

HUTNER CAPITAL MANAGEMENT, INC.

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Manchester Village, VT 05254  
802-366-8157 (tel)  
802-366-8146 (fax)  
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[www.hutnercapital.com](http://www.hutnercapital.com)

Part 2A and B of Form ADV  
Investment Advisor's Brochure  
December 31, 2013

This brochure provides information about the qualifications and business practices of Hutner Capital Management, Inc. If you have any questions about the contents of this brochure please contact us at 802-366-8157 or [hcm@hutnercapital.com](mailto:hcm@hutnercapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hutner Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

The following is a summary of material changes since our last annual update on March 31, 2013:

1. Item 4. Advisory Business
  - a) updated information for number of client accounts and assets under management as of 12/31/13
2. Item 15. Custody
  - a) updated information for number of client accounts and assets under management as of 12/31/13

Pursuant to SEC rules, we will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Hutner Capital Management, Inc. at 802-366-8157 [or hcm@hutnercapital.com](mailto:hcm@hutnercapital.com).

Additional information about Hutner Capital Management, Inc. is available via the SEC's website [www.adviserinfo.gov](http://www.adviserinfo.gov).

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#### **Item 4. Advisory Business**

Hutner Capital Management, Inc., a New Jersey corporation formed in 1995, provides investment management services to individuals, trusts, estates, charitable organizations, and pension and profit sharing plans. The firm does not provide financial planning services. Daniel E. Hutner is the president and principal owner of the firm. At December 31, 2013, Hutner Capital managed 75 client accounts totaling approximately \$109 million. All of these accounts are managed on a discretionary basis.

Hutner Capital specializes in long-term growth investments in high-quality companies. We also manage accounts for high current and growing income along with capital preservation. Investments are primarily in equity securities traded on major domestic exchanges or over-the-counter, including some American depositary receipts of foreign companies. In addition, where appropriate to an account's investment objective we may invest in investment-quality corporate debt securities, warrants, commercial paper, United States government securities, municipal securities, or mutual fund shares. In addition, we may take shorter-term positions in stocks of companies in special situations such as mergers, acquisitions, legal proceedings, spin-offs, liquidations, bankruptcies, recapitalizations, or the like.

Hutner Capital Management, Inc. limits acceptance of new accounts to those with a market value of \$1 million or greater. In certain circumstances, multiple related accounts may be aggregated to meet this minimum, and the president may make exceptions to this policy. Prospective clients must be approved by the president before the firm begins to supervise their accounts.

Accounts are managed with a limited power of attorney according to the client's stated needs and objectives. We sometimes agree to client-imposed restrictions on investing in certain securities or types of securities with the understanding that such restrictions could affect performance relative to benchmarks that include those securities, and that an appropriate benchmark excluding such securities may not be available for fairly evaluating performance. Clients should also be aware that imposing such restrictions may result in their accounts being less diversified than other accounts and performing differently than accounts that are managed without restrictions.

Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

#### **Item 5. Fees and Compensation**

Hutner Capital Management, Inc.'s fee schedule is as follows:

- 1% per year of assets under management on the first \$5,000,000;
- 3/4% per year on the second \$5,000,000; and
- 1/2% on assets above \$10,000,000;

with a basic minimum fee of \$2,000 per year.

In some cases, related accounts may be aggregated for determining break points and resulting fees.

Fees are computed quarterly on the market value of assets under management at the end of each calendar quarter. Fees are deducted from client accounts, with a copy of the fee statement sent to the client at the time of billing.

Fees are payable quarterly in advance. A client may terminate our services at any time. Management fees will be pro-rated to the date of termination and any unused fees will be refunded.

Hutner Capital Management, Inc. will collect flat fees and negotiated fees on portfolios for which we provide limited investment advisory services. We may advise certain clients on the investment of their portfolios which we do not manage. We charge a 1/4% of asset value per year fee for this service, billed quarterly.

In addition to investment management fees, clients may incur custody fees, depending on where their account or accounts are custodied. We recommend bank custody for accounts over \$1 million. Bank custodians charge higher custody fees, but offer a greater degree of security for larger accounts. Accounts of this size may be in custody at a broker if the clients requests. We recommend broker custody for accounts under \$1 million.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which are paid by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties, such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

The subject of brokerage commissions is discussed in greater detail under Item 12. Brokerage Practices. Clients that use one of our recommended brokers enjoy negotiated commission rates that are significantly less than retail rates.

