

## Item 1 – Cover Page



# Gemmer Asset Management LLC

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Date of Brochure: March 15, 2023

*This Brochure provides information about the qualifications and business practices of Gemmer Asset Management LLC (referred to herein as “Gemmer” or “Gemmer Asset Management.”) If clients have any questions about the contents of this Brochure, they should contact us at (925) 933-3786. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission.*

*Gemmer 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 clients with information about which they determine to hire or retain an Adviser.*

*Additional information about Gemmer Asset Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 – Material Changes

The SEC requires us to inform clients of any material changes that have occurred since our last annual amendment. In addition to material changes, certain sections of this Brochure have been updated to help you better understand our firm.

This Brochure dated March 15, 2023, contains the following material changes from the prior year's annual amendment filed on March 24, 2022.

## Item 4 – Advisory Business

Gemmer's Ownership Structure: On December 31, 2022, David Gemmer's ownership was transferred to Charles Blankley, Brian Gemmer and Scott Gemmer. David Gemmer will remain active in the business and continue to be a key member of Gemmer's management team.

ERISA / Retirement Accounts: In regard to retirement accounts, Gemmer acknowledges its status as a fiduciary under ERISA and complies with the Department of Labor's Rule PTE 2020-02, which expands the definition of a "prohibited transaction" under ERISA to include any recommendation to rollover 401(k) assets into an IRA (or rolling over monies from one IRA to another).

*You may obtain a copy of our Brochure by contacting us at 925-933-3786 or by email at [clientrequest@gemmerllc.com](mailto:clientrequest@gemmerllc.com).*

*Additional information about Gemmer Asset Management LLC is also available via the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Gemmer Asset Management LLC who are registered or are required to be registered, as investment adviser representatives of Gemmer Asset Management LLC.*

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## Item 4 – Advisory Business

Gemmer Asset Management LLC (“Gemmer”) has been in business since 1992. Gemmer is a 100% employee-owned business. As of December 31, 2022, its primary owners are Brian Gemmer, Charles Blankley, and Scott Gemmer. Founder and Principal, David L. Gemmer, is active in the business and is a key member of Gemmer’s management team. Gemmer manages over \$1.4 billion in client discretionary assets as of December 31, 2022.

### **Portfolio Management Services**

Our firm provides portfolio management services for individual clients and small businesses. Following are investment services we offer for managing individual portfolios:

- Gemmer Select
- Gemmer Premier
- Gemmer Unconstrained

These investment services incorporate an asset allocation strategy consisting primarily of no-load mutual funds, and/or exchange-traded funds (ETFs). Our investment portfolios are generally limited to only these types of investment vehicles. Individual stock and bond holdings are held in a small number of client accounts; however, these holdings are incidental to our primary investment strategies. For all strategies, we hold a limited power-of-attorney to manage such assets on a discretionary basis.

We use the services of the following types of Personal Financial Advisors (PFAs) to introduce our investment management services to prospective clients:

- independent contractors;
- financial planners;
- investment advisors and/or;
- registered representatives of registered broker-dealers

Pursuant to Rule 206(4)-1 of the Investment Advisors Act of 1940, PFAs are compensated for endorsing our firm. Compensation is paid solely from our investment advisory fee and may result in additional charges to the client that otherwise would not have been incurred if such compensation were not paid to the PFA. Each prospective client is provided with a copy of Gemmer’s firm brochure (ADV Part 2A) and Customer Relationship Summary (Form CRS) prior to engagement, as well as written PFA Disclosure Statement which discloses the endorsement (or referral) relationship between Gemmer, the PFA, and the client.

There are Investment Advisor Representatives (IARs) associated with our firm. IARs primarily provide investment management guidance and client servicing.

## **Sub-Advisory Engagements**

Gemmer serves as a sub-adviser to certain unaffiliated registered investment advisers per the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the unaffiliated investment advisers that engage Gemmer's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of suitability for Gemmer's designated investment strategies. If Gemmer is directed to use a specific custodian/broker-dealer to execute transactions, Gemmer will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, an investor 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 through alternative clearing arrangements recommended by Gemmer. Higher transaction costs adversely impact account performance. The unaffiliated investment adviser shall provide the Client with a copy of Gemmer's written disclosure Brochure as set forth on Part 2A of Form ADV. If agreed upon in writing, Gemmer shall be permitted to debit the Client's account for advisory fees. When Gemmer serves as a sub-advisor, the way in which we calculate fees may reflect the methodology of the client's primary advisor. Fee rates, calculations, and methodology are disclosed to each client or prospective client prior to entering into a relationship with Gemmer.

