



Item 1 – Cover Page

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

www.chesme.com

1/1/2011

This Brochure provides information about the qualifications and business practices of Chesme Capital Management (hereinafter the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (517) 669-1600 and/or chuck@chesme.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Chesme Capital Management 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 provides you with information about which you determine to hire or retain an Adviser.

Additional information about Chesme Capital Management also is available on the SEC’s website at www.adviserinfo.sec.gov.



Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 1/1/2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. In addition, we may also provide additional disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested by contacting *Charles H. Embs, Chief Compliance Officer*, at (517) 669-1600 or chuck@chesme.com. Our Brochure is also available on our web site www.chesme.com, also free of charge.

Additional information about Chesme Capital Management is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives of the Firm.



Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information.....	5
Item 10 – Other Financial Industry Activities and Affiliations	5
Item 11 – Code of Ethics.....	5
Item 12 – Brokerage Practices	7
Item 13 – Review of Accounts	7
Item 14 – Client Referrals and Other Compensation	8
Item 15 – Custody.....	8
Item 16 – Investment Discretion	8
Item 17 – Voting Client Securities	9
Item 18 – Financial Information	9
Brochure Supplement(s)	



Item 4 – Advisory Business

Chesme Capital Management is an investment advisory firm registered with the Securities & Exchange Commission (SEC). The Firm provides investment advisory and consultative services to both individual and institutional clients.

Professionals associated with the Firm are appropriately qualified or authorized to provide advisory services on the Firm's behalf and are referred to as Investment Advisor Representatives (hereinafter "Advisors").

Chesme, Inc. was established in 2003 as a subchapter S-corporation in the State of Michigan. The Firm is owned 100% by Charles H. Embs and is controlled by the following professionals:

Chief Executive Officer: Douglas J. Vaughn

Chief Investment Officer: Stephen M. Erb

Chief Operations Officer: Angela K. Mallard

Chief Compliance Officer: Charles H. Embs

The foundation of the Firm is its discipline and commitment to a fiduciary standard of care. We practice nothing short of full disclosure and complete transparency. We make every effort to avoid any and all conflicts-of-interest and, at a minimum, make full disclosure of any material conflicts that could affect the advisory relationship between the Firm and our clients.

Chesme Capital Management provides the following services to the Firm's advisory clients:

PORTFOLIO MANAGEMENT

The Firm provides portfolio management services to both individual and institutional clients on a limited or non-discretionary basis.

The investment advice provided by the Firm is tailored to the goals, desires, needs, objectives, and current financial position of each client individually. Such advice may include the origination of investment ideas, investment buy/sell recommendations, and portfolio management.



The Firm's Advisors will gather sufficient information from the client about the client's financial situation, investment objectives, risk tolerance, and reasonable restrictions the client imposes on the management of his or her account(s).

The Advisor will contact the client, at least annually, to review the client's financial circumstances and make any necessary adjustments to the current asset allocation. The client is reminded to promptly notify the Advisor of any changes to the client's financial situation, investment objectives, risk tolerance, or account restrictions. In addition, the Advisor will assist the client in understanding and evaluating the services provided by the Advisor.

FIDUCIARY CONSULTING AND INVESTMENT MANAGEMENT FOR INSTITUTIONAL RETIREMENT PLANS

The Firm engages in consulting and investment advisory activities for defined contribution and defined benefit retirement plans at the Plan Sponsor, Investment, and Participant levels. Duties include:

- Accepting Fiduciary Status as Outlined by ERISA in Writing
- Plan Analysis
- Investment Policy Statement Preparation / Monitoring
- Conducting a Request for Proposal for Vendor Services
- Vendor Pricing Negotiation
- Investment / Investment Manager Selection
- Investment Monitoring / Benchmarking
- Performance Reporting
- Participant Communication and Education

ASSETS UNDER MANAGEMENT

As of 12/31/2010, the Firm had a total of \$261,201,646 of assets under management. Of that total, \$69,800,025 is managed on a discretionary basis with the remaining \$191,401,621 being managed on a non-discretionary basis.



Item 5 – Fees and Compensation

PORTFOLIO MANAGEMENT FEE SCHEDULE (ANNUAL)

For Balances Less Than \$50,000

\$500 Flat Fee (\$125/quarter)

For Balances Over \$50,000

On the first \$250,000 (up to \$250,000 in total assets) 1.00%

On the next \$250,000 (up to \$500,000 in total assets) 0.80%

On the next \$250,000 (up to \$750,000 in total assets) 0.60%

On the next \$250,000 (up to \$1,000,000 in total assets) 0.40%

For a balances over \$1,000,000

Negotiable

The specific manner in which fees are charged by the Firm is established in a client's written investment advisory agreement with the Firm. The Firm will generally bill its fees on a quarterly basis. Clients will be billed in arrears each calendar quarter.

