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Firm Brochure
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This brochure provides information about the qualifications and business practices of Hulsey Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 501-362-1681. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hulsey Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

The terms "registered investment advisor" or "registered" when used in this brochure do not imply a certain level of skill or training.

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Section 1 – Advisory Business

Hulsey Capital Management, Inc. (HCM) was formed in 1998. Kent C. Hulsey owns 100% of the corporation which is organized under the laws of the State of Arkansas. HCM provides investment advisory and financial planning services to 35 families, their related companies, trusts and charitable entities. As of December 31, 2010, these thirty-five families and their related entities have a total of 153 investment accounts that HCM manages with total assets of \$29,684,390. Of this total, \$23,879,252 is managed on a discretionary basis.

Hulsey Capital Management, Inc. provides advice to clients regarding asset allocation and the selection, acquisition, retention and disposal of securities based on our assessment of a client's objectives and risk tolerance level. Included in this assessment are the client's income tax exposure, cash flow requirements and financial goals. HCM attempts to obtain a detailed overview of each client's financial situation and tailor our services to meet the individual needs of each client. By maintaining a high level of contact with our clients, we strive to be proactive in assisting with financial decisions and adjusting our advice to meet changing needs. Clients may impose restrictions on how their money is invested in any manner.

Hulsey Capital Management, Inc., within a financial planning framework, offers advice to clients regarding any type of investment that we have the expertise to do so. Examples of type of investments that we advise on are exchange listed securities, securities traded over the counter, foreign issuers, warrants, corporate debt securities, US government securities, agency securities, certificates of deposit, municipal securities, exchange traded funds, exchange traded notes, mutual funds, master limited partnerships, and interests in partnerships involving investments in real estate, oil and gas and business interests. Although we may advise clients on a variety of investments, we are more restrictive in the types of assets that we hold in client accounts subject to continuous management. See Section 8 Methods of Analysis, Investment Strategies and Risk of Loss for additional information on the types of investments we manage in our client accounts.

Hulsey Capital Management, Inc. has as its sole advisor, Kent C. Hulsey. No additional persons provide advice. In the event that Kent C. Hulsey dies or becomes disabled, clients will be converted to retail clients of Charles Schwab and Co. our sole custodian. Clients will be subject to the custodian's customary services available to retail clients. Charles Schwab and Co. may at the request of clients recommend another independent advisor or clients may transfer accounts to another custodian or advisor. As retail customers of Charles Schwab and Co., clients will be responsible for managing the investments in their accounts with assistance from Charles Schwab and Co. The fact that HCM has only one advisor poses risks to our clients that would not exist at a larger advisory firm.

Hulsey Capital Management, Inc. is currently registered with the Securities and Exchange Commission (see disclaimer on cover page). However, under current laws, HCM will be transitioning to state registration during 2011. At that time, our primary regulator under current law will be the State of Arkansas.

Section 2 – Fees and Compensation

We are a fee only advisor. Fees for our services are normally based on assets under management under several different formulas. The formulas used are as follows:

- Fees based on total assets under management ranging from 0.50% to 1% of portfolio assets.
- Fees based on types of assets under management. Under this formula, fees are 1% of portfolio assets in equities type investments, 0.50% of portfolio assets in fixed income type investments and 0% of portfolio assets in cash or money market funds.
- Fees based on an hourly rate of \$175 per hour.

Fees (except for hourly fees) are negotiable based on the size and complexity of the account. Some accounts are managed at no charge.

Fees are payable either quarterly or annually based on the total market value of the account at the end of the quarter or year. Fees are adjusted pro rata for additions and withdrawals from the account. Fees billed quarterly are billed at a rate of one-fourth the annual amount.

We do not require any client to pay a fee in advance. We do deduct fees from client assets with client approval. We will bill a client for fees if they do not desire to have the fees deducted from client assets.

If clients are invested in mutual funds or exchange traded funds, they are paying our fee in addition to the fee of the advisor to the fund (whose fees are described in the fund's prospectus). When we recommend mutual funds they are no load mutual funds or have a small transaction fee.

In addition to our fees, clients will also pay any broker's commission, transaction fees, ADR fees, or exchange fees. Please see Section 9 – Brokerage Practices for additional information.

The majority of our fees are based on assets under management including higher fees for equity type investments which provides an incentive for us to manage the accounts in a more aggressive manner.

We do not receive any fees other than those described above from anyone. Please see Section 9 – Brokerage Practices for information regarding research and other soft dollar benefits provided by broker dealers.

Section 3 – Performance-Based Fees

Hulsey Capital Management, Inc. does not accept performance based fees on any of our accounts.

