



Item 1

COVER PAGE

**ADV Part 2A, Firm Brochure
Dated March 25, 2015**

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This brochure provides information about the qualifications and business practices of Blume Capital Management. If you have any questions about the contents of this brochure, please contact us at telephone 510.549.3534. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Blume Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Blume Capital Management as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A

There have been no material changes made to this disclosure statement since our last Annual Amendment filing on March 28, 2014.

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Item 4 ADVISORY BUSINESS

| | |
|-----------------------|--|
| Registration Status – | Registered with the SEC on October 1, 1998 ¹ Registered with the State of CA on January 31, 1994 |
| Principal Owners – | James B. Blume Jeffrey V. St. Claire Peter B. Reidenbach |

ADVISORY SERVICES

Blume Capital Management, Inc. (“Blume Capital” or the “Firm”), a California corporation, provides investment management and other financial consulting services to individuals and their trusts and estates, pension and profit sharing plans, charitable foundations and private investment funds. Investment management services are provided on a discretionary basis and for separately managed accounts, include, among other services, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments. The Firm is also the managing member and investment advisor to a pooled investment fund, Hutchinson Capital Partners, LLC, a Delaware limited liability company (“Hutchinson Partners” or the “Fund”).

SERVICES FOR SEPARATELY MANAGED ACCOUNTS

Blume Capital accepts clients for which its services are suitable and appropriate. This determination is made through client consultations during which the client and Blume Capital evaluate the client’s investment objectives, financial circumstances, investment experience, time horizon and risk tolerance level. In performing its services, Blume Capital is not required to independently verify any information received from the client or from the client’s other professional advisors, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains the client’s responsibility to promptly notify the Firm of any change in their financial situation or investment objectives that would necessitate a review, evaluation or revision by Blume Capital of previous recommendations and/or services. Blume Capital evaluates each new client’s existing investments and where necessary develops a plan to transition such existing investments into or out of the client’s portfolio as required by Blume Capital’s investment strategy.

In certain circumstances, typically for clients with \$20 million or more in investible assets, Blume Capital may provide investment counsel regarding the use, selection and monitoring of third party sub-advisors, as well as the determination of appropriate asset allocation.

¹“Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2014

Discretionary Assets – \$335,823,835

Non-discretionary Assets – \$0

TERMINATION OF AGREEMENT

The *Investment Advisory Agreement* between Blume Capital and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Blume Capital shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

MISCELLANEOUS

Client Obligations. In performing its services, Blume Capital shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Blume Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Blume Capital's previous recommendations and/or services.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Blume Capital) will be profitable or equal any specific performance level(s).

Tradeaway/Prime Broker Fees. Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (Schwab). Blume Capital receives no fee for any trade-aways or use of a prime broker.

Hutchinson Capital Partners, LLC – An Affiliated Private Fund. Blume Capital is affiliated with a private investment fund, Hutchinson Capital Partners, LLC (the "*affiliated fund*"). Blume Capital, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated fund*. The terms and conditions for participation in the *affiliated fund*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Blume Capital's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the

client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that Blume Capital references private investment funds owned by the client on any supplemental account reports prepared by Blume Capital, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. The client's advisory fee shall be based upon such reflected fund value(s).

Please Also Note: Conflict Of Interest. Because Blume Capital earns a management fee from the *affiliated private fund* that may exceed the fee that Blume Capital would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become a *Fund* investor presents a conflict of interest. No client is under any obligation to become a Fund investor. Blume Capital's Chief Compliance Officer, Jeffrey V. St. Claire, remains available to address any questions regarding this conflict of interest.

Retirement Plan Rollovers. A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Blume Capital may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by Blume Capital. As a result Blume Capital and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Blume Capital (unless you engage Blume Capital to monitor and/or manage the account while maintained at your employer). Blume Capital has an economic incentive to encourage an investor to roll plan assets into an IRA that Blume Capital will manage or to engage Blume Capital to monitor and/or manage the account while maintained at your employer. There are various factors that Blume Capital may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus Blume Capital's, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to rollover plan assets to an IRA managed by Blume Capital or to engage Blume Capital to monitor and/or manage the account while maintained at your employer.