## **Consulting Arrangements**

We engage with unaffiliated advisors to assist with the management of all or a portion of a client's assets per the terms and conditions of a written Consulting Agreement between our firm and the advisor. At all times, the advisor maintains both the initial and ongoing day-to-day relationship with the client, including exclusive responsibility for initial and ongoing client suitability and account performance.

## **Client Services**

Our mission is to assist our clients by providing:

- unbiased, professional advice
- a disciplined management strategy
- appropriate investments to meet individual goals

The following are ways in which we manage accounts based on the individual needs of each client:

- 1) Consultation –we are available to consult about the status of a client's account;
- 2) Periodic Statement – the custodian provides each client with a statement at least quarterly containing a description of all activity in their account during the preceding period;
- 3) Ability to Impose Restrictions – each client has the ability to impose reasonable restrictions on the management of their account, including the ability to instruct our firm not to purchase certain mutual funds or exchange-traded funds;
- 4) No Pooling – each client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;

- 5) Separate Account – a separate account is maintained at a custodian for each client;
- 6) Ownership – each client retains ownership of their account (e.g., right to withdraw securities or cash, exercise, or delegate proxy voting, and receive transaction confirmations).

### **Miscellaneous Items**

#### **Financial Planning/Consulting Services**

Except for periodic retirement analyses and assistance with determining goals incidental to the investment management process, we generally do not provide comprehensive financial planning or related consulting services. Additionally, none of our employees, nor affiliated advisors, serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as the same. Exception – one of our Investment Advisor Representatives provides comprehensive financial planning services to clients at no additional cost to the client, as disclosed in item 10 of this brochure.

#### **Endorsements: Introduction by Personal Financial Advisor**

The U.S. Securities & Exchange Commission adopted a New Marketing Rule (“The New Rule”) in May 2021. Referral activities of registered investment advisors, previously regulated under the Cash Solicitation Rule (since rescinded), are now regulated under The New Rule. The SEC largely dropped the use of the term “solicitor” and has incorporated solicitation and referral activities as providing an endorsement. Our firm is compliant with the provisions of The New Rule.

The vast majority of clients are introduced to our firm by an unaffiliated investment professional who is also referred to as a Personal Financial Advisors (PFA). If a client is introduced to our firm by a PFA, Gemmer pays a portion of its fee to the PFA for endorsing Gemmer and for PFA’s initial and/or ongoing services. Compensation paid to PFAs, as well as ongoing duties performed by PFAs, are disclosed to each prospective client prior to entering into an advisory agreement with Gemmer, in compliance with the Marketing Rule 206(4)-1 under the Investment Advisers Act of 1940.

A PFA is exclusively responsible for: (1) assisting the client in determining the initial and ongoing suitability for our investment strategies; and (2) for receiving/ascertaining the client’s directions, notices, and instructions, and forwarding them to us, in writing. Correspondingly, the client shall be responsible for communicating any such directions or instructions directly to PFA. We shall be entitled to rely upon any such direction, notice, or instruction (including any information or documentation regarding client’s investment objectives, risk tolerances and/or investment restrictions). We shall have no responsibility to the client for the failure of the PFA and/or the client to timely receive/ascertain/forward/communicate any and all such directions, notices, and instructions.

**Client Obligations.** In performing our services, we do not independently verify information received from the client or from the client’s other professionals, including the PFA; we are expressly authorized to rely on the accuracy of information provided to us. Moreover, each client

is advised that it remains his/her/its responsibility to promptly notify the PFA if there is ever any change in his/her/its financial situation or investment objectives.

## **Retirement Rollovers**

### **ERISA Fiduciary Acknowledgement / DOL PTE 2020-02:**

Effective February 16, 2021, the Department of Labor (DOL) implemented an expanded definition of “fiduciary advice.” The new definition causes RIA services previously considered non-fiduciary under ERISA to be subject to a fiduciary best interest standard of conduct. The DOL established a prohibited transaction exemption (PTE) for fiduciary advice, meant to allow advisors to provide recommendations and collect compensation for IRA rollovers as long as they comply with the requirements outlined in PTE-2020-02. When we provide a rollover recommendation to Plans or IRA owners, we 1) acknowledge our fiduciary status to prospective clients and clients, 2) provide written disclosures about the scope of our relationship and conflicts of interest, and 3) provide prospective clients and clients with written disclosures about rollovers.

