

GEM Asset Management, LLC
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Plymouth, Michigan 48170
734-737-9108
www.GEMAsset.net

3/20/2013

This Brochure provides information about the qualifications and business practices of GEM Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 734-737-9108. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

GEM Asset Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GEM Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On January 1, 2013 Sarah Hannibal become a partner of GEM Asset Management LLC. The ownership structure is now:

Steve Alexandrowski owns 43%

S. Timothy Story owns 41%

Sarah Hannibal owns 16%

The last update to this document was 3/18/2012.

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Item 4 – Advisory Business

GEM Asset Management, LLC was formed in 2001 by Steve Alexandrowski, CFP®. There are currently four employees, including one Certified Financial Planner, one Certified Financial Analyst, and one Investment Advisor. The firm is federally registered with the Securities and Exchange Commission.

GEM Asset Management, LLC provides discretionary and non-discretionary management services where the investment advice provided is tailored to meet the needs and investment objectives of the client. Subject to any written guidelines which the client may provide, the firm may be granted discretion and authority to manage the account. Accordingly, GEM Asset Management, LLC is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased or sold. Once the portfolio is constructed, GEM Asset Management, LLC provides continuous supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require. Where GEM Asset Management, LLC enters into non-discretionary arrangements with clients, the firm will obtain client approval prior to the execution of a trade. Steve Alexandrowski, CFP® owns 43% of GEM ASSET Management, LLC. S. Timothy Story owns 41%. Sarah Hannibal owns 16%.

The primary type of service offered by GEM ASSET Management, LLC is investment management. We also provide limited financial planning on an as needed basis. Each client is advised that it remains their responsibility to promptly notify GEM ASSET Management, LLC when there is any change in their financial situation or financial objectives for the purpose of reviewing, or revising previous recommendations.

All advisory services at GEM ASSET Management, LLC are tailored to the individual needs of the client. Client goals and objectives are clarified in meetings and are used to determine the course of action for each individual or family. The objectives of each client are documented in our client relationship management system or files which is stored in electronic form.

Clients may impose restrictions on investing in certain types of mutual funds or securities. We prefer if this is done in writing.

As of December 31, 2012 GEM ASSET Management, LLC managed \$149,920,372 among 483 client accounts. \$148,647,160 is managed on a discretionary basis and \$0 is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

All fees are subject to negotiation. GEM Asset Management, LLC fee schedule is 0.80% on the first \$3,000,000 of client assets and 0.40% on all assets above \$3,000,000.

The specific manner in which fees are charged by GEM Asset Management, LLC is established in the client's written agreement with GEM Asset Management, LLC. GEM Asset Management, LLC will bill its fees on a quarterly basis. Clients are billed in arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize GEM Asset Management, LLC to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account unpaid fees will be due and payable.

GEM Asset Management, LLC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to GEM Asset Management, LLC's fee, and GEM Asset Management, LLC shall not receive any portion of these commissions, fees, and costs.

GEM Asset Management, LLC generally recommends Schwab Institutional for custody of client's accounts. If a client selects electronic confirmations, stock or exchange traded fund trades cost \$8.95. Many mutual funds recommended by GEM Asset Management, LLC are transaction free. Other mutual funds recommended by GEM Asset Management, LLC carry a transaction cost, these fees are capped at \$25.00 and those funds usually have a lower expense ratio. GEM Asset Management, LLC monitors all fees expenses borne by our clients to insure that they are competitive with other discount brokerages.

Item 6 – Performance-Based Fees and Side-By-Side Management

GEM Asset Management, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

GEM Asset Management, LLC provides portfolio management services to individuals, high net worth individuals, corporate profit-sharing plans, charitable institutions and foundations. GEM Asset Management, LLC does not have a minimum account size.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

The primary investment strategy we use for client accounts is strategic asset allocation. The main sources of information include Morningstar reports, fund prospectuses, Ned Davis Research, financial newspapers and magazines and industry research. We also attend on and off site visits with mutual fund managers and attend conferences as well as listen to conference calls.

We generally use active mutual funds, but occasionally recommend passive investments. Portfolios are generally globally diversified to help control the risk associated with public markets. The investment strategy for a specific client is based upon the objectives, income needs, and tax situation of each client. Each client's portfolio is customized for the client, GEM Asset Management, LLC does not use model portfolios.

All investment programs have certain risks that are borne by the investor. Our investment approach addresses the risks faced by investors. However, the risk of principal loss, interest rate risk, market risk, inflation risk, currency risk, and liquidity risk are all faced by investors.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GEM Asset Management, LLC or the integrity of GEM Asset Management, LLC's management. GEM Asset Management, LLC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

GEM Asset Management, LLC provides investment and financial planning services. GEM Asset Management, LLC is not engaged in any other business activities nor has any affiliation with any other firm.

Item 11 – Code of Ethics

GEM Asset Management, LLC has adopted a Code of Ethics for the purpose of guiding our staff in their ethical obligations. As a registered investment advisor, we have a fiduciary duty to act in the best interests of our clients. Our Code of Ethics is designed to provide a framework for our staff to help us carry our fiduciary duty. Our Code of Ethics addresses a range of topics, including personal trading and reporting, personal securities transactions, gifts, the prohibition against the use of inside information, participation in initial public offerings and private securities transactions and other situations where there is a possibility for conflicts of interest. We monitor the personal trading activity of all access persons on a quarterly basis.

As a registered investment advisor, we are subject to numerous laws and regulations. We strive to ensure that all our staff act in accordance with regulations applicable to our business. We encourage our staff to report violations of the Code of Ethics of our Chief Compliance Officer. Copies of the GEM Asset Management, LLC Code of Ethics are available upon request by contacting Steve Alexandrowski at 734-737-9108 or Steve@GEMAsset.net.