Hutner Capital Management, Inc.'s clients whose assets are invested in an affiliated investment limited partnership will not pay fees to Hutner Capital Management, Inc. on the portion of their assets invested in the partnership.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

Mr. Hutner and Avalon Partners Management, LLC are entitled to receive performance-based fees for the management of these three partnerships.

When an adviser charges performance fees on any client accounts, the adviser may be inclined to take investment risks for such client accounts that are outside the scope of the client's investment objectives. Mr. Hutner, Avalon Partners Management, LLC, and Hutner Capital Management, Inc., as administrator to the funds, address this potential conflict by reviewing the holdings of each account periodically to assure that all securities in the account comply with the account's investment objective and risk parameters. These reviews are conducted whenever securities are being bought or sold in the partnerships or client accounts, whenever there is a change to an account's objectives, and/or when research indicates a fundamental change in the status of an existing holding.

Additional reviews may be triggered by: a) significant change in market conditions, b) awareness of material change in client's circumstances or investment objectives, c) changes in the portfolio manager's assessment of a security held in an account, c) divergence of an account's performance from management's expectations, and d) a price variance greater than 2.5% that remains unresolved after consultation with the custodian.

## **Item 7. Types of Clients**

Hutner Capital Management, Inc. provides investment management services to individuals, trusts, estates, charitable organizations, and pension and profit sharing plans. More than 60% of our clients are high net worth individuals, with the remaining 40% consisting of pooled investment vehicles, pension and profit sharing plans, and charitable organizations.

Hutner Capital Management, Inc. limits acceptance of new accounts to those with a market value of \$1 million or greater. In certain circumstances, multiple related accounts may be aggregated to meet this minimum, and the president may make exceptions to this policy. Prospective clients must be approved by the president before the firm begins to supervise their accounts.

## **Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss**

Hutner Capital Management, Inc. relies on fundamental analysis of individual companies, primarily at the microeconomic level, with a focus on earnings and competitive advantage. Our main sources of information are corporate communications (annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases), research materials prepared by others, financial newspapers and magazines, and inspections of corporate activities.

Although Hutner Capital Management makes every effort to select securities that minimize risk and monitors client holdings closely, we cannot guarantee that our efforts will be successful. Investments in securities are subject to market risk, interest rate risk, general economic risk, and issuer risk. Any one of these factors can result in a loss of principal, a reduction in earnings (interest, dividends, and

other distributions), or the loss of future earnings. Clients should be prepared to bear the risk of loss.

We implement our investment strategy primarily through long-term purchases of securities. In general, we hold most investments for at least five years, unless changed circumstances dictate otherwise.

When consistent with an account's investment objective we may also take shorter-term positions in stocks of companies in special situations such as mergers, acquisitions, legal proceedings, spin-offs, liquidations, bankruptcies, recapitalizations, or the like. In any investment opportunity involving a special situation, there is the risk that the contemplated transaction either will be unsuccessful, take more time than anticipated, or result in a distribution of cash or a new security with a lesser value. Similarly, if an anticipated transaction does not in fact occur, the investor may be required to sell at a loss. To mitigate these risks, Hutner Capital will often invest in special situations where it would be comfortable owning the underlying and/or resulting security as a long-term investment.

From time to time we may write covered options on securities in select accounts or buy puts or calls. Trading in options is a highly specialized activity which may increase the total return on a portfolio, but may also entail greater than ordinary investment risks. In most cases, Hutner Capital will engage in options transactions only in a limited fashion in an attempt to insure against temporary market losses.

A small number of accounts have margin privileges and may maintain a margin balance over a short period of time at the client's request for their personal cash flow needs. While the use of margin and borrowed funds can substantially improve the return on invested capital, such use may also increase the adverse impact to which a portfolio may be subject. For this reason, Hutner Capital discourages this practice.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all facts regarding any legal or disciplinary events that would be material to the evaluation of Hutner Capital Management, Inc. or the integrity of Hutner Capital's management. Hutner Capital has no information to report applicable to this item.

