BLANKINSHIP VALUE FUND

A Series of Blankinship Funds, Inc.

Toll-free: (800) 240-9631

Statement of Additional Information

February 28, 2011

This Statement of Additional Information (SAI) is not a prospectus, but should be read in conjunction with the Fund's current prospectus, dated February 28, 2011. The prospectus and the shareholder reports are available without charge by calling the Fund at the number above.

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Blankinship Value Fund

Background

Blankinship Funds, Inc. (the “Corporation”) was incorporated in Maryland on March 14, 2003. The Articles of Incorporation authorize the Board of Directors (the “Board”) to designate multiple classes, or “series” of shares, each of which may operate as a separate investment fund. The Blankinship Value Fund (the “Fund”) is the first series of the Corporation.

Investments and Risks

The Fund is classified as an open-end, management investment company. Unless otherwise noted, the Fund's objectives and policies are not fundamental, meaning they can be changed by the Board without a shareholder vote. The Fund's principal investment objectives and strategies are discussed in the prospectus. This section provides additional information concerning the Fund's investment policies, the securities in which the Fund may invest, and the risks associated with those securities.

Preferred Stock: The Fund may invest in preferred stocks. Preferred shares generally pay dividends at a specified rate and generally have preference over common shares in the payments of dividends and the liquidation of the issuer's assets. Dividends on preferred shares are generally payable at the discretion of the issuer's board of directors. Accordingly, shareholders may suffer a loss of value if dividends are not paid. The market prices of preferred shares are also sensitive to changes in interest rates and in the issuer's creditworthiness. Accordingly, shareholders may experience losses due to adverse interest rate movements or a decline in the issuer's credit rating.

Convertible Securities: Traditional convertible securities include corporate bonds, notes, and preferred stocks that may be converted into or exchanged for common stock and/or other securities that also provide an opportunity for equity participation. These securities are generally convertible either at a stated price or a stated rate (that is, for a specific number of shares of common stock or other security). As with other fixed income securities, the price of a convertible security to some extent varies inversely with interest rates. While providing a fixed-income stream (generally higher in yield than the income derivable from a common stock but lower than that afforded by a non-convertible debt security), a convertible security also affords the investor an opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. As a result, the value of a convertible security is generally based on these two components, the fixed income stream, and the conversion option. The market prices and risks of convertibles tend to parallel the underlying values and risks associated with these two components. The value of the fixed income stream is subject to the credit risk that the issuer will not meet payments, as well as the interest rate risk whereby the values of fixed income investments tend to decline when interest rates rise. The value of the conversion option is affected mainly by the terms of the conversion and the value of the security to which it may be converted. If the issuer's business performs so poorly that the risk of default increases, both components of the convertible's value are likely to be affected, and a significant loss in the convertible investment may occur.

Debt Securities: The Fund may invest in corporate and U.S. Government debt securities. U.S. Government securities include direct obligations of the U.S. Government and obligations issued by U.S. Government agencies and instrumentalities. Corporate securities include, but are not limited to, debt obligations offered by public or private corporations either registered or unregistered, and debt securities of any rating, including unrated securities (see "High-Yield Debt Securities", below). The market value of such securities may fluctuate in response to interest rates and the creditworthiness of the issuer. In the case of securities backed by the full faith and credit of the United States Government, shareholders are primarily exposed to interest rate risk.

A debt instrument's credit quality depends on the issuer's ability to pay interest on the security and repay the debt: the lower the credit rating, the greater the risk that the security's issuer will default. The credit risk of a security may also depend on the credit quality of any bank or financial institution that provides credit enhancement for the security.

Debt securities and most other financial assets face the risk that their principal value will decline because of a change in interest rates. Generally, investments subject to interest rate risk will decrease in value when interest rates rise and will rise in value when interest rates decline. Also, securities with longer maturities will experience a more pronounced change in value when interest rates change.

High-Yield Debt Securities: The Fund may invest in high-yield debt securities, commonly referred to as "junk bonds". Such securities are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation, and may in fact be in default. At the time of purchase, the Fund will not invest more than 25% of its net assets in securities rated below Baa by Moody's Investors Service, Inc. (Moody's), below BBB by Standard & Poor's Ratings Group (Standard & Poor's), or which are unrated.

The ratings of Moody's and Standard & Poor's represent their opinions as to the credit quality of the securities they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market price risk of these securities. In seeking to achieve its investment objectives, the Fund depends on the Adviser's analysis to identify investment opportunities. For the Fund, credit analysis is not a process of merely measuring the probability of a money default occurring, but may also involve measuring how the creditor would fare in a reorganization or liquidation in the event of a money default.

Before investing in any high-yield debt instruments, the Adviser will evaluate the issuer's ability to pay interest and principal, as well as the seniority position of such debt in the issuer's capital structure relative to any other outstanding debt or potential debts. There appears to be a direct cause and effect relationship between the weak financial conditions of issuers of high yield bonds and the market valuation and prices of their credit instruments, as well as a direct relationship between the weak financial conditions of such issuers and the prospects that principal or interest may not be paid.

The market price and yield of bonds rated below Baa by Moody's and below BBB by Standard & Poor's are more volatile than those of higher rated bonds due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and the risk of an issuer's inability to meet principal and interest payments. In addition, the secondary market for these bonds is generally less liquid than that for higher rated bonds.