Clients may also elect to be billed directly for fees or to authorize the Firm to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

The Firm's fees are exclusive of 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 advisors and other third parties. These fees may include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on investment 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 the Firm's advisory fee and the Firm shall not receive any portion of these fees and costs.

Item 12 further describes the factors that the Firm considers in selecting or recommending custodians for client transactions and determining the reasonableness of their compensation (e.g. fees, transaction costs, etc.).



FIDUCIARY CONSULTING AND INVESTMENT MANAGEMENT FOR INSTITUTIONAL RETIREMENT PLANS - FEE DESCRIPTION

The Firm's fee schedule for retirement plan fiduciary consulting and investment management is negotiable and will be based on the level of service and fiduciary responsibility assumed by the Firm as well as the complexity of the plan. A typical fee schedule will include two parts.

The first part will cover duties that are normally fixed in duration and are performed at the onset of the fiduciary process. These duties may include analyzing the existing plan, reviewing, creating, or modifying the Investment Policy Statement, conducting a Request for Proposal, vendor fee negotiation, and selecting the investment offering. The Firm will typically charge a one-time flat fee of \$5,000 - \$25,000 for these services.

The second part will cover duties that are performed on an on-going basis throughout the relationship. These duties may include investment monitoring and benchmarking, performance reporting, and participant communication and education. The Firm will typically charge an annual fee, expressed as a percentage of assets, ranging from 0.15% to 0.40% for these services.

It is important to note that the Firm does not accept any compensation, in the form of "soft dollars" or "revenue sharing," from the vendors or investment companies we recommend to our clients.

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

Adviser does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) nor does the Firm participate in side-by-side management transactions.

Item 7 – Types of Clients

The Firm provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, and municipalities.



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

IMPORTANT DISCLOSURE: Investing in securities involves risk of loss that clients should be prepared to bear.

Chesme Capital Management does not employ “stock picking” or “market timing.” We believe in passive or quantitative money management philosophies. These strategies focus on specific asset class characteristics while limiting expenses, portfolio turnover, and trading costs.

Capital markets are composed of many classes of securities, including stocks and bonds, both domestic and international. A group of securities with shared economic traits is commonly referred to as an asset class. There are several asset classes (e.g. domestic large cap, international small cap, etc.), all with average price movements that are distinct from one another. Investors can benefit by combining the different asset classes in a structured, well diversified portfolio.

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 the Firm or the integrity of the Firm’s management. The Firm has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The Firm is not actively engaged in a business other than giving investment advice. The Firm does not sell products or services other than investment advice to clients. Neither the principal business of the Firm nor its principal executive officers involves something other than providing investment advice.

The Firm is not affiliated with a broker dealer or any other organization within the financial services industry that is material to its advisory business.

Item 11 – Code of Ethics

The Firm 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 the Firm must acknowledge the terms of the Code of Ethics annually, or as amended.

The Firm anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which The Firm has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which The Firm, its affiliates and/or clients, directly or indirectly, have a position of interest. The Firm's employees and persons associated with The Firm are required to follow The Firm's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of The Firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for The Firm's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Firm 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 The Firm's clients. In addition, the Code requires pre-clearance of certain 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 The Firm and its clients.

Each Advisor is required to submit a Transaction Report on his or her own personal investment transactions on a quarterly basis. These reports are reviewed by the Chief Compliance Officer. In addition, each employee of the Firm is required to submit a Certification and Holdings report annually that will be reviewed by the Chief Compliance Officer.

The Firm's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Charles H. Embs, Chief Compliance Officer.

Item 12 – Brokerage Practices

The Firm has a duty to seek best execution for clients transactions and therefore maintains a Best Execution Committee to perform due diligence on several brokers/custodians. The Firm has chosen to work with brokers/custodians that offer the best value with respect to cost and services provided. Although the Firm does not have discretionary authority to determine the custodian to be used or the commission rates and/or transaction costs to be paid, the Firm reserves the right to decline a client's account if the client wishes to select a broker/custodian other than a custodian for which the Firm has conducted due diligence.

Furthermore, the Firm does not accept any additional benefits (cash or otherwise) from any broker/custodian that is utilized in the management of a client's account.

