



Forms ADV 2A and ADV 2B

March 30, 2012

This brochure provides information about the qualifications and business practices of Portfolio Solutions®, LLC. If you have any questions about the contents of this brochure, please contact us at 800-448-3550 or info@portfoliosolutions.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Portfolio Solutions® LLC or any person associated with Portfolio Solutions®, LLC has achieved a certain level of skill or training.

Additional information about Portfolio Solutions®, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Registration #801-56681



MATERIAL CHANGES

Annual Update

Portfolio Solutions®, LLC is providing this information as part of our annual update of information filed with the U.S. Securities and Exchange Commission (“SEC”). This section discusses only material changes since the last update, which most recently occurred on March 31, 2011.

Material Changes Since the Last Update

The SEC adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the “Brochure”) and Part 2B (the “Brochure Supplement”). Each update of the Brochure must now include a summary of all material changes since the last annual update.

Portfolio Solutions®, LLC had no material changes since the firm’s last brochure update on March 31, 2011.



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ADVISORY BUSINESS

Portfolio Solutions®, LLC (“Portfolio Solutions,” “we,” “our,” or “us”) is a privately owned Michigan limited liability company headquartered in Troy, MI. The principal owners are Richard A. Ferri, CFA® and Scott C. Salaske. Portfolio Solutions® has been in business since July 1999, when we first registered as an investment advisor with the SEC.

Advisory Services Offered

We provide our clients with investment management services with respect to their investment accounts (“client accounts”). We manage accounts on a discretionary basis, which means our clients give us the authority to buy and sell securities for their accounts in our discretion (“discretionary authority”). We do not provide services on a non-discretionary basis. Portfolio Solutions® has the ongoing responsibility to select and make recommendations, based upon the objectives of the client, as to specific securities or other investments that we purchase or sell in client accounts.

Portfolio Solutions® specializes in managing low-cost, well-balanced and globally-diversified client accounts. We use stock and bond mutual funds and ETFs known as index funds or funds that have similar characteristics as index funds. Index funds are mutual funds or ETFs that aim to achieve the same return as a particular market index or asset class.

We offer our investment management services to our clients by managing client accounts according to the particular model investment strategy selected by the client, as discussed below under **Methods of Analysis and Investment Strategies**. We apply the client’s selected investment strategy based on the client’s general financial and tax situation. The client’s investment strategy is outlined in a Confidence Map™. We make investment decisions for client accounts based on the information clients supply about their general financial situation, goals, risk tolerance and return objectives. Our recommendations may be limited if a client does not provide us with accurate and complete information, or fails to keep us informed of any changes to the client’s investment objectives, general financial situation or restrictions.

Portfolio Solutions® may offer investment advice on any investment held by the client at the start of the advisory relationship. We may also occasionally offer advice regarding additional types of investments, if appropriate, to address the individual needs, goals, and objectives of the client or in response to client inquiry.

We describe the material investment risks for types of securities that we recommend under the heading **Specific Security Risks** in **Risk of Loss Considerations** below.

The investment management strategies offered by Portfolio Solutions® are formulated and supervised by our investment committee (“Committee”). The Committee consists of Richard (Rick) Ferri, CFA® (Founder), Scott Salaske (President & Chief Compliance Officer), and Kenneth Carbaugh (Vice President, Director of Portfolio Management). The Committee is responsible for developing and monitoring all of our investment strategies.

We describe the Fees charged for investment management services below under **Fees and Compensation**.

In offering investment management services, the following limitations apply:

Limitation on Equities

We do not invest in individual equity securities, except for exchange traded funds (ETFs) that trade during the day like individual securities. We will only transact in individual equities when liquidating existing holdings of new client accounts. We typically do not conduct individual fixed income securities transactions except when liquidating existing positions in new client accounts.

Limitations on Mutual Funds

Portfolio Solutions® generally limits recommendations of open-end mutual funds to no-load funds. Some of the mutual funds we purchase are institutional funds that are not ordinarily available to the general public. These funds are available by Dimensional Fund Advisors, LP (“DFA Funds”).

Limitation by Custodian

All clients establish accounts with Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. (“Schwab”), registered broker-dealer, Member SIPC. Schwab is the qualified custodian of all client accounts. Portfolio Solutions® is limited to the securities transactions available through Schwab.

