include 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 Item 5: Fees and Compensation.

### 5. Educational Seminars

From time to time, Blankinship & Foster offers educational workshops to clients and their guests. The Firm does not charge a fee for any of our workshops and are provided for informational and educational purposes only.

## **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 a written agreement ("Client Agreement") 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 client 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 the Client Agreement.

## **D. Wrap-Fee Programs**

Blankinship & Foster does not sponsor or 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 12/31/2022, 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	<b>690,041,873</b>
Non-Discretionary	\$0
Total:	<b>690,041,873</b>

## 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 Client Agreement with the Firm setting forth the terms and conditions and the fees under which it will render its services. The Firm's advisory fees are negotiable, in the sole discretion of Blankinship & Foster, and we have clients that have fees that are different than those outlined in this Disclosure Brochure.

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 each client's respective Client Agreement.

#### 1. Fees for Wealth Management Services

Wealth Management Services is the combination of Investment Management Services and Financial Planning Services. The fees for Wealth Management Services are detailed in Sections 2 and 3 below.

Clients who place greater than \$1 million in assets under Blankinship & Foster's management will receive Financial Planning Services for no additional charge and will only pay the fees for Investment Management Services. This threshold has been waived or varied in the past and Blankinship & Foster's reserves the right to do so in the future, at its sole discretion. In cases where a client's AUM decline below \$1 million, or 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, and the client will enter into a separate agreement with the Firm.

#### 2. Fees for Investment Management Services

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

- a. Quarterly Fixed Fee: Clients pay a flat quarterly fee ("Quarterly Fixed Fee") in an amount agreed in advance and set forth in the Client Agreement. The Quarterly Fixed Fee is billed quarterly in advance.



- b. **Percentage of Managed Assets:** Clients pay an annualized quarterly advisory fee (“AUM Fee”) in advance, which is based on the fair market value of the assets under management (including cash, cash equivalents, accrued interest and/or dividends, as applicable) as of the close of business on the last business day of the preceding calendar quarter, as reasonably determined in good faith by Blankinship & Foster. The AUM Fee is calculated according to the below fee schedule:

Assets Under Management	Annual Advisory Fee (% AUM)*
Up to \$1,000,000	1.0% plus
Between \$1,000,001 and \$3,000,000	0.75%, plus
Between \$3,000,001 and \$5,000,000	0.60%, plus
In excess of \$5,000,001	0.40%

*\*subject to Minimum Fee (defined below)*

Example: For a client that has \$2,500,000 in managed assets in their account, Blankinship & Foster would charge an annual percentage fee of 1% on the first \$1,000,000, and 0.75% on the other \$1,500,000. Please note that clients that have less than \$1,000,000 in assets under management generally pay a Minimum Fee (see below).

**Minimum Fee** — Generally, we require clients to have a minimum of \$1,000,000 in assets under management with us. However, we reserve the right to waive this minimum at any time and have waived it in the past for new clients. For clients that have AUM with Blankinship & Foster that total less than \$1 million, a minimum annual fee of \$10,000 (\$2,500 per quarter) will be charged (the “Minimum Fee”). Please note that when a client’s AUM is under \$1,000,000, the minimum fee paid equals more than 1%.

The Minimum Fee will continue to be charged until the value of a client’s AUM increases to \$1 million or above, at which time the client will be charged an AUM Fee based on the tiered schedule above. In the event that a client’s AUM graduates to the tiered schedule and later the client’s AUM decreases below \$1 million, the Minimum Fee will apply. Whether the Minimum Fee will apply will be determined based on the value of the client’s account as of the close of business on the last business day of the preceding calendar quarter. The Minimum Fee will negatively impact the performance of smaller accounts, and will equate to more than a 1% fee if a client’s AUM is below \$1 million.