Item 13 – Review of Accounts

Each Advisor will conduct (or make a reasonable attempt to conduct) an annual portfolio review with every client in Advisor's book of business. The review will be comprehensive in nature based on the information provided by the client. Advisors are required to diligently solicit a requisite amount of information, from the client, in order to ensure the advice provided is suitable and prudent to each client's individual circumstance.

Factors that may trigger additional reviews include changes in client circumstances, changes in world or economic events, changes in the strategies used to construct client portfolios.

As indicated below in Item 15, clients will receive a quarterly statement from their respective custodian. This statement will show the client's total portfolio value, the securities held, and activity in the account. Clients will also receive transaction confirmations on all transactions in their account on a trade-by-trade basis.

The Firm will provide clients with periodic research and performance related reports.



Item 14 – Client Referrals and Other Compensation

Chesme Capital Management has, in the past, engaged and compensated solicitors in accordance with the disclosure requirements stated in the Investment Advisor Act of 1940. At this time, the Firm does not maintain any solicitor arrangements. If, in the future, the Firm does decide to engage and compensate a solicitor, the details of the relationship will be outlined in this section.

Item 15 – Custody

It is the Firm's policy to not accept physical custody of clients' securities, funds or assets. Notwithstanding the foregoing, the Firm acknowledges that it may be deemed to have custody based solely on the Firm's ability to debit advisory fees directly from client accounts.

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. The Firm urges you to carefully review such statements and compare such official custodial records to account documentation we provide to you (i.e. quarterly billing invoices where advisory fees are debited for account assets).

Item 16 – Investment Discretion

The Firm and its Advisors shall generally assume limited (non-discretionary) authority with respect to investing and reinvesting the securities, property, cash and other investments in client accounts. A non-discretionary account is an account in which the Firm has no authority to make investment decisions on behalf of the client without first obtaining the client's consent.

In providing all advisory services, the Firm's Advisor's rely on the financial and other pertinent information provided by client, without any duty or obligation to investigate the accuracy or completeness of the information. Investment guidelines and restrictions must be provided to the Firm in writing. Advisor's investment strategy and Client's investment objectives may be amended in writing from time to time. Advisor does not guarantee the investment performance of any Asset.



It is the Firm's policy to exercise discretion on behalf of clients only when granted with the requisite authority by the client. Assuming discretionary authority is not the standard practice of the Firm and will be reviewed on a case-by-case basis. If a client requests the Firm assume discretionary authority and the Firm accepts, the terms of which the Firm will function will be outlined in the Client Agreement.

A discretionary account is an account in which the Firm has complete authority to make investment decisions on behalf of the client without first seeking the client's consent. An account becomes discretionary when the client has given the Firm the written authority to make investment decisions on their behalf without first having to seek the client's consent.

As of the date of this Brochure, the Firm only accepts discretionary authority in the performance of the Firm's duties as an ERISA 3(38) Discretionary Investment Manager on an institutional retirement plan.

Item 17 – Voting *Client* Securities

As a matter of Firm policy and practice, the Firm 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. The Firm 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 the Firm's financial condition. The Firm 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.



Item 1- Cover Page

James F. Devereaux

44Grandville Ave. SW, Suite 340, Grand Rapids, MI 49503

(517) 719-4444

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about James F. Devereaux that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about James F. Devereaux is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

James F. Devereaux, ChFC®, CLU®

Investment Advisor Representative

Year of Birth: 1946

Formal Education After High School

The American College, Bryn Mawr, PA, Chartered Life Underwriter, 1989

The American College, Bryn Mawr, PA, Chartered Financial Consultant, 1988

School for Bank Administration, University of Wisconsin, Graduate, 1979

Davenport University – 1976-1977

Grand Rapids Junior College – 1967-68



Business Background Previous Five Years

Chesme Capital Management, 2006 – Present, Investment Advisor Representative

Ziegler Capital Management, Investment Advisor, Registered Representative, 2005-2006

Professional Designation Description

ChFC - Chartered Financial Consultant	
Designation	Chartered Financial Consultant
Designation Status	Currently offered and recognized by the issuing organization
Acronym	ChFC
Issuing Organization	The American College
Prerequisites/Experience Required	Three years of full-time business experience within the five years preceding the awarding of the designation
Educational Requirements	Six core and two elective courses
Examination Type	Final proctored exam for each course
Continuing Education/Experience Requirements	30 CE credits every two years
Investor Complaint Process	Online at Submit a Customer/Consumer Complaint
Public Disciplinary Process	None
Check Professional's Status Online	None
Accredited By	None

