
Item 1 – Cover Page

Virginia Capital Strategies, Inc.
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Roanoke, VA 24011
540.527.3700

February 2012

This Brochure provides information about the qualifications and business practices of Virginia Capital Strategies, Inc. If you have any questions about the contents of this Brochure, please contact us at 540.527.3700 or email to staylor@vacapstrategies.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.

Stephen James Bowery is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Stephen James Bowery also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated February 2012 is an amended document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Su Taylor at 540.527.3700 or email to staylor@vacapstrategies.com.

Additional information about Virginia Capital Strategies, Inc. is also available via the SEC’s website www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Virginia Capital Strategies, Inc. who are registered, or are required to be registered, as investment adviser representatives of Virginia Capital Strategies, Inc.

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Item 4 – Advisory Business

Virginia Capital Strategies, Inc, independently owned and operated in Roanoke, VA was established in August 2001 and oversees assets of \$107,453,903 as of December 31, 2011 for clients located primarily in the Mid-Atlantic.

Stephen James Bowery, CFA, CFP and President, Virginia Capital Strategies earned his Masters of Business Administration degree from Wake Forest University in 1985 and has over 25 years experience as a Research Analyst, Portfolio Manager, Fund Manager and Client Service Officer.

Virginia Capital Strategies, Inc. provides investment management services to both institutional and retail clients. The firm analyzes securities, including mutual funds and constructs portfolios consistent with the wants and needs of our clients. The firm also provides consulting services to sponsors of defined contribution plans, which include analyzing mutual funds and providing advice regarding investment choices.

Virginia Capital Strategies, Inc may provide consulting and investment management services to Elk Hill Advisors for an agreed upon fee.

Virginia Capital Strategies may provide financial planning services. These services will generally be billed at \$150 per hour.

Item 5 – Fees and Compensation

The fee schedule for investment management services will be as follows:

0.75% of assets under management

All fees are subject to negotiation.

Virginia Capital Strategies, Inc. has a minimum fee of \$5,000, although this is negotiable. The specific manner in which fees are charged is established in a client's written agreement with Virginia Capital Strategies, Inc. Virginia Capital Strategies, Inc. will generally bill its fees on a quarterly basis. Under special circumstances, fees may be negotiated both above and below the above stated schedule. Fees are assessed only for that portion of a quarter for which services were rendered. Fees will be charged in advance and quarterly based on assets at the end of the quarter. Clients may elect to be billed directly for fees or to authorize Virginia Capital Strategies to directly debit fees from client accounts. Fees may be adjusted for material additions and withdrawals. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Services may be terminated at any time upon written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Virginia Capital Strategies, Inc's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and are in addition to Virginia Capital Strategies, Inc.'s fee, and Virginia Capital Strategies, Inc. shall not receive any portion of these commissions, fees, and costs.

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

Virginia Capital Strategies, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Virginia Capital Strategies, Inc. provides portfolio management services to individuals, corporate pension and profit-sharing plans, trusts, estates, and charitable institutions.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Virginia Capital Strategies, Inc. utilizes both external and internal systems in order to design investment portfolios that meet the wants and needs of our clients. An example is Performance Checker, our proprietary model used to analyze mutual funds.

Virginia Capital Strategies, Inc. investment strategies used to implement any investment advice given to clients may include both long term purchases (securities held at least a year) and short term purchases (securities sold within a year).

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Virginia Capital Strategies, Inc. or the integrity of Virginia Capital Strategies, Inc. management. Virginia Capital Strategies, Inc. has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Virginia Capital Strategies, Inc. may provide consulting and investment management services to Elk Hill Advisors, an unaffiliated investment adviser. Likewise, Elk Hill Advisors may provide consulting and investment management services to Virginia Capital Strategies, Inc. This relationship is fully disclosed to clients.

Item 11 – Code of Ethics

Virginia Capital Strategies, Inc. may purchase or sell securities that it also recommends to clients. However, any such trade will be initiated only after trades have been executed for the client.

