

VIGILANT Capital Management, LLC

Form ADV Part 2A (Disclosure Brochure)

March 2011

VIGILANT Capital Management, LLC
Two City Center, 4th Floor
Portland, Maine 04101
Phone: (207) 523-1110; Fax: (207) 523-1115
www.vigilantcap.com

This brochure provides information about the qualifications and business practices of VIGILANT Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (207) 523-1110. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about VIGILANT Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

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Material Changes

This is VIGILANT Capital Management, LLC's ("VCM") initial Firm Brochure on Part 2A of Form ADV and therefore there are no material changes required to be disclosed since the last annual update of the Firm Brochure.

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Advisory Business

VIGILANT Capital Management, LLC (“VCM”) is a private wealth management firm specializing in progressive investment and wealth planning solutions that are tailored to the unique needs of each client. VCM’s purpose is to guide its clients in managing their wealth in such a way that it positively impacts their lives and the lives of future generations. VCM works with high net worth individuals and families, as well as select non-profit and institutional organizations. VCM was founded in 2002. It is organized as a limited liability company under the laws of the State of Maine and is registered with the United States Securities and Exchange Commission (the “SEC” or “Commission”) as an investment advisor. Registration with the SEC does not imply a certain level of skill or training.

The principal owner of VCM is VIGILANT Capital, LLC, a limited liability company organized under Maine law.

VCM provides wealth planning and discretionary investment management services to high net worth individuals, trusts, charitable organizations, foundations, endowments and estates. Its discretionary investment management services may also be offered to corporations or business entities and to pension and profit sharing plans.

Wealth Planning services are provided on an ongoing basis for the client. Services may include but are not limited to providing advice and guidance in the areas of planning that include financial, retirement, estate, tax, business succession, insurance, banking and credit, charitable and investment.

VCM may provide these advisory services internally or by working with an expert advisor (i.e., a lawyer or CPA) or a combination thereof. Clients may elect to have VCM work with their existing advisor or select a new advisor that may or may not be recommended by VCM. VCM will not implement legal, tax or insurance plans. VCM recommends that each client seek proper legal, tax and insurance advice from a professional advisor prior to implementation of any plan. Wealth Planning services are at the discretion of VCM and may not be appropriate for every client. VCM neither warrants nor guarantees the timeliness or appropriateness of its planning services and provides such services on a best-efforts basis. VCM will receive no compensation from any external provider of professional services. VCM may, on a client’s behalf, participate in the negotiation of fees with a professional advisor.

Investment Management Services are provided by VCM in a discretionary capacity pursuant to an advisory agreement between the client and VCM. VCM employs a disciplined investment process that begins with an assessment of each client’s objectives, return expectations, risk tolerance, and investment constraints based upon information provided by each client. During this process and afterward by providing written notice to VCM, the client may impose

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restrictions on investing in certain securities or certain types of securities. For example, certain clients impose investment restrictions on VCM so that the client will be in compliance with investment restrictions imposed on the client by the client's employer. Upon the completion of the assessment process, an Investment Objective Statement ("IOS") will be generated. This IOS will be utilized by VCM to determine the appropriate target asset allocation and the discretionary management of the client's assets on an ongoing basis. The IOS will be reviewed and approved by the client at the inception of the relationship and will be reviewed and discussed regularly. Clients must notify VCM should there be any changes to their financial circumstances, needs, objectives and/or tolerance for risk or other circumstances relevant to management of their account.

VCM will provide portfolio performance to clients in quarterly statements and will review performance with its clients as meetings occur. In addition, VCM will review performance with each client in accordance with each client's IOS for the purpose of evaluating performance within the context of the defined objectives established in the IOS.

Investment accounts may consist of cash, fixed income securities and equity securities, and exposure to other publicly traded asset classes that VCM and each client agrees are in-line with the IOS. VCM may utilize individual securities, sector securities, market index securities and publicly traded investment companies (i.e., mutual funds, ETFs, etc.). Options contracts may be utilized for the purpose of establishing defensive positions and/or protecting profits, and may be used for gaining specific market exposures that compliment VCM's overall investment strategy at the time.

