

ITEM 1 – COVER PAGE

Villafranco Wealth Management

Investment Adviser Brochure (Form ADV: Part 2A)

SEC File Number 801-57412

March 27, 2013

This brochure provides information about the qualifications and business practices of Villafranco Wealth Management. If you have any questions about the contents of this brochure, please contact us at 201-505-9495. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Villafranco Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2 – MATERIAL CHANGES

Below is a discussion of the material changes to this brochure since the last update, March 30, 2012.

1. Item 4 – The former brochure indicated that VWM may occasionally invest in individual equities.

This brochure indicates that VWM does invest in equities.

2. Item 5- The former brochure indicated Mr. Villafranco earns 95% of net commissions transacted through APB as a registered representative. The former brochure also indicated that Mr. Villafranco receives compensation as a registered representative of APB for selling interest in private funds managed by third party investment managers.

This brochure indicates that when VWM executes client transactions through APB, Mr. Villafranco also receives 95% of net commissions. In addition to the compensation Mr. Villafranco receives for selling interest in private funds managed by third party investment managers, he also receives a portion of advisory fees for referring clients to a third party investment manager.

3. Item 8- The former brochure indicated that VWM invests client assets with third party investment managers and in investment products (i.e., private funds, mutual funds and ETFs) that use a variety of investment strategies

This brochure indicates that VWM also invests clients in equities using a focused strategy (“VWM Focused Portfolio”), which consists of 20-30 equities selected based on ideas received from third party managers.

4. Item 10- The former brochure indicated that Mr. Villafranco receives compensation as a registered representative of APB for selling interests in private funds managed by third party investment managers including Buckingham Capital Management, Wesley Capital Management and Scoggin Capital.

This brochure indicates that Mr. Villafranco is also compensated by Pzena Investment for referring clients and Deltec Asset Management LLC for selling interests in private funds. Further, Mr. Villafranco is compensated for referring clients to Buckingham Capital Management and Scoggin Capital. Mr. Villafranco is compensated by receiving a portion of the advisory fees paid by these clients.

5. Item 12- The former brochure indicated that VWM generally required clients to use the brokerage and custodial services at First Republic Bank.

This brochure indicates that VWM generally requires clients to use the brokerage and custodial services of Charles Schwab & Co. except for accounts in the VWM Focused Portfolio. Clients are generally required to use the brokerage and custodial services of APB for accounts in the VWM Focused Portfolio.

Villafranco Wealth Management will provide its clients with a summary of any material changes to this and subsequent brochures by April 30th of each year. You can request our brochure at any time by contacting Anthony J. LaPeruta, Vice President and Chief Compliance Officer, at 201-307-5026 or anthony@southwindassociates.com.

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ITEM 4 - ADVISORY BUSINESS

Southwind Associates of NJ, Inc. (“Southwind”) was founded in 1995 and is wholly owned by William S. Villafranco, President. The entity conducts two primary types of activities: 1) hedge fund marketing and 2) investment management. The hedge fund marketing services provided by Southwind are described in greater detail under Item 10.

Southwind primarily uses its full legal name when providing hedge fund marketing services. Southwind utilizes the name Villafranco Wealth Management (“VWM”) when providing investment management services. Since Southwind and VWM are the same corporate entity, as used herein, Southwind also refers to VWM.

Investment Management Services

VWM tailors its investment management services to the individual needs and objectives of clients. VWM’s investment management services include: 1) assisting clients in determining their investment objectives and goals and 2) determining which general investment strategies should be employed in managing client portfolios to meet such objectives and goals. VWM is also responsible for making specific purchase and sale decisions for clients.

VWM invests its clients’ assets in mutual funds, exchange traded funds (“ETFs”) and equities. In addition, VWM invests its clients’ assets in private funds (e.g., hedge funds, private equity funds, etc.) and with third party investment managers. VWM typically limits its investment advice to these types of investments although VWM may occasionally invest in fixed income securities. VWM may also monitor investments held in a client’s portfolio at the beginning of the advisory relationship or other investments held by the client but not initially recommended by VWM. Clients may, but generally do not, impose restrictions on investing in certain securities or types of securities.

As of March 27, 2013, VWM managed \$195,607,000 in assets on a discretionary basis. VWM does not provide its investment management services on a non-discretionary basis.

