



**Item 1**

**COVER PAGE**

**ADV Part 2A, Brochure  
March 30, 2025**

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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](http://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

There have been no material changes to this ADV Part 2A Brochure since Blume Capital Management's March 24, 2024 Annual Amendment filing.

**ANY QUESTIONS:** Blume Capital's Chief Compliance Officer, Jeffrey V. St.Claire, remains available to address any questions that a client or prospective client has about this Brochure.

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#### **Item 4            ADVISORY BUSINESS**

Registration Status –	Registered with the SEC on October 1, 1998 <sup>1</sup> Registered with the State of CA on January 31, 1994
Principal Owners –	Jeffrey V. St.Claire James B. Blume 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**

Investment management services are provided on a discretionary basis and for individually managed accounts, include, among other services, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments.

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 consulting regarding the use, selection and monitoring of third-party sub-advisors, as well as the determination of appropriate asset allocation.

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<sup>1</sup>“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.

## FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Blume Capital can be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging Blume Capital to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Blume Capital setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Blume Capital commences services.

## 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 their responsibility to promptly notify Blume Capital if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Blume Capital's previous recommendations and/or services.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Blume Capital generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, do not currently charge fees on individual equity transactions, others do). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Blume Capital and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Schwab*). These fees/charges are in addition to Blume Capital's investment advisory fee at Item 5 below. Blume Capital does not receive any portion of these fees/charges. **ANY QUESTIONS: 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.**

**Retirement Plan Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Blume Capital recommends that a client roll over their retirement plan assets into an account to be managed by Blume Capital, such a recommendation creates a conflict of interest if Blume Capital will earn a new (or increase its current) investment management fee as a result of the rollover. Whether Blume Capital provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an

existing IRA), Blume Capital is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by 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 potential for conflict of interest presented by such rollover recommendation.**

**Cash Positions.** Blume Capital continues to treat cash as an asset class. As such, unless determined to the contrary by Blume Capital, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Blume Capital's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Blume Capital may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Blume Capital's advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: Blume Capital's Chief Compliance Officer, Jeffrey V. St.Claire, remains available to address any questions that a client or prospective may have regarding the above fee billing practice**

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Blume Capital shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Blume Capital reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

The above does not apply to the cash component maintained within a Blume Capital actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Blume Capital unmanaged accounts. **ANY QUESTIONS: The Firm'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.**

**Portfolio Activity.** As part of its investment advisory services, Blume Capital will review client portfolios on a periodic basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Blume Capital determines that changes to a client's portfolio are unnecessary. Clients remain responsible for paying advisory fees during periods of portfolio inactivity.

**Use of Mutual Funds and Exchange Traded Funds.** Blume Capital utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Blume Capital's investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The mutual funds and exchange traded funds utilized by Blume Capital are generally available directly to the public. Thus, a client can generally obtain the funds recommended and/or utilized by Blume Capital independent of engaging Blume Capital as an investment advisor. However, if a prospective client does so, then they will not receive Blume Capital's initial and ongoing investment advisory services.

**Use of DFA Mutual Funds:** Blume Capital utilizes the mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Blume Capital's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Blume Capital does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Blume Capital does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Blume Capital:

- by taking the loan rather than liquidating assets in the client's account, Blume Capital continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Blume Capital, Blume Capital will receive an advisory fee on the invested amount; and,
- if Blume Capital's advisory fee is based upon the higher margined account value, Blume Capital will earn a correspondingly higher advisory fee. This could provide Blume Capital with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**Limitations of Planning and Non-Investment Consulting/Implementation Services.** If specifically

requested by a client, Blume Capital may provide financial planning and consulting services regarding investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Blume Capital nor its investment adviser representative assists clients with the implementation of any financial plan unless they have agreed to do so in writing.

To the extent requested by a client, Blume Capital may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by Blume Capital or its representatives. The engaged unaffiliated licensed professional (e.g., attorney, accountant, or insurance agent), and not Blume Capital, will be responsible for the services provided. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. In addition, Blume Capital does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Blume Capital, if desired.