VCM follows a disciplined security selection process to build, manage and monitor client investment portfolios. This process is overseen by the VCM Investment Policy Committee ("IPC"), which meets regularly to assess market conditions and to discuss existing portfolio positions or any recommended changes thereto. Minutes are kept of each IPC meeting and may be furnished upon request and at the discretion of VCM.

VCM does not participate in wrap fee programs.

VCM primarily manages client accounts on a discretionary basis. This means that VCM is authorized to direct execution of transactions in these accounts without transaction-by-transaction consultation with the client. VCM also manages client accounts on a non-discretionary basis. As of December 31, 2010, VCM managed approximately \$346,633,106 of client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

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Fees and Compensation

VCM will be compensated for providing advisory services pursuant to a fee schedule provided to each client that is based upon a percentage of the client's assets under management. In accordance with client instructions, fees are calculated by VCM monthly based upon the daily average market value of each client's account, and the fee is deducted on a monthly basis from the appropriate client account by the custodian. Fees are for services rendered.

Schedule of Fees for Individuals

Account Asset Value	Adviser Fee
On the first \$2,000,000	1.25%
On the next \$3,000,000	0.90%
On the next \$5,000,000	0.70%
On assets over \$10,000,000	0.50%

Schedule of Fees for Institutions

Account Asset Value	Adviser Fee
On the first \$2,000,000	0.85%
On the next \$3,000,000	0.60%
On the next \$5,000,000	0.40%
On assets over \$10,000,000	0.30%

VCM charges a minimum annual fee of \$20,000 for individual clients and a minimum annual fee of \$20,000 for institutional clients. VCM may occasionally make exceptions to this minimum annual fee, particularly in instances where a client anticipates an additional liquidity event in the near future.

Fees will be deducted from client accounts on a monthly basis, at the end of each month, and shall be calculated by VCM as of the last business day of each month based on the daily average market value of the account.

The fee schedule may be modified by VCM upon notice to client. Fees charged may be negotiated. Such fees may differ based upon a number of factors, including, but not limited to, the overall client relationship, the type of account, the size of the account, the number and range of supplemental advisory and client-related services to be provided to the client, and business considerations.

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VCM may utilize exchange traded funds (“ETFs”) and/or publicly traded investment companies (mutual funds) as investment vehicles in a client’s investment portfolio. These investment vehicles incur costs and expenses and are managed by independent fund advisors. Clients should understand that fund advisers charge these funds a fee that is distinct and separate from the fee charged by VCM. A client could invest in these investment vehicles directly, without the services of VCM. A client could also invest in these products through other brokers, agents, or investment advisers that are not affiliated with VCM. Clients should evaluate the fees incurred in connection with these investment vehicles and the advisory fees charged by VCM to fully understand the total amount of fees paid.

Clients of VCM will be required to pay custody fees to their custodian in connection with VCM’s provision of advisory services. Clients of VCM will also incur additional costs when securities are purchased and sold. VCM has a pricing agreement with Charles Schwab & Co., Inc., that applies execution costs under the following terms and conditions:

Equity trades receive the following rate:

Broker-assisted channels: \$.03 per share (\$19.95 min)

Electronic channels: \$.03 per share (\$6.95 min)

Transaction Fee Mutual Fund trades receive the following rate:

Broker-assisted channels: \$25 per trade

Electronic channels: \$25 per trade

Options contract trades receive the following rate:

Broker-assisted channels: \$38.95 plus \$1.40 per contract

Electronic channels: \$8.95 plus \$1.40 per contract

Fixed Income trades receive the following rate:

Broker-assisted channels: \$1.20 per bond (\$10 min)

Electronic channels: \$1.00 per bond (\$10 min)

Prime Broker / Trade Away transactions receive the following rate:

\$10 per transaction plus the broker commission rate, \$.03 to \$.05 per share

Certain transactions may incur costs that vary from the schedule above based on special circumstances that may be influenced by things like size of trade, price per share, and other circumstances that VCM negotiates with the executing broker on a case-by-case basis.