System Updated: 2/25/2011

CLU - Chartered Life Underwriter	
Designation	Chartered Life Underwriter
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CLU
Issuing Organization	The American College
Prerequisites/Experience Required	Three years of full-time business experience within the five years preceding the awarding of the designation
Educational Requirements	Five core and three elective courses
Examination Type	Final proctored exam for each course



Continuing Education/Experience Requirements	30 hours every two years
Investor Complaint Process	Online at Submit a Customer/Consumer Complaint
Public Disciplinary Process	None
Check Professional's Status Online	None
Accredited By	None

System Updated: 2/25/2011

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

James F. Devereaux is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

Neither Chesme Capital Management nor its Advisors accept additional benefits (cash or otherwise) from any third party employed in the management of client accounts. We practice full disclosure as it pertains to any real or perceived conflicts-of-interest and complete transparency as it relates to fees.

Item 6 - Supervision

Every investment advisory firm is required to maintain a written document that sets forth the firm's compliance and supervisory policies and procedures for the firm and its personnel while providing investment advisory services to the Firm's clients. These guidelines have been designed to prevent violations of the Investment Advisory Act of 1940 and all applicable laws, rules, and regulations from occurring, detecting violations that have occurred, and promptly correcting any violations that have occurred.

Chesme Capital Management has a strong compliance culture.



Chesme Capital Management has:

- implemented its compliance program within a strategic vision of contributing to its immediate and long-term success by ensuring that the interests of its clients are always placed ahead of its own, the Firm operates its business in a highly ethical manner, and maintains strict compliance with all applicable laws, rules, and regulations;
- identified the specific risks that could arise in each of the strategic areas of its operations;
- established control points for each of these risks;
- documented its compliance culture in a manner that provides transparency to senior management, auditors, and regulators; and
- identified specific people to be accountable for managing each specific element of its compliance program;
- mandated all members of the firm proactively identify and bring forth new ideas and procedures to enhance existing compliance efforts.

The individuals listed below are responsible for overseeing and maintaining the Firm's compliance program.

Areas of Responsibility:

Chief Investment Officer (Stephen M. Erb, 517-669-1600)

The Chief Investment Officer administers the Firm's supervisory procedures regarding the investment-related aspects of the Firm. The Chief Investment Officer is responsible for setting the general parameters for the investment advice to be provided to the Firm's clients and supervising all advisors while they provide investment advisory services to the Firm's clients.

Chief Operations Officer (Angela K. Mallard, 517-669-1600)

The Chief Operations Officer is generally responsible for supervising and reviewing the performance of all Firm administrative systems and personnel engaged in processing account information and recordkeeping.

Chief Compliance Officer (Charles H. Embs, 517-669-1600)

The Chief Compliance Officer is ultimately responsible for all aspects of the Firm's compliance program and the supervisory system. The Chief Compliance Officer will assess the effectiveness of the Firm's compliance program, through scheduled and period reviews/monitoring, and revise the program as necessary.



Item 1- Cover Page

Charles H. Embs

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about Charles H. Embs that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Charles H. Embs is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Charles H. Embs, AIF®

Chief Compliance Officer

Investment Advisor Representative

Year of Birth: 1968

Formal Education After High School

Air Command and Staff College (ACSC), Air University, Professional Military Education (2010)

Squadron Officer's School (SOS), Air University, Professional Military Education (2003)

Master of Science, Air Force Institute of Technology, Contracting Management (1995)

Bachelor of Science, United States Air Force Academy, Engineering/Economics (1991)

Business Background Previous Five Years

Chesme Capital Management, 2003 – Present, Investment Advisor Representative

United States Air Force Reserves, 2000 – Present, Officer



Professional Designation Description

AIF - Accredited Investment Fiduciary	
Designation	Accredited Investment Fiduciary
Designation Status	Currently offered and recognized by the issuing organization
Acronym	AIF
Issuing Organization	Center for Fiduciary Studies
Prerequisites/Experience Required	None
Educational Requirements	Candidate must complete one of the following: <ul style="list-style-type: none">• Web-based program• Capstone program
Examination Type	Final certification exam, closed book
Continuing Education/Experience Requirements	6 hours per year
Investor Complaint Process	Online at Designations Complaint Process
Public Disciplinary Process	Yes. Hearing Panel censures may be made public. To date no censures have been made public.
Check Professional's Status Online	Online at Professional Designee Search
Accredited By	None

System Updated: 2/25/2011

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Charles H. Embs is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Charles H. Embs is the 100% equity owner of Smeche LLC which owns the commercial condominium in which Chesme Capital Management conducts business in its DeWitt, MI location. Ownership in Smeche LLC does not provide a substantial source of income (less than 10%) or involve a substantial amount of time (less than 10%).