Limitation by Client

Clients may also request restrictions on their accounts. Portfolio Solutions® reserves the right to not accept and/or to terminate management of a client account if we feel that the client’s imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy.

Wrap Fee Programs

We do not manage client accounts as part of a wrap or bundled fee program.

Assets Under Management

We manage client assets on a discretionary basis only. As of 12/31/2011, the total amount of assets under our management was \$960,838,235.

FEES AND COMPENSATION

Fee Schedule

For our investment management services, we charge fees based on a percentage of the client’s total assets under management, according to the following fee schedule:

Assets Under Management	Annual Fee Rate*
First \$10 Million	0.25%
Over \$10 Million	0.10%

The minimum quarterly fee is \$625.

**The fee schedule above is non-negotiable.*

Billing Method

Our investment management fees are charged and payable quarterly in arrears following the end of each calendar quarter. The fee is based on the daily average value of the Assets Under Management for each “Client Relationship” during the quarter. The formula used for the calculation is as follows: *(Daily Average Value of Assets Under Management During The Quarter) x (A Factor Equal To The Number of Days In The Calendar Quarter) / (The Number of Days in the Calendar Year) x (Annual Fee Rate).*

We will aggregate client accounts that have family or business relationships with each other for purposes of calculating the investment management fees. For purposes of calculating fees, a “Client Relationship” means an individual and: (a) his or her spouse or domestic partner; (b) his or her minor children; (c) a business or non-profit entity over which the individual and/or other person defined in (a) above exercises exclusive control; and (d) trust as to which the individual and/or other person defined in (a) above is the sole trustee. Portfolio Solutions® reserves the right to limit this Client Relationship account aggregation policy where the circumstances, in our sole discretion, warrant.

For new and terminating client accounts, the investment management fee payment is a pro- rata calculation. The calculation is based on the actual number of days assets were in a clients’ account during the calendar quarter. The formula used to calculate new and terminating client account investment management fees is as follows: *(Daily Average Value of Assets Under Management During The Pro-Rata Quarter) x (A Factor Equal To The Number of Days Assets Were In A Client’s Account In The Calendar Quarter) / (The Number of Days in the Calendar Year) x (Annual Fee Rate).*



For investment management fee calculation purposes, a calendar quarter is a period beginning on the first day of the month during a new calendar quarter (January, April, July and October) and ending on the last day of the month of a calendar quarter (March, June, September and December). A day is any calendar day including weekends and holidays.

We will automatically withdraw our investment management fee from each client's account at Schwab. Schwab withdraws investment management fees from the client's account based on our instruction. Upon termination, we will instruct Schwab to debit all outstanding unpaid investment management fees. All clients will receive brokerage statements from Schwab no less frequently than monthly. The Schwab statement will show the deduction of the investment management fee withdrawn directly from their Schwab account. We will mail all clients an invoice for withdrawn investment management fees showing account values and fee calculations.

We do not require or accept investment management fees in advance.

Other Fees and Expenses

Our investment management fees do not include Schwab's transaction fees. Clients pay all brokerage commissions (transaction fees), stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the accounts. We describe additional information about brokerage in **Brokerage Practices** below.

In addition, any mutual fund shares and/or ETFs held in a client's account may be subject to fund-related fees and expenses that are described in the prospectus of the mutual fund or ETF. All fees paid to Portfolio Solutions® for investment management services are separate, fixed and distinct from the fees and expenses charged by mutual funds and ETFs.

Either a client or Portfolio Solutions® may terminate the Investment Management Agreement upon written notice to the other party. If the Investment Management Agreement is terminated, the current investment management fee will be pro-rated to the written notice date. Portfolio Solutions® will not liquidate any securities in the client's accounts. All securities in the client's accounts on the date of written notice will remain in the client's accounts and under custody with Schwab. A client can contact Schwab directly and self-manage their accounts.

In the event of a client's death or disability, we will continue management of the account until an authorized party notifies us of client's death or disability and provides alternate instructions.

Other Compensation

Neither Portfolio Solutions®, nor any person providing investment advice on its behalf ("investment personnel"), accepts any compensation or revenue in connection with the management of client accounts, except for the investment management fees charged directly to clients as stated in the **Fee Schedule** above.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither Portfolio Solutions®, nor any of its investment personnel, charges performance-based fees that are based on a share of capital gains on, or capital appreciation of, the assets of a client.

