

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

Capital Asset Management, Inc.

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This brochure has not been approved in whole or in part by the Securities and Exchange Commission or any state securities authority.

For additional information or questions regarding this brochure, the practices employed by Capital Asset Management, Inc. or the process for initiating and maintaining an advisory relationship with Capital Asset Management, Inc., please contact Eric Rice, Vice President at 614-515-5512 or erice@capitalassetmgmt.com

Item 2 Material Changes

In May of 2010, Capital Asset Management, Inc. hired D. Gregory Smith as the firm's Chief Investment Officer. Mr. Smith's primary responsibilities including working with the firm's president, Christopher T. Fry, to develop and implement an investment strategy appropriate for each client's risk tolerance, objectives, and time horizon. Following a fact-finding meeting with the client, Mr. Smith will take the information gathered, and research an investment strategy which reflects the firm's understanding of the client's risk tolerance, stated objectives and time horizon. Mr. Smith will then meet with Mr. Fry or Eric Rice, the firm's Vice President, review his recommendations. Once a consensus is reached among the firm's principals, a recommendation is presented to the client, along with an investment policy statement, which outlines the client's risk tolerance, stated objectives, time horizon and any other restrictions the client wishes to place on the advisor. Mr. Smith's other duties includes preparation of performance reports, re-balancing accounts, monitoring investment results, and consulting with client's as need to explain said results.

With the addition of Mr. Smith, Capital Asset Management, Inc. began offering clients, who were able to withstand greater risk, the option of including individual equities in their portfolios. Prior to Mr. Smith's employment, the firm recommended only mutual fund investment vehicles. The firm believes that individual equity positions can benefit some clients, providing a great opportunity to include stocks which are at a given point in time under-valued. To say that a stock is "undervalued" means that the price of the stock does not correctly account for its inherent value or worth, as determined by the principals of Capital Asset Management, Inc. Individual equity positions represent only one company, and, as a result, concentrate risk and therefore, may not be appropriate for all investors. On the other hand, a share of a mutual fund may represent tens or even hundreds of companies, thereby diversifying risk and frequently offering greater price stability.

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Item 4 Advisory Business

General Note: The terms “firm” and “advisor” both refer to Capital Asset Management, Inc. as an entity. The terms “advisors”, “representatives” or “employees”, refer to individuals, who are investment advisory representatives of Capital Asset Management.

Capital Asset Management’s primary business is providing Investment Supervisory Services to for the clients it serves. The firm also provides comprehensive financial advice in the form of financial or wealth planning to clients on matters not involving securities. The company, therefore, has two distinct services which can stand alone or be combined. It is the firm’s general position that most clients will receive the greatest financial benefit if both services are utilized.

Investment Supervisory Services—As an investment advisory, Capital Asset Management seeks to indentify investment vehicles for inclusion in client portfolios, which accurately reflect each client’s risk tolerance, time horizon and investment objectives. Such investment vehicles typically include securities listed on one of the national exchanges; certificates of deposit; municipal securities; shares of mutual funds registered with the Securities and Exchange Commission; United States government securities; securities options contracts, electronically traded funds and corporate bonds.

Capital Asset Management, Inc. manages client assets to one of four different objectives: Capital Preservation, normally best suited for clients 80+ years of age; Retirement Income, normally recommended for clients age 60-80; Total Return, typically advantageous for clients 40-60; and Capital Appreciation for clients in the 20-40age bracket.

As the expected return, risk and time horizon increase, the percentage of equities used to address each objective also increases. Based upon the objective, Capital Asset Management, Inc. has assigned a designated percentage of equities to each portfolio. The Capital Preservation model has typically has 10-30% equities; the Retirement Income model normally carries 30-50% equities; Total Return has approximately 50-70% equities; and Capital Appreciation has about 70-90% equities. Capital Asset Management, Inc. then practices tactical allocation, to increase or decrease the percentage of equities, within the designated band-width, based upon prevailing market conditions, in an effort to increase returns, without exceeding the client’s risk tolerance.

In addition, Capital Asset Management, Inc. also offers an all equity portfolio. While the expected return is higher on the all equity portfolio than any of the other four “objective” portfolios, the expected risk is also considerably higher, rendering the option only suitable for certain clients.

All client accounts are managed based upon an investment policy statement (IPS), which is executed by the client and the advisor. The IPS is considered a living document and must be reviewed by both the client and the advisor at least annually.

As noted above, the advisor also offers clients an opportunity for comprehensive wealth planning. This service seeks to help clients quantify goals and objectives and gain a better understanding of all facets of their financial situation, including but not limited to retirement, education, insurance, and estate planning.