See Item Number 12 of this brochure entitled “Brokerage Practices,” which discusses VCM’s brokerage arrangements in greater detail.

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Neither VCM nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Performance-Based Fees and Side-by-Side Management

VCM and its supervised persons do not charge performance-based fees for advisory services. Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of a client's assets.

Types of Clients

VCM generally provides investment advice to the following types of clients: individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

VCM does not require that clients have a minimum dollar value of assets in order to start or maintain an account with VCM. However, VCM does charge a minimum annual fee of \$20,000 for individual clients and a minimum annual fee of \$20,000 for institutional clients. VCM may occasionally make exceptions to this minimum annual fee, particularly in instances where a client anticipates an additional liquidity event in the near future.

Methods of Analysis, Investment Strategies and Risk of Loss

VCM designs, constructs and manages investment portfolios that are specific to the objectives of each individual client as outlined in the client Investment Objective Statement ("IOS") that is drafted and approved by the client at the inception of the relationship and reviewed regularly to identify any appropriate changes. The client's strategic asset allocation targets are an outcome from the IOS process and set the course of the implementation of the VCM investment process as it relates specifically to that client's account(s). VCM subscribes to the theory that diversification of investments across various asset classes and within asset classes is an effective way to reduce the risk profile of an investment portfolio over the long-term while in pursuit of returns that may help a client achieve their long-term financial objectives. The theory of diversification does not necessarily reduce risk over shorter periods of time whereby asset classes can exhibit extraordinarily high correlations. Nor does diversification provide any guarantee that loss of principal invested in any asset class will not occur. The amount of client capital that is allocated to any given asset class is dictated by the strategic asset allocation outlined in the client IOS and may take into account other assets that are not under the management of VCM.

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Although VCM usually invests closely to the client's strategic allocation indicated in the client IOS, VCM may in its discretion, but is not required to, deviate significantly from the IOS and invest in cash, high-quality short-term debt securities and money market instruments for temporary defensive purposes in response to adverse market, economic, political or other conditions. These short-term debt securities and money market instruments may include, but are not limited to, cash equivalents, shares of money market mutual funds, commercial paper, certificates of deposit, bankers' acceptances, time deposits, U.S. government securities and repurchase agreements.

VCM employs a research and portfolio management process that is fundamentally based with a top-down (macroeconomic) and bottom-up (security valuation) orientation. The process is driven by VCM's Investment Policy Committee ("IPC") that meets regularly to assess the investment climate across asset classes. The IPC establishes a tactical strategy for each asset class through its assessment of the macroeconomic environment derived from various publically available macroeconomic data sets such as, but not limited to, data reported regarding global purchasing manager indices, country GDP reports, employment indicators, monetary and fiscal policy measures, inflation data, leading economic indicators, consumer trends, trade data, geo political events, etc. The IPC is also responsible for directing the strategy within asset classes and the security selection process.

VCM utilizes a variety of investable instruments, all of which contain certain risks to loss of capital. They may be individual stocks and bonds that may be domestic or international, they may be pooled investment vehicles such as mutual funds or exchange traded funds ("ETFs"), they may be options traded on securities, and certain currency exposures, all of which contain risk to loss of capital. The bottom-up identification of investment opportunities that are presented to the IPC are based on traditional fundamental security analysis conducted by VCM analysts and identify valuation metrics that include but are not limited to: industry/sector fundamentals, entity cash flows, operating and net income, balance sheet structure, and certain ratio analysis that may include but are not limited to: price/earnings, price/book, enterprise value, EBITDA, dividend policy and payout ratios, yield, interest coverage ratios, liquidity, etc. The purchase and sale of securities for any account are based on the IPC approval process and list of approved security transactions, decisions that are made based on the top-down macro assessment of the markets and bottom-up security valuation.