Charles H. Embs is currently a Major in the United States Air Force Reserves. His participation in the Reserves does not provide a substantial source of income (less than 10%) or involve a substantial amount of time (less than 10%) during normal business hours.

Item 5- Additional Compensation

Neither Chesme Capital Management nor its Advisors accept additional benefits (cash or otherwise) from any third party employed in the management of client accounts. We practice full disclosure as it pertains to any real or perceived conflicts-of-interest and complete transparency as it relates to fees.

Item 6 - Supervision

Every investment advisory firm is required to maintain a written document that sets forth the firm's compliance and supervisory policies and procedures for the firm and its personnel while providing investment advisory services to the Firm's clients. These guidelines have been designed to prevent violations of the Investment Advisory Act of 1940 and all applicable laws, rules, and regulations from occurring, detecting violations that have occurred, and promptly correcting any violations that have occurred.

Chesme Capital Management has a strong compliance culture.

Chesme Capital Management has:

- implemented its compliance program within a strategic vision of contributing to its immediate and long-term success by ensuring that the interests of its clients are always placed ahead of its own, the Firm operates its business in a highly ethical manner, and maintains strict compliance with all applicable laws, rules, and regulations;
- identified the specific risks that could arise in each of the strategic areas of its operations;
- established control points for each of these risks;
- documented its compliance culture in a manner that provides transparency to senior management, auditors, and regulators; and
- identified specific people to be accountable for managing each specific element of its compliance program;
- mandated all members of the firm proactively identify and bring forth new ideas and procedures to enhance existing compliance efforts.

The individuals listed below are responsible for overseeing and maintaining the Firm's compliance program.



Areas of Responsibility:

Chief Investment Officer (Stephen M. Erb, 517-669-1600)

The Chief Investment Officer administers the Firm's supervisory procedures regarding the investment-related aspects of the Firm. The Chief Investment Officer is responsible for setting the general parameters for the investment advice to be provided to the Firm's clients and supervising all advisors while they provide investment advisory services to the Firm's clients.

Chief Operations Officer (Angela K. Mallard, 517-669-1600)

The Chief Operations Officer is generally responsible for supervising and reviewing the performance of all Firm administrative systems and personnel engaged in processing account information and recordkeeping.

Chief Compliance Officer (Charles H. Embs, 517-669-1600)

The Chief Compliance Officer is ultimately responsible for all aspects of the Firm's compliance program and the supervisory system. The Chief Compliance Officer will assess the effectiveness of the Firm's compliance program, through scheduled and period reviews/monitoring, and revise the program as necessary.



Item 1- Cover Page

Stephen M. Erb

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

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This Brochure Supplement provides information about Stephen M. Erb that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Stephan M. Erb is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Stephen M. Erb, AIF®

Chief Investment Officer

Investment Advisor Representative

Year of Birth: 1969

Formal Education After High School

Bachelor of Arts, Michigan State University, Marketing (1991)

Business Background Previous Five Years

Chesme Capital Management, 2005 – Present, Investment Advisor Representative

MHA Investments Corp., 2002 – 2006, Director, Secretary

MHA Service Corp., 2002 – 2006, Director, Retirement Plan Savings Services



Professional Designation Description

AIF - Accredited Investment Fiduciary	
Designation	Accredited Investment Fiduciary
Designation Status	Currently offered and recognized by the issuing organization
Acronym	AIF
Issuing Organization	Center for Fiduciary Studies
Prerequisites/Experience Required	None
Educational Requirements	Candidate must complete one of the following: <ul style="list-style-type: none">• Web-based program• Capstone program
Examination Type	Final certification exam, closed book
Continuing Education/Experience Requirements	6 hours per year
Investor Complaint Process	Online at Designations Complaint Process
Public Disciplinary Process	Yes. Hearing Panel censures may be made public. To date no censures have been made public.
Check Professional's Status Online	Online at Professional Designee Search
Accredited By	None

System Updated: 2/25/2011

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Stephen M. Erb is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

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Areas of Responsibility:

Chief Investment Officer (Stephen M. Erb, 517-669-1600)

The Chief Investment Officer administers the Firm's supervisory procedures regarding the investment-related aspects of the Firm. The Chief Investment Officer is responsible for setting the general parameters for the investment advice to be provided to the Firm's clients and supervising all advisors while they provide investment advisory services to the Firm's clients.