Disclosure Statement. A copy of Blume Capital's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

Item 5 FEES AND COMPENSATION

ADVISORY FEES FOR INDIVIDUALLY MANAGED ACCOUNTS

For its investment management services, Blume Capital charges an annual fee based on a percentage of assets under management. Blume Capital's annual investment management fee is prorated (25% of total annual fee) and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter as reflected on the client's custodian account statement. All assets in the Account(s) are included in the fee assessment unless specifically identified in writing for exclusion. For new accounts, Blume Capital charges a fee based on the value of assets placed in the account, prorated to the portion of the calendar quarter during which the assets were under management by the Firm. The Firm's standard fee schedule is as follows:

| Value of Account Assets | Annual Fee Rate |
|----------------------------------|-----------------|
| First \$1,000,000 | 1.00% |
| Next \$1,000,000 and \$2,000,000 | 0.80% |
| Over \$2,000,000 | 0.60% |
| | |

Blume Capital generally requires a minimum annual investment advisory fee of \$10,000. In no event will Blume Capital charge a client in excess of three percent (3%) of the assets placed under its management. (i.e., for clients with less than \$333,333.33 under Blume Capital's management, Blume Capital will reduce its minimum annual fee). Blume Capital, in its sole discretion, may reduce its minimum annual fee.

The management fee is computed on the last day of each quarter of management by determining the market value of the client's account(s) using the following guidelines: (a) for marketable securities: the current market price provided by the client's custodian or third party pricing service; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as the Firm shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) cash or equivalents, at dollar value. Fees charged are not calculated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)). Blume Capital does not seek, nor does it accept, sales fees or commissions of any kind.

The client's investment management fee to Blume Capital is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis, solely at Blume Capital's discretion. Services provided for the above fees are for investment advice and quarterly reporting of asset holdings, financial planning, valuations and performance reviews. Blume Capital, in its sole discretion, may alter its investment management fee based upon, among other criteria, anticipated future earning capacity, anticipated future additional assets, dollar amount of

assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and/or pro bono activities.

To the extent that a client authorizes the use of margin, the market value of the client's account and corresponding fee payable by the client to Blume Capital will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Blume Capital. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client. Blume Capital does not utilize nor advocate the use of margin for investment purposes

ADVISORY FEES FOR HUTCHINSON PARTNERS, LLC

All fees paid by investors in the Fund are more fully described in the private placement memorandum, including the operating agreement and subscription agreement, provided to Fund investors. As its investment manager, Blume Capital charges an investment management fee totaling one percent (1%) of the Fund's assets. Such fees are calculated and paid quarterly in advance based on the net asset value of the assets as of the end of the preceding quarter. Blume Capital in its sole discretion, may waive or reduce the management fee with respect to any Fund investor for any period of time, or agree to apply a different fee for that investor.

No commissions or other compensation are paid by Hutchinson Partners or Blume Capital to any party in connection with obtaining subscriptions to interests in the Fund. The Fund generally pays directly or reimburses Blume Capital for certain operating expenses. Blume Capital also pays all ordinary administrative expenses of the Fund.

The Firm's separately managed account clients that are also investors in the Fund are not billed separately for investment management fees by the Firm for the portion of their assets represented by their investment in the Fund, but rather pay only the Fund management fees on those assets. However, as disclosed below under Third Party Fund Disclosures, the Fund will pay fees to third party fund managers for investment management and administrative services to the extent that Fund assets are invested in such third party investment vehicles, and investors in the Fund will therefore indirectly bear such third party fees and expenses in addition to the Fund management fees.

FEES FOR HOURLY CONSULTATIONS

In addition to advising on investments in securities, Blume Capital may, occasionally, advise its investment management clients with respect to direct real estate investments or other investment or asset allocation decisions for an hourly fee that typically ranges from \$400 to \$800 depending upon the nature of the engagement.

GENERAL FEE DISCLOSURES

Blume Capital believes its fees are competitive with those fees charged by other investment advisors for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Blume Capital.

The client's fee is determined in accordance with the above fee structure, with exceptions negotiated on a case-by-case basis at Blume Capital's discretion. Any deviations from the fee structure are based upon a number of factors including, but not limited to the amount of work involved, the amount of assets placed under management anticipated future earning capacity, anticipated future additional assets, familial relationship, and the attention needed to manage the account.