**Early Career Physician Plan Minimum Fee** — Blankinship & Foster also offers a special fee program for early career physicians. For these types of clients who qualify to participate in the Early Career Physician Plan (i.e., are practicing physicians that want to engage Blankinship & Foster and have less than \$1 million to initially invest, as determined by the Firm, in its sole discretion), Blankinship & Foster will assess a minimum fee of \$6,000 annually (\$1,500 per quarter) (the “Early Career Physician Plan Minimum Fee”). The Early Career Physician Minimum Fee will continue to be charged until the value of the client’s AUM exceeds \$600,000, at which time the client will be charged an AUM Fee based on the tiered schedule above. In the event that a client under this program has AUM that graduates to an AUM Fee under the tiered fee schedule and later the client’s AUM decreases below \$600,000, the minimum fee will apply a

again. Whether the Early Career Physician Plan Minimum Fee will apply will be determined based on the value of the account as of the close of business on the last business day of the preceding calendar quarter. Clients eligible for the Early Career Physician Plan Minimum Fee will receive Wealth Management Services (which includes Financial Planning Services and Investment Management Services). The Early Career Physician Plan Minimum Fee will negatively impact the performance of smaller accounts, and will equate to more than a 1% fee if a client's AUM is below \$1,00,000.

Upon initial opening of an investment management account, Blankinship & Foster's investment management fee will be charged in advance based on the value of the client's initial AUM and the number of days remaining in the quarter. The fee is due and payable upon initial opening of the client account(s) and will be deducted from the account(s) assets, as authorized by the client.

For purposes of fee calculation, Blankinship & Foster will aggregate all investment management accounts managed by the Firm that belong to certain familial relations of the client, which generally is referred to as "householding." For purposes of asset under management calculation only the value of such client's account(s) will be aggregated with the account values of a client's same family, defined as spouse or partner and dependent children (collectively, a "household").<sup>1</sup> Thus, when a household's account assets are aggregated, this could make such accounts eligible for a lower annual advisory fee (*i.e.*, a breakpoint) based on Blankinship & Foster's tiered fee schedule.

### 3. 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 ("Hourly Fee"). 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 and set forth in the written agreement between the Client and the Firm. 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 and set forth in the written agreement between the Client and the Firm. The balance is due upon completion of Financial Planning Services.
- iii. Hourly Fee with a Guaranteed Maximum (Capped Hourly Fee): Clients agree to pay the Firm's Hourly Fee, subject to an agreed-upon maximum total fee as agreed in advance and set forth in the written agreement between the Client and the Firm, 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.

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<sup>1</sup> On infrequent occasion, a "household" could include children of the age of majority or other family members based on long-term client relationship, powers of attorney associated with the household and other factors to be determined in Blankinship & Foster's sole discretion and captured in this Agreement.

## **B. Billing Method**

Investment Management fees are usually deducted from a designated client account or accounts to facilitate billing, as authorized by each client. The client must consent in advance to direct debiting of their investment account. Payment by check is also acceptable.

At the beginning of each calendar quarter, Blankinship & Foster sends a billing statement to each client's custodian for payment. Clients are provided with an informational invoice, which reflects the fair market value of their managed account(s) assets, the fee calculation, and the amount of management fees to be paid to the Firm.

Clients' custodians do not verify the accuracy of Blankinship & Foster's fees. Clients receive a periodic (at least quarterly) account statement from their custodian, which reflects, among other things, any advisory fees withdrawn by the custodian and paid to the Firm. Clients are urged to compare statements received by third parties, such as the client's custodian, with any account reports provided by Blankinship & Foster. For more information on the reports the Firm provides to our clients, please refer to Item 13, below.

## **C. Other Fees and Expenses**

Clients should be aware that they will be responsible for all fees imposed by the custodian for trading and other related costs, which can include but not be limited to brokerage commissions, transaction costs, custodian fees, transfer fees, redemption fees on short-term investments, cashiering fees and/or taxes or penalties levied by governmental authorities.