The wealth planning process normally requires a significant commitment of time on both the part of the advisor and the client over a three to five month period of time. At the conclusion of the engagement, the client will receive a printed plan, with supporting information, including cash flow charts and graphs, to illustrate the findings.

The plan should be considered a living document. An annual review and update is recommended to ensure the plan’s continued relevancy.

Item 5 Fees and Compensation

Investment Advisory Services

Fees are based on the value of each account at market close on the last trading day of each calendar quarter. Fees are billed one quarter in advance. For example, the second quarter fees would be due and payable on April 1st and cover the firm's investment advisory services from April 1st through June 30th. The firm reserves the right, depending on over-all workload, to collect the fee at any time between the first and fifteenth of the first month of the quarter for which the fee is due and payable.

Although fees are negotiable, the basic fee structure for Capital Asset Management, Inc. is as follows:

Account Value – Scheduled Fee

0-\$1,000,000	– 1.0%
\$1,000,001 to \$2,000,000	– 0.75%
\$2,000,000 to < --	0.50%

Fee calculations are blended, unless client and advisor negotiate a different arrangement. For example, a client with a \$1,500,000 account would pay a fee of 1.0% on one million dollars of managed assets and 0.75% on the remainder. For clients with multiple accounts totaling over \$1,000,000 in aggregated value, the fee will also be blended.

The Advisory Services fee should not be considered a "wrap" fee. Maintenance, termination and trading fees may be imposed by the custodian. Such fees, charges and expenses, resulting from the maintenance, termination or trading with the client's account shall be sole responsibility of the client.

Advisor will be authorized, by the Investment Management Agreement executed with the client, to deduct fees due and payable directly from client's accounts. The client should verify fee computation, as custodians are typically not responsible for fee calculations. The custodian will send client a statement, at least quarterly, showing all client transactions. If client determines that the fee deducted was miscalculated, client should notify advisor immediately, so that any discrepancy can be corrected.

If Advisor begins managing an account for a client after the beginning of the quarter, Advisor shall collect a pro-rated fee for the quarter. The prorated fee shall be calculated from the next calendar day after the advisor begins managing the account through the last day in the calendar quarter. The client may withdraw Account assets upon notice to the Adviser, subject to the usual and customary securities settlement procedures. No fee adjustments will be made for partial withdrawals or for Account appreciation or depreciation with a calendar quarter billing period. A pro rata refund of fees charged will be made if the Account is closed within a billing period. Advisor will impose no start up, closing, or penalty fee in connection with any account.

Capital Asset Management, Inc. does not charge an additional fee for Financial Analysis/Wealth Management services. Advisor considers this service an integral part of the advisory services it offers.

Advisor offers all investment advisory clients an opportunity to complete a financial analysis immediately after the client elects to engage the advisor, although no client is ever required to complete the financial analysis process. Because the financial analysis process is client centric, the time required to complete the process is highly dependent on the client's availability to meet with Advisor and the expediency with which the client can provide requested information to the Advisor. Once complete, the client will be asked to review and approve the analysis. An approval shall constitute an adoption of a plan of action suggested by the analysis. Advisor will assist the client annually in updating the analysis, so that the derived plan of action remains current and thus relevant.

Capital Asset Management, Inc. will never charge or accept performance based fees, based upon either the investment results of the account or any position (investment) within the account. Performance fees are allowed under certain circumstances, however, Advisor hereby discloses that under no circumstances will it assess or accept performance fees.

Performance fees are often seen as an incentive for the Advisor to take more risk in a client's portfolio, in an effort to achieve potentially higher returns. The higher returns may result in a "performance fee" or bonus for the Advisor. Capital Asset Management makes all investment decisions on behalf of the clients it serves based upon the client's risk tolerance, investment objectives and time horizon. The firm has no interest in receiving a fee which may be perceived as encouraging the advisor to take more risk than is justified or understood, to potentially achieve a return which results in a financial benefit for the firm.

Investment Advisory Clients

At the present time, the majority of clients currently served by Capital Asset Management, Inc. are individuals, however, the firm also extends its services to trusts, charitable organizations and estates.

The firm has set an investment advisory relationship minimum of \$250,000. Firm principals may enter into a relationship with a client, with assets under this amount, if they believe that the relationship, within a reasonable period of time, will produce assets which meet or exceed the minimum.

If a client elects to work with Capital Asset Management, whose total assets are under \$250,000 and has no expectation of being able to meet the relationship minimum within a reasonable period of time, the advisor may enter into the relationship, so long as the client agrees to pay a minimum fee of \$2,500 per year to the advisor, regardless of the aggregated value of the accounts managed for the client.