**Unaffiliated Private Investment Funds.** Blume Capital also provides investment advice regarding private investment funds. Blume Capital, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. Blume Capital's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, unless Blume Capital determines otherwise, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Blume Capital calculating its investment advisory fee. Blume Capital's fee shall be in addition to the fund's fees. Blume Capital's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

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 own, 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 the client is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Blume Capital's investment advisory fee disclosed at Item 5 below is in addition to the fees payable to the private fund.

**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. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. As result of the valuation process, if the

valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Blume Capital shall calculate its fee based upon the latest value provided by the fund sponsor.

**Client Obligations.** In performing our 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, it remains each client's 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 our previous recommendations and/or services.

**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).

**Cybersecurity Risk.** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and/or result in the unauthorized acquisition or use of clients' confidential or non-public personal information. In accordance with Regulation S-P, the Registrant is committed to protecting the privacy and security of its clients' non-public personal information by implementing appropriate administrative, technical, and physical safeguards. Registrant has established processes to mitigate the risks of cybersecurity incidents, including the requirement to restrict access to such sensitive data and to monitor its systems for potential breaches. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences. Although the Registrant has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that the Registrant does not control the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges, and other financial market operators and providers. In compliance with Regulation S-P, the Registrant will notify clients in the event of a data breach involving their non-public personal information as required by applicable state and federal laws.

**Disclosure Brochure.**

A copy of Blume Capital's written Privacy Notice, Disclosure Brochure as set forth on Part 2 of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

**WRAP FEE PROGRAM**

Blume Capital does not sponsor or manage client investment assets through a wrap fee program (in which the sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee).

**REGULATORY ASSETS UNDER MANAGEMENT**



As of December 31, 2024, Blume Capital managed \$696,128,093 of client assets on a discretionary basis.

## **Item 5 FEES AND COMPENSATION**

### **ADVISORY FEES FOR INVESTMENT MANAGEMENT SERVICES**

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. For existing accounts, Blume Capital does not charge or reimburse advisory fees on intra-quarter additions or withdrawals.

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	0.80%
Over \$2,000,000	0.60%

The investment 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, and performance reviews.

Blume Capital generally imposes a \$2,000,000 minimum asset requirement however, does not impose a mandatory fee requirement for opening or maintaining an account.

**Fee Dispersion.** Blume Capital, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive applicable minimum asset or minimum fee levels, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related

accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** 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 advisory fees.

## **FEES FOR FINANCIAL PLANNING AND CONSULTING SERVICES**

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.

To the extent requested by a client, Blume Capital may also provide financial planning and consulting services (including investment and non-investment related matters such as estate planning, insurance planning, etc.) subject to the terms and conditions of a *Financial Planning and Consulting Agreement* on a stand-alone separate fee basis. Blume Capital's fees for these services are negotiable, but generally range from \$2,500 to \$7,500 on a fixed fee basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

## **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.

## **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) to the extent applicable. All such charges, fees and commissions are exclusive of and in addition to Blume Capital's investment management fee, none of which is paid to Blume Capital.

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, 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 fees charged by Blume Capital, clients (including those invested in the *affiliated fund*) 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 5.

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 will generally 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.

**Margin Accounts: Risks/Conflict of Interest.** Blume Capital **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage *account* that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. Should a client determine to use margin, Blume Capital will not include the higher margin value of the margined assets rather, Blume Capital will bill on the current value of the managed assets. The use of margin can cause significant adverse financial consequences in the event of a market correction.

**ANY QUESTIONS: 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 use of margin.**

### **TERMINATION OF AGREEMENTS**

The applicable form of 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 such agreement. Upon termination, Blume Capital shall refund the pro-rated portion of any advanced advisory fee paid based upon the number of days remaining in the billing quarter.

## **Item 6                    PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Blume Capital is not a party to any performance or incentive-related compensation arrangements with its clients. Blume Capital does not charge a performance fee in connection with its investment management services to the *affiliated fund*.

## **Item 7                    TYPES OF CLIENTS**

Blume Capital's clients generally include individuals, high net worth individuals trusts and estates, pension and profit sharing plans, and the *affiliated fund*. Blume Capital generally imposes a \$2,000,000 minimum asset requirement however, does not impose a mandatory fee requirement for opening or maintaining an account. Blume Capital's 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 in its sole discretion, may waive its minimum asset requirement or may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.) with respect to any *affiliated fund* investor for any period of time. As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

## **Item 8                    METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND 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 help mitigate volatility 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: shares of common or preferred stock, interests in mutual funds and ETFs (including indexed mutual funds and ETFs), 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, real estate investment trusts ("REITs"), and structured notes.