Chief Operations Officer (Angela K. Mallard, 517-669-1600)

The Chief Operations Officer is generally responsible for supervising and reviewing the performance of all Firm administrative systems and personnel engaged in processing account information and recordkeeping.

Chief Compliance Officer (Charles H. Embs, 517-669-1600)

The Chief Compliance Officer is ultimately responsible for all aspects of the Firm's compliance program and the supervisory system. The Chief Compliance Officer will assess the effectiveness of the Firm's compliance program, through scheduled and period reviews/monitoring, and revise the program as necessary.



Item 1- Cover Page

John S. Marshall

435 Madison St., Petoskey, MI 49770

(231) 348-2516

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about John S. Marshall that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about John S. Marshall is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

John S. Marshall, CFA®, CFP®, FRM

Investment Advisor Representative

Year of Birth: 1967

Formal Education After High School

Master of Business Administration, Keller Graduate School of Management, Finance (1996)

Bachelor of Arts, University of Michigan, History (1989)

Business Background Previous Five Years

Chesme Capital Management, 2008– Present, Investment Advisor Representative

Bank of Northern Michigan, 2004 – 2008, Officer

CHESME CAPITAL MANAGEMENT

Professional Designation Description

CFA - Chartered Financial Analyst	
Designation	Chartered Financial Analyst
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CFA
Issuing Organization	CFA Institute
Prerequisites/Experience Required	<p>Candidate must meet <u>one</u> of the following requirements:</p> <ul style="list-style-type: none"> • Undergraduate degree and four years of professional experience involving investment decision-making, or • Four years qualified work experience (full time, but not necessarily investment related)
Educational Requirements	Self-study program (250 hours of study for each of the three levels)
Examination Type	Three course exams
Continuing Education/Experience Requirements	None
Investor Complaint Process	Online at Professional Conduct Program
Public Disciplinary Process	Online at Sanctions and Statistics
Check Professional's Status Online	None
Accredited By	None

System Updated: 2/25/2011

CFP - Certified Financial Planner	
Designation	Certified Financial Planner
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CFP
Issuing Organization	Certified Financial Planner Board of Standards, Inc.
Prerequisites/Experience Required	<p>Candidate must meet the following requirements:</p> <ul style="list-style-type: none"> • A bachelor's degree (or higher) from an accredited college or university, and • Three years of full-time personal financial planning experience

CHESME CAPITAL MANAGEMENT

Educational Requirements	<p>Candidate must complete a CFP-board registered program, or hold <u>one</u> of the following:</p> <ul style="list-style-type: none"> • CPA • ChFC • Chartered Life Underwriter (CLU) • CFA • Ph.D. in business or economics • Doctor of Business Administration • Attorney's License
Examination Type	CFP Certification Examination
Continuing Education/Experience Requirements	30 hours every two years
Investor Complaint Process	Online at Submit a Complaint
Public Disciplinary Process	Online at Public Disciplinary Actions
Check Professional's Status Online	Online at Search for a Certified Financial Planner Professional
Accredited By	National Commission for Certifying Agencies (NCCA)

System Updated: 2/25/2011

FRM - Financial Risk Manager	
Designation	Financial Risk Manager
Designation Status	Currently offered and recognized by the issuing organization
Acronym	FRM
Issuing Organization	Global Association of Risk Professionals (GARP)
Prerequisites/Experience Required	Two years work experience in an appropriate financial risk management career and GARP Individual Membership
Educational Requirements	Self-study exam
Examination Type	Final closed-book exam
Continuing Education/Experience Requirements	None
Investor Complaint Process	None
Public Disciplinary Process	None
Check Professional's Status Online	None
Accredited By	None

System Updated: 2/25/2011



Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

John S. Marshall is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

Neither Chesme Capital Management nor its Advisors accept additional benefits (cash or otherwise) from any third party employed in the management of client accounts. We practice full disclosure as it pertains to any real or perceived conflicts-of-interest and complete transparency as it relates to fees.

Item 6 - Supervision

Every investment advisory firm is required to maintain a written document that sets forth the firm's compliance and supervisory policies and procedures for the firm and its personnel while providing investment advisory services to the Firm's clients. These guidelines have been designed to prevent violations of the Investment Advisory Act of 1940 and all applicable laws, rules, and regulations from occurring, detecting violations that have occurred, and promptly correcting any violations that have occurred.

Chesme Capital Management has a strong compliance culture.

