

Item 1 – Cover Page

Part 2A of Form ADV: *Firm Brochure*

Portfolio, LLC

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Dated: January 03, 2012

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This brochure provides information about the qualifications and business practices of Portfolio, LLC also known as Portfolio Asset Management (referred to as PLLC). If you have any questions about the contents of this brochure, please contact us at 505-884-3445. 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 PLLC also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PLLC is 145687.

Item 2 – Material Changes

The major change in 2011 was the closing of Portfolio Trading Protocol, LP (PTP, LP) in September for which Portfolio, LLC (PLLC) was the General Partner. This change is reflected in the information under Items 5 and 6.

In addition, our service providers added new services including TD Ameritrade Institutional Equity Management Program (see page 7). PLLC also has enlisted Broker/Dealers outside of TD Ameritrade Institutional (see page 8).

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Item 4 – Advisory Business

The principal business of PLLC is furnishing investment advisory services to clients.

This activity includes continuous advice concerning investment of funds consistent with the circumstances, preferences, and objectives of each client. The investment management process includes an assessment of each client's investment goals, risk and return objectives, needs, restrictions, and portfolio holdings. We attempt to structure each client's investment program in the context of these considerations. PLLC also writes an Investment Policy Statement (IPS), which is provided initially and then reviewed annually with each client. The IPS details any special circumstances, unique preferences, and portfolio restrictions that a client may impose.

PLLC manages accounts on a fully discretionary basis through wrap fee programs. PLLC receives fees for managing client's investments. Management fees are billed quarterly in arrears. Fees are directly deducted from the clients' accounts through the qualified custodian holding the assets. PLLC manages \$175,250,000.

PLLC also offers financial planning services to clients and prospective clients. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. The process involves gathering information about a client's financial circumstances and objectives. Financial planning software is used to determine the current financial position and to define and quantify long-term goals and objectives. PLLC reviews and analyzes the information in the plan and delivers a written plan designed to help each client achieve stated financial goals and objectives. Clients are under no obligation to act on these financial planning recommendations nor are they obligated to implement the financial plan through any PLLC investment advisory services.

PLLC charges a fixed fee for financial planning services, which generally ranges between \$500-\$25,000. The fee is negotiable depending upon the complexity and scope of the plan, individual financial situations, and objectives.

In addition, PLLC may provide financial consulting services to legal counsel. PLLC does not compensate law firms for client referrals and no fee sharing relationship exists between PLLC and any law firm. It is PLLC's discretion to work with a client referred by a law firm and not all referrals are accepted. Lee Munson, CFP®, CFA is primarily responsible for performing the Services in this matter.

PLLC also offers advisory and consulting services for retirement plans. Such services may include both fiduciary and non-fiduciary services. To the extent it performs fiduciary services, PLLC provides investment advice as a "fiduciary" within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), the federal law governing retirement plans.

Fiduciary services may include assistance with the development of the plan's investment policy statement and providing advice with respect to the selection of, or changes to, plan investments. When performing non-fiduciary services, PLLC is not acting as an ERISA plan fiduciary. Non-fiduciary services may include general assistance with enrollment meetings for participants, or plan-level consulting services regarding plan design or its service providers. PLLC may charge a fixed or asset-based fee for its retirement plan advisory and consulting services, which is negotiable depending upon the complexity and scope of the engagement.

Lee E. Munson, CFA, CFP® founded PLLC in January 2008 and remains the principal owner.

Item 5 – Fees and Compensation

Clients in the wrap-fee programs pay a single annualized fee, based upon a percentage of the market value of all program assets. Charges for services shall not exceed an annual fee of 150 basis points (1.50%) of the client's assets under management. The fee includes PLLC's management fee and reimbursed expenses paid for all custodial expenses charged by using the TD Ameritrade Institutional platform. Specifically, reimbursed expenses for custodial fees will cover all commissions, prime broker fees, and any other transaction fees relating to the execution of securities transactions within client accounts. The reimbursed expenses for custodial fees are 8 basis points.

The actual fee charged to each client is negotiable based on factors such as the client's financial situation and circumstances, the amount of assets under management and the overall complexity of the services provided. This includes the type of portfolio strategies used. Prior to services being provided, the exact services and fees will be agreed upon and disclosed in the *Portfolio Private Client Program – Client Agreement*.

Program fees are divided and billed quarterly in arrears. Quarterly fees are calculated based on the average of the monthly ending balances during the quarter. Fees will be pro rated during the initial and final quarters service is provided. Fees are generally deducted directly from a client's account. Clients must provide TD Ameritrade Institutional with written authorization to have fees deducted from the account and paid to PLLC. The custodian will send client statements detailing account activity for the prior period including a description of all disbursements for the account including the amount of PLLC's fee deducted directly from the account. At the discretion of PLLC, clients may pay fees directly upon receipt of a billing statement.

