
Item 1 – Cover Page

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July 2012

Part 2A of Form ADV

This Brochure provides information about the qualifications and business practices of Elk Hill Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at 540.774.4603 or by email at scott@elkhilladv.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.

Scott W. Berglund and Thomas C. Fitzpatrick are registered investment advisers. 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 Scott W. Berglund and Thomas C. Fitzpatrick is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State 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 March, 29 2012, is a new 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 to deliver or have 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 Scott W. Berglund at 540.774.4603 or by email at scott@elkhilladv.com.

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

We have no material changes to report since we last updated our brochure on March 30, 2012.

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Item 4 – Advisory Business

Elk Hill Advisors, Inc (EHA), independently owned and operated in Roanoke, VA, was established in July 1989 by Scott W. Berglund, and oversees total assets of \$59,197,319 (\$54,668,469 discretionary and \$4,528,850 non-discretionary) as of December 31, 2011 for clients located primarily in the Mid-Atlantic region.

Scott W. Berglund, President and Owner, EHA, earned BA degrees in History and Religion from Hampden-Sydney College in 1978 and has over 23 years experience as a fulltime investor and investment advisor.

Thomas C. Fitzpatrick, Investment Adviser Representative, EHA, earned a BBA in Business Administration from the University of Notre Dame in 1973 and has 3 years experience in the investment management business.

EHA provides investment management services involving Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. EHA constructs globally diversified multi-asset portfolios of mutual funds and exchange traded funds (ETF's) for each client based on their individual needs, tolerance for risk, and EHA's assessment of market conditions. Individual fixed income securities such as CD's, government bonds, municipal bonds, etc. may also be utilized. EHA may invest in any asset class or investment strategy available in the mutual fund or ETF format, including but not limited to: US stocks and bonds, international stocks and bonds, Real Estate Investment Trusts (REIT's), gold, silver and other commodities, precious metals stocks, absolute return strategies such as merger arbitrage and long/short equity, managed futures and cash instruments. The investment objective is to provide the client with competitive returns commensurate with the risk level of the portfolio. EHA also provides consulting services to sponsors of defined contribution or profit sharing plans which include analyzing mutual funds, creating model portfolios and providing advice to participants regarding investment choices. EHA requires that the plan sponsor use TD Ameritrade Institutional as the broker and custodian for plan assets.

EHA may provide investment management services to certain clients working in conjunction with Virginia Capital Strategies, Inc. (VCS), an unaffiliated investment adviser. The client is charged a single advisory fee based on the fee schedule of either EHA or VCS (both firms have identical fee schedules.) The fee revenue is divided equally between the two firms. This relationship is fully disclosed to clients in a separate document. EHA may also assist VCS in providing consulting services to sponsors of defined contribution plans. VCS negotiates and collects the fee from the client and then splits it with EHA.

Item 5 – Fees and Compensation

EHA is a fee-only investment adviser. We receive fees from our clients based on the value of their portfolio and are not compensated for selling any products or using a particular broker or mutual fund. The fee schedule for investment advisory services will be as follows:

Annual fee = 0.75% of assets under management

The fee schedule for consulting services provided to sponsors of defined contribution and profit sharing plans with assets held at TD Ameritrade Institutional will be as follows:

Annual fee = 0.50% of assets under management

EHA also receive fees from VCS for assistance in joint investment advisory and consulting relationships (see Item 4). The consulting services provided in conjunction with VCS are separate and distinct from those provided solely by EHA (see Item 4). Advisory fees are based on the above schedule and are split between EHA and VCS. Consulting fees are negotiated by VCS on a case by case basis and are also equally divided between the firms.

EHA requests a minimum account size of \$50,000 for investment advisory relationships, although this is negotiable. There is no required minimum for sponsors of defined contribution plans receiving consulting services. The specific manner in which fees are charged is established in a client's written agreement with EHA. EHA bills its fees on a quarterly basis. Under special circumstances, fees may be negotiated both above and below the stated schedule. Fees are assessed only for that portion of a quarter for which services were rendered. Fees will be charged in arrears and are based on quarter ending account values. Clients may elect to be billed directly for fees or to authorize EHA 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 earned, unpaid fees will be due and payable.

EHA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. 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 EHA's fee, and EHA shall not receive any portion of these commissions, fees, and costs.

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

EHA does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client).

Item 7 – Types of Clients

EHA provides portfolio management services to individuals, corporations, pension and profit-sharing plans, trusts, estates, and charitable organizations. EHA provides consulting services to pension and profit-sharing plans.

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

EHA utilizes a variety of information and research from both external and internal sources in order to design investment portfolios that meet the wants and needs of our clients. To assist in the construction of client portfolios, EHA utilizes Allocation Master, an asset allocation software program. Using information from Morningstar, the foremost provider of mutual fund and ETF data, EHA employs a proprietary screening methodology to select mutual funds and ETF's for client portfolios. On occasion we may also invest in individual securities.