Transactions involve the risk of loss of capital and contain transaction costs associated with conducting a trade and the settlement process as well as potential tax consequences. It is not the intent of the investment strategy or process to result in frequent trading of securities, however more frequent or shorter term holding periods may exist if market conditions change quickly or valuations are altered unexpectedly. A client's investment portfolio will fluctuate in value as market conditions change and the client could lose all or portion of the value of the investment portfolio over short or even long periods of time. The principal risks of investing in equity securities, fixed income securities and exchange traded funds are:

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Equity Securities Risk. Investments in equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; global or regional political, economic and banking crises; and factors affecting specific industries, sectors or companies in which VCM invests on behalf of clients. The value of a client's investment portfolio and the corresponding investment return will fluctuate based upon changes in the value of its portfolio securities.

Large-Cap Company Risk. Investments in larger, more established companies are subject to the risk that larger companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors potentially resulting in lower markets for their common stock.

Mid-Cap and Small-Cap Companies Risk. Investments in mid-cap and small-cap companies may not have the management experience, financial resources, product diversification and competitive strengths of large-cap companies. Therefore, their securities may be more volatile and less liquid than the securities of larger, more established companies. Mid-cap and small-cap company stocks may also be bought and sold less often and in smaller amounts than larger company stocks. Because of this, if VCM wants to sell a large quantity of a mid-cap or small-cap company stock, it may have to sell at a lower price than it might prefer, or it may have to sell in smaller than desired quantities over a period of time. Analysts and other investors may follow these companies less actively and therefore information about these companies may not be as readily available as that for large-cap companies.

Fixed Income Securities Risks. Debt securities are subject to the following risks:

- *Credit Risk.* Issuers of fixed income securities may be unable to make principal and interest payments when they are due. There is also the risk that the securities could lose value because of a loss of confidence in the ability of the issuer to pay back debt. The degree of credit risk for a particular security may be reflected in its credit rating. Lower rated fixed income securities involve greater credit risk, including the possibility of default or bankruptcy.
- *Interest Rate Risk.* Fixed income securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Fixed income securities with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt securities with shorter maturities.

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- *Prepayment Risk.* Prepayment occurs when the issuer of a debt security repays principal prior to the security's maturity. During periods of declining interest rates, issuers may increase pre-payments of principal causing VCM to invest in fixed income securities with lower yields thus reducing income generation. Similarly, during periods of increasing interest rates, issuers may decrease pre-payments of principal extending the duration of debt securities potentially to maturity. Fixed income securities with longer maturities are subject to greater price shifts as a result of interest rate changes. Also, if VCM is unable to liquidate lower yielding securities to take advantage of a higher interest rate environment, its ability to generate income on behalf of clients may be adversely affected. The potential impact of prepayment features on the price of a debt security can be difficult to predict and result in greater volatility.

Government-Sponsored Entities Risk. Investments in U.S. government obligations include securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities, such as the U.S. Treasury. Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. There can be no assurance that the U.S. government will provide financial support to its agencies or instrumentalities (including government-sponsored enterprises) where it is not obligated to do so.

Junk Bonds Risk. Investments in bonds that are rated below investment grade, commonly known as "junk bonds" generally provide high income in an effort to compensate investors for their higher risk of default, which is the failure to make required interest or principal payments. Investments in junk bonds have speculative or predominately speculative characteristics. Junk bonds are not investment grade securities and involve greater risk of default or price changes due to changes in the issuers' creditworthiness than do higher quality securities. In addition, the market prices of lower rated securities may decline significantly in periods of general economic difficulty or rising interest rates. As a result, junk bonds present a significant risk for loss of principal and interest. The market for these securities may also be thinner and less active than that for higher quality securities, which may adversely affect the ability to sell the bonds as well as the price at which they can be sold. Due to the potential for limited liquidity, the prices for junk bonds may also not be readily available.