The client may make additions to and withdrawals from the client's account at any time. For existing accounts, Blume Capital does not charge or reimburse advisory fees on intra-quarter additions or withdrawals. 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 preferred 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 investment strategies carry risk, including the risk that an investor may lose a part or all of the initial investment. For example, we may on occasion engage in short term purchases (generally only for tax management purposes) in which we 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.

We may employ an options strategy in limited circumstances when deemed prudent, and only upon specific client request. 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. 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 their accounts.

REITs are subject to risks generally associated with investing in real estate, such as: possible declines

in the value of real estate; adverse general and local economic conditions; possible lack of availability of mortgage funds; changes in interest rates; and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

Mutual funds are operated by investment companies that raise money from shareholders and invests it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange traded funds are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Past performance is no guarantee of future results. Different types of investments involve varying degrees of risk. Therefore, there can be no assurance that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by will be profitable, equal any historical performance level(s), or prove successful. **ANY QUESTIONS: Blume Capital's Chief Compliance Officer, Jeffrey V. St.Claire, remains available to address them.**

#### **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. Neither Blume Capital, nor its representatives are registered or have an application pending to register as: a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing. 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 its 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.

As indicated above, Blume Capital has a financial interest in the *affiliated fund* and may recommend that qualified clients consider investing in the *affiliated fund*. The terms and conditions for participation in the *affiliated fund*, including applicable management and incentive fees, conflicts of interest, and risk factors, are set forth in the affiliated fund's offering documents. Blume Capital's clients are under absolutely no obligation to make an investment in the *affiliated fund*.

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 arrangements.

## **Item 12            BROKERAGE PRACTICES**

If a 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"). Before 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. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (**See** Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to Blume Capital's investment advisory fee referenced in Item 5 above. To the extent that a transaction fee is payable, Blume Capital shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Blume Capital determines, in good faith, that the transaction fee is reasonable. 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.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Blume Capital receives from Schwab (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) 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. The support services that Blume Capital receives can include: 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 free consulting services, discounted or free 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 referenced above, certain of the support services and/or products that Blume Capital can receive 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. The receipt of these support services and products presents a conflict of interest because Blume Capital has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, 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 arrangements.

Blume Capital does not receive referrals from broker-dealers.

Blume Capital recommends that its clients utilize the brokerage and custodial services provided by Schwab. The Firm generally does not accept directed brokerage arrangements (but could make exceptions). A directed brokerage arrangement arises when a client requires that account transactions be effected through a specific broker-dealer/custodian, other than one generally recommended by Blume Capital (i.e., Schwab). 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.

If a client directs Blume Capital to execute 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. Higher transaction costs adversely impact account performance. Further, transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

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 seek 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.

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 arrangements.

#### **Item 13            REVIEW OF ACCOUNTS**

Trading in client accounts is monitored on a continuous basis by 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, Blume Capital receives economic benefits from Schwab including support services and/or products without cost or at a discount. 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.

Blume Capital does not maintain promoter arrangements or pay referral fee compensation to non-employees for new client introductions.

#### **Item 15            CUSTODY**

Blume Capital will have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the account custodian (typically, Schwab). The account custodian does not verify the accuracy of Blume Capital’s

management fee calculation. Blume Capital provides clients with quarterly reports with more detailed information, such as cost basis, yield data and percentage appreciation or decline, in each security in the portfolio. The client is urged to compare any statement or report provided by Blume Capital with the account statements received from the account custodian.

Blume Capital also provides a quarterly letter to clients 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 at least annually to review past performance and to discuss changes in the client's goals as well as changes in investment strategy.

Certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from Blume Capital to transfer client funds to "third parties." These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

#### **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 before executing 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 execute 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.

Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted; and (2) making all elections, decisions, and filings relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class actions, or other type actions or events pertaining to the client's investment assets.

**Item 18            FINANCIAL INFORMATION**

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:** Blume Capital's Chief Compliance Officer, Jeffrey V. St.Claire, remains available to address any questions regarding this ADV Part 2A, Brochure.