### **Retirement Monies - Options:**

A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer’s plan, if permitted, ii) roll over the assets to his new employer’s plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). We may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by our firm. As a result, we and our representatives will earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Gemmer (unless you engage our firm to monitor and/or manage the account while maintained at your employer). We have an economic incentive to encourage an investor to roll plan assets into an IRA that we will manage or to engage our firm to monitor and/or manage the account while maintained at your employer. There are various factors that we consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan’s investment professionals versus ours, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations vi) employer stock tax consequences, if any and vii) the ability to withdraw money in an employer's plan versus an IRA. When we make recommendations, we are bound by Impartial Conduct Standards under ERISA. This means we will act in each client’s best interest; we will only charge reasonable fees, and we will be transparent and disclose conflicts of interest. No client is under any obligation to rollover plan assets to an IRA managed by our firm or to engage our firm to monitor and/or manage the account while maintained at your employer. **ANY QUESTIONS:** Our Chief Compliance Officer is available to address any questions that a client may have regarding the above and the corresponding conflict of interest presented by such engagement.

## **Use of Mutual Funds**

Many mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that we recommend and/or utilize independent of engaging us as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Gemmer's initial and ongoing investment advisory services. We have procedures in place when purchasing mutual funds to ensure the appropriate share class is purchased for each client. We strive to provide the lowest fund cost when purchasing mutual funds for a client account.

## **Item 5 – Fees and Compensation**

We charge an asset-based fee to manage investment accounts. We generally group related accounts for the purpose of applying the fee schedule. The following is our standard fee schedule. Fees are negotiable and based on a range of factors, including account size and the degree of portfolio customization:

Market Value of Portfolio	Annual Fee
First \$500,000 or fraction thereof	2.0%
Next \$500,000 or fraction thereof	1.5%
Sums exceeding \$1,000,000	1.0%

1. Gemmer Select generally has a minimum account size of \$25,000 and utilizes a flat or tiered fee schedule that ranges up to 2% (on an annual basis) depending on account size.
2. Gemmer Premier generally has a minimum account size of \$250,000 and incorporates a tiered fee schedule that ranges up to 2% (on an annual basis).
  - o There are exceptions to the account size minimum. Exceptions may be made based on related family accounts or other extenuating circumstances that have been approved. Each situation is reviewed on a case-by-case basis.
3. Gemmer Unconstrained does not have a minimum account size and has a flat or tiered schedule that ranges up to 2% on an annual basis, depending on account size.

## **Administration Fee**

For certain accounts, we charge an administration fee of up to \$70 annually. The administration fee is to reimburse our firm for the cost of using a specific platform to manage the client account. The administration fee is disclosed in the investment advisory agreement the client signs.

We believe that our annual fees are reasonable in relation to the fees charged by other investment advisors offering similar services/programs. However, our annual investment advisory fees could be higher than those charged by other investment advisors offering similar services/programs.



## **Fee Billing Policy**

We calculate the market value of security shares held in a client's account based on the values each custodian, mutual fund company, variable annuity company, or broker-dealer provides our firm. The management fee charged shall be prorated and paid quarterly, in advance, based upon the market value of the assets in a client's account(s) at the beginning of each billing quarter or portion thereof, including any balances held in money market funds and accrued interest from individual bonds managed. A portion of your account may remain in cash or a money market fund. Cash and/or money market are included in AUM calculations for billing purposes. For fee calculation purposes, we use the internal portfolio value which has been reconciled with custodial information. In isolated cases, there may be a discrepancy between our portfolio value and the custodian's portfolio value reported to clients that is due to timing differences or other factors.

The specific manner in which we charge management fees is established in a client's advisory agreement. We will generally bill fees on a quarterly basis. Clients may elect to be billed directly for fees or to authorize Gemmer Asset Management LLC to directly debit fees from their investment account(s). Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. No additional fees will be charged, or credits made to a client's account unless the additional credit or debit amount is at least \$50. Any amounts below this threshold will not be charged or credited. Accounts initiated or terminated during a calendar quarter will be charged or credited a prorated fee. Upon termination of an account, we will promptly refund any prepaid, unearned fees, and charge for any earned, unpaid fees.