Related Funds

Mr. Villafranco owns the investment managers and/or general partners of three private funds (collectively, the “Related Funds”) and provides investment advisory services to such funds in this capacity. For one of the Related Funds, Mr. Villafranco owns the investment manager and general partner together with an employee of VWM. VWM recommends that clients invest in the Related Funds. The Related Funds are described below.

Central Partners, L.P. (“Central”)

Northpoint Management LLC (“Northpoint”), wholly owned by Mr. Villafranco, serves as the general partner of Central. Central is a private fund that in turn invests in underlying private funds (this is commonly referred to as a “fund-of-funds”). Mr. Villafranco selects the managers

and underlying investment vehicles with which Central will invest. However, since Central is a fund-of-funds, Mr. Villafranco does not select, buy or sell individual securities.

Insignia Fund (“Insignia”)

Croton LLC (“Croton”) and Croton Management LLC (“Croton Management”), each owned equally by Mr. Villafranco and David M. Aurichio, Portfolio Manager of VWM, serve as the general partner and investment manager, respectively, of Insignia. Insignia is a long short equity hedge fund and Messrs. Villafranco and Aurichio have the authority to select, buy, and sell specific securities for Insignia. Mr. Aurichio has primary responsibility for these investment management activities.

Croton Management also provides investment advisory services to The Abernathy Group Growth Fund LP (the “Abernathy Fund”). The Abernathy Fund is generally managed on a *pari passu* basis with Insignia.

Cain 5, L.P. (“Cain”)

Westvale Capital Partners, LLC (“Westvale”) and Ridgeport Capital Management, LLC (“Ridgeport”), each wholly owned by Mr. Villafranco, serve as the general partner and investment manager, respectively, of Cain. Cain retains Deltec Asset Management LLC (“Deltec”) as its sole underlying investment manager. VWM rents office space from Deltec as further described under Item 10.

ITEM 5 - FEES AND COMPENSATION

VWM receives advisory fees for the investment management services it provides to clients. The annual advisory fee is negotiable and ranges from 0.40% to 1.50% of a client’s assets under management, which include any investments in cash management vehicles such as money market funds. VWM’s advisory fees are payable quarterly, in arrears. VWM may increase or decrease its fees upon 30 days’ written notice to the client, provided that the client does not object in writing before the end of the 30-day period. VWM generally deducts its advisory fees from clients’ assets, but clients may also request to be billed for advisory fees. VWM does not include its clients’ investments in Related Funds for purposes of calculating VWM’s advisory fees.

Upon termination, by either party at any time upon 60 days’ prior written notice, transactions in progress will be completed in the normal course of business. Also upon termination, a client is liable for all advisory fees VWM earned but the client has not yet paid. Such advisory fees are calculated from the date of receipt of the written termination notice or other agreed upon date.

Additional Fees and Expenses

In addition to VWM’s fees, clients pay brokerage and other transaction costs (as described in Item 12). Clients also pay charges to financial institutions and other third parties such as custodial fees, mutual fund expenses, charges imposed directly by mutual funds and exchange traded funds, deferred sales charges, wire transfer and electronic fund fees, redemption

penalties of mutual funds, margin expenses and other fees and taxes on brokerage accounts and securities transactions.

In addition, clients pay management fees and/or performance fees to third party investment managers and private funds (including Related Funds).

VWM's clients also may pay multiple fees that are not readily visible. For example, private funds (including Related Funds) charge fees which are deducted as an expense and affect the net capital appreciation of the private fund. Further, in a private fund that is a fund-of-funds, such as Central, the underlying private funds charge fees which are deducted as an expense and affect the net capital appreciation of such underlying private fund. As a result, investors in fund-of-funds will be subject to increased fees. The client should review the fees and expenses charged by third party investment managers and private funds as well as the fees charged by VWM to fully understand the total amount of fees paid.

Central invests in Insignia and Cain. Since Insignia and Cain pay management and performance fees to entities owned, in whole or in part, by Mr. Villafranco, VWM and Mr. Villafranco have an incentive to invest Central's assets in Insignia and Cain.

Related Funds

All fees and performance allocations payable/allocable to the investment manager and/or general partner of each Related Fund are fully disclosed in the offering materials that are delivered to potential investors. Below is a summary of such compensation.