Lower rated or unrated debt obligations also present reinvestment risks based on payment expectations. If an issuer calls the obligation for redemption, the Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors.

The market values of these higher-yielding debt securities tend to be more sensitive to economic conditions and individual corporate developments than those of higher rated securities. Companies that issue such bonds often are highly leveraged and may not have available to them more traditional methods of financing Under adverse economic conditions, there is a risk that highly-leveraged issuers may be unable to service their debt obligations or to repay their obligations upon maturity. Under deteriorating economic conditions or rising interest rates, the capacity of issuers of lower-rated securities to pay interest and repay principal is more likely to weaken significantly than that of issuers of higher-rated securities.

Debt Securities in Default: The Fund may purchase or retain debt obligations of issuers not currently paying interest or in default (i.e., with a rating from Moody's of C or lower or Standard & Poor's of C1 or lower). In addition, the Fund may purchase securities of companies that have filed for protection under Chapter 11 of the United States Bankruptcy Code. These debt securities generally have greater risk of loss than high-yield securities, and are normally considered speculative investments. Defaulted securities will be purchased or retained if, in the opinion of the Adviser, they may present an opportunity for subsequent price recovery, the issuer may resume payments, or other advantageous developments appear likely. The Fund may only purchase debt securities in default to the extent that the total of such securities would still be less than 5% of the Fund’s net assets as a result of the purchase. The Fund reserves the right to increase this percentage in the future, without shareholder vote, provided appropriate disclosure is made. The Fund will not be required to sell securities in default if the percentage of net assets reaches or exceeds 5% as a result of new defaults, if the Adviser believes that delaying sale is in the best interest of the Fund’s shareholders.

Zero Coupon and Structured Securities: The Fund may invest in zero coupon securities which pay no cash income and are sold at substantial discounts from their value at maturity. When held from issuance to maturity, their entire income, which consists of accretion of discount, comes from the difference between the issue price and their value at maturity. Zero coupon securities are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities which make current cash distributions of interest. Structured securities, particularly mortgage-backed securities, are usually subject to some degree of prepayment risk which can vary significantly with various economic and market factors. Depending on the nature of the structured security purchased, a change in the rate of prepayments may increase or reduce the yield to the Fund from the investment and expose the Fund to the risk that any reinvestment will be at a lower yield.

Restricted and Illiquid Securities: The Fund may invest in illiquid securities, which may present a greater risk of loss because they may be difficult to sell promptly at an acceptable price because of a lack of an available market or for other reasons. We consider an illiquid security to be one which cannot be sold within 7 days at the value at which it is carried by the Fund. The Fund may not invest more than 15% of net assets in illiquid securities.

The Fund may also invest in securities acquired in a privately negotiated transaction from the issuer or a holder of the issuer's securities and which may not be distributed publicly without registration under the Securities Act of 1933.

Restricted and illiquid securities are valued in such good faith manner as the Board deems appropriate to reflect the fair market value of such securities.

Real Estate Investment Trusts: The Fund may invest in real estate investment trusts (REITs). Equity REITs invest directly in real property while mortgage REITs invest in mortgages on real property. REITs may be subject to certain risks associated with the direct ownership of real estate, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, and variations in rental income. REITs pay dividends to their shareholders based on available funds from operations. It is quite common for these dividends to exceed the REITs taxable earnings and profits, resulting in the excess portion of these dividends being designated as a return of capital. If the Fund includes gross dividends from REITs in its distributions to its shareholders, a portion of the Fund's distributions may also be designated as a return of capital to shareholders. (A return of capital is normally not taxable, but reduces the shareholder’s basis in the investment, resulting in a larger capital gain when the shares are sold. Consult your tax adviser for specifics.) The Fund will not invest more than 25% of its assets in REITs.

Cash Reserves: The Fund may hold a significant portion of its net assets in cash or cash equivalents, to maintain liquidity to meet shareholder redemptions, while searching for better long-term investments, or for temporary defensive purposes. These reserves will generally be held in investments such as s U.S. Government debt instruments, money market funds, and repurchase agreements.

Mutual Funds: Subject to restrictions set forth in the Investment Company Act of 1940 (the “1940 Act”), the Fund may invest in securities issued by other registered investment companies. As a shareholder of another registered investment company, the Fund would bear its pro rata portion of that company's advisory fees and other expenses. Such fees and expenses will be borne indirectly by the Fund's shareholders.

The risks associated with the Fund's investment in other regulated investment companies depend on the nature of the investment company. Money market mutual funds are the most likely investment of this type to be used by the Fund, and would be used to hold cash reserves. Although money market funds are relatively low risk, they are not guaranteed investments and can lose money.

Repurchase Agreements: The Fund may enter into repurchase agreements with member banks of the Federal Reserve System, any foreign bank or with any domestic or foreign broker/dealer which is recognized as a reporting government securities dealer, if the creditworthiness of the bank or broker/dealer has been determined by the Adviser to be at least as high as that of other obligations the Fund may purchase. A repurchase agreement provides a means for each Fund to earn income on funds for periods as short as overnight. It is an arrangement under which the purchaser (i.e., the Fund) acquires a debt security ("Obligation") and the seller agrees, at the time of sale, to repurchase the Obligation at a specified time and price. Securities subject to a repurchase agreement are held in a segregated account and the value of such securities is kept at least equal to the repurchase price (plus any interest accrued if interest will be paid in cash) on a daily basis. The repurchase price may be higher than the purchase price, the difference being income to the Fund, or the purchase and repurchase prices may be the same, with interest at a stated rate due to the Fund together with the repurchase price upon repurchase. In either case, the income to the Fund is unrelated to the interest rate on the Obligation itself. Obligations will be physically held by the Fund's custodian or in the Federal Reserve Book Entry system.

