

OLD DOMINION

CAPITAL MANAGEMENT, INC.



Brochure **February 29, 2012**

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This brochure provides information about the qualifications and business practices of Old Dominion Capital Management, Inc. (“ODCM”). If you have any questions about the contents of this brochure, please contact us at (434) 977-1550 or mauree.barrett@odcm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

References herein to Old Dominion Capital Management, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

We have not made any material changes to our disclosure statement since last year's Annual Amendment filing on March 3, 2011.

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Item 4 **Advisory Business**

- A. Old Dominion Capital Management, Inc. (“ODCM”) is a corporation formed on December 12, 1988 in the State of Virginia. We registered as an Investment Adviser Firm in January 1989. The firm is owned by James M. Childress and Mark A. Thomas, who are the Principals and Managing Directors.
- B. As discussed below, we offer our clients (individuals, business entities, trusts, estates and charitable organizations, pension and profit sharing plans, etc.) investment advisory services. If specifically requested by a client, we may also provide financial planning and/or consulting services under our *Investment Advisory Agreement*.

INVESTMENT ADVISORY SERVICES

Clients may engage ODCM to provide discretionary investment advisory services on a *fee-only* basis. Our annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under our management (generally 1.00% with reductions over certain asset levels) as disclosed in Item 5.A below.

Our annual investment advisory fee includes investment advisory services, and, if requested, financial planning and consulting services. If you require extraordinary planning and/or consultation services (to be determined in the sole discretion of ODCM), we may determine to charge for such additional services, an amount which shall be set forth in a separate written notice to you.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. If requested, we *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither ODCM, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of our services should be considered such. We may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from us. **Please Note:** If you engage any such recommended professional, and a dispute arises relative to that engagement, you agree to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains your responsibility to promptly notify ODCM if there is ever any change in your financial situation or investment objectives for the purpose of reevaluating our previous recommendations and/or services.

Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions or events, (there being **no guarantee** that such anticipated market conditions or events will occur), we may maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating our advisory fee.

Client Obligations. In performing our services, we shall not be required to verify any information received from you or from your other professionals, and we are expressly authorized to rely on such information. Moreover, it remains your responsibility to promptly notify ODCM if there is ever any change in your financial situation or investment objectives for the purpose of reevaluating our previous recommendations and/or services.

Disclosure Statement. A copy of our written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*. Any client who has not received a copy of our written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate our services without penalty.

- C. We provide investment advisory services specific to your needs. Before providing investment advisory services, an investment adviser representative will ascertain your investment objective(s). Thereafter, we will allocate and/or recommend that you allocate investment assets consistent with the determined investment objective(s). You may, at anytime, impose reasonable restrictions, in writing, on our services.
- D. We do not participate in a wrap fee program.
- E. As of December 31, 2011, ODCM had \$254,376,000.00 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. Clients may engage ODCM to provide discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

If you engage us to provide discretionary investment advisory services on a *fee-only* basis, our annual investment advisory fee will be based upon a percentage (%) of the market value of assets placed under our management (generally 1.00% with reductions over certain asset levels) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Initial \$2 million	1.00%
Next \$3 million	0.80%
All additional amounts	0.60%

Our annual investment advisory fee includes investment advisory services, and, if requested, financial planning and consulting services. If you require extraordinary planning and/or consultation services (to be determined in the sole discretion of ODCM), we may decide to charge for these additional services, the amount of which will be set forth in a separate written notice to you.

- B. You may elect to have our advisory fees deducted from your account. Both our *Investment Advisory Agreement* and the custodial account agreement may authorize the custodian to debit the account for the amount of our investment advisory fee and to directly remit that management fee to ODCM in compliance with regulatory procedures. In the event that we bill you directly, payment is due upon receipt of our invoice. We bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless you direct otherwise or your circumstances require, we will generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-

dealer/custodian for your investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to our investment management fee, brokerage commissions and/or transaction fees, you will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to our clients, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom ODCM has entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, you generally will incur both the transaction fee charged by the executing broker-dealer and a “tradeaway” fee charged by the *Schwab*).

- D. Our annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. We generally require an annual minimum fee of \$6,000. We may, in our sole discretion, charge a lesser investment management fee and/or waive or reduce our minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between ODCM and you will continue in effect until terminated by either party by written notice in accordance with the terms of that agreement. Upon termination, we will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither ODCM, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither ODCM nor any supervised person of ODCM accepts performance-based fees.

Item 7 Types of Clients

Our clients generally include individuals, business entities, trusts, estates and charitable organizations, pension and profit sharing plans, etc. We generally require an annual minimum fee of \$6,000. We may, at our sole discretion, charge a lesser investment management fee and/or waive or reduce our minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. We may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

We may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by ODCM) will be profitable or equal any specific performance level.

- B. Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis we must have access to current market information. We have no control over the dissemination rate of market information; therefore, unbeknownst to us, certain analyses may be compiled with outdated market information, severely limiting the value of our analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Our primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, we primarily allocate client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, and/or mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, we may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either: (1) an inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) an enhanced relationship to certain market indices (at a rate of 1 or

more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, you may direct us, in writing, not to employ any or all such strategies for your accounts.

