

Form ADV Part 2A (Firm Brochure)

Item 1. Cover Page

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This brochure provides information about the qualifications and business practices of Columbus Investment Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at (614)882-1418 or columbusinvestmentadvisory@usa.net.

The information in this brochure has not been approved or verified by the Securities and Exchange Commission or by any state securities authority. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about Columbus Investment Advisory, Inc. is also available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov.

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Item. 2 Material Changes

Not applicable.

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Item 4. Advisory Business

We are a privately-held, sub-chapter S corporation in the business of managing investment assets for individuals and families. In addition, we provide a limited amount of financial consulting services. We were established on January 1, 1996. John Schlater and Frank Siegel are the principal owners.

Our mission is to serve as trusted advisors, delivering uncompromised objectivity, sound advice and personal service. We seek clients who value our passion for making their lives better, simpler and anxious-free.

Each client's portfolio is customized to reflect their unique goals, objectives, risk tolerance, return expectations, tax situation, liquidity and income needs, time horizon and personal circumstances.

As of December 31, 2011, we had \$195,255,000 of discretionary assets under management, \$3,139,000 of non-discretionary assets under management for a total of \$198,394,000 under management.

Item 5. Fees and Compensation

We charge a fee for our investment management services based on the market values of client portfolios. Our fee schedule is as follows:

<u>Portfolio Market Value</u>	<u>Annual Fee as a Percentage of Portfolio Market Value</u>
First \$1,000,000	1.00%
Next \$1,500,000	0.60%
Next \$2,500,000	0.50%
Next \$5,000,000	0.35%
Over \$10,000,000	Negotiable
There is a minimum annual fee of \$2,500	

<u>If a portfolio's market value is:</u>	<u>then its annual investment management fee would be:</u>
\$ 500,000	\$5,000
\$1,000,000	\$10,000
\$2,000,000	\$16,000
\$3,000,000	\$21,500
\$4,000,000	\$26,500
\$5,000,000	\$31,500
\$6,000,000	\$35,000
\$7,000,000	\$38,500
\$8,000,000	\$42,000
\$9,000,000	\$45,500
\$10,000,000	\$49,000

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Investment management fees are billed, in arrears, on a quarterly basis. All clients receive an invoice which sets forth the market value(s) of their portfolio(s) and the investment management fee(s) that apply for that billing period. Related portfolios may be combined for purposes of determining investment management fees. Clients may elect to pay this fee by check or have the fee debited from their portfolio(s).

Clients invested in mutual funds or alternative investments will pay both a direct management fee to us and indirect fees to the mutual fund or alternative investment.

Clients may incur brokerage commissions, transaction fees, custody charges and other costs imposed by the broker-dealer holding their assets.

We also charge fees for providing financial consulting services which are based on the time devoted and nature of the services provided.

Item 6. Performance-Based Fees and Side-by-Side Management

We do not enter into arrangements to receive any portion of the appreciation in the market value of client portfolios. Performance-based fees are not a source of our compensation.

Likewise, we have no 'side-by-side management' arrangements whereby similar client portfolios have differing fee structures that might present a conflict of interest.

Item 7. Types of Clients

Our investment management clients are primarily high net-worth individuals and families, trusts, individual retirement accounts and charitable foundations. We do not serve investment companies, pension plans, wrap programs or hedge funds. Our minimum initial portfolio size is \$1,000,000.

A small portion of our business involves financial consulting services. These services generally consist of consulting on matters relating to business and investment acquisitions, capital expenditures, investment analysis and, strategic and corporate planning. Clients are often small business-owners or prospective business owners/investors.

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

We conduct proprietary, fundamental investment research using information collected from a variety of public sources.

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Stocks

We begin our analysis by looking at companies, rather than the economy or economic sectors. Our work leads us across all size companies, both domestic and foreign. Using information gleaned from balance sheets, income statements and cash flow statements, we look for companies whose market prices are at least 20% below target prices we establish through our valuation disciplines.

After companies have passed our valuation disciplines, we favor those that have:

- Price/earnings ratios below the stock market average
- Price/cash flow below the stock market average
- Debt/equity ratios below 50%
- Growing cash flow
- Dividends increasing at a rate greater than the rate of inflation

Our sell disciplines are the opposite of our buy disciplines. If stock prices exceed our target prices by more than 20% and/or fundamentals deteriorate, those companies become sell candidates.

Bonds

Our analysis begins by looking at quality ratings from Moody's and Standard & Poor's. We take into consideration coupon rates, call provisions, maturity dates, yield-to-maturity rates, prices relative to other fixed income instruments, duration, interest coverage and financial strength of the issuer.