In addition, Blankinship & Foster invests in open-end mutual funds and exchange traded funds in client portfolios. These funds charge fees to their shareholders, which are described in their respective prospectus and usually include a management fee, administrative and operations fees, and certain distribution fees (e.g., 12b-1 fees). These fees are generally referred to as a fund's "expense ratio" and the fees are deducted at the mutual fund level when calculating the fund's net asset value ("NAV") and have a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge and and/or redemption fees. In addition, some open-end mutual funds offer different share classes of the same fund and one share-class can have a higher expense ratio and sales/redemption fees than another share class. The most economical share class will depend on certain factors, including the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios and sales/redemption fees vary by fund, so it is important for clients to read the mutual fund prospectus to fully understand all the fees charged.

Blankinship & Foster strives to purchase, when available, the lowest cost mutual fund share class for clients. However, there have been times in the past, and can be in the future, when Blankinship & Foster does not have access to lower costs share classes. This mainly happens when the client's custodian does not offer a lower cost share class for some or all of the mutual funds bought for and/or held in clients' accounts, or the investment amount does not meet the share class minimum investment requirement.

Transaction fees also play an important role in the overall costs when investing in mutual funds.

For example, some broker-dealers will not charge a transaction-based fee on a mutual fund trade but will charge a flat “penalty” fee if the shares are sold within a short-term time period.

Other fees a client can incur include, but are not limited to, custodian fees, brokerage commissions, transaction fees, sub-advisor fees, cashiering fees and/or taxes/penalties levied by governmental authorities. B&F does not receive any portion of these fees or expenses and seeks to negotiate and minimize these fees wherever possible. When managing clients’ assets, we take into consideration the overall costs to a client, and we strive to make transaction decisions that are the most economical for a client based on the then prevailing facts and circumstances. However, in some situations such as with unexpected cash needs or avoiding capital gain distributions, fees such as short-term redemption fees can be incurred. In these situations, Blankinship & Foster will endeavor to only incur these fees when it is determined to be in the client’s best interest.

All fees paid to Blankinship & Foster for its services are separate and distinct from the fees and expenses outlined above.

Importantly, all the fees charged to a client’s account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, transaction fees, fees associated with investments (e.g., mutual funds and ETFs), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### **D. Termination of Services**

Clients who pay advisory fees quarterly in advance will receive a refund for any pre-paid unearned fees upon termination. 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 of Securities**

Blankinship & Foster does not receive any direct or indirect 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 has in the past, and may in the future at the Firm's discretion accept smaller portfolios or maintain portfolios whose value has fallen below \$1,000,000 in the Firm's discretion. Please refer to Item 5 above for information on how the account size affects the fee amount charged.

When Blankinship & Foster provides investment advice to a client, we are deemed a fiduciary under certain federal regulations, and within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way the Firm makes money creates conflicts of interest; however, as a fiduciary, Blankinship & Foster and its supervised persons are required to always act in our clients' best interests, which means we must, at a minimum take the following steps:

- Meet a professional standard of loyalty and care when making investment recommendations.
- Always put our clients' interests ahead of our own when making recommendations and providing services.
- Disclose all conflicts of interest and how the Firm addresses such conflicts.
- Adopt and follow policies and procedures designed to ensure that we give advice and provide services that remains in each client's best interest.
- Charge an advisory fee that is reasonable for our services.
- Not provide, or withhold, any information that could render our advice and/or services misleading.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Blankinship & Foster may be deemed an ERISA fiduciary to the retirement plan. When that is the case, and Blankinship & Foster receives a certain amount in fees, the Firm will provide required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2). The disclosures will cover the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Disclosure Brochure, the Client Agreement, and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by the Firm; (2) identify any conflicts of interests; and (3) satisfy reporting and disclosure requirements to

plan participants.

## 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.
10. Issuer risk: The risk that the value of a security can decline for reasons directly related to the issuer/company, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
11. Non-diversification risk: Focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
12. Foreign (non-U.S.) investment risk: Investing in foreign securities can result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Investments in emerging markets are generally more volatile than investments in developed foreign markets.
13. Mutual Fund risk: Investors that own open-end mutual funds are subject to not only the risks of owning a mutual fund, but also the risks associated with the mutual fund's underlining investments. It is important for an investor to read a mutual fund's prospectus and statement of additional information to understand the associated risks.
14. Exchange Traded Fund (ETF) risk: In addition to being subject to the risks associated with mutual funds, ETFs are typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. In addition, an ETF may not replicate exactly the performance of an index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.

