

Item 1 – Cover Page

Vermilion Asset Management, LLC

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January 1, 2012

This Brochure provides information about the qualifications and business practices of Vermilion Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (337)984-4018 and/or brentabshire@cox-internet.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.

Vermilion Asset Management, LLC 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 Vermilion Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There are no material changes to the Brochure for Vermilion Asset Management, LLC dated January 1, 2011. This Brochure dated January 1, 2012 reflects the information supplied by Vermilion Asset Management in the firm's required annual update of its Form ADV and disclosure 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 Brent E. Abshire at (337)984-4018 or brentabshire@cox-internet.com.

Additional information about Vermilion Asset Management, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Vermilion Asset Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Vermilion Asset Management, LLC.

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Item 4 – Advisory Business

Vermilion Asset Management, LLC is a financial advisory firm that has been in business since 2005. The firm has always been and continues to be solely owned by Brent E. Abshire. Vermilion Asset Management, LLC provides investment management and supervisory services to its clients by recommending and effecting purchases and sales of individual securities and investment company shares in its client's accounts. All recommendations are made pursuant to the client's goals and objectives as they are stated in their Customer Suitability Statement according to the level of risk tolerance unique to each client. Vermilion Asset Management does not engage in providing comprehensive financial planning for a fee to clients. As of May 21, 2012, the firm manages \$29,000,000 of client assets on a nondiscretionary basis. Vermilion Asset Management, LLC does not manage any client assets on a discretionary basis.

Item 5 – Fees and Compensation

All fees are subject to negotiation; however, fees charged by Vermilion Asset, Management, LLC are based on the following:

- Hourly rate of \$60.00 per hour with a one hour minimum. This fee is used for clients with smaller accounts in which charging an annual retainer or a percentage of assets under management would be cost prohibitive for the client.
- Fixed annual retainer which is negotiated and agreed upon individually and in advance the client.
- A percentage of the value of the client's assets under management according to the following schedule:

Assets Under Management/Supervision	AUM Annual Fee
From \$1.00 to \$500,000	1.00%
From \$500,000 to \$1,000,000	.75%
\$1,000,000 and above	.50%

The specific manner in which fees are charged by Vermilion Asset Management, LLC is established in a client's written advisory agreement with Vermilion Asset Management, LLC. The firm will generally bill its fees on a quarterly basis in arrears. Clients may elect to be billed monthly. Clients may also elect to be billed directly for fees or to authorize Vermilion Asset Management, LLC to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, unpaid fees will be due and payable.

Vermilion Asset Management, LLC'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 in addition to Vermilion Asset Management, LLC's fee, and Vermilion Asset Management, LLC shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Vermilion Asset Management, LLC considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Vermilion Asset Management, LLC 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

Vermilion Asset Management, LLC provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, and trust programs.

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

Vermilion Asset Management, LLC advises clients in constructing long term investment portfolios using individual securities such as stocks and bonds, and investment management companies such as open-end mutual funds, closed-end mutual funds, and exchange traded funds. Investing long term in these types of securities involves the risk of loss of principal that clients should be prepared to bear during the life of the portfolio. The firm helps each client discover the individual level of risk of loss that the client is willing to bear and then advises the client in constructing an investment strategy that adheres to that level of acceptable risk. This investment strategy is used by Vermilion Asset Management to advise the client in constructing a diversified asset allocation for their portfolio and in purchasing securities either individually or through publically traded investment companies. All recommended securities are researched using independent third party analysis including but not limited to Standard & Poor's, Morningstar, Thomson Reuters Financial, and Argus Financial. This research is done to help Vermilion Asset Management, LLC advise clients on appropriate investments for their individual portfolio. It does not eliminate the risk of loss or completely eliminate the volatility associated with an investment portfolio.

Vermilion Asset Management does not advise clients on market timing, high frequency trading, option trading, or commodity and futures trading. The firm also does not authorize margin trading in the accounts that are under management.

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 Vermilion Asset Management, LLC or the integrity of the firm's management. Vermilion Asset Management, LLC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisors are required to disclose if any person in management or any associated person has any other financial industry activities and affiliations outside or within the registered investment advisor. Vermilion Asset Management, LLC has no information applicable to this item.