Our advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which the client shall incur. Clients may incur the following charges imposed by custodians, brokers, third party investment, and other third parties on brokerage accounts and securities transactions:

- fees charged by managers;
- custodial fees;
- deferred sales charges;
- transfer taxes;
- wire transfer and electronic fund fees;
- other fees and taxes.

Trade costs may vary depending on the size of household assets. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our advisory fee. We do not receive any portion of these commissions, fees, and costs. Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with our firm. For further information regarding our brokerage arrangements with custodians, refer to Item 12.

For unsupervised assets that are not charged a management fee, we provide a value for the asset based on the best information available. We do not guarantee the accuracy of the value of these

unsupervised assets. As a courtesy, we allow clients to consolidate these assets with other positions we manage on a clients' quarterly report.

As noted in item 4, page 5, under "Sub-Advisory Engagements", when serving as a sub-advisor, we may choose to adopt the fee billing calculation and methodology of the client's primary advisor. This is done to provide consistency and clarity for the client and is disclosed prior to engagement.

### **Trade Error Policy**

We have a policy in place to protect you from trade errors. Our policy stipulates that any trade error executed in your account will be corrected, and you will not sustain any loss on the error. In addition, any transaction costs incurred, interest charged, or any other costs incurred in connection with the transaction will be refunded to your custodial account. We also annually evaluate trade errors to confirm that procedures were followed, and that the client was fully reimbursed for the trade error committed. All employees involved in the execution of trades are continually educated regarding the importance of reducing trade errors. In addition, employees also understand the necessity of reporting any trade errors immediately.

When a trade error occurs in a client account custodied at Charles Schwab and the corrected trade error results in an investment gain, the gain will remain in the client's account unless the same error involved other client accounts that should have received the gain. In addition, if not permissible to retain the gain in the account or if the client decides to forego the gain, Charles Schwab will donate the amount of any gain over \$500 to charity. If there is a loss greater than \$500, we will pay for the loss. Charles Schwab will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$500 to minimize and offset its administrative time and expense. Generally, if related trades errors result in both gains and losses in the client account, they will be netted.

For accounts custodied at TD Ameritrade, any corrected trades that result in a gain will be donated to charity by TD Ameritrade. Gemmer Asset Management LLC will pay any trade error losses in an account. Any trade errors on the same day which resulted in gains and losses will be netted.

For accounts custodied at Fidelity, any corrected trades that result in a gain will be credited to client's account. Gemmer Asset Management LLC will pay any trade error losses in an account. Any trade errors on the same day which resulted in gains and losses will be netted.

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

We do not charge performance-based fees. These are fees based on a share of capital gains or capital appreciation of a client's assets.

## Item 7 – Types of Clients

We provide investment management services to the following clients:

- Individuals, including high net worth individuals
- Trusts, estates, and charitable organizations
- Corporations or other business entities
- Not for profit entities
- Retirement plans
- Independent fiduciaries

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

We manage portfolios using an asset allocation approach. Asset allocation describes the manner in which a client's portfolio will be diversified among diverse types of asset classes such as stocks, bonds, and cash. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual funds and exchange-traded funds (ETFs) have differing degrees of risk. These investments are not "risk-free." We look at the experience and track record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable in a client's portfolio.

We generally purchase mutual funds, and/or ETFs with the idea of holding them in the client accounts for a year or longer. We do this because we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Additionally, a security may decline in value before we make the decision to sell.

Gemmer manages a socially conscious model portfolio ("Social Strategy"). Our selection process takes into consideration Environmental, Social, and Corporate Governance (ESG) factors. Portfolios are comprised of investments that have been identified as having a positive societal impact. When constructing these portfolios, we utilize third party resources to quantify each holding's ESG score – and to ensure consistency over time, we periodically assess the accuracy of

the ESG scores by comparing third party providers. We pay particular attention to limiting fossil fuel exposure and quantify this exposure through various third-party resources. The management of our Social Strategy utilizes the same overarching investment philosophy, approach and selection process that is employed for all of Gemmer's strategies. All investing involves risk and possible loss of capital.