For purposes of the 1940 Act, a repurchase agreement is deemed to be a loan from the Fund to the seller of the Obligation subject to the repurchase agreement. It is not clear whether a court would consider the Obligation purchased by the Fund subject to a repurchase agreement as being owned by the Fund or as being collateral for a loan by the Fund to the seller. In the event of the commencement of bankruptcy or insolvency proceedings with respect to the seller of the Obligation before repurchase of the Obligation under a repurchase agreement, a Fund may encounter delay and incur costs before being able to sell the security. Delays may involve loss of interest or decline in price of the Obligation. Apart from the risk of bankruptcy or insolvency proceedings, there is also the risk that the seller may fail to repurchase the security. It is possible that the Fund will be unsuccessful in seeking to enforce the seller's contractual obligation to deliver additional securities.

Foreign Securities: The Fund may invest up to 50% of its total net assets in the common stock of foreign issuers including, but not limited to, foreign securities in the form of Depository Receipts. Depositary Receipts are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution, and include American Depository Receipts (ADRs), Global Depositary Receipts (GDRs) and European Depositary Receipts (EDRs). Designed for use in the US, international and European securities markets, respectively, ADRs, GDRs and EDRs are alternatives to the purchase of the underlying securities in their national markets and currencies. ADRs, GDRs and EDRs are subject to the same risks as the foreign securities to which they relate, and are considered by the Fund to be foreign securities for the purposes of its policies regarding investments in foreign securities.

Investments in foreign companies involve certain risks not typically associated with investing in domestic companies. An investment may be affected by changes in currency rates and in exchange control regulations. There may be less publicly available information about a foreign company than about a domestic company, because foreign companies may not be subject to the regulatory requirements of U.S. companies. Foreign companies generally are not subject to uniform accounting, auditing, and financial reporting standards. Dividends and interest on foreign securities may be subject to foreign withholding taxes. Such taxes may reduce the net return to Fund shareholders. Foreign securities are often denominated in a currency other than the U.S. dollar. Accordingly, the Fund will be subject to the risks associated with fluctuations in currency values. Although the Fund will only invest in foreign issuers that are domiciled in nations the Adviser believes have sufficiently stable and friendly governments, judgments are required and there is the possibility of unanticipated expropriation, confiscation, taxation, currency blockage, or political or social instability that could negatively affect the value of an investment in the Fund.

The Fund may invest in issuers located in both developed and emerging markets. The world's industrialized markets generally include but are not limited to the following: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States; the world's emerging markets generally include but are not limited to the following: Argentina, Botswana, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, the Czech Republic, Ecuador, Egypt, Greece, Hungary, India, Indonesia, Israel, the Ivory Coast, Jordan, Malaysia, Mexico, Morocco, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, South

Korea, Sri Lanka, Taiwan, Thailand, Turkey, Uruguay, Venezuela, Vietnam and Zimbabwe.

Investment in securities of issuers based in underdeveloped emerging markets entails all of the risks of investing in securities of foreign issuers to a heightened degree. These heightened risks include: (i) greater risks of expropriation, confiscatory taxation, nationalization, and less social, political and economic stability; (ii) the smaller size of the market for such securities and a low or nonexistent volume of trading, resulting in lack of liquidity and in price volatility; and (iii) certain national policies which may restrict the Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests.

In addition to brokerage commissions, custodial services and other costs relating to investment in emerging markets are generally more expensive than in the United States. Such markets have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Fund to make intended securities purchases due to settlement problems could cause the Fund to miss attractive investment opportunities. Inability to dispose of a security due to settlement problems could result either in losses to a Fund due to subsequent declines in the value of the security or, if the Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

Foreign Currency Transactions: The Fund may engage in currency transactions with counterparties in order to hedge the value of portfolio holdings denominated in particular currencies against fluctuations in relative value. Currency transactions include forward currency contracts, exchange listed currency futures, exchange listed and OTC options on currencies, and currency swaps. A forward currency contract involves a privately negotiated obligation to purchase or sell (with delivery generally required) a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. A currency swap is an agreement to exchange cash flows based on the notional difference among two or more currencies and operates similarly to an interest rate swap, which is described below. The Fund may enter into currency transactions with counterparties which have received (or the guarantors of the obligations of which have received) a credit rating of A-1 or P-1 by S&P or Moody's, respectively, or that have an equivalent rating from an NRSRO or (except for OTC currency options) are determined to be of equivalent credit quality by the Adviser.

The Fund’s dealings in forward currency contracts and other currency transactions such as futures, options, options on futures and swaps generally will be limited to hedging involving either specific transactions or portfolio positions. Transaction hedging is entering into a currency transaction with respect to specific assets or liabilities of a Fund, which will generally arise in connection with the purchase or sale of its portfolio securities or the receipt of income therefrom. Position hedging is entering into a currency transaction with respect to portfolio security positions denominated or quoted in that currency.