We favor individual fixed income instruments over mutual funds due to their known maturities, transparency and cost-effectiveness. In general, we favor short to intermediate-term maturities (2 to 10 years).

INVESTMENT STRATEGIES

Each client's circumstances are unique and for that reason, we establish asset allocation guidelines based on their need for current income, investment time horizon, risk tolerance and tax considerations. These guidelines impact the timing and magnitude of ongoing buy and sell decisions so that the strategies implemented for one client may be different from those implemented for another.

Stocks

We strive to maintain portfolios consisting of 30 to 40 stocks, at attractive valuations, generating consistently higher cash flows through increased dividends. Generally, each stock position will be no more than 3% to 4% of a total portfolio.

From the time we buy a stock until the time we sell it, the holding period averages 3 to 5 years. This means portfolio turnover is roughly 20% to 30% per year.

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Before a stock is sold, we take into consideration the tax ramifications of the decision.

Bonds

We look to bonds, and other fixed income instruments, as sources of safety and income, rather than sources of capital appreciation. Generally, bonds and fixed income instruments will be of investment quality with short to intermediate-term maturities.

We diversify by issuer and maturity and generally maintain ‘laddered maturities’ rather than concentrations of short or long-term bonds.

RISK of LOSS

There are a variety of risks associated with investing in securities. Clients should be vigilant about some of the more prevalent types of risks:

- Purchasing power risk – The value of securities, and other assets, can be negatively affected by the impact of long-term inflation.
- Market and economic risk – The value of securities may fall in value due to changes in general economic and market conditions.
- Credit risk – If an issuers’ ability to pay dividends, interest or principal when due is impacted, the value of those issues may decline.
- Interest rate risk – When interest rates increase, the value of debt obligations may decline.
- Specific issue risk – The value of a single security may decline in response to developments affecting the specific issuer.

History has shown that diversification by asset class and industry, over time, has tended to reduce the risk of loss of principal.

Item 9. Disciplinary Information

Neither John Schlater, nor Frank Siegel, nor Columbus Investment Advisory has been the subject of any disciplinary actions. .

Item 10. Other Financial Industry Activities and Affiliations

We have no affiliated relationship with any broker-dealer, municipal or government securities dealers, financial planning firm, commercial or investment bank, accounting firm, law firm, insurance company, pension consultant, hedge fund, mutual fund company, real estate brokerage firm, syndicator of limited partnerships or other investment advisory firm.

We are an independent, privately-owned, registered investment advisor.

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Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have a Code of Ethics which pertains to the actions and trading activities of all associates of our firm. The Code states that associates have a duty to act in the best interest of our clients and place client interests first. Each year, all associates must acknowledge in writing that they have reviewed the Code and agree to abide by its terms. A copy of this Code, which may be updated from time to time, is available upon request by contacting our Chief Compliance Officer, Frank Siegel.

We do not recommend to clients, or buy or sell for client accounts, any securities or alternative investments in which we have a personal financial interest.

Associates may invest in the same securities that are recommended to clients. To avoid any actual or perceived conflicts of interest with their personal securities transactions, all associates must:

- Provide the Chief Compliance Officer with a list of their security holdings upon commencement of employment and a copy of their security holdings and trading activity monthly thereafter.
- Have their personal trades, and the trades of others in their household, pre-approved by the Chief Compliance Officer.
- Wait 5 business days AFTER a particular security is purchased or sold for a client before initiating a transaction in that security. Likewise, we wait 5 business days AFTER an associate buys or sells a particular security before buying or selling that security for clients.

Item 12. Brokerage Practices

We recommend broker-dealers to clients for the custody of assets and execution of trades unless clients otherwise direct this selection.

When recommending a broker-dealer, we consider their full range and quality of services. Of primary importance is the broker-dealer's financial viability, trade execution capabilities, operational and support capabilities and brokerage commission rates. Reasonableness of brokerage commission is determined by the nature of the transaction to be executed and the ability of the broker-dealer to properly execute trades that are in client's best interests. As a result, the lowest commission possible may not always be obtained.

We recognize our fiduciary duty to seek 'best execution' for client's securities transactions. In deciding what constitutes 'best execution', we seek prompt and efficient execution of trades in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

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Some clients have pre-established relationships with broker-dealers and will direct us to execute all of their transactions through those broker-dealers. These arrangements may restrict our ability to secure ‘best execution’.