## **Item 10. Other Financial Industry Activities and Affiliations**

Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of

the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

These relationships may create conflicts of interest in the allocation of Mr. Hutner's time and investments between the partnerships and Hutner Capital's clients. For example, these investment vehicles may invest in the same or similar types of securities as those in which Hutner Capital will invest its clients' accounts. For this reason, under our policy and procedures regarding allocation among investment advisory accounts, each of these limited partnerships is treated as an investment advisory client account managed by Hutner Capital Management.

It is Hutner Capital's basic policy that no client shall receive preferential treatment over any other client. In allocating securities among clients, it is Hutner Capital's policy that all clients should be treated fairly and that, to the extent possible, all clients should receive equivalent treatment. To the extent a particular investment is suitable for both one or more of the partnerships and Hutner Capital's clients, Hutner Capital will allocate such investment between the partnership(s) and the client(s) pro rata based on assets under management or in some other manner which Hutner Capital determines is fair and equitable under the circumstances to all clients, including the partnerships, in which many of Hutner Capital's clients participate. However, because of the difference in client investment objectives and strategies, risk tolerances, tax status, and other criteria, there may be differences among clients in invested positions and securities held.

#### **Item 11. Code of Ethics**

High ethical standards are essential for the success of Hutner Capital Management, Inc. and to maintain the confidence of clients and partners in the Limited Partnerships in which Daniel Hutner serves as General Partner. Our long-term business interests are best served by adherence to the principal that the interests of our clients come first. We have a fiduciary duty to clients to act solely for the benefit of our clients. All personnel of Hutner Capital Management Inc., including directors, officers, and employees, must put the interests of the clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of Hutner Capital Management, Inc. must also comply with all federal securities laws.

In recognition of Hutner Capital Management, Inc.'s fiduciary duty to our clients and our desire to maintain our high ethical standards, we have adopted a Code of Ethics containing provisions designed to prevent improper personal trading, identify conflicts of interest, and provide a means to resolve any actual or potential conflicts in favor of our clients. This Code goes beyond the provisions required by Rule 204A-1 and would be considered "Best Practices."

Adherence to the Code of Ethics and the related restrictions on personal investing is considered a basic condition of employment by Hutner Capital. A copy of this document is available to any client or prospective client upon request to our Compliance Officer.

#### **Participation or Interest in Client Transactions**

As mentioned in Item 10, Daniel Hutner, president of Hutner Capital Management, Inc., advises several limited partnerships which Hutner Capital may recommend to its clients. Because these partnerships charge performance fees, the adviser may be inclined to recommend these investments over others. Hutner Capital Management, Inc. addresses this potential conflict by conducting reviews of the holdings of each account periodically to assure that all securities in the account comply with the investment and risk parameters of the account. These reviews are conducted whenever securities are being bought or sold in the partnerships or client accounts, whenever there is a change to an account's objectives, and/or when research indicates a



fundamental change in the status of an existing holding.

Among the factors considered in these reviews are:

- Client's investment objective and strategies; Client's risk profile;
- Client's tax status;
- Size of client account;
- Total portfolio invested position;
- Nature of the security to be recommended; Current market conditions;
- Timing of cash flows and account liquidity.

### **Personal Trading**

In general, Hutner Capital Management, Inc. does not allow independent employee trading of personal investments. Any investment accounts of an employee must be custodied within the Hutner Capital Management, Inc. group of accounts at Pershing Adviser Solutions. Active investment accounts of an employee must generally be invested in a limited partnership managed by Daniel Hutner.

In a case where a covered person is authorized by Daniel Hutner to engage in a particular securities transaction for his or her personal account, it is his/her responsibility to ensure that the transaction is not subject to a restriction contained in the firm's Code of Ethics or otherwise prohibited by any applicable laws. Personal securities transactions for covered persons may be effected only in accordance with the provisions of the firm's Code of Ethics.

### **Item 12. Brokerage Practices**

Hutner Capital Management, Inc. will select brokers based upon their ability to execute orders effectively and on the research facilities they afford. While we do not depend on brokers to tell us which securities to buy, or for market timing, we do examine written research material they provide and we secure specific factual information from their analysts from time to time. We maintain brokerage relationships with major reputable brokerages in New York and elsewhere.. Some transactions are directed to specific brokers where that firm holds clients' securities in custody. The firm will estimate the total brokerage commission volume for the coming year and will allocate this among the brokers who have provided satisfactory service during the previous year.