Foreign securities Risk. VCM may also invest client assets in foreign securities which are subject to special risks. Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may be less liquid and more volatile than U.S. securities, which could affect client investments.

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ETF and Mutual Fund Risk. Exchange traded funds (“ETFs”) are typically open-end investment companies that are bought and sold on a national securities exchange. When VCM invests a client’s assets in an ETF, the client will bear additional expenses based on its pro rata share of the ETF’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities it holds. Many ETFs seek to replicate a specific benchmark index. However, an ETF may not fully replicate the performance of its benchmark index for many reasons, including because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Lack of liquidity in an ETF could result in an ETF being more volatile than the underlying portfolio of securities it holds. In addition, because of ETF expenses, compared to owning the underlying securities directly, it may be more costly to own an ETF.

Disciplinary Information

The disclosures required under this Item of Form ADV Part 2 are not applicable to VCM. There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of VCM’s advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

The disclosures required under this Item of Form ADV Part 2 are not applicable to VCM or its management persons. VCM does not recommend or select other investment advisers for its clients.

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

VCM has established a code of ethics and written policies and procedures that are premised on the principles of integrity, honesty and trustworthiness. Under the code of ethics, the Company and each of its employees has an affirmative duty of care, loyalty, honesty and good faith, and must always act in the best interests of VCM’s clients. The code of ethics contains standards of business conduct that VCM and its supervised persons are required to follow that reflect VCM’s fiduciary obligations and those of its supervised persons; provisions requiring VCM’s supervised persons to comply with applicable federal securities laws; provisions that require all of VCM’s access persons to report, and VCM to review, their personal securities transactions and holdings periodically; provisions requiring supervised persons to report any violations of the code of ethics promptly to VCM’s chief compliance officer or other persons designated in the code of ethics; and provisions requiring VCM to provide its supervised persons with a copy of your code of ethics and any amendments, and requiring supervised persons to provide written acknowledgment of their receipt of the code and any amendments.

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VCM will provide a copy of its code of ethics to any client or prospective client upon request.

VCM's code of ethics includes policies for pre-clearance and quarterly audits of personal securities transactions by employees and initial and annual personal securities holdings reports, trade allocations, and bunching. VCM's employees are permitted to buy or sell securities for their personal trading accounts that VCM or its employees also recommend to clients. This presents a conflict of interest whereby the interest of VCM's employee may not directly align with the best interest of VCM's clients. VCM has addressed this conflict of interest by instituting the following policies. VCM's employee must submit to VCM's Chief Compliance Officer ("CCO"), a "Request for Securities Transaction" form and must be pre-approved by the CCO before executing any trades in his or her personal account. This pre-approval to execute the proposed transaction is only valid for 24 hours. Any supervised person who purchases a security pursuant to this pre-approval process is required to hold such security for a minimum of 30 days. In addition, in instances where an employee wishes to make a trade in a security that is held in a client account, VCM institutes a "blackout period", which prevents an employee from trading such security seven days prior to and seven days after a security has been traded in a client account if the proposed employee transaction exceeds \$5,000 in value. As an added protection, VCM also requires that a duplicate trade order be sent to VCM by the broker-dealer completing the trade for the employee. In addition, employees are required to complete a quarterly transaction report at the end of each calendar quarter and an initial and annual holdings report and submit these reports to the CCO.

A VCM employee may establish an investment account assigning VCM as investment adviser. Securities transactions may be bunched with client transactions for execution as a block, and allocations must be made in accordance with VCM's established allocation formula. Terms negotiated for the bunched transaction will apply equally and the price of the securities purchased or sold in a bunched transaction shall be at the average share price with all transaction costs shared on a pro rata basis.

Brokerage Practices

VCM's general objective in selecting broker-dealers is to obtain the best combination of security price and transaction costs. In determining the reasonableness of broker-dealer compensation, VCM considers, among other things, such factors as execution capability, financial responsibility, responsiveness to VCM, the commission rate or spread involved, and the value and range of research products and services provided or paid for by a broker-dealer. Such research products may include research reports on companies, industries and securities, economic and financial data, financial publications, and services.