## **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 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.

### *The Custodians and Brokers We Use*

Blankinship & Foster does not maintain custody of clients' managed assets, although the Firm is deemed to have constructive custody of client assets. Please refer to Item 15 below for further information on custody.

Clients' assets must be maintained in an account with a "qualified custodian," generally a broker-dealer or bank. Blankinship & Foster recommends that our clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, as the qualified custodian. Blankinship & Foster is independently owned and operated and not affiliated with Schwab.

Schwab will hold a client's assets in a brokerage account and buy and sell securities when Blankinship & Foster instructs them to. While the Firm recommends that our clients use Schwab as custodian/broker, clients will make the decision of whether to do so. The Firm does not open a custodian account for our clients, but we do help facilitate the process. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

### *How we select brokers/custodians*

When considering whether the terms that Schwab provides are, overall, most advantageous to our clients when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security, and stability
- Availability of other products and services that benefit the Firm, as discussed below (see "Products and services available to us from Schwab")

*Client brokerage and custody costs*

For our clients' accounts that Schwab maintains, Schwab generally does not charge our clients separately for custody services but is compensated by charging clients commissions/transaction fees or other types of fees on trades that it executes or that settle into the client's Schwab account. Schwab is also compensated by earning interest on the uninvested cash in client accounts in Schwab's Cash Features Program. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits our clients because the overall commission rates you pay is usually lower than they would be otherwise. In addition to transaction costs, Schwab charges clients a flat dollar amount as a "prime broker" or "trade away" fee for any trades that Blankinship & Foster has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation clients pay to the executing broker-dealer for the transaction. Because of this, in order to minimize your trading costs, the Firm has Schwab execute most trades for clients' accounts.

Blankinship & Foster is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although the Firm is not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer you may pay lower transaction costs.

*Products and services available to the Firm from Schwab*

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide Blankinship & Foster and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services helps the Firm manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to the Firm. Following is a more detailed description of Schwab's support services:

*Services that benefit our clients*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which the Firm might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients with their assets custodied at Schwab.

*Services that do not directly benefit our clients*

Schwab also makes available to Blankinship & Foster other products and services that benefit the Firm but do not directly benefit our clients. These products and services assist us in managing and administering our clients' accounts and operating our Firm. They include investment research, both Schwab's own and that of third parties. We can use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services that generally benefit only the Firm*

Schwab also offers other services intended to help Blankinship & Foster manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in accounts at Schwab reaches certain thresholds

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If our clients did not maintain their accounts with Schwab, we would be required to pay for those services from our own resources.

***Our interest in Schwab's services***

The availability of these services from Schwab benefits Blankinship & Foster because we do not have to produce or purchase them. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on our clients' interests in receiving the best value in custody services and the most favorable execution on transactions. This is a conflict of interest. The Firm believes, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients and placing clients' transactions with Schwab for execution meets our best execution responsibility. Our selection of Schwab is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not on Schwab's services that benefit only us. In addition, clients are under no obligation to open their account(s) with Schwab and are free to use any custodian of their choosing.

**B. Best Execution**

Through our client agreement, Blankinship & Foster has the discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. Our general policy is to place client trades with the client's broker custodian (e.g., Schwab) and we will continue to do so as long as we believe that the broker custodian is providing the best overall deal for the client ("best execution"). While we strive to achieve the best execution possible for client securities transactions, this does not require the Firm to solicit competitive bids and we do not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration a number of factors (see information above). Importantly, Blankinship & Foster is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker, the cost of which are included in the commission rate.

**C. 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. (see information above on Schwab services) 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. Please refer to Item 14 for further information on these benefits.

As a fiduciary, we endeavor to always act in our clients' best interests. 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.