Virginia Capital Strategies, Inc. has adopted a Code of Ethics on personal trading. The Code of Ethics requires employees to place client interests first, to ensure all personal trades are conducted consistent with the Code and

all applicable securities laws and to avoid any actual or potential conflict of interest. The Code of Ethics restricts some activities and requires preclearance for others. Employee personal transactions are reported to and reviewed by Compliance.

Virginia Capital Strategies, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Virginia Capital Strategies, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Virginia Capital Strategies, Inc., clients or prospective clients may receive a copy of the Code of Ethics upon written request to Compliance Department, Virginia Capital Strategies, Inc., 110 W. Church Ave., Suite 401, Roanoke, VA 24011.

Item 12 – Brokerage Practices

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Virginia Capital Strategies, Inc. shall have full authority to determine the securities to be purchased and sold, the amount of the securities to be traded and the broker to be used. Occasionally, a client may stipulate that certain securities not be used in the account. Such directions will be followed.

If a client directs the account's transactions to a particular broker, this may result in a greater transaction expense than for other accounts Virginia Capital Strategies, Inc. manages. The non-directed accounts may benefit from negotiated commissions, volume discounts, and batched transactions.

Virginia Capital Strategies, Inc. may use soft dollars to purchase research and brokerage products and services which aid in the investment decision process. Virginia Capital Strategies, Inc. shall consider the following factors in the broker selection: the value of the research product, the execution ability of the broker and the trading desk efficiency of the broker. Virginia Capital Strategies, Inc. may pay a higher commission than that charged by another broker for the same transaction after considering the above mentioned factors. Virginia Capital Strategies, Inc. may acquire research to service accounts other than the accounts generating the commissions. Mixed-use products may also be acquired, but only the portion attributable to the investment process will be paid for with soft dollars.

Item 13 – Review of Accounts

With regard to investment management relationships, accounts are formally reviewed at least quarterly. Moreover, securities are regularly monitored and reevaluated based on changing market conditions and/or company specific events. With regard to consulting services, formal reviews are typically conducted quarterly. Mutual funds are regularly monitored and evaluated based on news reports and other pertinent information. The firm principal conducts all reviews for all Virginia Capital Strategies, Inc.'s clients. As previously noted, Performance Checker is utilized in order to evaluate mutual funds.

Investment management clients receive monthly statements reflecting asset values and all account activity. Annually or upon request, these clients receive capital gains and losses reports. Typically, consulting clients receive written reports quarterly outlining the account's asset allocation as well as a portfolio review.

Item 14 – *Client Referrals and Other Compensation*

Virginia Capital Strategies, Inc. does not directly or indirectly compensate any person for client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. Virginia Capital Strategies, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Virginia Capital Strategies, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Virginia Capital Strategies, Inc. observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Virginia Capital Strategies, Inc. authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Virginia Capital Strategies, Inc. in writing.

Item 17 – Voting *Client Securities*

Virginia Capital Strategies, Inc. has adopted and implemented policies and procedures that are designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duty and with SEC Rule 206(4)-6 under the Investment Advisers Act of 1940. Virginia Capital Strategies, Inc. represents client interests in matters of corporate governance through the proxy voting process. Virginia Capital Strategies, Inc. votes proxies solely with the goal of maximizing the value of clients' investments. Virginia Capital Strategies, Inc.'s Chief Compliance Officer manages the proxy voting process. Should Virginia Capital Strategies, Inc. have a conflict of interest in voting a proxy, we shall request an independent third party to make a recommendation on what vote would be in the best interest of clients.

Virginia Capital Strategies, Inc. has established written procedures to help the firm evaluate corporate governance issues. Clients may receive a copy of the procedures and may receive information on how Virginia Capital

Strategies, Inc. voted proxies with respect to their securities upon written request to Proxy Department, Virginia Capital Strategies, Inc., 110 W. Church Ave., Suite 401, Roanoke, VA 24011.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Virginia Capital Strategies, Inc. financial condition. Virginia Capital Strategies, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.