The Fund generally will not enter into a transaction to hedge currency exposure to an extent greater, after netting all transactions intended wholly or partially to offset other transactions, than the aggregate market value (at the time of entering into the transaction) of the securities held in its portfolio that are denominated or generally quoted in or currently convertible into such currency, other than with respect to proxy hedging as described below.

The Fund may also cross-hedge currencies by entering into transactions to purchase or sell one or more currencies that are expected to decline in value relative to other currencies to which the Fund has or in which the Fund expects to have portfolio exposure.

To reduce the effect of currency fluctuations on the value of existing or anticipated holdings of portfolio securities, the Fund may also engage in proxy hedging. Proxy hedging may be used when the currency to which a Fund's portfolio is exposed is difficult to hedge or to hedge against the U.S. dollar. Proxy hedging entails entering into a forward contract to sell a currency whose changes in value are generally considered to be linked to a currency or currencies in which some or all of the Fund's portfolio securities are or are expected to be denominated, and to buy U.S. dollars. The amount of the contract would not exceed the value of the Fund's securities denominated linked currencies. For example, if the Adviser considers that the Hong Kong dollar is linked to the Euro, and the Fund holds securities denominated in Hong Kong dollars and the Adviser believes that the value of such dollars will decline against the U.S. dollar, the Adviser may cause the Fund to enter into a contract to sell Euro and buy U.S. dollars. Further, there is the risk that the perceived linkage between various currencies may not be present or may not be present during the particular time when a Fund is engaging in proxy hedging.

Currency transactions are subject to risks different from those of other portfolio transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses to the Fund if it is unable to deliver or receive currency or funds in settlement of obligations and could also cause hedges it has entered into to be rendered useless, resulting in full currency exposure as well as incurring transaction costs. Buyers and sellers of currency futures are subject to the same risks that apply to the use of futures generally. Further, settlement of a currency futures contract for the purchase of most currencies must occur at a bank based in the issuing nation. Trading options on currency futures is relatively new, and the ability to establish and close out positions on such options is subject to the maintenance of a liquid market which may not always be available. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy. Currency transactions can result in losses to the Fund if the currency being hedged fluctuates in value to a degree or in a direction that is not anticipated.

Other Rights to Acquire Securities: The Fund may also invest in other rights to acquire securities, such as options and warrants. These securities represent the right to acquire a fixed or variable amount of a particular issue of securities at a fixed or formula price either during specified periods or only immediately prior to termination. These securities are generally exercisable at premiums above the value of the underlying security at the time the right is issued. These rights are more volatile than the underlying stock and will result in a total loss of the Fund's investment if they expire without being exercised because the value of the underlying security does not exceed the exercise price of the right.

Master-Feeder Option: Notwithstanding its other investment policies, the Fund may seek to achieve its investment objective by investing substantially all of its net assets in another investment company having the same investment objective and substantially the same investment policies and restrictions as those of the Fund, subject to the limitations of Section 12(d)(1) of the Investment Company Act of 1940. Although such an investment may be made in the sole discretion of the Directors, the Fund's shareholders will be given 30 days prior notice of any such investment. There is no current intent to make such an investment.

Temporary Defensive Position: As discussed in the "Principal Investment Strategies" section of the Prospectus, the Fund may take temporary defensive positions. While assuming a temporary defensive position, the Fund may invest in all types of U.S. Government obligations, money market instruments, and repurchase agreements. When taking a temporary defensive position, the Fund may not achieve its investment objective.

Investment Restrictions: The restrictions listed below are fundamental policies and may be changed only with the approval of a majority of the outstanding voting securities of the Fund. As defined in the 1940 Act, a vote of a majority of the outstanding voting securities of the Fund means the affirmative vote of the lesser of (1) more than 50% of the outstanding shares of the Fund, or (2) 67% or more of the shares of the Fund present at a meeting, if more than 50% of the shares are represented at the meeting in person or by proxy.

As fundamental policies, the Fund will not:

1. Issue senior securities (as defined in the 1940 Act). Borrowings permitted by Item 2 below are not senior securities.

2. Borrow money or pledge, mortgage or hypothecate any of its assets except that the Fund may borrow on a secured or unsecured basis as a temporary measure for extraordinary or emergency purposes. Such temporary borrowing may not exceed 10% of the value of the Fund's net assets at any time. The Fund will not purchase any portfolio securities while borrowings exceed 5% of its net assets.

3. Act as underwriter of securities issued by other persons, except to the extent that, in connection with the disposition of portfolio securities, it may technically be deemed to be an underwriter under certain securities laws.

4. Invest more than 25% of the Fund’s net assets in the securities of any one issuer or industry, other than Government Securities or the securities of other regulated investment companies (i.e., mutual funds).

5. Invest in interests in oil, gas, or other mineral exploration or development programs, although it may invest in the marketable securities of companies which invest in or sponsor such programs.

6. Purchase or sell real estate (other than securities representing interests in real estate or fixed income obligations directly or indirectly secured by real estate and other than real estate acquired upon exercise of rights under such securities).

7. Purchase or sell commodities or contracts relating to commodities (other than currencies, to the extent they may be considered to be commodities).

8. Make loans, except that the Fund may loan portfolio securities, enter into repurchase agreements, and purchase debt obligations.

