

Columbia Asset Management, L.L.C.



Investment Management Services

[FORM ADV, PART 2A -- BROCHURE]

This brochure provides information about the qualifications and business practice of Columbia Asset Management, L.L.C. ("Columbia"). If you have any questions about the contents of this brochure, please contact us at 734-665-1454. 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. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Columbia Asset Management, L.L.C., also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Columbia is 124174.

Columbia Asset Management, L.L.C., is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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The date of this Brochure is March 28, 2016

Item 2 -- Material Changes

This section discusses only specific material changes that are made to this Brochure since the last annual update of our Brochure on March 17, 2015. It does not describe other modifications to this Brochure.

Item 5 has been expanded on to include the discussion on mutual fund fees and the possible suitability of index mutual funds.

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Item 4 -- Advisory Business

We were founded in 1997 by Brian H. Weisman and since that time have offered investment advisory and consulting services. At present, Mr. Weisman is our principal owner.

We provide discretionary portfolio management services to clients, who may be individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and mutual funds. Portfolio investment decisions are made according to the investment objectives and risk tolerances of each client, and also the client's stated investment restrictions (if any) and special circumstances. As a relationship-oriented firm, we emphasize individualized attention to a client's assets and investment needs. Investment decisions are made on a consultative basis with the client or the client's designated financial advisors, financial planners, attorneys or accountants.

We provide individualized advice based upon each client's financial needs and investment objectives. After discussing these matters in detail with each client, we normally prepare an analysis of the client's risk tolerance, income objectives and growth expectations. In most cases

a financial plan is created based on these objectives. This plan is used as the cornerstone from which we derive specific investment recommendations, projected asset growth, income projections, expected tax implications and other detailed financial information. Clients can choose either to pay an hourly fee for consulting work or an asset based fee for ongoing continuous financial planning services.

Asset fee Based Services

Asset fee based services are administered via the Schwab brokerage platform. In these accounts, clients have signed investment advisory agreements giving us discretionary investment authority over the account. Discretion refers to the authority of the investment adviser to make purchase and sale decisions for a client's account. Most investment recommendations consist primarily of stocks, mutual funds, exchange traded funds ("ETFs") and corporate/municipal bonds.

Item 5 -- Fees and Compensation

We do not sell any financial products or charge any commissions. We charge either hourly fees or fees based upon assets under management. Hourly fees are negotiated with clients on a case-by-case basis, and are billed after the work has been completed. Fees based on assets under management are normally billed quarterly in arrears, based on the net asset value of a client's account under management as of the last day of the quarter. Fees charged to new clients will also be pro-rated for the number of days in the quarter during which the new client's account was open. If a client terminates the relationship with us other than on a quarter-end date, the fees for the quarter in which termination occurred are calculated through the date of termination based on the assets under management on that date. We prefer to have our clients authorize us to deduct these fees directly from their account, in compliance with applicable SEC and state rules that permit this type of arrangement. However, if clients prefer, we will bill them for fees incurred on a quarterly basis.

Fee schedule for asset-based fees:

A fee of no more than 1% of assets under management is assessed on accounts of \$1 million and less. The fee percentage decreases for amounts over \$1 million. For accounts over \$5 million, the fee can be negotiated (as well as special case accounts). Fees are annual, billed quarterly and due at the end of the quarter. All periods less than a quarter of a year are prorated. Other financial services are billed at an agreed upon hourly rate, payable upon completion.

Each client is responsible for paying any transaction costs associated with purchasing and selling securities including non Schwab One Source mutual funds as part of the Schwab brokerage platform. The fee for purchasing a non One Source Mutual Fund on the Schwab platform is a percentage of the total purchase value. Schwab One Source Funds held less than 90 days may incur a fixed fee at the time of sale. All Mutual Funds will have a portfolio management fee charged by the Mutual Funds management company. Stock trade fees are \$8.95 per trade for clients with total assets over \$1 million and/or if the client is enrolled in electronic statement delivery. Stock trade fees for clients with total assets under \$1 million, without electronic statement delivery, are \$19.95 per trade.

When clients invest a portion of their portfolio in mutual funds or exchange-traded funds (“ETFs”), the use of such funds will typically create a layering of management fees for those client relationships. The normal fees associated with a mutual fund or an ETF (such as investment advisory, administration, distribution, transfer agent, custodial, legal, audit and other customary business-related fees and expenses) will apply as well as the agreed-upon investment management fee from us. In these situations, we will usually select one or more mutual funds or ETFs for the client and will discuss the investment with the client before it is made. We focus primarily on mutual funds that are “no load” (i.e., where the investor does not pay any sales fee or commission) and which do not pay excessive 12b-1 fees or any deferred sales fees (so-called “back-end loads”). For ETFs, we focus on those with low management fees. These fees are in addition to the management fees we charge the client. Some clients may benefit from an index mutual fund strategy, rather than actively managed mutual funds, that performs according to its respective market index, for lower fees.