### **General Risks:**

Some common forms of risk that investors should consider are:

- **Investment Risks.** Investing in securities markets involves the risk of loss that clients should be prepared to bear. The Advisor typically invests in mutual funds and ETFs for the vast majority of its clients.
- **ETFs and Mutual Funds.** The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. A manager who has been successful may not be able to replicate that success in the future. In addition, we do not control the underlying investments in an ETF or Mutual Fund.
- **Market Risk.** The risk to a specific investment or portfolio that the value could decline due to general market conditions not specifically related to a particular security.
- **Interest-Rate Risk.** The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.
- **Inflation Risk.** The risk of loss of purchasing power due to rising prices of goods and services.
- **Natural Disasters, Epidemics, and Pandemics.** Areas in which Adviser has an office or where it otherwise does business are susceptible to natural disasters (i.e., earthquakes) and epidemics or other outbreaks of serious contagious diseases. The occurrence of a natural disaster or epidemic could adversely affect and severely disrupt the business operations, economies, and financial markets of many countries (even beyond the site of the natural disaster or epidemic) and could adversely affect Adviser's investment program and its ability to do business.
- **Cybersecurity Risk.** The Firm and its service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Firm and its service providers may adversely impact clients.
- **Economic & Market Conditions.** Changes in economic and market conditions, including, for example, interest rates, exchange rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors, can affect portfolio investments. None of these conditions will be foreseeable or within the control of Adviser.

Our investment programs may also involve above-average portfolio turnover, which could negatively impact the net after-tax gain experienced by a client in a taxable account such as a trust or joint account.

### **Item 9 – Disciplinary Information**

We do not have any legal, financial, or other disciplinary items to report at this point. We are obligated to disclose any disciplinary event that would be material to our clients when evaluating us to initiate a client relationship or to continue a client relationship with our firm.

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

One of our Investment Advisor Representatives, Tim Corriero, operating under the tradename of Juris Wealth, offers comprehensive financial planning services to clients at no additional cost. We do not believe this relationship creates a material conflict of interest with our clients.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics**

We have adopted a Code of Ethics for all of the firm's supervised persons describing our high standard of business conduct, and fiduciary duty to our clients. We define all employees and independent contractors affiliated with our firm as supervised persons. The Code of Ethics includes the following provisions:

- confidentiality of client information;
- a prohibition on insider trading;
- reporting of political contributions;
- a prohibition of rumormongering;
- protection of employees who report any violations of this code and securities laws;
- the reporting of certain gifts and business entertainment items;
- personal securities trading procedures;
- monitoring of contributions made to politicians; and,
- reporting of outside employment by employees and affiliates, among other things.

All supervised persons at our firm must acknowledge the terms of the Code of Ethics annually. A copy of the Code of Ethics is made available to clients or prospective clients upon request by contacting us at (925) 933-3786.

### **Personal Trading Policy**

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, we will recommend that clients and prospective clients purchase or sell mutual funds, exchange-traded funds, and in limited cases, individual stocks and bonds in which our employees or associated persons have a position. Our employees and persons associated with our firm are required to abide by our Code of Ethics. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our firm's employees and associated persons will not interfere with:

- making decisions in the best interest of advisory clients; and,
- implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

In addition, the Code requires pre-clearance of certain transactions. 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 to reasonably prevent conflicts of interest between our firm and our clients.

With regard to employee or affiliate trading in exchange-traded funds and individual stocks, we execute trades in an equitable manner for all clients. We execute these trades on an account-by-account basis and not on a mass basis. Employees' trades are executed in conjunction with client trades or secondary to client trades.

## **Item 12 – Brokerage Practices**

Gemmer is deemed, per the SEC's Custody Rule, to have custody of client assets based solely on our ability to instruct the custodian to deduct management fees directly from client accounts. However, each custodian we work with maintains actual (physical) custody of client assets. Client assets must be maintained in an account at a "qualified custodian" generally a broker-dealer or bank.

### **Soft Dollar Policy**

We do not have any formal soft dollar arrangements and do not contract with custodians to receive soft dollar benefits. This means we do not receive or have access to research or conferences in return for paying higher commissions for client transactions for a particular custodian.