Except with respect to borrowing (item 2), the Fund is required to comply with the above fundamental investment restrictions only at the time the relevant action is taken; a restriction will not be considered violated and the Fund will not be required to liquidate an existing position because of subsequent changes in the market value of an investment, or in the value of the Fund's net or total assets.

Disclosure of Portfolio Holdings: Portfolio holdings of the Fund are disclosed on a quarterly basis on forms required to be filed with the SEC as follows: (i) portfolio holdings as of the end of each fiscal year will be filed as part of the annual report filed on Form N-CSR; (ii) portfolio holdings as of the end of the first and third fiscal quarters will be filed on Form N-Q; and (iii) portfolio holdings as of the end of the six month period will be filed as part of the semi-annual report filed on Form N-CSR. The Fund's SEC filings are available on the SEC website at www.sec.gov.

The Fund may post information concerning the Fund's holdings in marketing materials on its public web site (www.blankinship.com) no sooner than 10 days after the end of each month. No sooner than the day after such information has been posted on the web site, it will be made available to the public (upon request to the Fund by calling 800-240-9631), and may also be used in the Fund's advertising and marketing materials.

Information provided in the Fund's SEC filings or posted on the Fund's web site, as described above, may also be provided regularly pursuant to a standing request, such as on a monthly or quarterly basis, to third party service providers, rating and ranking agencies, financial intermediaries, and affiliated persons of the Fund. No compensation or other consideration is received by the Fund or the Adviser, or any other person for these disclosures. Morningstar is currently the only entity that receives the Fund's portfolio holdings information pursuant to a standing request.

Certain service providers to the Fund or the Adviser, Administrator, Shareholder Servicing Agent or Distributor may for legitimate business purposes receive the Funds' portfolio holdings information, including rating and ranking agencies, pricing services, proxy voting service providers, accountants, attorneys, and custodians. Such holdings are released on conditions of confidentiality, which include appropriate trading prohibitions. "Conditions of confidentiality" include confidentiality terms included in written agreements, implied by the nature of the relationship (e.g., custody services provided by financial institutions). Disclosure of the Fund's portfolio securities as an exception to the Fund's normal business practice must be approved by the Fund's President following business and compliance review. Additionally, no compensation or other consideration is received by the Fund or the Adviser, or any person for these disclosures. The Fund's Directors will review at least annually a list of such entities that have received such information, the frequency of such disclosures and the business purpose therefore. These procedures are designed to address conflicts of interest between the Fund's shareholders and its investment adviser, principal underwriter or any affiliated person of such entities by creating a structured review and approval process which seeks to ensure that disclosure of information about the Fund's portfolio securities is in the best interests of the Fund's shareholders. The following entities have access to portfolio information on a continuous basis, as part of their service relationships with the Fund:

Blankinship Corporation (Adviser)
Charles Schwab & Company (Broker, Custodian)
Sanville & Company (Independent Registered Public Accounting Firm)

Finally, the Fund releases information concerning any and all portfolio holdings when required by law. Such releases may include providing information concerning holdings of a specific security to the issuer of such security.

Management

Board of Directors: The Board oversees the Corporation's business and investment activities and is responsible for protecting the interests of the Fund's shareholders. Information pertaining to the directors and officers of the Corporation is provided in the following table.

Name **Address** **D.O.B.** **Term of service***	**Position(s) Held with Fund**	**Principal Occupation Past 5 Yrs**
Independent Directors		
Alexander J. Falk, Jr. 7718 Bridle Path Ln. McLean, VA 22102 D.O.B.: 5/9/37 Director since 1/16/04	Director	Retired executive of Verizon Communications.
Barbara A. Stewart, Ph.D. 4320 Forest Hill Dr., #101 Fairfax, VA 22030 D.O.B.: 10/25/26 Director since 1/28/05	Director	Retired professor of history at George Mason University.
Interested Directors		
Rex Blankinship, PhD, CPA** 1210 S. Huntress Ct. McLean, VA 22102 D.O.B.: 2/19/55 Director since 1/16/04	Director, President, Treasurer, Secretary	Portfolio manager for the Fund since inception. Also employed by Primatics Financial, where he specializes in product development for their widely used mortgage loan accounting system for the banking industry. As President of Blankinship Corporation, has consulted on the design and installation of financial systems since 1987.
Officers		
Janet L. Barnes** 1210 S. Huntress Ct. McLean, VA 22102 D.O.B.: 9/7/49 Officer since 1/16/04	Vice-President, Assistant Treasurer, Assistant Secretary	Senior Executive Service Officer of the U.S. Government Office of Personnel Management

* There is no stated term of office for the Fund's Directors. No directors of the Fund hold other directorships, or oversee other funds. The Fund has no standing committees.

** Rex Blankinship is an interested director because he serves as a Director and Officer of the Adviser, and is its sole shareholder. Janet Barnes is the wife of Rex Blankinship, and is also a Director and Officer of the Adviser.

Investments by Directors: Each Director's investment holdings in the Fund are listed below.