The term "soft dollars" is not defined under the federal securities laws. It generally refers to practices in which broker-dealers provide products and services (such as investment research) to

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advisers or other persons in exchange for the adviser executing client brokerage transactions through the broker dealer. The term is also used to refer to the calculation of the dollar amount of credits, based on the volume of brokerage commissions on transactions executed through a broker, that an adviser can use to purchase brokerage and research services.

Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account shall not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of his having caused the account to pay more than the lowest available commission if such person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. The research product or service obtained with soft dollars must provide lawful and appropriate assistance to the adviser in the performance of its investment decision-making responsibilities.

Since there is a conflict of interest when an adviser receives research products or services as a result of allocating brokerage on behalf of clients, advisers are required to disclose soft dollar arrangements to clients. When VCM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, VCM receives a benefit because it does not have to produce or pay for the research, products or services. VCM may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on the clients' interest in receiving most favorable execution.

VCM's use of soft dollars is limited to research products or services that directly assist VCM in its investment decision-making responsibilities, including VCM's current use of soft dollars for a service that provides real-time news, economic and financial data, security pricing, and security analytics. This includes proprietary research created by a broker-dealer and research created or developed by a third party. VCM has also adopted and abides by the CFA Soft Dollar Standards that limit investment managers to the purchase of research with client brokerage only if the primary use of the research, whether a product or a service, directly assists managers in their investment decision-making process and not in the management of the investment firm. Any VCM soft dollar arrangement comports with the CFA Institute Soft Dollar Standards. Broker-dealers who supply VCM with research products or services may charge higher commissions than those obtainable from other broker-dealers who do not do so. VCM has internal control procedures to monitor and review its soft dollar practices and to evaluate the reasonableness of brokerage commissions in relation to the value of the brokerage and research services provided, in terms of either a particular transaction or VCM's overall responsibilities, with respect to accounts as to which VCM exercises investment discretion.

VCM anticipates that its clients may pay commissions in return for soft dollar benefits that are higher than those obtainable from other broker-dealers that do not offer comparable levels of

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service or research products or services. Research furnished by broker-dealers may be used in servicing the accounts of any or all of VCM's clients, including accounts other than those that pay commissions to the broker-dealers that supplied VCM with research services.

VCM does not currently have any formal agreements whereby it directs client transactions to a particular broker-dealer in return for soft dollar benefits. In the past year VCM has utilized soft dollars arrangements to receive a Bloomberg Professional Services Subscription and to receive IDC Security Pricing Services.

VCM may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional"), a registered broker-dealer, to maintain custody of client's assets and to effect trades for their accounts. VCM and Schwab Institutional are separate, unaffiliated entities. Schwab Institutional provides VCM with access to its institutional trading and operations services typically not available to Schwab's retail customers. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional. Schwab Institutional's services include brokerage, custody, research, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to VCM other products and services that benefit VCM at no cost or a reduced cost based upon VCM's commitment that VCM clients will place or maintain a specified dollar amount of assets in accounts with Schwab Institutional within a specified period of time. VCM may be influenced by this commitment in recommending that clients establish brokerage accounts at Schwab Institutional. Some of these other products and services assist VCM in managing and administering clients' accounts and may include training in and review of the use of Schwab systems available for use by VCM. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of VCM fees from its clients' accounts, and assist with back-office support, record keeping and client reporting.

Many of these services generally may be used to service all or a substantial number of VCM accounts, including accounts not maintained at Schwab Institutional. Some of the products, services and other benefits provided by Schwab Institutional benefit VCM and may not benefit VCM's clients' accounts. VCM recommendation that a client place assets in Schwab's custody may be based in part on benefits to VCM and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

VCM places trades for its clients' account subject to its duty of best execution and other fiduciary duties. VCM may use broker-dealers other than Schwab to execute trades for client

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accounts maintained at Schwab, but this practice may result in additional costs to clients so that VCM is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different from other broker-dealers. For VCM client accounts maintained in custody at Schwab, Schwab generally does not charge separately for custody, but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

VCM does not consider, in selecting or recommending broker-dealers, whether or not those broker-dealers provide client referrals.