Central

Northpoint receives a management fee of 1% per annum (payable quarterly in advance) of each limited partner's capital account and Northpoint receives a performance allocation of 10% of the net capital appreciation allocable to each limited partner's capital account, subject to a preferred rate.

Insignia

Croton Management receives a management fee of 1% per annum (payable quarterly in advance) of each limited partner's capital account and Croton receives a performance allocation of 20% of the net capital appreciation allocable to each limited partner's capital account, subject to a high water mark.

Cain

Ridgeport receives a management fee of 1.25% per annum (payable quarterly in advance) of each limited partner's capital account and Westvale receives a performance allocation of 25% of the net capital appreciation allocable to each limited partner's capital account, subject to a high water mark.

Transaction-Based Compensation

Mr. Villafranco and Anthony A. Durkin, Chief Operating Officer, are registered representatives of APB Financial Group Inc. (“APB”), a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”). Each holds a General Securities Representative License (Series 7) and Uniform Securities Agent License (Series 63). Mr. Villafranco earns 95% of net commissions transacted through APB as a registered representative. Mr. Villafranco is compensated for the sale of securities and other investment products as follows:

1. When VWM executes equity transactions for clients through APB, Mr. Villafranco receives a 95% of the net commissions,
2. Southwind refers prospective clients and investors to third party investment managers. Such third party investment managers compensate Southwind: 1) with a portion of the advisory fee paid by the referred client or 2) by directing brokerage transactions to APB which are paid to Mr. Villafranco as a registered representative. These hedge fund marketing and client referral services are described in greater detail under item 10.
3. Most securities transactions for The Abernathy Fund are effected through APB; fifty percent of the commissions on such transactions are paid to Mr. Villafranco as a registered representative.

VWM does not reduce its clients’ advisory fees to offset the commissions and fees described above. VWM has policies and procedures that set forth its fiduciary duty to clients and require that VWM make full and fair disclosure of any potential conflicts of interest. The receipt of the above compensation presents a conflict of interest and gives VWM and Mr. Villafranco an incentive to recommend mutual funds, third party investment managers and private funds based on the compensation received, rather than on a client’s needs. Clients have the option to purchase investment products VWM recommends through other brokers or agents that are not affiliated with us.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

VWM’s clients do not pay performance fees, although the Related Funds and the Abernathy Fund pay such fees. VWM has policies and procedures that set forth its fiduciary duty to clients and require that VWM make full and fair disclosure of any potential conflicts of interest. VWM and Mr. Villafranco can potentially receive greater investment advisory fees from an account paying a performance-based fee than from an account paying an asset-based fee. This represents a potential conflict of interest because an incentive exists to favor accounts that pay a performance-based fee or to allocate time, services or functions to accounts that pay a performance-based fee. For example, an incentive exists to direct the best investment ideas to, or

allocate or sequence trades in favor of, the accounts that pay the performance fee (i.e., the Related Funds and the Abernathy Fund).

ITEM 7 - TYPES OF CLIENTS

VWM provides investment management services to wealthy individuals, high net worth families, private foundations, trusts and investment vehicles for wealthy families such as family limited partnerships or family limited liability companies.

Clients must maintain an ongoing balance of \$250,000 in assets under management. VWM waives this minimum at its discretion. The Related Funds have investment minimums set forth in their offering documents, which are also waived at VWM's discretion.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

VWM invests client assets with third party investment managers and in investment products (i.e., private funds, mutual funds and ETFs) that use a variety of investment strategies, including, without limitation, short sales, futures, options and margin transactions. VWM evaluates investment managers and selects investment products on the basis of various criteria, including (where applicable):

- an analysis of the investment manager's performance during various time periods and market cycles
- the investment manager's reputation, experience and training
- the investment manager's articulation of, and adherence to, its investment philosophy
- the presence of risk management discipline
- on-site interviews of the management team
- the quality and stability of the investment manager's organization, including internal and external professional staff
- whether the investment manager has a substantial personal investment in the investment program

Once an investment decision is made, VWM will continue its oversight of the investment manager or investment product.