TYPES OF CLIENTS

We offer discretionary investment management services to individuals, high net worth individuals, trusts and estates, endowments and institutions, individual participants of retirement plans, pension and profit sharing plans, charitable organizations, and corporations or other businesses.

Account Requirements

Generally, Portfolio Solutions® requires clients to maintain a Client Relationship size of \$500,000. If a client withdraws significant funds, we may ask the client to deposit additional funds to continue to manage the client's accounts.

We combine family accounts defined as Client Relationship (See **Billing Method**) to meet the minimum client account size. We may reduce or waive the account minimum requirements at our discretion.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

General Investment Strategies

Portfolio Solutions® generally uses diversification in an effort to optimize the risk and potential return of a portfolio. More specifically, we may utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. We determine the securities that comprise each client's account in accordance with the client's general financial situation, investment objectives, liquidity needs, time horizon, return objective, and risk tolerance.

Portfolio Solutions® general investment strategy is to seek a total return proportionate with the level of risk the client decides to take. We assist each client in developing a Confidence Map™, which typically outlines the client's general financial situation, investment objectives, liquidity needs, time horizon, return objective, and risk tolerance, as well as any special considerations and/or restrictions the client chooses to place on the management of the client accounts. We will then make model investment strategy recommendations that are consistent with the client's a Confidence Map™.

Client accounts with a similar investment objectives and asset allocation goals may own the same or different securities. Tax factors also influence Portfolio Solutions® investment decisions. Clients who buy or sell securities on the same day may receive different prices based on the timing of the transactions during open market hours.

Each client will maintain a target asset allocation. Generally, we review client accounts not less than weekly to evaluate the extent to which the actual allocation matches the target allocation. When we consider the variance excessive, based on an upper-and lower-limit band that is subject to change at the discretion of Portfolio Solutions®, we will take appropriate actions (by buying or selling securities) to bring the actual allocation within acceptable range of the target allocation. We refer to this process as "rebalancing." The process of rebalancing offers a systematic process to buy or sell securities when investment categories (asset classes) vary from their target allocation.

Investment Portfolios

Portfolio Solutions® offers several different model investment strategies ("asset allocation") types for managing client accounts. Based on the client's personal situation, as described in the client's a Confidence Map™, we will recommend managing the client's accounts in accordance with one or multiple asset allocation strategies.

Methods of Analysis for Selecting Securities

In analyzing mutual funds and exchange-traded funds (ETFs), Portfolio Solutions® may use various sources of information, including data provided by Morningstar, Inc., Bloomberg, the fund company's website, and other online and subscription resources as needed. There can be no assurance that any such strategy or analysis will prove profitable or successful.

Risk of Loss Considerations

Prior to entering into an Investment Management Agreement with Portfolio Solutions®, each client should carefully consider:

1. That investing in securities involves risk of loss, which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time, the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that are long-term in nature. This is typically a minimum of a ten-year time horizon.



There can be no guarantee that an asset allocation strategy will meet its investment objectives or that it will not suffer losses.

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds and ETFs in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income. For additional risk information please see appropriate mutual fund and ETF prospectuses.

Specific Risks of Securities

Exchange-Traded Funds (ETFs)

An ETF is a type of investment company (usually, an open-end fund or unit investment trust) containing a basket of stocks or bonds that usually tracks a specific index or sector. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock and bond mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track specific sectors. An investment in an ETF could lose money over short or even long periods. You should expect the ETFs share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes. An investment in a mutual fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

Different Types of Funds

When it comes to investing in mutual funds and ETFs, investors have literally thousands of choices. Most mutual funds and ETFs fall into one of three main categories: money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

Credit Risk

Credit risk refers to the risk that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds and exchange-traded funds (ETFs) that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast,

those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Interest Rate Risk

Interest rate risk refers to the risk that the market value of bonds will go down when interest rates go up. Because of this risk, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the bond fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

Stock Funds

A stock fund’s value can rise and fall quickly (and dramatically) over short or even long periods. You should expect a fund’s share price and total return to fluctuate within a wide range. Overall “stock market risk” poses the greatest potential danger for investors in stock funds. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Stock prices can fluctuate for a broad range of reasons—such as the overall state of the economy or demand for particular products or services. Not all stock funds are the same. For example:

Small Cap Funds

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger companies. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

International Funds

Funds that invest in foreign securities involve special additional risks. International investments are subject to stock market risk as well as additional risks, including currency fluctuation, political instability, country/regional risk, and potential illiquid markets.