GEM Asset Management, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GEM Asset Management, LLC must acknowledge the terms of the Code of Ethics annually, or as amended. GEM Asset Management, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which GEM Asset Management, LLC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which GEM Asset Management, LLC its affiliates and/or clients, directly or indirectly, have a position of interest. GEM Asset Management, LLC's employees and persons associated with GEM Asset Management, LLC are required to follow GEM Asset Management, LLC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ["ADVISER"] and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for GEM Asset Management, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GEM Asset Management, LLC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of GEM Asset Management, LLC's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GEM Asset Management, LLC and its clients. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with GEM Asset Management, LLC's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. GEM Asset Management, LLC will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order. GEM Asset Management, LLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Steve Alexandrowski.

It is GEM Asset Management, LLC policy that the firm will not affect any principal or agency cross securities transactions for client accounts. GEM Asset Management, LLC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

GEM Asset Management, LLC does not have any affiliation with product or sales firms. Specific custodian recommendations are made to clients based on their need for such services. We recommend custodians based on their proven integrity and financial strength of the firm, best execution, reasonable commission rates and the quality of customer service. GEM Asset Management, LLC usually recommends clients establish brokerage accounts with Schwab Institutional, a division of Charles Schwab & Company, a registered broker dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. GEM Asset Management, LLC is independently owned and operated and not affiliated with Schwab. Schwab provides GEM Asset Management, LLC with access to its institutional trading and custody services, with are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of advisor's clients' assets are maintained in accounts at Schwab Institutional, and are not otherwise contingent upon GEM Asset Management, LLC committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. GEM Asset Management, LLC uses the research provided by Schwab to benefit all of our clients whether or not they custody their assets at Schwab. Schwab also makes available to GEM Asset Management, LLC other products and services that benefit GEM Asset Management, LLC but may not benefit its clients' accounts. Schwab Institutional also makes available to GEM Asset Management, LLC other services intended to help GEM Asset Management, LLC manage and further develop its business enterprise. These services may include consulting, conferences on practice management, regulatory compliance and marketing. In addition, Schwab may make available, arrange and or pay for these types of services rendered to GEM Asset Management, LLC by independent third parties. While as a fiduciary, GEM Asset Management, LLC endeavors to act in its clients' best interest, GEM Asset Management, LLC's recommendation that clients maintain their assets in accounts at Schwab may be influenced, in part, on the benefit of GEM Asset Management, LLC of the availability of some of the products and services mentioned above which may create a potential conflict of interest. Schwab does not charge separately for custody, but is compensated by account holders through commissions or other transactions related fees for securities trades that are executed through Schwab.

GEM Asset Management, LLC does not participate in any soft-dollar arrangements.

Item 13 – Review of Accounts

The frequency of reviews is individually negotiated with each client. Reviews usually include performance reports, asset allocation reports along with recommendations for any changes. Those responsible for reviewing client accounts are Steve Alexandrowski, S. Timothy Story, & Sarah Hannibal.

Clients are sent monthly statements by Schwab Institutional.

Item 14 – Client Referrals and Other Compensation

GEM Asset Management, LLC does not compensate any third party for referrals.

Item 15 – Custody

Clients receive monthly statements from Charles Schwab (or other qualified custodian) that hold and maintain client's investment assets. GEM Asset Management, LLC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

GEM Asset Management, LLC usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, GEM Asset Management, LLC observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to GEM Asset Management, LLC in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice GEM Asset Management, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and

voting proxies for any and all securities maintained in client portfolios. GEM Asset Management, LLC may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about GEM Asset Management, LLC's financial condition. GEM Asset Management, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Steve Alexandrowski, S. Timothy Story & Sarah Hannibal
GEM Asset Management, LLC
320 South Main Street, Plymouth MI, 48170
734-737-9108
12/31/2011

This Brochure Supplement provides information about Steve Alexandrowski, S. Timothy Story & Sarah Hannibal that supplements the GEM Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Steve Alexandrowski if you did not receive GEM Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement. Additional information about Steve Alexandrowski, S. Timothy Story & Sarah Hannibal is available on the SEC's website at www.adviserinfo.sec.gov.

GEM Asset Management, LLC requires that any employee whose function involves determining or giving investment advice to clients must hold a bachelor's degree.

Steve Alexandrowski, CFP® Managing Member GEM Asset Management, LLC
Date of Birth: 11/26/1971
Educational Background
Hillsdale College, BA 1994
Partner - GEM Asset Management, LLC 2001 – Present

Disciplinary Information: None

Other Professional Activities: None

Additional Compensation: Steve receives trustee fees for several family trusts

Supervision: Steve's investment advisory work is reviewed by S. Timothy Story through frequent office interaction and by Sarah Hannibal through our client relationship management system.

Sarah Hannibal, CFA Principal GEM Asset Management, LLC
Date of Birth: 06/21/1971
Educational Background
Miami University BS 1993
University of Michigan MBA 2000
Partner – GEM Asset Management, LLC May 2005 – Present

Disciplinary Information: None

Other Professional Activities: None

Additional Compensation: None

Supervision: Sarah's investment advisory work is reviewed by Steve Alexandrowski & S. Timothy Story through frequent phone calls and through our client relationship management system.

S. Timothy Story, Member GEM Asset Management, LLC

Date of Birth 5/16/1972

Educational Background

Hillsdale College, BA 1994

Partner - GEM Asset Management, LLC 2003 – Present

Disciplinary Information: None

Other Professional Activities: None

Additional Compensation: None

Supervision: Tim's investment advisory work is reviewed by Steve Alexandrowski through frequent office interaction and by Sarah Hannibal through our client relationship management system.