Blume Capital does not provide clients advice as to the tax deductibility of its advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All such charges, fees and commissions are exclusive of and in addition to Blume Capital's investment management fee.

Clients are asked to authorize the custodian of their account(s) to debit the client's account for the amount of Blume Capital's investment management fee and to directly remit that management fee to Blume Capital. The client's custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Blume Capital. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated. Clients must discuss any discrepancy in fees with Blume Capital within 30-days of the billing date.

THIRD PARTY FUND DISCLOSURES

Mutual funds, closed-end funds, exchange traded funds (ETFs) and private/alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by Blume Capital, clients (including those invested in Hutchinson Partners) indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund.

In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other pooled investment vehicle) in which they are invested. Blume Capital only charges fees as outlined in Item 2.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Blume Capital. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND DISCLOSURE

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

Item 6 PERFORMANCE-BASED FEES

No part of Blume Capital's investment management fee is based upon capital gains or the capital appreciation of assets.

The Firm does not charge a performance fee in connection with its investment management services to Hutchinson Partners.

Item 7 TYPES OF CLIENTS

Blume Capital's clients include individuals and their trusts and estates, pension and profit sharing plans, charitable foundations and the Hutchinson Capital Partners fund. As a result, Blume Capital services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisers may provide similar services for lower compensation, although others may charge more for similar services.

Blume Capital requires clients to place a minimum of \$1,000,000 under management with the Firm. Multiple client accounts may be aggregated to meet this minimum. Under certain circumstances, and in its sole discretion, Blume Capital may waive or alter the minimum account size requirement. Accounts placed with the Firm prior to the institution of the minimum account size requirement may be exempted. Blume Capital generally requires a minimum annual investment advisory fee of \$10,000. In no event will Blume Capital charge a client in excess of three percent (3%) of the assets placed under its management. (i.e., for clients with less than \$333,333.33

under Blume Capital's management, Blume Capital will reduce its minimum annual fee). Blume Capital, in its sole discretion, may reduce its minimum annual fee.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

Blume Capital's investment strategy incorporates three major themes:

First, investing is, by definition, long-term in nature. While short-term trading can, on occasion, provide exceptional returns, it is inherently risky. In contrast, investing on a long-term basis greatly enhances predictability and increases the likelihood of achieving investment goals. It also minimizes transactional expenses and tax liability.

Secondly, investments in the equity markets have historically provided attractive long-term returns versus other readily available investment options. Therefore, the firm makes a significant commitment to equities utilizing a "value" style of equity investing.

Thirdly, diversification of assets by asset class (e.g., stocks, bonds) should not only improve long-term returns, but should mitigate downside risk as well.

INVESTMENT STRATEGY

Blume Capital is authorized to enter into any type of investment transaction that it deems appropriate for the account, given the financial circumstances, investment objectives, risk tolerance and investment restrictions, if any, set by the individual client. The Firm currently utilizes a wide variety of investment instruments to implement its investment strategies. These may include, but are not limited to, interests in mutual funds, including indexed funds and exchange traded funds (ETFs), shares of common or preferred stock, convertible stocks or bonds, warrants, rights, corporate, municipal or government bonds, variable annuities, and structured notes or bills. The Firm may also utilize alternative investments for qualified clients for whom such investments are deemed suitable. These may include, but are not limited to, private investment company securities, commodity and currency investments, options, real estate and other investment partnerships and real estate investment trusts (REITs).

The client may make additions to and withdrawals from the client's account at any time. If assets are withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the billing period. Clients may withdraw account assets on notice to Blume Capital, subject to the usual and customary securities settlement procedures. Blume Capital designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives. Client accounts with significant withdrawals that reduce assets below the Firm's minimum account size may result in the Firm terminating the relationship with the client.

Additions to accounts may be in cash or securities provided that we reserve the right to decline to accept particular securities into a client's account. The Firm will consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. For example:

- Short-term purchases – on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.
- Investments in Hutchinson Partners are subject to very limited liquidity and risks relating to the investment strategies of the management of each portfolio fund in which Hutchinson Partners invests. These and other specific risks relating to an investment in Hutchinson Partners are disclosed in its Private Placement Memorandum provided to all prospective investors.