Wealth Planning

Capital Asset Management believes that all individuals, including those in retirement, could benefit from comprehensive wealth planning. Wealth planning is offered to all investment advisory clients of the firm, however, clients are free to choose whether they wish to take advantage of this service. Capital Asset Management will not provide wealth planning services to individuals, who are not investment advisory clients of the firm.

Capital Asset Management, Inc. typically recommends both managed products, such as mutual funds, and individual stocks (equities) to its clients. The client's risk tolerance, investment objectives, and time horizon often determine whether the advisor will recommend managed products, such as mutual funds, or individual stocks for the client's portfolio.

Capital Asset Management recommends investment vehicles based upon fundamental analysis. This approach simply means that we attempt to study everything affecting the security's value, which includes but is not limited to economic conditions, industry conditions, financial conditions and management conditions. Our goal is determine whether a particularly security is fairly valued, overvalued, or undervalued. Because we are as concerned about downside risk as we are upside potential, we are mostly likely to recommend securities which, based upon our analysis, appear to be undervalued. Because we seek a significant differential between the security's actual net worth or intrinsic value and its price, a margin of safety is created, which may protect the investor from loss.

When selecting managed products, such as mutual funds, for inclusion in clients' accounts, a similar philosophy is employed. Our goal is to identify managers with a similar value based approach which have significant experience in the industry, tenure with the investment company, and a propensity to recognize securities which the market has undervalued.

Much of our research is proprietary. The firm has developed an extensive cash flow model, which allows us to better understand how much cash the company, represented by the security is generating. Cash flow is a significant determinant of the company's health and opportunity for future growth. We also use financial publications, materials prepared by research and rating companies, such as Morningstar, annual reports and prospectuses, filed with the Securities and Exchange Commission, and corporate press releases. The strategy used to implement the firm's recommendations is normally accomplished through the purchase of long-term securities, positions purchased and held for more than 12 consecutive months, however, occasionally, a particular client's needs or mandates may necessitate short term purchases which would be held for less than 12 consecutive months. On a rare occasion, per a client's specific instructions, trading—securities held for less than 30 days—may occur.

An investment policy statement, prepared for each client offers more complete lists of factors the advisor considers before recommending securities. Although the list is by no means exhaustive, the advisor considers the following when evaluating a managed product, such as a mutual fund: how closely the fund relates to its peers and/or benchmark; how the fund has performed historically, in relation to its peers and/or benchmark; does the fund produce returns sufficient to justify the assumed risk the client is taking in owning the fund; the fund's expenses and fees relative to similar funds; how long the fund has been in existence; the length of time the fund manager has been managing the fund and his/her prior experience; how closely the fund's holding's representative the fund's stated philosophy; the amount of assets the fund has under management; and the stability and reputation of the company marketing the fund and its management team.

When we recommend a stock or individual equity position, the list of considerations, also enumerated in the client's investment policy statement will including an analysis of how the company represented by the stock compares with similar companies, in terms of cash flow, earnings, sales, and ultimately, the price of the stock compared with these statistics; a qualitative analysis of the company itself and its industry; the company's history of paying dividends and whether that trend is likely to continue; how much the price of the stock has fluctuated over time; the level of risk assumed by the client in owning this stock; whether it is appropriate for the client to have exposure in the company's industry or market sector; and whether adding the stock to the client's portfolio will help the client achieve greater diversification—including multiple investments in the portfolio in an attempt to reduce risk—in the account.

Capital Asset Management, Inc., nor have any of the individuals working for the advisor, ever been found guilty of any wrongdoing, on any matter involving securities.

None of the individuals working for the advisor have ever applied for and been denied any professional license.

Other than minor traffic violations, no individual working for advisor has ever been charged with or found guilty of any misdemeanor or felony, or fined by any self-regulatory or professional association.

Item 10 Other Financial Industry Activities and Affiliations

No associated persons of the Advisor or Advisor representatives participate in any other financial industry activities or have any other financial industry affiliations.

The personal trading of all Capital Asset Management, Inc. employees is carefully monitored. All trading activities must be based only on an objective analysis of the security being purchased and may not, in any way, be influenced by knowledge or insight that is not or would not be available to the general public. Any actions to the contrary would result in immediate termination of the individual committing the offense.

Neither Capital Asset Management, Inc. as a firm, nor any representative (employee) of the firm, shall ever purchase a security from a client or sell a security directly to a client. Any purchases or sells made by employees of the firm shall only be conducted through traditional, open channels, such as a stock exchange, with the appropriate degree of transparency.