EHA employs what we call a Global Multi-Asset (GMA) investment approach. The GMA approach utilizes predominantly mutual funds and ETF's to invest in a wide variety of asset classes, i.e. stocks, bonds, commodities, etc., and strategies, i.e. absolute return, managed futures, etc., on a global basis. EHA believes, supported by investment research, that asset allocation (how a portfolio is divided among the various asset classes/strategies) is the most important driver of portfolio performance. Effective asset allocation places great emphasis on diversification (spreading a portfolio across a number of different types of investments) and risk reduction by investing in asset classes and strategies that are not all highly correlated. (Correlation compares the price movements over time between two different investments. Investments that move in a similar fashion are said to be highly correlated, while those with dissimilar patterns have low correlation). Reducing the overall correlation between every possible pair of investments in a portfolio has the potential to increase returns and lower risk, as losses in some investments may be offset by gains in others. EHA strives to create portfolios with the optimal level of diversification, i.e. the lowest average correlation across all portfolio holdings. Although this method of investing has historically proven to be effective at enhancing portfolio returns and reducing risk, there is no guarantee that it will be as effective in the future, and it does not eliminate the possibility of losses.

Our GMA strategy may be adapted to fit every possible investor profile from very conservative, i.e. low tolerance for risk, to very aggressive, i.e. high risk tolerance. In order to structure portfolios that meet the needs and wants of each client, EHA assess their investment goals, investment time horizon (how long the funds will be invested), tolerance

for risk, income requirements, and any other pertinent factors which could impact the investment process. We then construct a GMA portfolio in accordance with the client's investment profile.

EHA regularly monitors portfolio performance (both the return and risk level) and the performance of the underlying mutual funds and ETF's, and may make adjustments to investment holdings in response to changes involving a fund or ETF, economic data, geo-political events, asset class valuations, or to maximize after-tax returns in taxable accounts. This type of investment strategy is known as active or tactical asset allocation, where the manager attempts to improve performance by underweighting certain asset classes and overweighting others to capture excess returns from asset mispricings. The idea is to own more of an asset considered to be undervalued, thereby having greater potential for above average future performance, and less of assets considered to be overvalued with the likelihood of below average performance going forward. There can be no assurance that this strategy will improve portfolio performance.

Although EHA's 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), our portfolio turnover is fairly low, i.e. we do not trade frequently. For most clients we average two to four changes in portfolio holdings per year.

EHA strives to achieve two main goals in managing client assets. First and foremost, we seek to attain specific client investment objectives, and second we attempt to produce higher returns with less volatility (fluctuations in portfolio value) and smaller periodic declines over complete market cycles (i.e. from a major peak in stock prices to the next major peak, or from one trough to the next), than an appropriate market benchmark.

It is very important that clients understand that investing in general involves a risk of loss that they should be prepared to bear. While EHA seeks to reduce the risks associated with investing through a number of different methods, not all investment risks can be avoided and investors should be aware of them. The following are some of the main ones.

- Market or systematic risk – the risk of a general decline in prices at the asset class level
- Business or unsystematic risk – the risk that a single company or bond could lose most or all of its value through bankruptcy or default.

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- Inflation risk – the risk of investment returns trailing the rate of inflation resulting in a loss of purchasing power over time.
 - Deflation risk – the risk of falling prices causing widespread declines in the values of investment holdings such as stocks, commodities and real estate.
 - Interest rate risk – the risk of rising interest rates causing a decline in bond prices.
 - Liquidity risk – the risk of not being able to liquidate an investment in a timely manner.

Of the above risks, market or systematic risk is the one most familiar and most feared by investors. Much of our investment methodology is geared to minimizing this risk, but eliminating it entirely is impossible. It is the price that most investors' must pay in order to achieve a level of return to attain many investment goals including perhaps the most important one, beating inflation over the long-term. In an attempt to avoid the pain of facing short-term declines in portfolio value, many investors make the mistake of investing too conservatively. This exposes their portfolio to long-term inflation risk and the erosion of the purchasing power of their financial assets. It is our job at EHA to help clients strike the proper balance between risk and return to achieve their goals and stay ahead of inflation while minimizing portfolio volatility.

EHA greatly reduces business (unsystematic) risk by investing in mutual funds and ETF's which typically own dozens, hundreds or even thousands of individual securities, thereby minimizing the impact of single company failures.

To protect against short-term inflation risks EHA may invest in a variety of assets and strategies which tend to perform well in this environment, such as inflation-protected bonds, commodities, real estate and managed futures. Long-term inflation risk is best dealt with by investing a large enough portion of a portfolio in assets which have historically beaten inflation by a comfortable margin (stocks, commodities, real estate, etc.) so that the overall portfolio return would be expected to stay ahead of inflation.

Deflation risk or a decline in the general level of prices of goods and services has not occurred in the US since the 1930's, but cash investments and high quality long-term bonds would help to mitigate this condition. Interest rate risk is best managed by keeping bond maturities (the length of time before a bond comes due) relatively short which is a strategy that EHA favors.