Name of Director	**Dollar Range of Equity Securities Invested in the Fund as of February 25, 2011**
Rex Blankinship, Ph.D., CPA	Over $100,000
Alexander J. Falk, Jr.	Over $100,000
Barbara A. Stewart, Ph.D.	Over $100,000

Compensation of Directors and Officers: As of the date of this filing, there have been no payments made to any of the Fund's directors, officers, or affiliated persons. The Fund will consider payments to directors after the Fund has increased its asset base. Rex Blankinship will receive benefit from the Management Contract fees payable to Blankinship Corporation and, therefore, will not be eligible to receive directors' fees or salary as President as long as his firm acts as the Fund's investment adviser.

Codes of Ethics: The Fund and its Adviser have adopted Codes of Ethics restricting personal securities trading by certain persons who are affiliated with the Fund and/or the Adviser. These Codes are filed with the SEC as part of the Fund's registration statement. Personnel subject to these Codes are permitted to invest in securities that may be purchased or held by the Fund, but the Codes prohibit and are designed to prevent fraudulent, deceptive, or manipulative activity in connection with these personal transactions.

Proxy Voting Policies: The Fund has adopted Proxy Voting Policies and Procedures and designated a Proxy Voting Officer as the individual responsible for their implementation. The Fund votes (or refrains from voting) proxies in a manner that the Proxy Voting Officer, in the exercise of independent business judgment, concludes is in the best economic interests of the Fund and its shareholders. In some cases, the Proxy Voting Officer may determine that it is best to refrain from exercising the Fund's proxy voting rights (such as, for example, proxies on certain non-U.S. securities which might impose costly or time-consuming in-person voting requirements). The Fund will normally vote on specific proxy issues in accordance with its proxy voting policies, which provide detailed guidance as to how to vote proxies on certain important or commonly raised issues. The Proxy Voting Officer may, in the exercise of business judgment, conclude that the proxy voting guidelines do not cover the specific matter upon which a proxy vote is requested, or that an exception to the proxy voting guidelines would be in the best economic interests of the Fund. The Proxy Voting Officer votes (or refrains from voting) proxies without regard to the relationship of the issuer of the proxy (or any shareholder of such issuer) to the Fund, the Fund's affiliates (if any), the Adviser or the Adviser's affiliates. When voting proxies, the Proxy Voting Officer attempts to ensure that companies follow practices that advance their economic value and allow the market to place a proper value on their assets.

In making investment decisions, the Adviser considers the reputation, experience, and competence of a company's management and Board to be an important factor. As a result, we normally have confidence in the abilities and motives of the Board and management of the companies in which the Fund invests, and typically will vote proxies in support of company management. However, we also believe it is very easy for company management to forget that they work for the shareholders, or be tempted into allocating capital in ways that build the institution, rather than optimizing the return on invested capital. In summary, we generally support the management of our companies, but it is our job to review proxy proposals from an owner's perspective, and vote against those which don't make economic sense for the shareholders of our Fund. With respect to certain specific issues, the Fund's policies:

- Generally support management in the election of directors and generally support proposals that strengthen the independence of boards of directors;

- Generally do not support proposals on social issues that lack a demonstrable economic benefit to the issuer and the Fund; and

- Generally do not support anti-takeover proposals and proposals which would create barriers or costs to corporate transactions; and

- Generally do not support option plans, but where they exist, supports the expensing of options.

The Fund's policies and designed to prevent any relationship between the issuer of the proxy (or any shareholder of the issuer) and the Fund, the Fund's affiliates (if any), or the Adviser or the Adviser's affiliates, from influencing the Fund's proxy voting activity. In this way, the Fund seeks to prevent conflicts of interest that might influence the Proxy Voting Officer's independent business judgment on how to vote on specific proxy issues (or to refrain from voting). In certain instances, the Fund may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid the influence of a potential conflict of interest or as otherwise required by applicable law. Such independent fiduciary may either (i) vote such proxy, or (ii) provide the Proxy Voting Officer with instructions as to how to vote such proxy. In the latter case, the Proxy Voting Officer would vote the proxy in accordance with the independent fiduciary's instructions.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Fund toll-fee at (800) 240-9631. You may also obtain this information without charge through the Security and Exchange Commission's web site at www.sec.gov, or the Fund's web site at www.blankinship.com.

Control Persons and Principal Shareholders: (As of February 25, 2011.) Rex Blankinship, 1210 South Huntress Court, McLean, Virginia 22102, is a control person having voting control of 51,003 shares (57% of the outstanding voting securities of the Fund): 112 shares (less than 1%) owned directly in his name; 43,171 shares (48%) owned through his IRA; 1,506 shares (2%) owned beneficially as custodian for his minor child, Alex M. Blankinship; 1,506 shares (2%) owned beneficially as custodian for his minor child, Anna L. Blankinship, and 4,708 shares (5%) are owned through the IRA of his wife, Janet L. Barnes. Dr. Blankinship is a director and officer of the Fund, and of its Adviser. Janet L. Barnes is an officer of the Fund, and a director and officer of the Adviser.

Barbara A. Stewart, 4320 Forest Hill Dr. #101, Fairfax, VA 22030, is a principal holder of the Fund's securities as the beneficiary of the Archibald N. Stewart Marital Trust, which owns 19,285 shares (22% of the outstanding voting securities of the Fund). Dr. Stewart is an Independent Director of the Fund.