The use of options transactions as an investment strategy can involve a high level of risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract.

Generally, the purchase or the recommendation to purchase an option contract by Blume Capital shall be with the intent of mitigating/offsetting/"hedging" a potential market risk and/or security specific risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by Blume Capital is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Blume Capital, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Item 9 DISCIPLINARY INFORMATION

Blume Capital has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Blume Capital is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. Although we recommend that our clients custody their investment accounts at Charles Schwab & Co., Inc. ("Schwab"), we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor is principals or employees are affiliated with any law or accountancy firm nor do we receive financial remuneration of any kind for such referrals.

Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Blume Capital, its principals, employees and their immediate families (collectively "employees") are permitted to buy and sell securities for their personal investment accounts. The Firm manages its own corporate account and the retirement and personal accounts of its shareholders, James B. Blume, Peter B. Reidenbach and Jeffrey V. St. Claire, as well as those of its employees.

The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Our employees are required annually to review the Firm's code of ethics and to sign a certification that each will abide by its provisions. Each employee is required to report all personal securities transactions on a regular basis. No employee is permitted to execute or facilitate any securities transaction on the basis of inside information. The Firm's employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

The Firm and/or its employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. It is Firm policy that no employee trade will be given preference over the interests of clients. Trades by clients and employees in the same security on the same day must either be aggregated (executed at the same time) or the employee trade must wait until the end of the trading day for execution. If a security is purchased or sold for client accounts and the Firm and/or its employees on the same day, either the Firm and/or its employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that the Firm and/or employees' personal transactions might be executed at more favorable prices than were obtained or clients. From time to time, trading by Blume Capital and/or its employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients.

Blume Capital and/or its employees may buy or sell different investments, based on personal investment considerations, which are not deemed appropriate to buy or sell for clients. The Firm

is not obligated to acquire for any client account any security that is acquired for any Firm or employee account (or for the account of any other client), if in the discretion of the Firm, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

It is possible that the Firm or its employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. We may also buy or sell a specific security for our personal accounts based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, Blume Capital and/or its employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest. As a general policy, Blume Capital's principals purchase the same securities that we are purchasing for clients.

Item 12 BROKERAGE PRACTICES

In the event that the client requests that Blume Capital recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Blume Capital to use a specific broker-dealer/custodian), Blume Capital generally recommends that investment management accounts be maintained at Charles Schwab & Co. (*Schwab*). Prior to engaging Blume Capital to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Blume Capital setting forth the terms and conditions under which Blume Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Blume Capital considers in recommending *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) include historical relationship with Blume Capital, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Blume Capital's clients shall comply with Blume Capital's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Blume Capital determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Blume Capital will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The

brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Blume Capital's investment management fee. Blume Capital's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Blume Capital may receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Blume Capital to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Blume Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Blume Capital in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Blume Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Blume Capital to manage and further develop its business enterprise.

Blume Capital's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as a result of this arrangement. There is no corresponding commitment made by Blume Capital to *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Blume Capital's Chief Compliance Officer, Jeffrey V. St. Claire, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Blume Capital does not receive referrals from broker-dealers.

Blume Capital does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Blume Capital will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Blume Capital. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Blume Capital to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Blume Capital.

Blume Capital's Chief Compliance Officer, Jeffrey V. St. Claire, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

To the extent that Blume Capital provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless Blume Capital decides to purchase or sell the same securities for several clients at approximately the same time. Blume Capital may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Blume Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Blume Capital shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 REVIEW OF ACCOUNTS

Trading in client accounts is monitored on a continuous basis by James B. Blume, Jeffrey V. St. Claire and Peter B. Reidenbach, the Firm's portfolio managers. Client account holdings and asset allocations are reviewed comprehensively on a quarterly basis by the portfolio managers for consistency with the client's financial profile which details the client's investment objectives, risk tolerance, assets and liabilities and investment restrictions, if any. The portfolio managers continuously monitor client portfolio asset allocations, cash allocations and other account factors. Periodic allocation adjustments may be required due to client investment guideline changes, client deposits and withdrawals and changes in the client's financial condition. Additionally, client accounts may be reviewed in response to changes in the financial markets. Each client account may be reviewed in depth with the client at least annually at the client's discretion.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

As referenced in Item 12.A.1 above, Blume Capital may receive an economic benefit from *Schwab*. Blume Capital, without cost (and/or at a discount), may receive support services and/or products from *Schwab* (which may include direct monetary assistance from *Schwab* to obtain certain services or products).