We may also charge an hourly rate for verbal consultation with those clients for whom investment advisory accounts have not been established. Clients for consulting services are billed at an agreed upon rate. This fixed fee may also be negotiated based on the complexity of the account, the potential for related business or other unique or unusual factors related to specific situations.

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

We do not charge or accept “performance-based fees”, which are fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

Item 7 -- Types of Clients

We provide discretionary portfolio management services to a wide variety of clients, who may be individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and mutual funds. For clients that are individuals, we have a minimum account size of \$1 million; however, this may be waived or lowered for individuals who are related to other clients or to our management persons.

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

We provide advice and invest in individual stocks and bonds, mutual funds, foreign issues, CD's, publicly traded real estate. In certain cases we incorporate options or shorts, but only after discussion with the client. Investment time horizon is typically long term (over many years). Our research is independent and incorporates financial magazines, publications and papers, fundamental research, corporate ratings services, SEC filings and other pertinent sources.

Investing in securities involves the risk of loss that a client should be prepared to bear. We do not guarantee our investment results or performance, but we do not engage in frequent trading of a client's account, which will adversely affect performance, particularly through increased brokerage and other transaction costs and taxes.

Item 9 -- Disciplinary Information

Neither our firm nor any of our management persons have been involved in any legal or disciplinary proceedings during the past 10 years that is material to a client's (or a prospective client's) evaluation of our advisory business or the integrity of our management. Specifically, there have been no criminal or civil actions involving our firm or our management persons, there have been no administrative proceedings before the United States Securities and Exchange Commission or any other foreign, federal or state regulatory agency, and there have been no proceedings by a self-regulatory organization involving our firm or any of our management persons.

Item 10 -- Other Financial Industry Activities and Affiliates

We are not registered as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities, nor do we have an application pending to register as any of such entities. In addition, none of our management persons are registered representatives of a broker-dealer, and none are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities, nor do any of our management persons have an application for such registration pending.

We do not recommend or select other investment advisers for our clients, nor do we have any business relationships with any other investment advisers that would create a material conflict of interest for us.

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

We have adopted a Code of Ethics that complies with SEC Rule 204A-1. This Code governs the personal securities trading activities of our "access persons", which include any owner, manager, employee or other person who provides investment advice on our behalf and who is subject to supervision and control by us. Our Code recognizes that all supervised persons owe a fiduciary duty to our clients, including a duty to conduct their personal securities transactions in a manner that does not interfere with the transactions of a client or otherwise take unfair advantage of the relationship with a client. The Code contains specific principles of conduct, prohibits certain types of securities trading activities by an access person, requires pre-clearance for certain securities transactions by an access person and requires "access persons" to file an initial holdings report and quarterly transactions reports with our Chief Compliance Officer. A copy of our Code of Ethics will be provided to any client who requests one, without charge.

We do not buy or sell for client accounts any securities in which we or any of our "related persons" have a material financial interest. From time to time, we may, or our related persons may, invest in the same securities or related securities (e.g., warrants, options or futures) that we are recommending to our clients or that we are buying or selling for our clients at or about the same time. Under our Code of Ethics and policies on personal trading, we must execute our client's trades prior to making any trades on our own behalf or on behalf of a related person; however, we may include trades for our own account or for a related person in any "batch" trades

that we execute for multiple clients at the same time. Batch trades are described in Item 12 below.

Item 12 -- Brokerage Practices

When we have discretionary authority to make transactions in a client's account, the extent of that authority will be determined based on the individual written agreement with the client. Depending on the terms of the discretionary account agreement with a client, we may be given the authority to make some or all of the following determinations without obtaining the client's prior consent, but subject to any specific restrictions or limitations requested by the client:

- which securities will be bought or sold;
- the total amount of securities to be bought or sold;
- the broker or dealer through which securities will be bought or sold; and
- the commission rates or prices at which securities transactions are to be carried out.

Selection of Brokers. In selecting a brokerage firm for our clients we attempt to choose the one that has the capability of providing "best execution" for the client trades. In determining the ability of a broker or dealer to obtain best execution for a particular transaction we consider a number of factors, including (but not limited to) the execution capabilities necessary to the transaction, the importance of speed, efficiency and confidentiality, the broker's apparent familiarity with sources from which or to which particular securities may be purchased or sold and the reputation and the perceived soundness of the broker or dealer.