Alexander J. Falk, Jr. and his wife, Lillian P. Falk, 7718 Bridle Path Lane, McLean, VA 22102, are owners of record of 18,097 shares (20% of the outstanding voting securities of the Fund) through the Alexander J. Falk, Jr. Trust and the Lillian P. Falk Trust. Alexander J. Falk, Jr. is an Independent Director of the Fund.

As a group, the officers and directors of the Fund own 99% of the Fund's equity securities.

Investment Adviser: Information on the Fund's investment adviser, Blankinship Corporation (the "Adviser") is set forth in the prospectus. This section contains additional information concerning the Adviser.

The Adviser manages the investment portfolio and the general business affairs of the Fund pursuant to the Management Agreement with the Fund. Rex Blankinship is President, a Director, and the sole shareholder of the Adviser, and serves as a Director, President, Treasurer, and Secretary of the Fund. Janet L. Barnes is Vice President, Secretary, and a Director of the Adviser and serves as Vice President, Assistant Treasurer, and Assistant Secretary of the Fund.

Under the terms of the Management Agreement, the Adviser manages the investment operations of the Fund in accordance with the Fund's investment policies and restrictions. The Adviser determines what investments should be purchased, sold, and held; and makes changes on behalf of the Corporation in the investments of the Fund. At all times the Adviser's actions on behalf of the Fund are subject to the overall supervision and review of the Board. For its Investment Advisory Services to the Fund, the Corporation pays to the Adviser, on the last day of each month, an annualized fee equal to 1.00% of average net assets of the Fund, computed daily based upon the daily average net assets of the Fund.

Under the Management Agreement, the Adviser also provides, or arranges to provide, day-to-day Administrative Services to the Fund including, but not limited to: accounting, administrative, legal, dividend disbursing agent, transfer agent, registrar, fund share distribution, custodian, shareholder reporting, and insurance. For its Administrative Services to the Fund, the Corporation pays to the Adviser, on the last day of each month, an annualized fee equal to 0.50% of average net assets of the Fund, computed daily based upon the daily average net assets of the Fund.

The Management Agreement states that the Adviser is not responsible for: interest; taxes; any extraordinary expense, including but not limited to litigation and indemnification costs and expenses; brokers' commissions and other costs of securities transactions. Under the Management Agreement, the Adviser may, with the Corporation’s permission, employ third parties to assist it in performing the various Administrative Services required of the Fund. The Adviser is responsible for compensating such parties.

The Adviser contractually waived all fees under the Management Agreement for the last three fiscal years, which ended 10/31/10, 10/31/09 and 10/31/08.

The Management Agreement provides that the Adviser shall not be liable for any loss suffered by the Fund or its shareholders as a consequence of any act or omission in connection with services under the Advisory Agreement, except by reason of the Adviser's willful misfeasance, bad faith, gross negligence, or reckless disregard of its obligations and duties.

The Management Agreement has an initial term of two years, and may be continued thereafter from year to year so long as its continuance is approved at least annually at a meeting called for that purpose by the vote, cast in person, of a majority of the Directors of the Fund who are not interested persons of the Fund or the Adviser, and by a majority of the Board as a whole or by the vote of a majority (as defined in the 1940 Act) of the outstanding shares of the Fund. The Management Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

Other Service Providers: The Fund operates under rule 17f(4) and its amendments under the Investment Company Act of 1940. Therefore, securities and similar investments of the Fund are maintained with a "securities depository" registered with the Securities and Exchange Commission ("SEC") or a federal reserve bank by using the following intermediary custodian:

> Charles Schwab and Co., Inc. ("Charles Schwab and Company"), which has offices throughout U.S.

The Fund's securities and similar investments will be held in street name and maintained in bookkeeping entry by the "securities depository". Charles Schwab and Company meets the following criteria required under Rule 17f(4):

1. Not affiliated with the Fund.
2. Use a federally registered "securities depository" known as Depository Trust Company ("DTC") to hold client assets.
3. Exercise due care in accordance with reasonable commercial standards in discharging its duty as a securities intermediary to obtain and thereafter maintain such financial assets.
4. Provide promptly, upon request by the Fund, such reports as are available concerning internal accounting controls and financial strength of custodian.

The Fund’s independent registered public accounting firm is Sanville & Company, 1514 Old York Road, Abington, PA 19001. Sanville & Company performs audits of the Fund’s financial statements.

Brokerage Allocation and Other Practices: The Adviser is authorized to select the brokers or dealers that will execute the purchases and sales of securities for the Fund and is directed to use its best efforts to obtain the best net results. The Adviser may, in its discretion, purchase and sell Fund securities from and to brokers and dealers who provide the Fund with research, analysis, advice and similar services, and Adviser may pay to these brokers and dealers, in return for research and analysis, a higher commission or spread than may be charged by other brokers and dealers, provided that Adviser determines in good faith that such commission is reasonable in terms either of that particular transaction or of the overall responsibility of the Adviser to the Fund and that the total commission paid by the Fund will be reasonable in relation to the benefits to the Fund over the long-term.

During its most recent fiscal year, which ended October 31, 2010, the Fund paid $236 in brokerage commissions to Charles Schwab & Company. During the prior fiscal year, which ended

October 31, 2009, the Fund paid $286 in brokerage commissions to Charles Schwab & Company. During the fiscal year which ended October 31, 2008, the Fund paid $403 in brokerage commissions to Charles Schwab & Company.