And finally, liquidity risk is typically not a concern as EHA's investment vehicles of choice are mutual funds and ETF's which may be both bought and sold on a daily basis.

Exceptions to this have rarely occurred such as during World War I and most recently after the September 2011 terrorist attack when US capital markets were temporarily closed, preventing the buying and selling of US mutual funds and ETF's.

In order to prepare prospective clients for portfolio volatility and the possibility of loss, EHA conducts extensive reviews of historical capital market performance as part of our investment management presentation. Clients should always assume and be prepared for the possibility of experiencing a loss in the future greater than any experienced in the past. Despite the risks, broadly diversified portfolios consisting of stocks, bonds, commodities and other alternative investments have a long history of producing attractive, inflation beating returns for patient and disciplined investors. As always, please remember that past performance is never a guarantee of future results.

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 EHA or the integrity of the firm. EHA has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Elk Hill Advisors, Inc. may provide consulting and/or investment management services to certain clients working in conjunction with Virginia Capital Strategies, Inc., an unaffiliated investment adviser. Per Virginia Securities Act Rule 21VAC5-80-190F (1-6), this relationship is fully disclosed to clients in a separate document.

Item 11 – Code of Ethics

EHA 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.

EHA 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.

EHA 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 EHA must acknowledge the terms of the Code of Ethics annually, or as amended.

EHA's clients or prospective clients may receive a copy of our Code of Ethics upon written request to Scott Berglund, Elk Hill Advisors, Inc., 5340 Fox Ridge Road, SW, Roanoke, VA 24018.

Item 12 – Brokerage Practices

EHA shall have full authority to determine the securities to be purchased and sold, the amount of securities to be bought and sold, and the broker to be used. EHA recommends that clients use TD Ameritrade Institutional for brokerage and custodial services. Not all advisors require clients to use a specific broker. In certain instances EHA may allow clients to select brokers other than those recommended by EHA. A client may stipulate that certain securities not be used in their 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 managed by EHA. The non-directed accounts may benefit from negotiated commissions, volume discounts, and batched transactions. All stock and ETF trade orders involving multiple client accounts will be aggregated so that each client receives the average price for the entire batch. This practice ensures that all clients are treated equally.

EHA shall consider the following factors in the selection of the broker: the availability of a comprehensive selection of mutual funds, the value of any research provided by the broker, the trade execution ability and efficiency of the broker, the reliability and flexibility of the broker and the commissions and other miscellaneous expenses charged by the broker. Clients of EHA may pay a higher commission for mutual fund or other security trades than that charged by another broker for the same transaction after considering the above mentioned factors. They may also receive less favorable executions on stock or ETF trades resulting in higher costs.

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. Scott Berglund, president of EHA, is solely responsible for all client and securities reviews.

EHA provides all investment management clients with the following reports on a quarterly basis: a portfolio holdings report showing all holdings broken down by asset class, a management fee invoice, a performance report summarizing portfolio cash flows, interest, dividends, capital gains and returns on investment over multiple periods, and a written commentary from EHA discussing investment results, financial markets and other related topics. Annually or upon request, clients with taxable accounts are provided capital gains and losses reports. Typically, pension and profit sharing plan clients receive written quarterly reports from a third party administrator outlining account values, transactions and investment performance.

Item 14 – *Client* Referrals and Other Compensation

Elk Hill Advisors, Inc. does not directly or indirectly compensate any person for client referrals.

Item 15 – Custody

Investment management clients receive monthly statements from the qualified custodian that holds and maintains client's investment assets. These statements reflect asset values and all account activity. EHA urges clients to carefully review such statements and compare such official custodial records to the account reports that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Unless specified otherwise, EHA 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. Such discretion is granted to EHA through the client's execution of EHA's Investment Management Agreement and the broker's account application. In all cases

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, EHA observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Elk Hill Advisors, Inc. in writing.

Item 17 – Voting *Client* Securities

EHA does not vote proxies on behalf of clients except as required under Department of Labor regulations for ERISA clients. Clients receive all proxies for each security they own directly from the qualified custodian. Further, given the necessary due diligence required to properly evaluate each proxy, EHA does not advise clients as to how to vote their proxies. EHA will provide clients with a copy of our Proxy Voting Policies and Procedures upon request.

Item 18 – Financial Information

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Elk Hill Advisors, 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.

Item 19 – Requirements for State-Registered Advisers

Scott W. Berglund is the President and sole owner of EHA and is also an investment adviser representative. Thomas C. Fitzpatrick is an investment adviser representative of EHA. Information regarding their formal education and investment business experience is addressed in Item 4 – Advisory Business (p. 1). EHA does not accept compensation from any performance-based fees (Item 6, p. 2), has not been involved in any arbitration disputes or judicial offenses (Item 9, p. 2), and does not have any other arrangements or relationships with other financial services entities except for Virginia Capital Strategies, Inc. as disclosed in Item 4, p. 1 and Item 10, p. 2.