Section 4 – Types of Clients

As discussed in more detail in Section 7 – Other Financial Industry Activities and Affiliations, our owner and sole advisor, Kent C. Hulsey also practices as an accountant under the sole proprietorship Kent C. Hulsey CPA/PFS. Most of the thirty-five families were clients of the accounting firm prior to the formation of Hulsey Capital Management, Inc. in 1998. Most of our clients have had a relationship with HCM or Kent C Hulsey CPA for over ten years. We do not normally accept new clients who do not have a family or strategic business relationship with current clients or the related CPA firm. Additional considerations include the estimated time required to provide services to a prospective client and the resources available to HCM to provide quality services. Our stated goal for our business is to maintain a limited client base in order to provide a high level of service to our clients. This goal requires that we strictly limit the acceptance of new clients. If a client meets our acceptance criteria, we do not require a minimum account size.

Our clients are composed of 40% high net worth individuals, 50% other individuals and 10% small businesses and charitable entities owned by individual clients. Included as part of the high net worth individuals are nine irrevocable trusts.

Section 5 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that our clients should be prepared to bear. Our primary method of analysis is fundamental analysis of individual securities using information available to us from annual reports, prospectuses, company press releases, financial news in both print and internet news outlets, and research prepared by others.

Our basic investment strategy is to prepare an asset allocation for each client that considers their ability to bear losses (risk tolerance), investment time horizon, tax situation and cash flow requirements. The basic allocation is to determine what percentage of assets will be in equities, fixed income and cash. As part of this process we reach a written agreement with each client regarding this allocation.

Depending on client preference, the amount of money to be invested in equities and client risk tolerance, we select either mutual funds, exchange traded funds or individual equities to fill the equity allocation. Individual securities are normally US companies or foreign companies that trade on US exchanges. Investments in foreign and emerging markets are done with mutual funds and exchanged traded funds. All equity investments are subject to a high level of volatility and risk of loss. Both overall market declines and corrections and company risk with individual securities are high. Investments in foreign and emerging markets are considered a higher risk than investments in US equities.

The fixed income portion of the asset allocation is filled with individual corporate, municipal and agency bonds along with US government securities, certificates of deposit and money market funds. Individual fixed income securities are purchased under the assumption that the security will be held to maturity to receive the stated yield to maturity at purchase. Fixed income securities are subject to risk of default (company does not pay) and interest rate risk when rates rise resulting in a loss of principal value. Fixed income securities have limited liquidity and if sold prior to maturity may result in losses over values normally reported as market prices.

Money market funds are not insured. Though considered in the past as “safe” investments, the credit market crisis in 2008 showed that they are subject to the same risks as other fixed income investments as to the risk of default of the underlying investments.

Section 6 – Disciplinary Information

Hulsey Capital Management, Inc. or Kent C. Hulsey are not and have not been subject to any legal or disciplinary actions or events.

Section 7 – Other Financial Industry Activities and Affiliations

Hulsey Capital Management, Inc. has arrangements that are material with Kent C. Hulsey CPA/PFS, an accounting firm. Kent C. Hulsey CPA/PFS share common ownership with Hulsey Capital Management, Inc. Kent C. Hulsey CPA/PFS will provide office space, equipment, administrative support and accounting services to HCM for compensation. HCM and Kent C. Hulsey CPA/PFS may provide their respective services to common clients. Kent C. Hulsey CPA/PFS and HCM will refer clients to each other at no charge although a client may engage either or both solely at his discretion. Fees charged by Kent C. Hulsey CPA/PFS are separate from HCM fees.

Section 8 – Code of Ethics, Participation or Interest In Client Transactions and Personal Trading.

Hulsey Capital Management, Inc. has a code of ethics adopted August 18, 2009 that is designed to comply with Rule 204A-1 under the Investment Advisors Act of 1940. This code of ethics covers standards of business conduct, prohibitions against insider trading, personal securities transactions, gifts and entertainment, protecting the confidentiality of client information and compliance procedures. A copy of our code of ethics will be provided to any client upon request.

We do not recommend, buy or sell for client accounts any security in which Hulsey Capital Management, Inc. or Kent C. Hulsey has a material financial interest.

We do invest in some of the same securities that we recommend to our clients. We do not believe that the size of our investment or the total size of all of our clients investments in the same security comprise an amount that would have any material effect on the market price of any security in which we invest. This is due to the fact that between the size of the assets we manage and the diversification among investments, our purchases and sales would not be considered large enough to materially influence market prices. If we are buying or selling for our personal accounts at the same time as we are buying or selling for client accounts and the trade is not aggregated, we try to sell or buy for our personal accounts as the last trade of the group. On fixed income trades, we sometimes aggregate the trade and all clients including us receive the same price. The fact that different clients including us may receive a different price based on when the trade is placed may result in a conflict of interest, which we try to mitigate when possible. We do not believe that this constitutes a material conflict of interest.