Hutner Capital Management, Inc., in placing trade orders for advisory clients, generally will place trade orders on an individual basis and occasionally will bunch trade orders. Hutner Capital Management, Inc. will bunch trade orders when it determines, in its sole discretion, that its advisory clients will benefit from lower execution prices and/or commission costs than otherwise would be the case by placing such trade orders individually for these clients. The transaction costs of securities purchased by means of bunching trade orders will be allocated on a pro-rata basis between all accounts included in any such block.

### **Directed Brokerage**

Hutner Capital will agree to permit clients to direct brokerage on a case-by-case basis. Clients that direct brokerage transactions to particular brokers or that designate a specific broker-dealer as custodian, may have a direct impact on Hutner Capital Management, Inc.'s ability to negotiate the commissions charged for such transactions and to obtain best price and execution on any particular transaction, thereby increasing the brokerage commissions charged to such clients.

### **“Soft Dollar” Arrangements**

It is Hutner Capital Management Inc.’s policy not to engage in “soft dollar” arrangements. If Hutner Capital ever does engage in such arrangements, it will ensure that all such arrangements come under the ‘safe harbor’ of Section 28(e) of the Securities Exchange Act of 1924.

### **Item 13. Review of Accounts**

At Hutner Capital Management, Inc., each principal will act as an analyst, researcher, and account manager and is responsible for investment decisions for the accounts he or she handles. Because each principal will handle a relatively limited number of accounts, it will be possible to keep each one under constant scrutiny. Principals will share research information and investment strategy on an ongoing basis. The president of the firm will review managers' performance on a quarterly basis.

We conduct reviews of the holdings of each account periodically to assure that all securities in the account comply with the investment and risk parameters of the account. These reviews are conducted whenever securities are being bought or sold in client accounts, whenever there is a change to an account’s objectives, and/or when research indicates a fundamental change in the status of an existing holding.

Among the factors considered in these reviews are:

- Client’s investment objective and strategies;
- Client’s risk profile;
- Client’s tax status;
- Size of client account;
- Total portfolio invested position;
- Nature of the security to be recommended;
- Current market conditions;

Additional reviews may be triggered by: a) significant change in market conditions, b) awareness of material change in client’s circumstances or investment objectives, c) changes in the portfolio manager’s assessment of a security held in an account, c) divergence of an account’s performance from management’s expectations, and/or d) a price variance greater than 2.5% that remains unresolved after consultation with the custodian.

Each client will receive a portfolio appraisal on a regular quarterly basis. The appraisal will consist of a holdings report showing original cost, current market value, and dividend or interest rate; a report of all purchases and sales made during the quarter with cost or proceeds; a report prepared by the president of the firm, which analyzes various business and economic factors and explains how they affect our investment strategy; and a personalized letter.

#### **Item 14. Client Referrals and Other Compensation**

Hutner Capital Management, Inc. and its employees do not receive any direct or indirect compensation or economic benefit from a non-client in connection with giving advice to clients, and we do not compensate anyone for client referrals.

#### **Item 15. Custody**

Hutner Capital Management, Inc. is deemed to have custody for a small number of accounts for which a related party serves as general partner or trustee. At December 31, 2013 there were 14 such accounts totaling approximately \$44.4 million.

All clients receive account statements from their qualified custodian (bank or broker) at least quarterly, and usually monthly, which they should carefully review. Hutner Capital Management also sends statements to clients every quarter that have been reconciled against the qualified custodian's statement. We urge clients to compare the account statements they receive from their qualified custodian with those they receive from Hutner Capital Management, Inc.

#### **Item 16. Investment Discretion**

Hutner Capital Management, Inc. manages accounts with a limited power of attorney to purchase and sell securities according to the client's stated needs and objectives. Before we assume this power of attorney we have extensive discussions with the client about their investment needs and objectives. We assume this limited power upon execution of a custody account agreement with a qualified custodian and a letter agreement between Hutner Capital Management, Inc. and the client.