Chesme Capital Management has:

- implemented its compliance program within a strategic vision of contributing to its immediate and long-term success by ensuring that the interests of its clients are always placed ahead of its own, the Firm operates its business in a highly ethical manner, and maintains strict compliance with all applicable laws, rules, and regulations;
- identified the specific risks that could arise in each of the strategic areas of its operations;
- established control points for each of these risks;
- documented its compliance culture in a manner that provides transparency to senior management, auditors, and regulators; and
- identified specific people to be accountable for managing each specific element of its compliance program;



- mandated all members of the firm proactively identify and bring forth new ideas and procedures to enhance existing compliance efforts.

The individuals listed below are responsible for overseeing and maintaining the Firm's compliance program.

Areas of Responsibility:

Chief Investment Officer (Stephen M. Erb, 517-669-1600)

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Item 1- Cover Page

Jeffrey S. Matzen

180 W. Michigan Ave., Suite 800, Jackson, MI 49201

(517) 879-4557

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about Jeffrey S. Matzen that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Jeffrey S. Matzen is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Jeffrey S. Matzen, CFP®

Investment Advisor Representative

Year of Birth: 1968

Formal Education After High School

Bachelor of Arts, University of Notre Dame, 1991

Business Background Previous Five Years

Chesme Capital Management, 2007 – Present, Investment Advisor Representative

BrokersXpress, 2004 – 2007, Registered Representative



Professional Designation Description

CFP - Certified Financial Planner	
Designation	Certified Financial Planner
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CFP
Issuing Organization	Certified Financial Planner Board of Standards, Inc.
Prerequisites/Experience Required	Candidate must meet the following requirements: <ul style="list-style-type: none"> • A bachelor's degree (or higher) from an accredited college or university, and • Three years of full-time personal financial planning experience
Educational Requirements	Candidate must complete a CFP-board registered program , or hold <u>one</u> of the following: <ul style="list-style-type: none"> • CPA • ChFC • Chartered Life Underwriter (CLU) • CFA • Ph.D. in business or economics • Doctor of Business Administration • Attorney's License
Examination Type	CFP Certification Examination
Continuing Education/Experience Requirements	30 hours every two years
Investor Complaint Process	Online at Submit a Complaint
Public Disciplinary Process	Online at Public Disciplinary Actions
Check Professional's Status Online	Online at Search for a Certified Financial Planner Professional
Accredited By	National Commission for Certifying Agencies (NCCA)

System Updated: 2/25/2011

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.



Item 4- Other Business Activities

Jeffrey S. Matzen is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Jeffrey S. Matzen is a 5% equity share holder of NorthStar Capital Advisory Services LLC, located in Jackson, MI. NorthStar Capital Advisory Services LLC is not an investment related business and Jeffrey's ownership in NorthStar Capital Advisory Services LLC does not provide a substantial source of income (less than 10%) or involve a substantial amount of time (less than 10%).

Item 5- Additional Compensation

Neither Chesme Capital Management nor its Advisors accept additional benefits (cash or otherwise) from any third party employed in the management of client accounts. We practice full disclosure as it pertains to any real or perceived conflicts-of-interest and complete transparency as it relates to fees.

Item 6 - Supervision

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- identified the specific risks that could arise in each of the strategic areas of its operations;
- established control points for each of these risks;
- documented its compliance culture in a manner that provides transparency to senior management, auditors, and regulators; and
- identified specific people to be accountable for managing each specific element of its compliance program;



- mandated all members of the firm proactively identify and bring forth new ideas and procedures to enhance existing compliance efforts.

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Areas of Responsibility:

Chief Investment Officer (Stephen M. Erb, 517-669-1600)

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Item 1- Cover Page

Joseph A. Schlindwein

44Grandville Ave. SW, Suite 340, Grand Rapids, MI 49503

(517) 719-4444

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about Joseph A. Schlindwein that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Joseph A. Schlindwein is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Joseph A. Schlindwein, CMFC®

Investment Advisor Representative

Year of Birth: 1965

Formal Education After High School

Bachelor of Arts, University of Iowa, 1992

Business Background Previous Five Years

Chesme Capital Management, 2007 - Present

Charles Schwab, 1999 – 2007, Registered Representative



Professional Designation Description

CMFC - Chartered Mutual Fund Counselor	
Designation	Chartered Mutual Fund Counselor
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CMFC
Issuing Organization	College for Financial Planning
Prerequisites/Experience Required	None
Educational Requirements	Self-study course (nine modules requiring approximately 72-90 hours)
Examination Type	Final designation exam (online, closed-book, proctored)
Continuing Education/Experience Requirements	16 hours every two years
Investor Complaint Process	Online at Standards of Professional Conduct , click on Complaints Against a Designee
Public Disciplinary Process	None
Check Professional's Status Online	Online at The Financial Designation Resource
Accredited By	None

System Updated: 2/25/2011

Item 3- 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 each supervised person providing investment advice.