Section 9 – Brokerage Practices

The Custodian and Broker We Use

Hulsey Capital Management does not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (See Section 12-Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody costs”).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Reputation, financial strength, and stability including a brand name that is familiar to our clients.
- Combination of transaction execution services generally without a separate fee for custody.
- Capability to execute, clear and settle trades for your account.
- Capability to facilitate transfers and payments to and from accounts.
- Breadth of available investment products.
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services and competitiveness of price for those services
- Prior service to us and our clients.
- Availability of other products and services that benefit us, as discussed below (See Products and Services Available to Us from Schwab).

Your Brokerage and Custody Costs

Schwab generally does not charge you separately for custody services, but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” for each trade that we have executed by a different broker-dealer, but where the securities bought or the funds from the securities sold are deposited into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your 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”).

Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage, trading, custody, reporting, and related services—many of which are not typically available to Schwab’s retail customers. Schwab also makes available various support services. Some of these services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of assets at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Services That Benefit You

Schwab’s institutional brokerage services include access to a wide range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Services That May Not Directly Benefit You

Schwab also makes available to us, other products and services that benefit us but may not directly benefit you or your accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts. 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 clients' accounts
- Assist back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab also provides other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of third party fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Hulsey Capital Management, Inc. uses all of the services provided above with limited use of the "services that generally benefit only us". Of these services we mainly use consulting on compliance and educational conferences and events.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services (see "How We Select Brokers/Custodians) and not Schwab's services that benefit only us. We do not believe that requiring clients to maintain their assets at Schwab in order to avoid paying Schwab quarterly processing fee presents a material conflict of interest.

We normally only aggregate orders on fixed income products (bonds), in order to get a better price (yield) by purchasing larger lots. We do not normally aggregate equity orders because the size of our purchases normally doesn't allow for better pricing and Schwab's policy is to charge the same commission rate for equity orders for each account even if the order is aggregated. Clients should be aware that much larger advisory firms may be able to aggregate orders in much larger amounts and obtain more favorable pricing and lower commission rates than are available to us.

Section 10 – Review of Accounts

Accounts are reviewed at least quarterly by Kent C. Hulsey, President. The quarterly review consists of review of asset allocation, review of performance, and review of individual investments within the account.

Except for certain smaller accounts, clients receive a quarterly report on their account after the end of each calendar quarter. Smaller accounts receive an annual report only. All reports are written.

Section 11 – Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (See Section 9-Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We receive no benefits or compensation from client referrals and we do not pay for client referrals.

Section 12 – Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab monthly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio statements you will receive from us.

Section 13 – Investment Discretion

We manage accounts on both a discretionary and non-discretionary basis at the option of the client. Whether the account is discretionary or not is part of our normal investment management agreement with each client. If we accept discretionary authority, each client has the option to impose any restriction that they desire on that discretion. Examples of restrictions imposed are what types of investments are subject to our discretion such as discretion with respect to fixed income investments and not with respect to equities or restrictions on what types of equities such as restrictions on foreign investments or socially conscious investments.

Section 14 – Voting Client Securities

Hulsey Capital Management, Inc. does vote proxies and take any corporate actions solicited by or with respect to the issuers of securities in accounts held for selected clients and will at the request of any client vote their proxies and take corporate action. The Firm's position on voting proxies and taking corporate action is that in all but rare cases, we will vote in accordance with the recommendations of the board of directors of the issuer of the security. This position is based on our normal investment philosophy that we do not invest in companies in which we do not have confidence in their executive management and board of directors. In the event that we decide in our sole discretion that it is not in the client's best interest to vote in accordance with the recommendations of the board of directors, then we will vote in the manner we believe is in our client's best interest.

Due to the nature of the types of investments in which we place our clients, we are not aware of any conflicts of interest that would arise in voting of proxies or taking corporate actions. In the event that we should become aware of a conflict, we would disclose such conflict to the clients involved and obtain an agreement and written consent on how to vote.

Any client may receive a detailed listing of all votes and actions taken on securities held in their accounts upon written request.

If a client desires to direct their vote in a particular situation, they can contact us prior to the expiration of the voting period and we will honor their request and vote as they direct.

Upon request, we will provide any client with a copy of our proxy voting policies and procedures.

Section 15 – Financial Information

Although we have discretionary authority over some accounts and are deemed to have custody on the basis of our authority to deduct our fees from client accounts, we are aware of no financial conditions that would impair our ability to meet our contractual obligations to our clients.