We sometimes agree to client-imposed restrictions on investing in certain securities or types of securities with the understanding that such restrictions could affect performance relative to benchmarks that include those securities and that an appropriate benchmark excluding such securities may not be available for fairly evaluating performance.

#### **Item 17. Voting Client Securities**

Hutner Capital Management, Inc. adopted its Proxy Voting Policies and Procedures on October 5, 2004.

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When Hutner Capital Management, Inc. has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with its policies and procedures.

In the absence of specific voting guidelines from the client, Hutner Capital Management will vote proxies in the best interest of each particular client, which may result in different voting results for proxies for the same issuer. The firm's Compliance Officer will identify any conflicts that exist between the interests of Hutner Capital Management and its clients. If a material conflict

exists, Hutner Capital Management will request that the client vote their own proxy.

Hutner Capital does not take client direction in the voting of proxies. Clients who wish to direct votes may vote their own proxies.

Clients may contact Hutner Capital Management's Compliance Officer via telephone at 802-366-8157 or e-mail at [hcm@hutnercapital.com](mailto:hcm@hutnercapital.com) to obtain information on how their proxies were voted, and to request a copy of the firm's detailed policies and procedures.

## **Item 18. Financial Information**

There is no material information that is required by this item to be disclosed by Hutner Capital Management, Inc.

## **Item 19. Requirements for State-Registered Advisers**

### **A. Principal Executive Officers and Management Persons**

The principal executive officers of Hutner Capital Management, Inc. are Daniel E. Hutner, President, and Daniel E. Hutner, Jr., Vice-President and Chief Compliance Officer. A description of their formal education and business experience follows.

Name:	Daniel Ellsworth Hutner
Born:	1948
Education:	1970 B.A., Middlebury College, Middlebury, Vermont 1973 M.A., University of Virginia, Charlottesville, Virginia 1984 M.B.A., New York University, Graduate School of Business Administration, New York, New York

Business Experience: Hutner Capital Management, Inc.  
3556 Main Street  
Manchester Village, VT 05254  
Investment Management  
02/95 – present                      President, Chairman

Avalon Partners, L.P.  
3556 Main Street  
Manchester Village, VT 05254  
Investment Partnership  
10/90 – present                      General Partner

Hutner Special Situations Fund, L.P.  
3556 Main Street  
Manchester Village, VT 05254  
Investment Partnership  
10/95 – present                      General Partner

Avalon Partners Management, LLC  
3556 Main Street

Manchester Village, VT 05254  
General partner of Hutner High Income Fund, L.P., Investment Partnership  
05/01 – present            Managing Member

Pulsifer and Hutner, Incorporated  
14 Wall Street  
New York, NY 10005  
Investment Management  
12/90 – 5/96            President  
01/80 – 12/90           Vice President  
12/76 – 05/96           Director

Name:     Daniel Ellsworth Hutner, Jr.  
Born:       1983  
Education: 2006 B.A., Middlebury College, Middlebury, Vermont

Business Experience: Hutner Capital Management, Inc.  
3556 Main Street  
Manchester Village, VT 05254  
Investment Management  
06/08 – present   Vice President, Chief Compliance Officer  
06/02 – 06/08     Research Associate

## **B. Other Business Activities**

Hutner Capital Management is not engaged in any business other than giving investment advice.

## **C. Performance-based Fees**

Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

Mr. Hutner and Avalon Partners Management, LLC are entitled to receive performance-based fees for the management of these three partnerships.. These fees are calculated as a percentage of each limited partner's share of net profits (including unrealized gains), if any, in some cases above a preferred rate of return defined in the partnership documents.

When an adviser charges performance fees on any client accounts, the adviser may be inclined to take investment risks for such client accounts that are outside the scope of the client's investment objectives. Mr. Hutner, Avalon Partners Management, LLC, and Hutner Capital Management, Inc., as administrator to the partnerships, address this potential conflict by reviewing the holdings of each account periodically to assure that all securities in the account comply with the account's

investment objective and risk parameters. These reviews are conducted whenever securities are being bought or sold, whenever there is a change to an account's objectives, and/or when research indicates a fundamental change in the status of an existing holding.