We endeavor to select custodians that will provide the best services at the lowest prices and commissions possible. We consider a wide range of factors, including, among others:

- Combination of transaction execution and asset custody services;
- Capability to buy and sell securities for client account;
- Capability to facilitate transfers and payments to and from accounts;
- Breadth of available investment products and managers;
- Quality of services;
- Competitiveness of the price of those services;
- Reputation, financial strength, and stability;
- Their prior service to us and our other clients;
- Availability of other products and services that benefit us.

We are not affiliated with any of the custodians we use to custody client accounts. Following are our brokerage practices with each custodian:

**1) Charles Schwab**

Charles Schwab & Co charges a transaction fee for some mutual fund trades in client accounts. We recommend to clients that they establish an account with Charles Schwab & Co who provides custodial services for client assets. Although we may suggest that clients establish accounts at Charles Schwab & Co., it is the client's decision to custody assets with Schwab. We do not open accounts for clients, but we assist them in doing this.

Schwab provides our firm access to its institutional trading and operations services, which are not typically available to Schwab retail investors. These services are generally available to independent investment advisors at no charge to them and are not otherwise contingent upon Gemmer Asset Management LLC committing to Schwab any specific amount of business. Schwab services include:

- research;
- brokerage;
- custody;
- access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available other products and services that benefit our firm but may not benefit our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of clients' accounts, including accounts not maintained at Schwab. Some of these other products and services assist our firm in managing and administering clients' accounts. These include:

- software and other technology that provide access to client account data (such as trade confirmations and account statements);

- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- provide pricing information and other market data;
- facilitate payment of advisory fees from our clients' accounts; and,
- assist with back-office support, recordkeeping, and client reporting.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Many of these services generally are used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab also provides our firm with other services intended to help manage and further develop our business enterprise. These services include:

- 1) technology, compliance, legal and business needs consulting;
- 2) publications and conferences on practice management and business succession;
- 3) access to employee benefits providers, human capital consultants and insurance providers and,
- 4) Education conference and events.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to us. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab may also provide other benefits such as occasional business entertainment to our personnel. As a fiduciary, we endeavor to act in our clients' best interests at all times. However, our recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to our firm of the availability of some of the foregoing products and services and not solely on the nature, costs or quality of custody and brokerage services provided by Schwab. This could create a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian is in the best interests of our clients. Our use of Schwab is primarily supported by the scope, quality, and price of Schwab's services.

#### **Charles Schwab Referred Clients Only**

For those clients who were referred to our firm by Charles Schwab (through Schwab Advisor Network Referral Program – a program in which we no longer participate), we pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee is a percentage of the value of the assets in the client's account. We pay Schwab the Participation Fee for as long as the referred client's account remains custodied at Schwab. The Participation Fee is billed to our firm quarterly and may be increased, decreased, or waived by Schwab from time to time. We pay the Participation Fee, and it is not charged to the client. We do not charge clients referred through the Service fees costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service. We have the discretion to change the minimum annual fee charged or to not have a minimum fee arrangement. We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets



placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab.

Schwab charges the Participation and Non-Schwab Custody Fees to clients who were referred by Schwab and those referred clients' family members living in the same household and are based on assets in these accounts. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts, execute transactions at Schwab, and instruct Schwab to debit our management fees directly from the accounts.

Schwab will not charge clients separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related payment on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, we have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, we acknowledge our duty to seek best execution of trades for client accounts. Schwab may execute trades for client accounts held in custody at Schwab through a different broker-dealer than trades for our other clients. Therefore, Schwab may execute trades for accounts at different times and prices than trades for other accounts executed at other broker-dealers.

We use variable annuities offered by Protective Life Insurance (formerly Great West Life and Annuity Company), Nationwide Life Insurance Company, and Transamerica Life Insurance for client accounts. We do not receive any commissions or referral fees from these companies.

## **2) Fidelity**

In specific instances, we use Fidelity Brokerage Services LLC to execute client trades. We are a participant in the Fidelity Institutional Service Group program and receive certain services because of our participation in the program. Fidelity has been found to be competitive regarding transaction costs and services compared with other brokerage firms. We have an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist our firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help our firm manage and further develop our advisory practice. Such services include, but are not limited to, access to educational conferences, roundtables, and webinars, practice management resources, and consultants and other third-party service providers who provide a wide array of business-related services and technology with whom our firm may contract directly.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based

fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

**3) National Advisors Trust Corp.**

We use National Advisors Trust Corporation (NATCO) for certain client accounts. NATCO provides an on-line website and trading platform. NATCO also provides educational events to our firm. The fiduciary costs, access to investment products, technology support, or other service features offered by NATCO are deemed to be advantageous to clients when compared with other trustee or custodial services. NATCO charges service fees to client accounts. We do not share in any fees charged to clients.