VWM also invests some clients in individual equities using a focused strategy ("VWM Focused Portfolio"). This strategy generally consists of 20-30 individual equities chosen based on ideas received from third party managers and then evaluated on the basis of various criteria, including:

- an analysis of the equities' performance compared to industry peers
- an analysis of the equities' historical performance
- an analysis of the equities' liquidity

Risks

Each type of security has its own unique set of risks that are not always easily identifiable. These risks affect the performance and the volatility of any investment. A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic recession, changes in laws and national and international political circumstances. Investments are also subject to currency, political and business risks.

Most mutual funds fall into one of three main categories – money market funds, bond funds and stock funds. Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss. Clients should read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks before investing.

Investing in private funds may be considered speculative, illiquid and may involve a significant degree of risk. It is only appropriate for qualified persons who can evaluate the risks associated with an investment in private funds and can bear the financial risks involved. Such an investment is suitable only for a limited portion of the risk segment of an investor's portfolio. Prospective investors should read carefully the private fund's offering documents in their entirety and consider the risk factors discussed therein when evaluating the merits and suitability of an investment in the private fund.

Below are common risks with respect to investing with third party investment managers and in investment products:

- VWM does not control the investment decisions of third party investment managers.
- Investing in multiple investment products could cause a client to hold opposite positions in an investment. This decreases or eliminates the possibility of positive returns from such investment.
- Certain investment products, such as private funds, are illiquid. In addition, these private funds may invest in illiquid securities (such as other private funds). This means that redemptions may not be permitted and could be delayed depending on the nature of the private fund.

Clients should also refer to the disclosure document of the third party investment managers for a full description of the services offered and risks.

Equity securities fluctuate in value due to factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates and investor sentiment. Investments may also lose value based on factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as financial condition and management decisions.

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

ITEM 9 - DISCIPLINARY INFORMATION

VWM and its employees do not have any legal or disciplinary events to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 5 contains disclosure with respect to employees of VWM who are registered representatives of APB, the resulting conflicts of interest, and how VWM addresses such conflicts.

Hedge Fund Marketing/Client Referrals

Mr. Villafranco receives compensation as a registered representative of APB for selling interests in private funds managed by third party investment managers. These third party investment managers include Buckingham Capital Management, Wesley Capital Management, Scoggin Capital, Deltec Asset Management, LLC and Pzena Investment Management. With the exception of Wesley Capital Management Mr. Villafranco is compensated by receiving a portion of the advisory fee paid by these investors. Wesley Capital Management compensates Mr. Villafranco by directing a position of its brokerage transactions to APB which are paid to Mr. Villafranco as a registered representative.

VWM may recommend that its own advisory clients invest in the private funds managed by the third party investment managers indicated above. In such cases, in addition to the advisory fees that clients pay to VWM for investment management services, Mr. Villafranco is compensated by the broker for such referrals. As a result, VWM and Mr. Villafranco have an incentive to invest client assets in such private funds. VWM requires that employees always put its clients' interests above their own interests.

Mr. Villafranco also receives compensation for referring clients to Buckingham Capital Management and Scoggin Capital. Mr. Villafranco is compensated by receiving a portion of the investment advisory fee paid by these clients. If these clients are also clients of VWM, VWM may receive an investment advisory fee in addition to the referral fee received by Mr. Villafranco.

Related Funds

VWM's principals and employees have a financial interest in the Related Funds directly, as investors, or indirectly, as owners of the general partner or investment manager of the funds. As a result of these interests, an incentive exists to favor the Related Funds. For example, an incentive exists to allocate limited investment opportunities to the Related Funds. In addition, an incentive exists to recommend that clients invest in the Related Funds to increase the general partner or investment managers' advisory fees. VWM prohibits employees from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts. A similar conflict of interest exists with respect to the Abernathy Fund

since it is an affiliate of APB and Mr. Villafranco earns 95% of net commissions transacted through APB as a registered representative.

Other Activities

Mr. Villafranco is the founder of The Footprints in the Sand Foundation (the “Footprints Foundation”), a non-profit organization that helps children and their families. Certain of the third party service providers engaged by VWM to provide services to clients or to Related Funds also contribute to the Footprints Foundation (e.g., board members, event sponsors, etc.). A conflict of interest exists in engaging, initially and on an ongoing basis, such third party service providers since it could appear that the third party service providers were chosen based on contributions to the Footprints Foundation rather than on the best interests of the clients, the Related Funds, or the Abernathy Fund. VWM monitors this potential conflict of interest to ensure that the recommendation of third party service providers is in the clients’ best interests.