Capital Asset Management, Inc. has instituted and abides by a strict Code of Ethics in executing its fiduciary duties on behalf of the clients it serves:

Although Capital Asset Management, Inc. will be pleased to provide a complete copy of its code of ethics upon requests, a brief synopsis follows:

- 1.) Only the President, Vice President and Chief Investment Officer will have access to or will carry out trading functions.
- 2.) All transactions effected for employee account shall be reviewed by the Chief Compliance Officer.
- 3.) No purchase or sell of securities, for either a client or an employee account, shall ever be predicated on insider trading.
- 4.) A complete list of all securities recommended, purchased and sold shall be maintained at all times.
- 5.) All employees of the advisor shall act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 6.) Employees of the advisor may buy or sell securities identical to those recommend to Clients for their personal accounts.
- 7.) Employees may not purchase or sell any individual stock or bond within one week prior to a similar transaction being implemented for a client's account. In other words, an employee of the advisor may not benefit for a transaction placed on behalf of a client of Capital Asset Management, Inc.
- 8.) No employee of the advisor shall ever place his or her own interest ahead of the clients served by the firm.
- 9.) No employee of the advisor shall ever receive any additional compensation for effecting a securities transaction on behalf of a client of the firm.
- 10.) All clients are fully informed in the Investment Management Agreement that the broker/dealer, who is also the custodian, will charge certain fees to effect transactions, recommended and implemented by employees of the advisor, on behalf of advisory clients.
- 11.) Neither Capital Asset Management, Inc. nor any employee of the firm shall ever borrow money or securities from a client or lend money or securities to a client for any reason.

Any employee of advisor found to be in violation of any aspect of the advisor's code of ethics shall be subject to immediate termination.

Capital Asset Management, Inc. is a fee-only, independent investment advisor. As such, the firm does not practice any brokerage activities. All brokerage activities are carried out on behalf of the advisory clients by the custodian. All brokerage related fees (commissions) are charged by and paid directly to the custodian for brokerage services.

Capital Asset Management, Inc. offers every client an opportunity for a review at least two times per year, however, additional reviews can be scheduled at the client's request. The advisor recommends that every client review the investment policy statement for each account at least annually.

Capital Asset Management, Inc. provides continuous portfolio review and management services to all client accounts under its direction. Capital Asset Management, Inc. reviews every investment policy statement for every account under its auspices, at least once per year, to make sure that the information contained in the document is still relevant and applicable to the client's situation, as understood by the advisor.

Item 14 *Client* Referrals and Other Compensation

Although Capital Asset Management, Inc. is grateful to the clients who have supported the firm with their business and referrals since its inception, the firm does not provide any compensation to existing clients for referrals. Other than taking a client to lunch or dinner—a typical expenditure of \$15 to \$25—the firm does not offer any form of compensation for referrals.

Capital Asset Management, Inc. has also never utilized the services of a professional solicitor, and thus does not provide any referral fees or other compensation to any organization with the defined purpose of introducing clients to the firm.

Capital Asset Management, Inc. also does not directly compensate employees of the firm for introducing new clients to the firm. Employees of Capital Asset Management, Inc. do not receive a commission or bonus for bringing new clients to the firm.

Unless the client and Capital Asset Management, Inc. agree to a different arrangement, all account assets for Clients of Capital Asset Management, Inc. will be custodied at Fidelity.

Capital Asset Management, Inc. has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides Capital Asset Management, Inc. with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist Capital Asset Management, Inc. 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 and allocate aggregated trade orders for multiple client accounts; (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 Capital Asset Management, Inc. manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom [Firm] may contract directly.

Capital Asset Management, Inc. is independently operated and owned and is not affiliated with Fidelity.

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.

Fidelity is providing Capital Asset Management, Inc. with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Capital Asset Management, Inc. requires that all clients grant the firm "limited discretion". Only in very special situations will the firm ever accept an account without "limited discretion".

As the words connote, the discretion is limited. At no time will the advisor ever take physical control or custody of the client's funds or assets, however clients will be asked to afford the firm the opportunity to buy or sell securities in the account, without first seeking the approval of the client.

Because Capital Asset Management, Inc. is responsible for multiple accounts, the firm can not consult with clients individually before taking action to trade in clients' accounts.

Capital Asset Management, Inc. has a fiduciary obligation to the clients it serves to always act in each client's best interest, to take such action that only a prudent person would take. The firm seeks to uphold this obligation in every way.

Item 17 Voting *Client* Securities

Capital Asset Management, Inc. will not vote proxies on behalf of its clients. The firm prefers that all proxy voting materials, annual reports and information statements, prospectuses, and notifications of corporate actions be sent directly to the client.

Item 18 Financial Information

Capital Asset Management, Inc. does not take control of its clients' assets or request payment of any fees more than six month in advance. Therefore, the firm does not need to provide a financial disclosure.