**4) Wells Fargo Advisors LLC**

We have a custodial relationship with Wells Fargo Advisors LLC for certain client accounts. Wells Fargo Advisors provides an online website and trading platform. The trading costs and services are comparable to other custodians in the industry.

**5) TD Ameritrade**

We use TD Ameritrade as a custodian, in specific instances, for client accounts. We are a participant in TD Ameritrade's Institutional Program and receive services that include custody of securities and financial products, trade execution and clearance, and settlement of transactions. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent SEC-registered broker-dealer. The commissions, rates, and fees applicable to client accounts is based on scope and nature of our business that we transact with TD Ameritrade. We receive certain economic benefits as a participant in this program. These benefits include various technological tools, items, and products that assist our firm in managing and servicing our client accounts. In addition, we may be provided with discounts on products or services such as compliance, marketing, technology, and practice management products or services provided by third-party vendors. The receipt of these program benefits is not dependent on the amount of brokerage transactions incurred on client account(s). The receipt of these benefits could indirectly influence our recommendation of TD Ameritrade for custodial and brokerage services. However, if we recommend clients to open an account at TD Ameritrade as a custodian it is in the best interests of our clients.

TD Ameritrade also offers additional benefits to our firm as a participant in this program. The additional benefits may include reimbursement or waiver of fees or expenses related to our business or the provision of services or other things of value for use in connection with our business. The receipt of additional benefits raises potential conflicts of interest. To be eligible to receive these additional benefits, we have an incentive to recommend that client assets be custodied at TD Ameritrade.

**6) Shareholder Services Group, Inc.**

We use Shareholder Services Group, Inc (SSG) for certain client accounts. SSG offers brokerage services including buying and selling securities to retail investors who are introduced to SSG by an independent registered investment advisor (an "RIA"). They offer a wide variety of investment products, and many types of investments are available. SSG charges fees for trade execution

services, lending services, and incidental account services. Trade execution service fees can be either per transaction or with an asset-based fee based on the value of your account at the end of a billing period. Transaction-based execution services means there will be more charges if there are more trades in the account. Asset-based pricing means there will be a fee regardless of the number of trades, and you may pay more or less for trading than you might have if you subscribed to transaction-based pricing. Incidental service fees are for services such as retirement account maintenance fees, checking/debit card fees, inactivity fees, transfer fees, wire fees, non-sufficient funds fees, overnight delivery fees, and termination fees. You will incur these fees if you use the related services. If SSG receives transaction fees for your trades, they make more money when you trade more. If they receive asset-based fees for trading, and you do not trade very often, they will generally have fewer costs and so they will make more money if you trade less. SSG does not have any proprietary products. They receive payments from third-party mutual fund companies and money fund sweep programs when you own certain brands or share classes of funds that pay us fees (sometimes referred to as trail fees, 12b-1 fees, or service fees) to administer and service your account. They receive event sponsorship payments from vendors and industry service providers participating in their industry conferences. SSG does not have proprietary or principal trading services (except for riskless-principal or fixed-price trades) nor revenue sharing with our firm. We are not affiliated with SSG. In addition, SSG does not supervise our firm, agents, and activities.

In choosing a custodian, we are not obligated to seek competitive bids or the lowest commission cost to our clients, but we determine that the commission rates charged by the custodian are reasonable based on the quality of the different services available to our clients.

### **Item 13 – Review of Accounts**

We review each client account at least quarterly. Portfolios are analyzed to determine if the performance is in line with the target allocation. We also review proper allocation of each portfolio along with the performance of each account and rebalance, as needed. In addition, economic and market variables combined with fundamental data on individual funds are evaluated on an ongoing basis. These reviews are primarily performed by our firm's portfolio managers.