Emerging Market Funds

Emerging market investments involve stock market risk and the same risks as international investments. Investing in emerging markets may accentuate those risks.

Real Estate Investment Trust (REIT) Funds

REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. REIT investments include illiquidity and interest rate risk.

Schwab may charge a transaction fee to buy or sell any of the above listed securities.

On occasion, Portfolio Solutions may place trades using Prime Broker Services which could incur additional charges.

DISCIPLINARY INFORMATION

Portfolio Solutions® does not have any disciplinary information to disclose.



OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We do not have any relationships or arrangements with broker-dealers, mutual funds, other investment advisers, or other entities which are related persons that create any material conflict of interest for us in rendering investment management services to our clients. As noted below under “Client Referrals and Other Compensation,” we may periodically recommend that a client consult an unaffiliated individual or firm for specific professional services, such as financial planning, estate planning, or accounting related work, but we receive no compensation or other monetary benefit for making such referrals. It is possible that such individual or firm may refer clients to us, but we pay no compensation for, and have no arrangement regarding, such referrals. This may create a potential conflict of interest.

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

Code of Ethics

Portfolio Solutions® believes that we have a fiduciary duty to provide our clients with the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of Portfolio Solutions® and our personnel. Our personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

We attempt to address specific conflicts of interest that either we have identified or that could likely arise. Our personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable state and federal securities laws. Additionally, investment personnel who make securities recommendations to clients, or who have access to nonpublic information regarding any client's purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

Portfolio Solutions® prohibits all personnel from acting upon any material, non-public information, as defined under federal securities laws and our Code of Ethics insider trading policy.

Portfolio Solutions® does not recommend securities in which there is a material financial interest to us or any related person of Portfolio Solutions®.

Portfolio Solutions® will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

Portfolio Solutions® and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client account. Portfolio Solutions® and our personnel may purchase or sell securities for themselves that we also recommend to clients. In order to avoid potential conflicts of interest with clients, we require all investment personnel to obtain written approval by our Chief Compliance Officer (“CCO”) before directly or indirectly trading in certain securities. If our CCO is not available, written approval may be obtained from our Compliance Manager.

In order to avoid potential conflicts of interest with securities transactions in client accounts, Portfolio Solutions® and personnel are subject to a pre-clearance policy that seeks to make personal trading consistent with our fiduciary duty to clients. However, Portfolio Solutions® and our personnel are not required to pre-clear transactions in open-end investment companies (mutual funds) that would not adversely affect client interests. ETFs are required to be pre-cleared prior to investment personnel buy or sell transactions.

BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

Portfolio Solutions® generally requires that clients open one or more brokerage accounts in their own names at

Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, Member SIPC. The client will enter into a separate agreement with Schwab to custody the assets. Portfolio Solutions® also requires that each client grant Portfolio Solutions® a limited power of attorney to execute client transactions through Schwab. Portfolio Solutions® is independently owned and operated, and unaffiliated with Schwab.

Schwab may charge brokerage commissions (transaction fees and/or ticket charges) for executing securities transactions. We do not receive any part of these separate charges. Schwab may provide us with access to their institutional trading and custody services platform, which is typically not available to Schwab retail investors. Schwab’s services include brokerage custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We consider several factors in recommending Schwab to clients, such as ease of use, reputation, service execution, pricing and financial strength. Portfolio Solutions® may also take into consideration the availability of the products and services received or offered (detailed below).

Research and Other Soft Dollar Benefits

Schwab makes available to us other products and services that may benefit Portfolio Solutions® but may not directly benefit our clients’ accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from client accounts; and assist with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our client accounts. We place trades for our clients’ accounts subject to our duty to seek best execution and other fiduciary duties. We may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients, therefore we are more likely to place trades through Schwab rather than other broker-dealers. Schwab’s execution quality may be different from that of other broker-dealers.