**D. 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.

**E. Directed Brokerage**

The Firm does not require clients to execute transactions through a specified broker-dealer. 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.

**F. Aggregation of Trade Orders**

When placing purchase or sell trade orders for clients' accounts that are for the same security on the same day, Blankinship & Foster will generally aggregate these trades when we believe it is advantageous to the participating clients.

All clients participating in an aggregated order will receive the average share price for that aggregated execution.

If an aggregated order cannot be fully executed under prevailing market conditions, Blankinship & Foster will 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**

In general, it is our current policy that we do not provide direct or indirect compensation to anyone for endorsing or recommending our Firm to any potential clients ("Solicitors/Promoters"). However, we have in the past, and it is possible that in the future the Firm may change our policy.

It also is Blankinship & Foster's policy not to accept or allow our supervised persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. In addition, our supervised persons do not earn more when opening more accounts, increasing client assets, or investing in riskier investments.

If we change either or both above policies, we will promptly amend this Disclosure Brochure to provide disclosures regarding the arrangement(s), including but not limited to any conflict(s) surrounding the arrangement and how the Firm addresses the conflict(s).

As outlined in Item 12 above, Blankinship & Foster receives an economic benefit from Schwab in the form of the support products and services it makes available to the Firm and other independent investment advisers whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which the Firm would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. Our clients do not pay more for assets maintained at Schwab as a result of these arrangements. However, Blankinship & Foster benefits from the arrangement because the cost of these services would otherwise be borne directly by the Firm. Clients should consider these conflicts of interest when selecting a

custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest and how we address them are described in Item 12 above.

From time to time, Blankinship & Foster invests clients in Dimensional mutual funds (“DFA Funds”), which are generally available for investment only by institutional clients, clients of registered investment advisers, clients of financial institutions and a limited number of certain other investors as approved from time to time by Dimensional Fund Advisors (“Dimensional”). While Blankinship & Foster does not receive or share in any of the fees charged by DFA Funds, the Firm does receive certain products and services from Dimensional at no cost. These include, but are not limited to, free admission to Dimensional conferences and workshops, newsletters and articles published by Dimensional, and access to a secure website that provides software that can be utilized to construct hypothetical portfolios and obtain reports based on such portfolios for use with prospects and clients. Since Blankinship & Foster does not have to pay for any of these products and services, it creates a potential conflict of interest as it gives the Firm an incentive to recommend and/or invest clients in the DFA Funds. Importantly, as part of our fiduciary duty to clients, the Firm must put the interests of our clients first and will only make investments for clients that the Firm believes are suitable and, in the client’s, best interest.

## 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 accounts in which advisory fees are deducted. In some cases, Blankinship & Foster also is deemed to have constructive custody over accounts where a client has implemented a “Standing Letter of Authorization” (SLOA) with the custodian that allows the Firm to direct the custodian to pay funds from a client’s account to a pre-determined third party.

Firms with deemed custody must take the following steps: 1. Ensure clients’ managed assets are maintained by a qualified custodian; 2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly; 3. Confirm that account statements from the custodian contain all transactions that took place in the client’s account during the period covered and reflect the deduction of advisory fees; and 4. Obtain a surprise audit by an independent accountant on the clients’ accounts for which the advisory firm is deemed to have custody. However, the rules governing the direct debit of client fees and SLOAs exempts Blankinship & Foster from the surprise audit required if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, the Firm must receive written authorization from clients permitting advisory fees to be deducted from the client’s account.
2. In the case of SLOAs, Blankinship & Foster must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the Firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

Our policy is to not have custody of client assets beyond the “constructive custody” arising from



debiting fees or accepting a third-party SLOA that meets all the conditions in SEC No-Action Letter 2/21/17.

To mitigate any conflicts of interests, all client assets are 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 Services transactions involving the client's account (excluding any assets or accounts that are designated as "Unmanaged" per client direction). Pursuant to the Client Agreement, Blankinship & Foster is granted 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.

## **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.