In addition, VWM rents office space in New York City from Deltec. Deltec also rents office space to other entities and VWM pays the same rate per square foot as other renters. VWM does not receive any more favorable terms than other renters because Deltec serves as investment manager to Cain, and VWM maintains a referral arrangement with Deltec.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

VWM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. VWM has a Code of Ethics (the “Code”) to which all employees of VWM must adhere. The Code restricts the receipt of gifts and contains controls to prevent insider trading. The Code also requires that employees give prior notice of, and under certain circumstances receive approval for, any outside activity in which they wish to engage. In addition, VWM limits access to non-public personal information to those persons that need access to such information to provide services to clients.

VWM’s employees may invest in the same securities or related securities (e.g., warrants, options, or futures) for their own accounts that VWM recommends and invests in for clients. Further, employees can transact in a security for their own accounts at or about the same time that VWM recommends or invests in that same security for a client. It is possible that an employee may buy or sell the same securities at a better price for its own account than a client that buys or sells the same securities on the same day. VWM prohibits employees from benefiting from transactions placed on behalf of advisory accounts. In addition, certain employees must report their personal investment holdings and securities transactions to VWM. The Chief Compliance Officer reviews these reports for compliance with the firm’s policies and procedures and the Code.

VWM’s principals and employees have a financial interest in the Related Funds directly, as investors, or indirectly, as owners of the general partner or investment manager of the Related Funds. Conflicts of interest with respect to such interests are disclosed under Item 10.

This summary is qualified in its entirety by the Code. Contact Anthony J. LaPeruta, Chief Compliance Officer at 201-307-5026 or anthony@southwindassociates.com to request a copy of the Code.

ITEM 12 - BROKERAGE PRACTICES

VWM generally requires that clients, with the exception of those in the VWM Focused Portfolio, use the brokerage and custodial services of Schwab & Co. ("Schwab"). VWM recommends the services of Schwab based on all relevant factors, including: 1) the ability of the broker-dealer to provide prompt and efficient execution; 2) the ability and willingness of a broker-dealer to facilitate the transaction by acting as principal and going at risk for its own account; 3) the ability of the broker-dealer to provide accurate and timely settlement of the transaction; 4) VWM's knowledge of the negotiated commission rates currently available and other current transaction costs; 5) the clearance and settlement capabilities of the broker-dealer; 6) VWM's knowledge of the financial condition of the broker-dealer selected; and 7) any other matter VWM believes is relevant to the selection.

Client accounts that invest with VWM Focused Portfolio strategy are required to use the brokerage and custodial services of APB. With respect to the VWM Focused Portfolio, VWM recommends the services of APB because it executes transactions for these accounts through APB. If these accounts were to be custodied at Schwab, they would incur a trade away fee for trading at APB. VWM also recommends APB based on all relevant factors, including: 1) the ability of the broker-dealer to provide prompt and efficient execution; 2) the ability of the broker-dealer to provide accurate and timely settlement of the transaction; 3) VWM's knowledge of the negotiated commission rates currently available and other current transaction costs; 4) the clearance and settlement capabilities of the broker-dealer; 5) VWM's knowledge of the financial condition of the broker-dealer selected; and 6) any other matter VWM believes is relevant to the selection. Mr. Villafranco is a registered representative of APB and receives a portion of the commissions for trades executed through APB. Item 5 contains disclosure with respect to this arrangement, the resulting conflicts of interest and how VWM addresses such conflicts of interest.

Not all investment advisers require their clients to use the brokerage and clearing services of select firms. Schwab and APB's commissions and transaction fees may be higher than what other broker-dealers charge and this practice could cost clients more money. Further, in using only select firms, VWM could be unable to achieve most favorable execution of client transactions.

Although infrequent, a client may direct VWM to use the brokerage and custodial services of an entity other than Schwab or APB. Under such circumstances, VWM may not be able to aggregate the client's order with the orders of other clients. As a result, clients that direct brokerage could pay higher commissions or other transaction costs and receive less favorable net prices on transactions.