Schwab may also provide us with other benefits and services such as client appreciation and educational events, and conferences on regulatory compliance, information technology, and business enterprise development. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Portfolio Solutions®. These benefits and services are not a material consideration for us in requiring clients use Schwab as a broker-dealer, nor do they result in any material conflicts of interest between us and clients.

As part of our fiduciary duty to clients, Portfolio Solutions® endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Portfolio Solutions® in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Schwab for custody and brokerage services.

Brokerage for Client Referrals

Portfolio Solutions® does not receive client referrals, nor compensation or revenue from any broker-dealer or third party in exchange for using that broker-dealer or third party.

Directed Brokerage

We do not allow clients to direct us to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that Portfolio Solutions® recommends. Not all investment managers or advisers require their clients to trade through specific brokerage firms.

Since we require all of our clients to maintain their accounts with Schwab, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with Schwab. Some of these differences include, but are not limited to: total account costs, trading flexibility, transaction fee/commission rates, and security and technology services. By requiring clients to use Schwab, Portfolio Solutions® believes we may be able to more effectively manage client accounts,



achieve favorable execution of client transactions, and overall lower the costs to the client accounts. In seeking best execution through a broker-dealer on behalf of our clients, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. When taking into consideration qualitative execution, we consider the full range of broker-dealer services, such as: historical relationship, reputation, financial strength, execution capability, commission and/or transaction rates, and responsiveness.

Portfolio Solutions® does not have any soft dollar arrangements with any third party.

Aggregation and Allocation of Transactions

In most cases, Portfolio Solutions® will recommend the purchase or sale of the same security for multiple clients at the same time. In those cases, Portfolio Solutions® may combine buy and sell orders for all clients with the same security transaction order. These are sometimes referred to as “block” transactions. Block transactions are typically done in an effort to get better trade execution across multiple client accounts. Portfolio Solutions® will generally allocate the securities or proceeds arising out of those transactions on an average price basis among the various participants in the transactions. We believe that combining orders in this way will be advantageous to all participating clients. However, the average price could be less advantageous to a particular client than if that client had been the only account affecting the transaction, or if the transaction had been completed before or after the other clients.

Portfolio Solutions® may also place orders for the same security for different clients at different times and in different relative amounts due to, among other things, differences in investment objectives, cash availability, size of order, and practicability of participating in “block” transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular client. There are circumstances when some of a client’s transactions in the security may not be aggregated with those of other clients. Portfolio Solutions® has adopted policies and procedures intended to ensure that our trading allocations are fair to all of our clients.

In addition, Portfolio Solutions® and/or investment personnel may buy or sell specific securities for our own accounts that are not deemed appropriate for another client at the time, based on personal investment considerations that differ from the considerations as to which investment decisions for the client are made.

As a fiduciary, Portfolio Solutions® has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event Portfolio Solutions® is responsible for a trading error that results in a monetary loss to the client, Portfolio Solutions® will make the client whole. Conversely, if a trade error results in a gain to a client account, the gain will be removed from the account in accordance with correcting the error.

REVIEW OF ACCOUNTS

Managed Account Reviews

We manage client accounts on a continuous basis and generally review all positions in client accounts not less than daily. Kenneth J. Carbaugh (Vice President, Director of Portfolio Management) conducts internal daily reviews of client accounts for adherence to a client’s Asset Allocation Strategies.

We also offer account reviews directly with a client on an as-requested basis. Clients may choose to receive reviews in person (local in our office), by telephone, or by email. Reviews mainly focus on changes to a client’s Confidence Map™ which include: a change in the client’s investment objectives, general financial situation, tax considerations and material cash deposits or withdrawals in client accounts.

Account Reporting

Each client receives a written monthly statement from Schwab that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Portfolio Solutions® provides written reports detailing performance in client accounts on a quarterly basis. We may also provide additional reporting as agreed upon with the client on a case-by-case basis.

CLIENT REFERRALS AND OTHER COMPENSATION

Solicitor

Portfolio Solutions® does not directly or indirectly receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

Outside Compensation

Portfolio Solutions® does not currently utilize unaffiliated solicitors. Portfolio Solutions® may refer clients or prospective clients to unaffiliated professionals for specific needs such as financial planning, estate planning, or accounting related work. Portfolio Solutions® does not have any agreements or formal referral arrangements with individuals or companies to whom we refer clients or prospective clients, and we do not receive any compensation for these referrals. From time to time, it is possible that Portfolio Solutions® will receive reciprocal referrals from these professionals. This may create a potential conflict of interest.