At the beginning of each calendar quarter, we provide clients (via the client's PFA) a detailed written report which reflects account performance, portfolio holdings, and balances. We also include a newsletter that reviews the market environment and mutual fund investment performance. The account custodian provides clients transaction confirmations within three days of any trade and detailed account statements at least quarterly. The account custodian also provides clients with required year-end tax information.

## Item 14 – Client Referrals and Other Compensation

### **Endorsements**

Gemmer markets its investment management services to Personal Financial Advisors (PFAs) who endorse Gemmer's services. When a PFA introduces Gemmer to their client, they are compensated in accordance with Rule 206(4)-1 of the Investment Advisers Act of 1940. Prior to opening an account, Gemmer provides each prospective client or client with a disclosure document describing the compensation arrangement between Gemmer and the PFA, as well as a description of the nature of the relationship between Gemmer, the PFA and the Client.

Many of the PFAs Gemmer works with are financial planners and advisors who are affiliated with FINRA as registered representatives of a broker-dealer. These broker-dealers include Cetera Advisors, Cambridge Research, American Investors Company, Securities America, Triad Advisors, and SagePoint. We directly pay these broker-dealers the amount of the referral fee earned by registered representatives. The broker-dealer pays the registered representatives a portion of the referral fee. These broker-dealers are independently operated businesses and are not affiliated with our firm.

### **Additional Compensation:**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability of Schwab's products and services to us is not based on giving particular investment advice, such as buying particular securities for our clients.

As disclosed under Item 12 above, our firm participates in TD Ameritrade's institutional customer program, and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist our firm in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made

available by TD Ameritrade are intended to help our firm manage and further develop our business enterprise. The benefits our firm or our personnel receive through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm in and of itself creates a potential conflict of interest and could indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We provide a reporting service to certain financial representatives who refer clients for our investment management services. We charge the financial representative for the online reporting system that provides the reporting service. No additional fees are charged to client accounts that are part of this service.

We engage with unaffiliated advisors to assist with the management of all or a portion of the client's assets per the terms and conditions of a written Consulting Agreement between our firm and the advisor. At all times, the advisor shall maintain both the initial and ongoing day-to-day relationship with the client, including exclusive responsibility for initial and ongoing client suitability and account performance.

We also serve as a sub-advisor to unaffiliated registered investment advisers per the terms and conditions of written Sub-Advisory Agreements. Unaffiliated investment advisers that engage Gemmer's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of suitability for Gemmer's designated investment strategies. When serving as a Sub-Advisor, we are typically compensated directly by the client. In certain situations, we receive an asset-based fee from the primary Advisor instead of pulling fees directly from the client's account.

## **Item 15 – Custody**

Gemmer is deemed, per the SEC's Custody Rule, to have custody of client assets based solely on our ability to instruct the custodian to deduct management fees directly from client accounts. However, each custodian we work with maintains actual (physical) custody of client assets. Each client receives, at least quarterly, statements from the qualified custodian that holds and maintains their investment assets. Statements will be sent via email or to a client's physical mailing address. We urge clients to carefully review such statements and compare custodial records to the account statements that we provide them. Our statements may vary from custodial statements due to timing differences or other factors.

### **Third Party Transfer Procedure**

In 2017, the SEC released guidance related to the Custody Rule and third-party money movement authority. Per the guidance, an adviser with authority to disburse money to a third-party on a client's behalf pursuant to a standing letter of authorization (SLOA) is deemed to have custody. To avoid custody in regard to third party transfers, Gemmer complies with certain conditions set forth by the SEC and requires written authorization for each request to transfer/move money.

## **Item 16 – Investment Discretion**

We receive discretionary authority from the client upon receipt of a signed investment advisory agreement to select the identity and amount of securities to be bought or sold without limitation.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, we do not vote proxies on behalf of advisory clients. Clients retain the exclusive responsibility for:

- 1) Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted;
- 2) Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to their investment assets.

Upon opening an account, we communicate to the custodian and request that they forward copies of all proxies and shareholder communications relating to the investment assets in client account(s). Clients may contact us regarding any questions they have regarding any specific proxy or shareholder communication they receive.

## **Item 18 – Financial Information**

We do not bill 6 months or more in advance and therefore are not required to include a financial statement in this document. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

ANY QUESTIONS: Gemmer's Chief Compliance Officer, Patricia Mullin, is available to address any questions regarding this brochure (ADV Part 2A). She can be reached at 925-933-3786.