Additional reviews may be triggered by: a) significant change in market conditions, b) changes in the portfolio manager's assessment of a security held in an account, c) divergence of an account's performance from management's expectations, and d) a price variance greater than 2.5% that remains unresolved after consultation with the custodian.

**D.** Neither Hutner Capital Management, Inc. nor any of its management personnel have been involved in any arbitration claims or civil, self-regulatory, or administrative proceedings.

**E.** Neither Hutner Capital Management nor any of its management persons have any relationship or arrangement with any issuer of securities beyond those described in Item 10.C.

Part 2B of Form ADV: *Brochure Supplement*  
August 31, 2012

**Item 1    Cover Page**

Daniel Ellsworth Hutner, President

Hutner Capital Management, Inc.  
3556 Main Street, Box 379  
Manchester, VT 05254  
802-366-8157

This brochure supplement provides information about Daniel Ellsworth Hutner that supplements the Hutner Capital Management, Inc. brochure attached herein. If that brochure is not attached, please contact us at 802-366-8157.

Additional information about Daniel Ellsworth Hutner is available on the SEC's website at [www.adviserinfo.gov](http://www.adviserinfo.gov).

## **Item 2 Educational Background and Business Experience**

### **Daniel Ellsworth Hutner, President, b. 1948**

**Education**      1984 M.B.A., New York University, Graduate School of Business Administration, New York, NY  
1973 M.A., English, University of Virginia, Charlottesville, VA  
1970 B.A., Economics, Middlebury College, Middlebury, VT  
Additional: Coursework at the New York Institute of Finance, New York, NY

**Business Experience**      **Hutner Capital Management, Inc.**  
3556 Main Street  
Manchester Village, VT 05254  
Investment Management  
02/95 – present      President, Chairman

**Avalon Partners, L.P.**  
3556 Main Street  
Manchester Village, VT 05254  
Investment Partnership (growth)  
10/90 – present      General Partner

**Hutner Special Situations Fund, L.P.**  
3556 Main Street  
Manchester Village, VT 05254  
Investment Partnership (corporate events)  
10/95 – present      General Partner

**Avalon Partners Management, LLC**  
3556 Main Street  
Manchester Village, VT 05254  
General partner of Hutner High Income Fund, L.P., Investment Partnership (growing income)  
05/01 – present      Managing Member

**Avalon Capital, Inc.**  
34 Chambers Street  
Princeton, NJ 08540  
Closed-end registered investment company  
1995 – 2003      Chairman and President  
1995 – 2003      Advisor (through Hutner Capital Management)

**NAIC Growth Fund**  
National Association of Investors Corporation (Advisor)  
Madison Heights, MI  
Closed-end registered investment company  
1996 – 1998      Consultant (recommended investments)

**Pulsifer and Hutner, Incorporated**  
14 Wall Street  
New York, NY 10005  
Investment Management, founded in 1925  
12/90 – 5/96      President  
01/80 – 12/90      Vice President  
12/76 – 05/96      Director



<b>Prior Business Experience (1973 – 1977)</b>	<b>Charles Owens and Associates, Inc.</b> Washington, DC	Editor, <i>Monday Morning Report</i> on energy industry
	<b>National Economic Research Associates</b> Washington, DC	Research and consulting, business and economic issues
	<b>Data Resources, Inc.</b> Washington, DC	Economic and econometric consulting, forecasting, worked with major government agencies
<b>Publications</b>	<b><i>Better Investing</i> magazine</b> Madison Heights, MI	
	Monthly publication of the National Association of Investors Corporation	
	February 1997	“Own a Share of America’s Multinational Companies”
	June 1997	“Own the Enterprise Behind the Stock: Successful Investors Buy the Business, Not Just the Common Stock”
	October 1997	“Understanding the Risks: A Few Guidelines for Picking the Best Fund Possible”
	<b>Joint Economic Committee, U. S. Congress</b> Washington, DC	
	1977 – 1978	Papers on various economic issues
	<b>National Geographic Society</b> Washington, DC	
	1977 – 1979	Writer, economics, science, and natural history, <i>National Geographic</i> magazine special energy issue and other publications
	<b>Smithsonian Institution</b> Washington, DC	
	1975 – 1980	Writer, exhibit catalogues
	<b>CFA Digest, CFA Institute</b> Charlottesville, VA	
	1972 – 73	Writer, abstracts of complex articles about a variety of financial industry subjects

### Item 3 Disciplinary Information

There is no disciplinary information involving Daniel Ellsworth Hutner that may be deemed material to be reported under this item.