In selecting brokers, it is the policy of the Adviser to seek the best net results for the Fund, focusing on execution price and costs (i.e. commissions and spreads). In selecting brokers to effect portfolio transactions, the determination of what is expected to result in the best execution at the most favorable price involves a number of largely subjective considerations. Among these are the Adviser's evaluation of the broker's efficiency in executing and clearing transactions, the rate of commission or the size of the broker-dealer's "spread", the size and difficulty of the order, the nature of the market for the security, and the operational capabilities of the broker-dealer. The Adviser may also consider reliability of the broker and assistance the broker can efficiently provide in minor administrative areas, such as delivery of security certificates and end-of-day pricing of securities. To minimize potential conflicts of interest, it is the policy of the Adviser not to give consideration to sales of shares of the Fund, or marketing assistance as factors in the selection of brokers and dealers.

Capital Stock and Shareholder Rights: The Corporation's Articles of Incorporation permit the Board to issue 100,000,000 shares of common stock. The Board has the power to designate one or more separate and distinct series and/or classes of shares of common stock and to classify or reclassify any unissued shares with respect to such series. Currently, the Fund is the only series of shares being offered by the Corporation.

Shareholders are entitled to: one vote per full share; to such distributions as may be declared by the Board out of funds legally available; and upon liquidation, to participate ratably in the assets available for distribution.

There are no conversion or sinking fund provisions applicable to the shares, and shareholders have no preemptive rights and may not cumulate their votes in the election of directors. The shares are redeemable and are fully transferable. All shares issued and sold by the Fund will be fully paid and non-assessable.

According to the laws of Maryland under which the Corporation was formed and the Corporation’s Bylaws, the Corporation is not required to hold an annual meeting of shareholders unless required under the 1940 Act. In order to avoid unnecessary expenses, the Fund does not normally intend to hold annual meetings of shareholders. The Board or the shareholders may call Special Meetings of Shareholders for the removal of directors or for other actions for which a shareholder vote may be required by the 1940 Act.

Offering Price and Redemption in Kind: Purchases and redemptions of the Fund's shares are made at its net asset value (NAV). The Fund's NAV is normally determined as of 4:00 p.m., Eastern Time on each day that the NYSE is open. The price per share for a purchase order or redemption request is the NAV next determined after receipt of the order.

The NAV is calculated by subtracting the Fund's liabilities from the closing fair market value of the total assets and then dividing the result by the total number of shares outstanding on that day. Fund liabilities include accrued expenses and dividends payable, and its total assets include the market value of the portfolio securities as well as income accrued but not yet received.

For purposes of computing the Fund's NAV, the Fund's securities holdings are valued based on their last sale price. Price information on listed securities is taken from the exchange where the security is primarily traded. Securities regularly traded in an over-the-counter market are valued at the latest quoted sales price on the primary exchange or national securities market on which such securities are traded. Securities not listed on an exchange or national securities market, or securities in which there was no last reported sales price, are valued at the most recent bid price. Securities for which quotations are not available (and any other assets) are valued at a fair market value as determined in good faith by the Adviser, subject to the review and supervision of the Board.

Redemption in kind is discussed in the Prospectus section titled, "Redeeming (Selling) Your Shares".

Taxation of the Fund: As stated in the Prospectus, the Fund intends to qualify under Subchapter M of the Internal Revenue Code. If the Fund does not qualify under Subchapter M, it would not be relieved of federal income tax on its capital gains and net investment income currently distributed to its shareholders, resulting in a second level of taxation that would substantially reduce net after-tax returns from the Fund.

Underwriters: The Fund distributes its own shares and pays no underwriting commissions. Under the Management Agreement (see "Investment Adviser"), the Adviser is paid an annualized fee of 0.50% of average net assets of the Fund for Administrative Services, which include assisting the Fund with distribution and marketing of its shares, and acting as transfer agent. The Adviser is a registered transfer agent and handles all Fund share purchases and redemptions.

Financial Statements: The Fund's Financial Statements and Independent Registered Public Accounting Firm's Report are incorporated herein by reference to the Fund's Annual Report to

Shareholders for the most recent fiscal year ended October 31. For a free copy of the Fund’s Annual Report to Shareholders, or for any questions, please call the Fund at (800) 240-9631.

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BLANKINSHIP VALUE FUND

Shareholder Services
1210 South Huntress Court
McLean, VA 22102
Phone: (800) 240-9631
Fax: (703) 448-0173
www.blankinship.com

For more information about Blankinship Value Fund, please refer to:

Prospectus, which contains important information and should be read in conjunction with this SAI.

Annual and Semi-Annual Reports, which include detailed portfolio holdings and financial statements. Annual Reports also include a discussion of recent market conditions and Fund investment strategy, and the report of the independent registered public accounting firm.

For a free copy of the current annual/semi-annual report or the Prospectus, or for any questions, please call the Fund at (800) 240-9631. These documents can also be downloaded, free of charge, from the Fund's web site at www.blankinship.com.

Information about the Fund (including the Prospectus) can also be reviewed and copied at the Security and Exchange Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference room may be obtained by calling the Commission at (800) SEC-0330. Reports and other information about the Fund are available on the EDGAR Database on the Commission's Internet site at http://www.sec.gov, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the Commission's Public Reference Section, Washington, D.C. 20549-0102

Investment Company Act file no. 811-21387