Portfolio Solutions® only refers clients to professionals we believe are competent and qualified in their field. However, it is ultimately the client's responsibility to review the professional. We will generally provide the client with the professional's contact information, and it is solely the client's decision whether to engage the professional. Clients are under no obligation to purchase any products or services through these professionals, and we have no control over the services they provide. Clients that choose to engage these professionals will sign a separate agreement with them. Fees charged by these professionals are separate from and in addition to fees charged by Portfolio Solutions®. Portfolio Solutions® does not directly or indirectly compensate any person who is not our supervised person for client referrals.

If the client desires, Portfolio Solutions® will work with these professionals or the client's other advisers (such as an accountant, attorney or financial planner) to help ensure that the professional understands the client's portfolio and to coordinate services for the client. Portfolio Solutions® will never share information with an unaffiliated professional unless first authorized in writing by the client.

CUSTODY

Portfolio Solutions® has limited custody of client funds or securities, when clients authorize us to deduct our investment management fees directly from their accounts. A qualified custodian (Schwab) holds the clients' accounts. Clients will receive statements directly from the qualified custodian at least monthly. The statements will reflect each client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our investment management fee. Clients should carefully review the account statements received from the qualified custodian. When clients receive performance reports from Portfolio Solutions® as well as from the qualified custodian, clients should compare these two reports carefully. Clients with any questions about their statements and reports should contact us at the address or phone number on the cover of this brochure. Clients who do not receive statements from the qualified custodian at least monthly should also notify us.

INVESTMENT DISCRETION

Portfolio Solutions® has full discretion to decide the specific securities to trade, the quantity of such securities, and the timing of securities transactions for client accounts. Portfolio Solutions® will not contact clients before placing trades in their accounts, but clients will receive confirmations directly from the broker-dealer and/or qualified custodian (Schwab) for any trades placed. Clients grant us discretionary authority in the Investment Management Agreement they sign with us. Clients also give us trading authority over their accounts when they sign the custodian (Schwab) paperwork. Certain client-imposed conditions may limit our discretionary authority, such as when the client prohibits transactions in specific security types.



VOTING CLIENT SECURITIES

Proxy Voting

Portfolio Solutions® accepts and has the authority to vote client proxies pertaining to securities held in a client's account. We will vote all proxies in favor of proposals and recommendations of the management of the companies held. Any client who disagrees with this policy may reserve the right to vote their own proxies. A client may request to vote their own proxies by sending a written request to our main office address listed on the cover page of this brochure.

Although it is highly unlikely, it is may be possible that Portfolio Solutions® may be called on to vote a proxy in a situation that may cause a conflict of interest. If any vote would cause a possible conflict of interest, we will contact the client for consent prior to casting a vote on behalf of a client.

Information regarding how the proxies pertaining to the client's account were voted can be obtained from Portfolio Solutions® by sending a written request for the information to our main office address listed on the cover page of this brochure.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

Portfolio Solutions® does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on a client's behalf. However, if a client notifies us that the client wishes to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

FINANCIAL INFORMATION

Registered investment advisers are required to provide a balance sheet if they require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Portfolio Solutions® does not require or solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients under our Investment Management Agreements. We have never been the subject of a bankruptcy petition.

PRIVACY POLICY

Portfolio Solutions® collects non-public personal information about you from the following sources:

- Information we receive about you on applications or other forms;
- Information you give us orally; and
- Information about your transactions with us or others

We are committed to protecting your privacy and your non-public personal information. We do not sell or market your non-public personal information to unaffiliated organizations. We maintain physical, electronic and procedural safeguards to guard your non-public personal information. We hold our employees to strict standards of conduct regarding confidentiality, and employees who violate our Privacy Policy are subject to disciplinary process. We restrict access to your information to those employees who need to know that information to carry out their duties.