Item 9 Disciplinary Information

ODCM has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither ODCM, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither ODCM, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. We have no other relationship or arrangement with a related person that is material to our advisory business.
- D. We do not receive, directly or indirectly, compensation from investment advisors that we recommend or select for our clients.

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

- A. We maintain an investment policy relative to personal securities transactions. This investment policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by ODCM or any person associated with ODCM.

- B. Neither ODCM nor any related person recommends, buys, or sells for client accounts, securities in which ODCM or any related person has a material financial interest.
- C. We or our representatives *may* buy or sell securities that are also recommended to you. This practice may create a situation where we or our representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if we did not have adequate policies in place to detect

such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of our clients) and other potentially abusive practices.

We have a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of our “Access Persons”. Our securities transaction policy requires that our Access Persons must provide the Chief Compliance Officer or her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or her designee with a written report of the Access Person’s current securities holdings at least once each year on a date we select.

- D. We and/or our representatives *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where ODCM and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, we have a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of our Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct us to use a specific broker-dealer/custodian), we generally recommend that investment management accounts be maintained at *Schwab*. Prior to engaging us to provide investment management services, you will be required to enter into a formal *Investment Advisory Agreement* with ODCM setting forth the terms and conditions under which we will manage your assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that we consider in recommending *Schwab* (or any other broker-dealer/custodian to you) include historical relationship with us, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by you shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for your account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if securities that we purchase for your account are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that you utilize the services of a particular broker-dealer/custodian, we may receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist us to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by us may be investment-related research, pricing information and market data, software and other technology that provide access to your account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us in furtherance of our investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop our business enterprise.

Our clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by us to *Schwab* or any other any entity to invest any specific amount or percentage of your assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

2. Schwab Advisor Network

We receive client referrals from Charles Schwab & Co., Inc. ("*Schwab*") through our participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of, and unaffiliated with, ODCM. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

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 paid by us is a percentage of the fees owed by the client to ODCM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay *Schwab* the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by ODCM and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs ODCM charges clients with similar portfolios (pursuant to our standard fee schedule) who were not referred through the Service.

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

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

For accounts of our clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related compensation 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 to be executed through *Schwab* rather than another broker-dealer. ODCM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for our other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

3. We do not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, you will negotiate terms and arrangements for your account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" your transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, you 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.

Please Note: In the event that you direct ODCM to effect securities transactions for your accounts through a specific broker-dealer, you correspondingly acknowledge that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had you effected account transactions through alternative clearing arrangements that may be available through us.

- B. To the extent that we provide investment management services to our clients, the transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in

proportion to the purchase and sale orders placed for each client account on any given day. We will not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom we provide investment supervisory services, account reviews are conducted on an ongoing basis by our principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with us on an annual basis.
- B. We *may* conduct account reviews on as needed basis upon the occurrence of a triggering event, such as a change in your investment objectives and/or financial situation, market corrections or upon your request.
- C. You are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for your accounts. We may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As noted above, we may receive an indirect economic benefit from *Schwab*. Without cost (and/or at a discount), we may receive support services and/or products from *Schwab*.

Our clients do not pay more for investment services at *Schwab* as a result of this arrangement. There is no corresponding commitment made by us to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

- B. If a client is introduced to us by either an unaffiliated or an affiliated solicitor, we *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from ODCM's investment management fee, and will not result in any additional charge to you. If you are introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of our written Brochure with a copy of the written disclosure statement from the solicitor to you disclosing the terms of the solicitation arrangement between ODCM and the solicitor, including the compensation to be received by the solicitor from us.

Item 15 Custody

We have the ability to have our advisory fee for each client debited by the custodian on a quarterly basis. You are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for your accounts. We may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that we provide you with periodic account statements or reports, you are urged to compare any statement or report provided by us with the account statements received from the account custodian. The account custodian does not verify the accuracy of our advisory fee calculation.

Item 16 Investment Discretion

You may determine to engage us to provide investment advisory services on a discretionary basis. Prior to our assuming discretionary authority over your account, you will be required to execute an *Investment Advisory Agreement*, naming ODCM as client's attorney and agent in fact, granting us full authority to buy, sell, or otherwise effect investment transactions involving the assets in your name found in the discretionary account.

Clients who engage us on a discretionary basis may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe our use of margin, etc.).

Item 17 Voting Client Securities

- A. We do not vote client proxies. You maintain exclusive responsibility for: (1) directing the manner in which proxies for the securities you own will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets.
- B. You will receive your proxies or other solicitations directly from your custodian. You may contact us to discuss any questions you may have with a particular solicitation.

Item 18 Financial Information

- A. We do not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to our discretionary authority over client accounts.

- C. We have not been the subject of a bankruptcy petition.

ANY QUESTIONS: ODCM's Chief Compliance Officer, Maurée Barrett, is available to address any questions that you may have regarding the above disclosures and arrangements.