In certain instances, VCM will aggregate the purchase or sale of securities for various client accounts. This is also known as block trading or bunching transactions. VCM permits block trading if the following conditions are met:

1. Orders of two or more clients may be bunched only if VCM has determined, on an individual basis, that the securities order is:
 - a. in the best interests of each client participating in the order;
 - b. consistent with VCM's duty to obtain best execution; and
 - c. consistent with the terms of the investment advisory agreement of each participating client.
2. Any investment by one client shall not be dependent or contingent upon the willingness or ability of another client to participate in such transaction.
3. Separate documentation relating to the transaction shall be generated and maintained for each client participating in the bunched trade.
4. The terms negotiated for the bunched transaction should apply equally to each participating client.
5. The allocation of securities obtained or sold in a bunched trade must be made in accordance with VCM's allocation procedures.
6. The price of the securities purchased or sold in a bunched transaction shall be at the average share price for all transactions of the clients in that security on a given day, with all transaction costs shared on a pro rata basis.
7. A description of VCM's bunching procedures shall be disclosed as required by law.
8. The books and records of VCM will separately reflect, for each client for whom an order is bunched, the securities held by, bought and sold for that client.

Review of Accounts

VCM conducts an annual investment review of each client account. The review includes an assessment of the accounts asset allocation versus the target asset allocation identified in the client's Investment Objective Statement. It reviews the account holdings list to verify

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compliance with VCM Investment Policy Committee guidance. It reviews the account for its appropriate use in performance composites. Account reviews are conducted by the appropriate Portfolio Managers.

VCM clients receive account statements directly from the clients' custodian no less frequently than quarterly. Custodian statements contain a holdings list, a listing of all account transactions including contributions and withdrawals, and show all fees that have been debited by the custodian for investment management services and paid to VCM. The custodian is also responsible for providing each client account with appropriate tax reporting in a timely manner each year. Additionally, clients receive written quarterly statements for their investment relationship directly from VCM. VCM statements include a holdings list with quarter end market values and a performance report. Additional reports are available to clients upon request throughout the year.

In addition to the annual review of client accounts described above, VCM will also review client accounts on a non-periodic basis upon the occurrence of certain changes in the client's account. For example, if a client's account migrates to a higher distribution rate, VCM will review the client's account to ensure that the account is still meeting the target asset allocation identified in the client's Investment Objective Statement.

Client Referrals and Other Compensation

VCM may participate in financial planner referral programs that meet certain SEC requirements and do not violate SEC rules or regulations regarding solicitation arrangements. VCM may also receive client referrals directly from broker-dealers. VCM does not currently participate in any solicitation arrangements. VCM does not compensate any person (who is not a supervised person) for client referrals. No persons other than clients provide any economic benefit to VCM for providing investment advice to its clients.

Custody

The Company does not have custody of client funds, securities or other assets. Clients generally enter into custodial agreements with third parties at the time of account opening and client assets are held by such custodians. VCM's clients will receive account statements directly from their custodian at least quarterly that identify the amount of funds and each security in the account at the end of the period and set forth all transactions during that period.

Should VCM be deemed to have custody of client assets, VCM may also send a quarterly account statement to each client for whom VCM has custody of funds or securities, identifying the amount of funds and of each security of which VCM has custody at the end of the period, and setting forth all transactions during that period. If VCM sends account statements to clients, it

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will include a legend in its notification to clients upon opening a custodial account and in any subsequent account statement urging the client to compare the account statements received from VCM with those received from the client's custodian.