Prior to joining Chesme Capital Management, Joseph A. Schlindwein was a registered representative (broker) for Charles Schwab.

After leaving Charles Schwab in late 2007, several customer complaints were filed against Charles Schwab (corporate) alleging that the company (Schwab) misrepresented the Schwab YieldPlus Fund as a safe alternative to money market funds, and misrepresented or omitted other important facts about the funds, such as the fact that the fund's holdings were over-concentrated in toxic mortgage backed securities.

One of Mr. Schlindwein's former clients at Charles Schwab held the Schwab YieldPlus Fund.



This issue was a failure at the highest level of corporate compliance and although the brokers who sold the Schwab Yield Plus fund were not intended to be the target of investor claims, they were named in the complaint.

Joseph A. Schlindwein was not informed of the complaint nor did he participate in any proceedings. Schwab settled the complaint without Mr. Schlindwein's involvement.

If you would like more details related to this issue, please reference the website listed above (Cover Page).

Item 4- Other Business Activities

Joseph A. Schlindwein is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

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Item 6 - Supervision

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CHESME CAPITAL MANAGEMENT

- established control points for each of these risks;
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Item 1- Cover Page

Jeffrey J. Sutton

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about Jeffrey J. Sutton that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Jeffrey J. Sutton is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Jeffrey J. Sutton

Investment Advisor Representative

Year of Birth: 1960

Formal Education After High School

Lansing Community College, Business (1980 - 1984)

Business Background Previous Five Years

Chesme Capital Management, 2010– Present, Investment Advisor Representative

Royal Alliance Associates, Inc., 2010, Registered Representative

Triad Advisors, Inc., 2007 – 2010, Registered Representative

Mutual Service Corporation, 2006 – 2007, Registered Representative

Rehmann Financial, 2003 – 2010, Registered Representative



Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Jeffrey J. Sutton is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

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Item 1- Cover Page

Douglas J. Vaughn

(Add Supervised Person's Business Address and Phone Number if Different than Principal Address of Adviser)

Chesme Capital Management

124 N. Bridge St., DeWitt, MI 48820

(517) 669-1600

1/1/2011

This Brochure Supplement provides information about Douglas J. Vaughn that supplements the Chesme Capital Management Brochure. You should have received a copy of that Brochure. Please contact Charles H. Embs, Chief Compliance Officer, at the number above if you did not receive Chesme Capital Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Douglas J. Vaughn is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

Douglas J. Vaughn, CFP®

Chief Executive Officer

Investment Advisor Representative

Year of Birth: 1963

Formal Education After High School

Bachelor of Science, University of Florida, Finance (1991)

Business Background Previous Five Years

Chesme Capital Management, 2005 – Present, Investment Advisor Representative

Edward Jones Investments, 2002 – 2005, Registered Representative



Professional Designation Description

CFP - Certified Financial Planner	
Designation	Certified Financial Planner
Designation Status	Currently offered and recognized by the issuing organization
Acronym	CFP
Issuing Organization	Certified Financial Planner Board of Standards, Inc.
Prerequisites/Experience Required	Candidate must meet the following requirements: <ul style="list-style-type: none"> • A bachelor's degree (or higher) from an accredited college or university, and • Three years of full-time personal financial planning experience
Educational Requirements	Candidate must complete a CFP-board registered program , or hold <u>one</u> of the following: <ul style="list-style-type: none"> • CPA • ChFC • Chartered Life Underwriter (CLU) • CFA • Ph.D. in business or economics • Doctor of Business Administration • Attorney's License
Examination Type	CFP Certification Examination
Continuing Education/Experience Requirements	30 hours every two years
Investor Complaint Process	Online at Submit a Complaint
Public Disciplinary Process	Online at Public Disciplinary Actions
Check Professional's Status Online	Online at Search for a Certified Financial Planner Professional
Accredited By	National Commission for Certifying Agencies (NCCA)

System Updated: 2/25/2011

Item 3- Disciplinary Information

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Item 4- Other Business Activities

Douglas J. Vaughn is not engaged in any investment related business/occupation outside of Chesme Capital Management.

Item 5- Additional Compensation

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