We do not disclose any non-public personal information about our clients or former clients without the client's authorization, except as permitted by law. We may disclose the non-public information we collect to employees and affiliates, and unaffiliated third parties as permitted by law. Third parties may include law enforcement agencies, gov-

ernment and regulatory authorities, and professionals such as our legal counsel and auditors, and we may disclose information for reasons such as audit purposes, prevention of fraud or money laundering, protection of confidentiality, compliance with laws, and to provide agreed upon products and services to you. Third parties may also include service providers performing financial services for us (such as brokers and custodians) and service providers performing non-financial services for us (such as third parties performing computer related or data maintenance, marketing or other services for us or to assist us in offering our products and services to you). It is our policy to require all third party service providers that will receive information to sign strict confidentiality agreements agreeing to safeguard such information and use it only for the purpose it was provided.

Form ADV 2B

This brochure supplement provides information about Richard (Rick) A. Ferri, CFA®, Scott C. Salaske, Michael (Mike) A. Palazzolo and Kenneth (Ken) J. Carbaugh that supplements the Portfolios Solutions®, LLC brochure. You should have already received that brochure or concurrently with this brochure. Please contact Scott C. Salaske (President & Chief Compliance Officer) if you did not receive our brochure or if you have any questions about the contents of this supplement.

RICHARD (RICK) A. FERRI, CFA®

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Richard A. Ferri, CFA® – Founder
Year of birth: 1958

Education:

MSE, Walsh College, 1999
BS, University of Rhode Island, 1980

Professional Designations:

Charter Financial Analyst (CFA), 1995

The Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. From the CFA Institute (www.cfainstitute.org) as of March 31, 2012.

Business Background:

Richard Ferri began his career in the investment business in January 1989, when he joined Kidder Peabody, Inc. as a Registered Representative. Richard left Kidder Peabody, Inc. and joined Smith Barney, Inc. in June 1994 as a Registered Representative. Richard left Smith Barney, Inc. in July 1999 and founded Portfolio Solutions® LLC.

Richard has held many titles since founding Portfolio Solutions®, LLC in July 1999. A summary of those titles are as follows: Founder (July 1999 – Present), CEO & Director of Research (January 2007 – January 2008), CEO & Chief Compliance Officer (May 2006 – January 2007), President & Chief Compliance Officer (December 2003 – May 2006), President (July 1999 – December 2003).



Richard is the author of six investment books: *Serious Money – Straight Talk About Investing for Retirement*, *All About Index Funds*, *All About Asset Allocation*, *The ETF Book*, *Protecting Your Wealth in Good Times and Bad*, and *The Power of Passive Investing*. Through his work as a researcher, author and investment manager, he continually monitors and evaluates the latest trends related to index funds and exchange-traded funds (ETFs). Richard utilizes his in-depth research about index fund investing strategies to guide the Investment Committee of Portfolio Solutions®, LLC, the low-cost investment management firm he founded in 1999. Richard is responsible for research and education at Portfolio Solutions®, LLC. In addition, he shares his insights as a frequent news commentator, Forbes columnist, media contributor and public speaker.

DISCIPLINARY INFORMATION

Richard Ferri has no disciplinary history to disclose.

OTHER BUSINESS ACTIVITIES

Richard Ferri's only business is providing investment management services through Portfolio Solutions®, LLC. As noted above, Richard is the author of six investment books for which Portfolio Solutions, LLC receives royalties. Book writing is not a substantial source of revenues. From time-to-time writing investment related books may take more than 10% of Richard's time.

ADDITIONAL COMPENSATION

Richard Ferri's only compensation comes from his regular salary and ownership interest of Portfolio Solutions®, LLC.

SUPERVISION

Richard Ferri does not directly provide investment advice to clients. Scott C. Salaske (President & Chief Compliance Officer) supervises all Portfolio Solutions®, LLC personnel through office interactions and remote interactions. Scott can be reached at 248-689-1550 or by email at ssalaske@portfoliosolutions.com.

SCOTT C. SALASKE

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Scott C. Salaske – President & Chief Compliance Officer
Year of birth: 1975

Education:

BS – Finance Concentration, Walsh College, 1998

Business Background:

Scott Salaske began his career in the investment business in September 1994, when he joined M&B Cranbrook Group, Inc. as a Financial Assistant. Scott left M&B Cranbrook Group, Inc. in March 1999 and founded Quest Asset Management, LLC as its President. In July 2001, Scott merged Quest Asset Management, LLC into Portfolio Solutions®, LLC and became Vice President of Portfolio Solutions®, LLC. In May 2006, Scott became President of Portfolio Solutions®, LLC through January 2007. In January 2007, Scott remained as President of Portfolio Solutions®, LLC as well as its Chief Compliance Officer.