We may aggregate the purchase or sale of securities for various client accounts in order to seek more favorable trade execution.

As a long-standing practice, we do not direct client trades to broker-dealers in exchange for research, products or services (i.e. ‘soft dollars’). Likewise, we do not receive client referrals from any broker-dealer we recommend.

Item 13. Review of Accounts

John Schlater and Frank Siegel review client portfolios on an ongoing basis. The exact frequency depends on a number of factors including market conditions, security, industry and asset concentrations, pending mergers or acquisitions, earnings announcements, economic and company news, changing client needs and circumstances. Reviews take into consideration a number of facts including asset allocation, realized/unrealized gains and losses, current and future income needs, our outlook for the securities held, the price of securities relative to our perception of their values and client objectives.

Depending on client’s desires for updated account information, that is supplemental to information supplied by their custodian, we may provide a series of written reports that could include: Portfolio Appraisal, Realized Gains and Losses, Cash Ledger and, Purchases and Sales. These reports are provided to clients in a format (paper or electronic) and frequency (monthly, quarterly or annual) of the client’s choosing.

To ensure the continuity and delivery of investment management services, we maintain a Disaster Recovery and Business Continuity Plan in the event a crisis or disaster occurs. This Plan is reviewed annually, but adjusted as necessary to reflect changes in operations, technology, regulations and perceived risks.

Item 14. Client Referrals and Other Compensation

We have no solicitation arrangements whereby outside agents or firms receive compensation for referring clients to us.

Item 15. Custody

We do not take physical custody of client funds or securities. Instead, client funds and securities are held by broker-dealers or banks that send regular statements directly to clients. Since these statements are in addition to the statements we provide, clients are encouraged to compare the two statements for any discrepancies.

Item 16. Investment Discretion

Most clients engage us to provide investment advisory services on a discretionary basis. This authority is spelled-out in our Investment Advisory Agreement, a broker-dealer account application and/or a stand-alone Limited Power of Attorney. This discretion pertains to the timing and selection of securities bought or sold in the client's securities accounts.

We honor restrictions clients may impose on our discretion such as requests that we consult with them prior to executing trades in their portfolios.

Item 17. Voting Client Securities

We do not vote client proxies. This policy is disclosed in our Investment Advisory Agreement which clients sign when a relationship with us is established. In addition, each year, clients are provided a copy of our Proxy Voting Policy and are required to acknowledge, in writing, receipt of and adherence to this Policy.

Clients receive proxies and other solicitations directly from the custodians that hold their assets. Clients may contact us to discuss questions they may have with a particular solicitation.

Item 18. Financial Information

We do not have any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to the management of client accounts. We have no debt on our balance sheet and believe our financial condition is sound.

On December 31, 2011 we completed our 16th year in business.

Supplement

This Supplement to Part 2A of Form ADV provides information about John L. Schlater and Frank W. Siegel who are our only associates that provide investment advisory and/or consulting services to clients.

EDUCATIONAL BACKGROUND

John received a B.S. in Finance from St. Joseph's College in 1975 and attended the National Trust School at Northwestern University in 1977. John earned the Chartered Financial Analyst designation in 1983.

Frank received a B.A. in Economics from Otterbein College in 1975, a Master's in Business Administration from Xavier University in 1981. He earned the Chartered Financial Analyst designation in 1983.

BUSINESS EXPERIENCE

Early in his career, John was employed as a portfolio manager at Miami Citizen's Bank, First Interstate Bank and Huntington National Bank. He was previously Chief Investment Officer for The Ohio Company, a regional broker-dealer. John has served as President of Columbus Investment Advisory since its inception in 1996.

Early in his career, Frank was employed as a stockbroker with Bache & Co and later worked at the Huntington National Bank, The Ohio Company, Fifth Third Bank and B.C. Ziegler in various investment management and managerial positions. Frank has been Chief Operating Officer and Chief Compliance Officer of Columbus Investment Advisory since 2003.

COMPENSATION

John and Frank receive salaries which are commensurate with their education, business experience and responsibilities as President and Chief Operating/Chief Compliance Officer. As shareholders of Columbus Investment Advisory, should the company earn a profit, they may receive a portion of those profits.

DISCIPLINARY HISTORY

Neither John nor Frank has been subject to any criminal or civil disciplinary actions.

SUPERVISION

Frank Siegel is Chief Compliance Officer and responsible for Columbus Investment Advisory's compliance, regulatory reporting and supervisory activities. He can be reached at (614) 839-0038 and 'fsiegel.cia@usa.net'.

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