Blume Capital's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Blume Capital to *Schwab* or any other entity to invest any specific amount or percentage

of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Blume Capital's Chief Compliance Officer, Jeffrey V. St. Claire, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

Item 15 CUSTODY OF CLIENT ASSETS

Except as noted below, Blume Capital does not physically custody client funds or securities and does not accept possession of client cash or securities. Clients establish one or more custodial account(s) for their funds and investment assets with a qualified custodian, (collectively the "Account"). Blume Capital is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. For the most part, all of Blume Capital's clients are recommended to establish their custodial accounts with Schwab. (See Item 9 above for further information regarding Schwab.) Clients authorize Blume Capital to execute securities trades and related transactions in the Account by providing to the custodian a limited power of attorney reflecting Blume Capital's appointment as investment advisor. Under no circumstances may the limited power of attorney be construed as conferring custody of the client's assets to Blume Capital.

Clients receive monthly statements from the brokerage firm holding the client's account, which is generally Schwab. Quarterly reports are provided by Blume Capital with more detailed information, such as cost basis, yield data and percentage appreciation or decline, in each security in the portfolio. Clients also receive a quarterly newsletter commenting on Blume Capital's investment outlook.

At year-end, each client receives a more detailed report from Blume Capital displaying each account's annual and longer term performance. All clients are offered the opportunity to meet formally with us at least annually to review past performance and to discuss changes in the client's goals as well as changes in investment strategy. In addition, we are regularly and frequently in contact with each client via telephone.

As its general partner, Blume Capital is considered to have "custody" of the investment assets of Hutchinson Partners, although it does not maintain physical custody of partnership assets. Actual, physical custody of all Hutchinson Partners funds and securities is maintained at a qualified custodian, currently Pershing, LLC. Not less frequently than quarterly, Pershing issues individual account statements to each member of Hutchinson Partners. The funds and securities held by Hutchinson Partners are verified by an annual audit performed by an independent public accountant during each calendar year.

Item 16 INVESTMENT DISCRETION

Blume Capital generally requires investment discretion over investment management client assets including the authority to select the investments to be made and the quantity of securities to be bought and sold. This discretion may be limited by client investment guidelines and any investment restrictions established by the client. Unless a client has directed brokerage, the Firm is authorized to determine the executing broker to be used.

Blume Capital retains discretionary authority over client accounts and is appointed to act as the client's agent with a limited power of attorney to:

- Place purchase and sale orders for securities in the client's investment account and on the client's behalf. While Blume Capital may from time to time consult with clients prior to effecting transactions for the client's investment account, the Firm is granted the authority, in the exercise of its sole discretion, to effect transactions for client's accounts without the prior approval of the client. Notwithstanding Blume Capital's discretionary authority granted in the investment advisory agreement, we will not effect any transaction which would contravene the express directions of the client with respect to the purchase or sale of specific securities.
- Authorize transfer of funds on the client's behalf from one custodian of the client's account to another custodian, or from a custodian to the client; provided, however, that in no event may the client's funds be transferred to Blume Capital nor may Blume Capital cause the transfer of the client's funds other than as specifically directed or approved by the client in the investment advisory agreement or in a separate express written or oral direction or consent.
- Take such other action as may be necessary or desirable to carry out the purpose and intent of the investment advisory agreement and the client's investment policy statement.

Securities transactions are supervised on a continuous basis and each client's portfolio holdings and asset allocations are reported on a quarterly basis.

Item 17 VOTING CLIENT SECURITIES

It is Blume Capital's policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in client's account. All such solicitations may be forwarded to client for voting upon client request. Any client wishing to review our proxy voting policies in full may request a copy.

Item 18 FINANCIAL CONDITION

Blume Capital does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.

ANY QUESTIONS: The Firm's Chief Compliance Officer, Jeffrey V. St. Claire, remains available to address any questions regarding this Part 2A.