Benefits

VWM receives benefits from Schwab and APB without cost.

With respect to Schwab, these benefits do not depend on the amount of brokerage transactions but are dependent on VWM maintaining a threshold dollar amount of client assets at Schwab.

VWM receives the benefits listed below.

- receipt of duplicate client statements and confirmations
- the ability to aggregate securities transactions for execution and then allocate the shares to client accounts
- the ability to directly deduct advisory fees from client accounts
- assistance with back-office functions, recordkeeping and client reporting

With respect to APB, VWM receives benefits that are not dependant on the amount of brokerage transactions or maintaining a minimum threshold of client assets at APB. VWM received the benefits listed below:

- receipt of duplicate client statements and confirmations
- the ability to directly debit fees from client accounts

The above products and services assist VWM in managing and administering all client accounts, irrespective of the amount of assets or transactions of a client. These products and services benefit VWM and do not benefit client's accounts. VWM's receipt of these economic benefits creates a potential conflict of interest since VWM has an incentive to select Schwab and APB based on its interest in receiving these products or services rather than on the clients' interest in receiving most favorable execution. VWM manages this potential conflict by periodically comparing the fees charged and services offered by these custodians with those offered by other custodians.

Block Trading

VWM may combine client transactions for clients custodied at Schwab if it decides to purchase or sell the same securities for several clients at approximately the same time (this practice is commonly referred to as "block trading"). VWM combines such orders in an effort to: 1) obtain "best execution", 2) negotiate more favorable commission rates, or 3) allocate differences in prices and commissions or other transaction costs equitably across client accounts. Employee transactions may be combined with client orders. If VWM does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

VWM does not have the ability to combine clients' transactions for clients custodied at APB. VWM's inability to combine client transactions at ABP could result in clients paying higher brokerage costs.

ITEM 13 - REVIEW OF ACCOUNTS

VWM informally reviews all client accounts on a monthly basis. This informal review involves the use of VWM's asset allocation model with respect to each client's account to ensure that the client's risk tolerance is adhered to and the appropriate level of diversification is attained. If an informal review of a client's account indicates that asset allocation should be modified, VWM will make the modification and maintain a record of the reasons therefore.

VWM also conducts detailed performance evaluations of its advisory clients' accounts on a quarterly basis, and at such other times at a client's request. These evaluations typically entail a review of: 1) an advisory client's goals and risk guidelines, 2) monthly market evaluations, 3) similar asset class return, and 4) market and peer group comparisons. VWM typically does not receive specific instructions from clients regarding the level of review desired. Messrs. Villafranco, LaPeruta, and Durkin conduct reviews of all client accounts.

All advisory clients receive written quarterly account statements which are customized to each advisory client's needs and preferences. VWM provides written monthly reports to advisory clients upon request. Written yearly summaries are provided in the fourth quarter report.

VWM reviews all separate accounts that are held at APB daily via our in-house risk management system, Morningstar Office. This provides us with up-to-the-minute pricing and news on the securities we hold. In addition, each morning a report is generated showing the gains and losses by security for each account, as well as trailing returns and risk statistics.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

The hedge fund marketing services and client referral services that Southwind provides are described in greater detail under Item 10.

ITEM 15 - CUSTODY

All client assets are held at qualified custodians. The qualified custodians send monthly or quarterly account statements directly to clients. VWM urges clients to carefully review these statements and to compare the account statements they receive from the qualified custodian with those they receive from VWM.

ITEM 16 - INVESTMENT DISCRETION

It is VWM's practice to enter into a written agreement with each client. This agreement describes the terms and conditions of the engagement, the scope of the services to be provided, discretionary authority, compensation, and various representations and warranties and other terms of the relationship. Clients also sign a custodial agreement with Schwab, APB or another custodian. Clients may, but generally do not, limit VWM's authority, such as by directing VWM not to invest in securities of particular issuers.

ITEM 17 - VOTING CLIENT SECURITIES

VWM does not have the authority to vote proxies. Clients will receive their proxies or other solicitations directly from their custodian. Clients can contact VWM at 201-505-9495 if they have any questions about a particular proxy solicitation.

ITEM 18 - FINANCIAL INFORMATION

VWM is financially capable of meeting all contractual commitments to clients.