### Item 4 Other Business Activities

A. Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as

special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

These relationships may create conflicts of interest in the allocation of Mr. Hutner's time and investments between the partnerships and Hutner Capital's clients. For example, these investment vehicles may invest in the same or similar types of securities as those in which Hutner Capital will invest its clients' accounts. For this reason, under our policy and procedures regarding allocation among investment advisory accounts, each of these limited partnerships is treated as an investment advisory client account managed by Hutner Capital Management.

It is Hutner Capital's basic policy that no client shall receive preferential treatment over any other client. In allocating securities among clients, it is Hutner Capital's policy that all clients should be treated fairly and that, to the extent possible, all clients should receive equivalent treatment. To the extent a particular investment is suitable for both one or more of the partnerships and Hutner Capital's clients, Hutner Capital will allocate such investment between the partnership(s) and the client(s) pro rata based on assets under management or in some other manner which Hutner Capital determines is fair and equitable under the circumstances to all clients, including the partnerships, in which many of Hutner Capital's clients participate. However, because of the difference in client investment objectives and strategies, risk tolerances, tax status, and other criteria, there may be differences among clients in invested positions and securities held.

**B. Daniel E. Hutner, president of Hutner Capital Management, Inc., also serves as:**

General Partner of Avalon Partners, L.P., an investment partnership that invests primarily in the equity securities of companies held for capital appreciation and long term gains,

General Partner of Hutner Special Situations Fund, L.P., an investment partnership that invests in mergers, acquisitions, spin-offs and other such corporate events referred to as special situations, and

Managing Member of Avalon Partners Management, LLC, which is the General Partner of the Hutner High Income Fund, L.P., an investment partnership that seeks to achieve high and growing income with a secondary objective of capital appreciation.

Mr. Hutner and Avalon Partners Management, LLC are entitled to receive performance-based fees for the management of these three partnerships.. These fees are calculated as a percentage of each limited partner's share of net profits (including unrealized gains), if any, in some cases above a preferred rate of return defined in the partnership documents.

When an adviser charges performance fees on any client accounts, the adviser may be inclined to take investment risks for such client accounts that are outside the scope of the client's investment objectives. Mr. Hutner, Avalon Partners Management, LLC, and Hutner Capital Management, Inc., as administrator to the partnerships, address this potential conflict by reviewing the holdings of each account periodically to assure that all securities in the account comply with the account's investment objective and risk parameters. These reviews are conducted whenever securities are being bought or sold, whenever there is a change to an account's objectives, and/or when research indicates a fundamental change in the status of an existing holding.

Additional reviews may be triggered by: a) significant change in market conditions, b) changes in the portfolio manager's assessment of a security held in an account, c) divergence of an account's performance from management's expectations, and d) a price variance greater than 2.5% that remains unresolved after consultation with the custodian.

#### **Item 5 Additional Compensation**

Daniel Ellsworth Hutner does not receive any additional compensation.

#### **Item 6 Supervision**

All Hutner Capital Management employee activities are monitored by the Chief Compliance Officer, Daniel E. Hutner, Jr., who can be reached at 802-366-8157. The Chief Compliance Officer is responsible for overseeing the activities of all employees, and for taking appropriate action reasonably designed to achieve compliance with respect to all employees. If the violation involves the Chief Compliance Officer, the President will act in his place.

The firm conducts periodic reviews of all of its activities, including client communications and portfolio and trading activity, to verify that its supervisory system is functioning properly and that it is in compliance with all applicable regulations. The firm's Compliance Manual and Code of Ethics are established to help the firm comply with all applicable securities laws, and require that any violation or reportable event be brought to the attention of the President and/or Chief Compliance Officer.

All personnel of Hutner Capital Management Inc., including directors, officers, and employees, must put the interests of the clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients.

#### **Item 7 Requirements for State-Registered Advisers**

**A.** Daniel Ellsworth Hutner has not been involved in any events that may be deemed material to be reported under this item.

**B.** Mr. Hutner has not been the subject of any bankruptcy petition.