We do not have any duty or obligation to seek advance competitive bidding for the most favorable commission rates available for a particular transaction, or to select any broker solely on the basis of its purported or posted commission rates. We will take reasonable steps to be aware of the current level of charges of eligible brokers and to minimize the transaction expenses incurred, to the extent consistent with the interests and policies of clients. Although we generally seek competitive commissions, we do not necessarily obtain the lowest brokerage commissions. Some transactions may involve specialized services on the part of a broker and may entail higher commissions as a result.

In accounts for which we have authority to select the broker or dealer for transactions in an account, we prefer to use Charles Schwab because of the lower brokerage commissions charged and the level of advisor/client service provide by this brokerage firm. For accounts where the client asks us to recommend a brokerage firm, we will recommend Charles Schwab based on the reasons before mentioned.

Research and Other Soft Dollar Benefits. We do not in engage in any soft dollar arrangements.

Brokerage for Client Referrals. When selecting or recommending a brokerage firm, we will choose Charles Schwab.

Directed Brokerage. A client may direct us to use a particular broker or dealer to execute transactions under terms and arrangements that the client has negotiated. Where this occurs, we may not be in a position to negotiate the lowest commissions or spreads for the client, or to

achieve best execution of trades. In addition, transactions for a client who has directed us to use a certain broker or dealer may not be batched for purposes of execution (see below). Accordingly, the designation by a client of a particular broker or dealer may result in higher commissions, greater spreads, or less favorable prices than might be realized if we are empowered to select a broker or dealer and negotiate for best commission.

Aggregating Transactions. From time to time we may be in the position of buying or selling the same security for a number of clients at approximately the same time. Because of market fluctuations, the prices obtained on such transactions on a single day may vary substantially. In such situations, some clients will receive prices more favorable than other clients. To more equitably allocate the effects of such market fluctuations, we may use an averaging procedure for certain transactions, under which purchases or sales of a particular security will be combined (“batched”) for all accounts trading in the same security on the same day. In such cases, the prices shown on confirmation reports for these purchases or sales will be the average execution price for the batch. In certain situations, batched orders entered may not be completely filled, and in such event we will pro-rate the completed portion of the order to ensure that all clients participating in the batched order will receive an allocated portion of the completed transaction.

Item 13 -- Review of Accounts

The type of account determines how often it is reviewed.

- Each financial planning investment advisory account for which we do not have discretionary authority is generally reviewed annually or at the request of the client. Proposed changes in the investments or objectives are also reviewed with the client in advance. The sequence in which accounts are reviewed is such that no account receives undue favoritism. Regular reports are prepared on an annual basis for most financial planning accounts, but are not required. Regular statements are issued by the individual investment companies. The frequency of these statements varies by company.
- Each of the individually managed accounts over which we have discretionary investment authority is generally reviewed annually, or quarterly at the request of the client, to ensure that the portfolio structure is in line with account objectives. The sequence in which accounts are reviewed is such that no account receives undue attention or favoritism. These discretionary accounts receive monthly statements from Charles Schwab containing account balances. The specific content of any report is discussed with the client and agreed upon at the start of the investment management relationship. Reports may include the cost basis and current market value, the current yield for each security and time weighted rates of return for various periods.
- Account reviews are normally conducted by Brian Weisman.

We also provide each client with a quarterly account statement showing the investments held in the account, their cost basis, their current market value and the total appreciation or depreciation of each investment’s value. Clients are encouraged to compare our statements with the

statements received from their broker/custodian and to confirm that the investments we report are in fact held by the custodian.

Item 14 -- Client Referrals and Other Compensation

We do not enter into arrangements with individuals to solicit and refer prospects to us for a fee.

Item 15 -- Custody

We do not hold custody of any client funds or securities. While we normally provide our clients with quarterly statements of their account's status and performance, we encourage our clients to compare the information contained in the statements we provide with the information that each client receives from the custodian of their account.

Item 16 -- Investment Discretion

When a client desires to provide us with complete authority to select which securities will be bought or sold and the total amount of securities to be bought or sold the investment account agreement will contain a limited power of attorney designating us as the client's attorney-in-fact for these purposes. Clients may place limitations on our powers, including limitations related to specific investment objectives or policies or limitations requiring some form of prior notice before we are allowed to execute transactions. Any limited power of attorney may be terminated by a client at any time without prior notice, written or verbal.

Item 17 -- Voting Client Securities

Our normal investment account agreement provides that we will not be responsible for voting with respect to the securities held in an account. If client requests to have proxies sent to them we will instruct the broker to do so. In special circumstances, if requested by client, we will vote on behalf of the client.

Item 18 -- Financial Information

We are not required to include in this brochure our balance sheet for the most recent fiscal year, because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. We are not aware of any financial condition that would impair our ability to meet our contractual commitments to our clients. Neither our firm nor any of our management persons have been the subject of a bankruptcy petition at any time during the past 10 years.