Item 11 – Code of Ethics

Vermilion Asset Management, LLC 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 Vermilion Asset Management, LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

Vermilion Asset Management, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Vermilion Asset Management, LLC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Vermilion Asset Management, LLC, its affiliates and/or clients, directly or indirectly, have a position of interest. Vermilion Asset Management, LLC's employees and persons associated with Vermilion Asset Management, LLC are required to follow Vermilion Asset Management LLC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Vermilion Asset Management, LLC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Vermilion Asset Management LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Vermilion Asset Management, LLC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of

securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Vermilion Asset Management's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Vermilion Asset Management, LLC and its clients.

Vermilion Asset Management LLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Brent E. Abshire.

It is Vermilion Asset Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Vermilion Asset Management, LLC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Vermilion Asset Management, LLC suggests TD Ameritrade Institutional as the broker for client accounts that the firm manages. Vermilion Asset Management receives no direct financial benefit from TD Ameritrade Institutional for suggesting clients use that broker.

By using TD Ameritrade Institutional, Vermilion Asset Management, LLC receives the following benefits:

- Independent non-propriety research from Standard and Poors, Morningstar, and Thomson Reuters Financial that is used in researching all investment decisions.
- Education and training seminars on industry related topics such as compliance, firm development, and back office operations.
- Client web access to their accounts through www.advisorclient.com

Clients may in some instances pay commissions higher than those obtainable from other brokers in return for these products and services.

Item 13 – Review of Accounts

Clients with assets under management or direct supervision of Vermilion Asset Management, LLC are offered, at their discretion, quarterly reviews during which the reviewer will discuss the contents of the quarterly reports with the client. Clients may also request portfolio reviews at other times, or the reviewer may schedule a review at other times if in the opinion of the reviewer markets conditions or a change in the client's financial situation warrants such a review. Vermilion Asset Management, LLC employs one reviewer, Owner/Director Brent E. Abshire.

Clients of Vermilion Asset Management, LLC are provided during reviews or at the client's request with reports which include the following information:

- A detailed accounting of the investment holdings in the account including the value of each investment and cost basis of each investment.
- A summary of all activity in the account including purchases, sales, redemptions, deposits, and withdrawals for the reporting period.
- An analysis of the asset allocation of the client's account
- An analysis of the performance of, and net change in, the value of the client's account.
- A comparison of the client's portfolio performance in relation to an applicable index.

Item 14 – Client Referrals and Other Compensation

Registered investment advisors are required to disclose to clients if the firm receives any compensation or gift from someone other than a client for providing investment advice, or if the registered advisor compensates any person who is not part of the firm for client referrals. Vermilion Asset Management, LLC has no information applicable to this item.

Item 15 – Custody

Vermilion Asset Management does not maintain custody of any client funds or securities.

Clients should receive at least quarterly, statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Vermilion Asset Management, LLC urges clients to carefully review such statements and compare such official custodial records to the account statements that firm 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

Vermilion Asset Management, LLC does not have discretionary authority to select the identity of securities to be bought or sold, amount of securities to be bought or sold, the broker dealer to be used, or the commission rates paid. In all cases, such activities are at the discretion of the client, under the advice of Vermilion Asset Management, LLC, to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When advising the client on securities and amounts, Vermilion Asset Management, LLC observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Vermilion Asset Management's advice 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 Vermilion Asset Management, LLC in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, Vermilion Asset Management does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Vermilion Asset Management, LLC may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Vermilion Asset Management LLC's financial condition. Vermilion Asset Management, LLC 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 Advisors

Brent E. Abshire is the sole owner and manager of Vermilion Asset Management, LLC. He Graduated from Louisiana State University with a bachelor's degree in Finance in 1999. Brent Abshire has worked in the financial services industry as a financial advisor since 1999 for several other firms prior to founding Vermilion Asset Management, LLC in 2005. For more information please see the Brochure Supplement supplied with this document.

Vermilion Asset Management, LLC is not actively engaged in any business other than giving investment advice. The firm also does not charge any performance-based fees nor are any supervised persons compensated with performance-based fees.

Vermilion Asset Management, LLC has not been found liable, nor has any management person been found liable of any arbitration claim or in a civil, self regulatory organization, or administrative proceeding.