Scott's responsibilities with Portfolio Solutions®, LLC include strategic business planning, overall business operations and compliance which involve the supervision of portfolio management, portfolio development, marketing, business development, accounting, and client service. In addition, Scott is a member of the Investment Committee at Portfolio Solutions®, LLC.



DISCIPLINARY INFORMATION

Scott Salaske has no disciplinary history to disclose.

OTHER BUSINESS ACTIVITIES

Scott Salaske's only business is providing investment management services through Portfolio Solutions®, LLC.

ADDITIONAL COMPENSATION

Scott Salaske's only compensation comes from his regular salary and ownership interest of Portfolio Solutions®, LLC.

SUPERVISION

Scott Salaske (President & Chief Compliance Officer) supervises all Portfolio Solutions®, LLC personnel. Scott can be reached at 248-689-1550 or by email at ssalaske@portfoliosolutions.com.

KENNETH (KEN) J. CARBAUGH

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Kenneth J. Carbaugh – Vice President, Director of Portfolio Management
Year of birth: 1973

Education:

BS – Investments Concentration, Walsh College, 1999

Business Background:

Kenneth Carbaugh began his career in the investment business in March 2000, when he joined Investors Bank & Trust as a Mutual Fund & Custody Accountant II. Kenneth left Investors Bank & Trust in March 2001 and joined Standish Mellon Asset Management as a Portfolio Analyst. Kenneth later left Standish Mellon Asset Management to join Freedom One Financial Group as a 401(k) Account Analyst. Kenneth then left Freedom One Financial Group in November 2003 and joined Portfolio Solutions®, LLC as Director of Portfolio Management. In January 2010 Kenneth became Vice President, Director of Portfolio Management at Portfolio Solutions®, LLC, which is his present position.

Kenneth is responsible for the day-to-day implementation, management, and supervision of client investment strategies through our portfolio management department. In addition, Kenneth is a member of the Investment Committee at Portfolio Solutions®, LLC.

DISCIPLINARY INFORMATION

Kenneth Carbaugh has no disciplinary history to disclose.

OTHER BUSINESS ACTIVITIES

Kenneth Carbaugh's only business is providing investment management services through Portfolio Solutions®, LLC.

ADDITIONAL COMPENSATION

Kenneth Carbaugh's only compensation comes from his regular salary from Portfolio Solutions®, LLC.

**SUPERVISION**

Scott Salaske (President & Chief Compliance Officer) supervises all Portfolio Solutions®, LLC personnel through office interactions. Scott can be reached at 248-689-1550 or by email at ssalaske@portfoliosolutions.com.

MICHAEL A. PALAZZOLO, CFP®**EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Michael A. Palazzolo CFP® – Senior Investment Specialist
Year of birth: 1970

Education:

MS– Computer Science & Engineering, Oakland University, 1996

Professional Designations:

Certified Financial Planner (CFP®), 2010

Business Background:

Prior to joining Portfolio Solutions, Michael worked as a Financial Counselor with GreenPath Inc., where he advised clients experiencing personal finance challenges. Prior to GreenPath, Michael worked in the automotive and defense industries developing vehicle and simulation software. Michael has a Graduate Certificate in Personal Financial Planning. He has also obtained his Certified Financial Planner™ certification.

Michael is responsible for working with clients to help ensure that their investment strategy is appropriately aligned with their financial goals and objectives.

DISCIPLINARY INFORMATION

Michael A. Palazzolo has no disciplinary history to disclose.

OTHER BUSINESS ACTIVITIES

Michael A. Palazzolo's only business is providing investment management services through Portfolio Solutions®, LLC.

ADDITIONAL COMPENSATION

Michael A. Palazzolo's only compensation comes from his regular salary from Portfolio Solutions®, LLC.

SUPERVISION

Scott Salaske (President & Chief Compliance Officer) supervises all Portfolio Solutions®, LLC personnel through office interactions. Scott can be reached at 248-689-1550 or by email at ssalaske@portfoliosolutions.com.



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