"Custody" means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. VCM will be deemed to have custody of client assets in the following situations:

- 1) An adviser is deemed to have custody if it has possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless they are received inadvertently and are returned to the sender promptly but no later than within three business days of receipt;
- 2) An adviser is deemed to have custody if it enters into any arrangement (including a general power of attorney) under which the adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon instruction to the custodian;
- 3) An adviser is deemed to have custody if it acts in any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for other pooled investment vehicles, or trustee of a trust) that gives the adviser or a supervised person legal ownership of or access to client funds or securities;
- 4) An adviser is deemed to have custody of client assets held by a "related person" in connection with advisory services provided by the adviser to its clients. A "related person" is any person directly or indirectly controlling or controlled by the adviser and any person under common control with the adviser. The term "control" is defined as the power, directly or indirectly, to direct the management or policies of a person, whether through ownership of securities, by contract or otherwise;
- 5) An adviser is deemed to have custody of client assets where an advisory firm or an employee of an advisory firm serves as a trustee to a firm client; and
- 6) An adviser is deemed to have custody if it has the authority to withdraw client assets maintained with a qualified custodian upon the adviser's instruction to the custodian.

Investment Discretion

VCM is generally retained to manage accounts on a discretionary basis, and in such capacity, VCM is authorized to direct execution of portfolio transactions without transaction-by-transaction consultation with the client. VCM generally has sole investment discretion in determining which securities to be bought or sold in a client account and in determining the amount of securities to be bought or sold in a client account. This investment discretion is granted to VCM pursuant to the advisory agreement VCM enters into with each client.

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Clients may place limitations on VCM's investment discretion in the Investment Objective Statement during the initial investment assessment process and afterward by providing written notice to VCM. Clients may impose restrictions on investing in certain securities or certain types of securities. For example, certain clients impose investment restrictions on VCM so that the client will be in compliance with investment restrictions imposed on the client by the client's employer.

Voting Client Securities

VCM's Proxy Voting Policies and Procedures set forth the responsibilities of all employees of VCM with respect to proxy voting on behalf of VCM's clients who have delegated and authorized VCM to vote proxies on their behalf. This policy has been adopted by VCM to ensure that VCM votes proxies in the best interests of its clients. Pursuant to this policy, VCM has appointed a Proxy Voting Compliance Officer who is responsible for overseeing the development and implementation of internal policies, procedures and controls, monitoring compliance, and providing training with respect to proxy voting on behalf of our clients. VCM has also appointed a Proxy Voting Administrator who administers timely handling of proxy information, voting of proxies, and recordation of proxy votes.

VCM will vote proxies in a manner that is in the client's best interest and that resolves any conflict of interest in the client's favor. VCM will keep appropriate records regarding proxy voting. VCM shall consider factors that relate to the client's investment, including how a vote will impact and affect the value of that investment. Proxy votes in general will be cast in favor of proposals that enhance the value of shareholder investment, maintain or increase shareholder influence over the issuer's board of directors and management, maintain or increase the rights of shareholders, and maintain or strengthen the shared interests of shareholders and management. VCM will also vote proxies in accordance with any written instructions provided to VCM by its clients. VCM's general policy is to vote in favor of the recommendations of management on routine and administrative matters, unless VCM has compelling reasons to vote to the contrary. With respect to non-reoccurring or extraordinary matters, VCM will vote on a case-by-case basis in accordance with the goals of achieving the overall objectives of VCM's strategy.

At the time that an account is opened, each client (on whose behalf the Company will vote proxies) shall be provided with a Proxy Voting Disclosure Statement, which shall disclose how clients may obtain information about how the Company voted with respect to their securities and describe the Company's Policy.

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Clients may request information regarding how VCM voted with respect to their securities, or may request a copy of VCM's Proxy Voting Policies and Procedures, by sending a written request to:

Proxy Voting Administrator
VIGILANT Capital Management, LLC
Two City Center, 4th Floor
Portland, Maine 04101

Financial Information

VCM does not require or solicit pre-payment of advisory fees from clients and therefore is not obligated to disclose a balance sheet for its most recently completed fiscal year.

VCM has not been the subject of a bankruptcy petition during the past 10 years and is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.