Performance Based Fees

With the closing of PTP, LP, Portfolio, LLC charges no performance fees.

Other Fees

Clients may also incur certain charges imposed by third parties other than PLLC in connection with investments made through the account, including but not limited to 12(b)-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management and transaction fees charged by PLLC are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Financial Consulting Services Hourly Rate. The hourly rate for Financial Consulting Services is \$500 per hour, plus applicable New Mexico gross receipts tax. The hourly rates apply to all Financial Consulting Services, including, but not limited to, telephone calls and conferences, factual investigation and research, drafting reports, analyses, letters and other documents, travel time, time in meetings, time in depositions and other discovery proceedings, and time in hearings and other case-related proceedings. In addition to payment for our Financial Consulting Services, PLLC will be reimbursed for expenses at actual cost. These cost exclude

routine long-distance telephone calls, routine photocopying in-house, or routine computerized research.

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

PLLC charges investment supervisory fees on a percentage of the assets of a client. These fees must be paid whether there is any increase in account value or not. With the closing of PTP, LP, Portfolio, LLC charges no performance fees.

Item 7 – Types of Clients

PLLC provides investment supervisory and management services to individuals, high net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities. PLLC has no specified minimum account size.

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

PLLC uses a combination of technical and fundamental methods to assess risk and opportunities in global markets.

PLLC obtains information from a wide variety of publicly available sources. PLLC does not have, nor does it claim to have, sources of inside or private information. The recommendations developed by PLLC are based upon the professional judgment of PLLC and the results of its recommendations are not guaranteed.

Risk. PLLC cannot guarantee the future performance of client's accounts, promise any specific level of performance or promise that its investment decisions, strategies or overall management will be successful.

The investment decisions PLLC makes are subject to various market, currency, economic, political and business risks, and will not necessarily be profitable.

Except as may otherwise be provided by law, PLLC will not be liable to clients for any loss (i) that the clients may suffer as a result of PLLC's good faith decisions or actions where PLLC exercises the degree of care, skill, prudence and diligence that a prudent person acting in a fiduciary capacity would use; (ii) caused by following clients' instructions; or (iii) caused by the custodian, any broker or dealer to which PLLC directs transactions for the clients or by any other person.

Item 9 – Disciplinary Information

There are no legal or disciplinary events to disclose for PLLC or any of its advisors.

Item 10 – Other Financial Industry Activities and Affiliations

PLLC may provide advice to a client regarding private placement investments. Such investments are often illiquid, which means that the investments can be difficult to trade and consequently limits a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

As part of our investment management services, we may use one or more sub-advisers to manage a portion or the whole of your account on a discretionary basis. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. Our ability to hire and firm sub-advisers on your behalf is based on you granting our firm discretionary authority, which is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authority forms. We will pay a portion of our advisory fee to the sub-adviser(s) we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

Tracy A. Miller, CFP CFP®, ChFC, CLU is also an insurance broker. From time to time she will offer clients advice or products from those activities. PLLC always acts in the best interest of the client.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. PLLC has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Advisors with PLLC have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics, which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. PLLC requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the PLLC's Code of Ethics. PLLC has the responsibility to make sure that the interests of all clients are placed ahead of the PLLC or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. PLLC and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of advisor's Code of Ethics. However, if a client or a potential client wishes to review PLLC's Code of Ethics in its entirety, a copy will be provided promptly upon request.

PLLC and its supervised persons may buy or sell securities that are also recommended to clients. In order to minimize this conflict of interest, securities recommended by PLLC are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, PLLC and its supervised persons will place client interests ahead of their own interests.

Item 12 – Brokerage Practices

Use of TD Ameritrade Institutional

PLLC requires the use of TD Ameritrade Institutional for clients. PLLC participates in the Institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. Through this arrangement, accounts will be maintained at TD Ameritrade, Inc. (referred to as “TDA”) **TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. (“TD AMERITRADE”)** a registered broker/dealer, member FINRA/SIPC/NFA. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers PLLC services that include custody of securities, trade execution, clearance, and settlement of transactions. PLLC receives some benefits from TD Ameritrade through its participation in the Program. The primary factor in determining a broker/dealer for PLLC is that the services of the broker/dealer are provided in a cost-effective manner. Best execution of client transactions is an obligation PLLC takes seriously and is a catalyst in the decision of suggesting a broker/dealer. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by PLLC must be efficient, seamless, and straightforward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer. PLLC does not have any soft dollar arrangements with any third party.

In connection with the use and recommendation of TDA, there is no direct link between PLLCs participation in the program and the investment advice it gives to its clients, although PLLC receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to PLLC by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by PLLC’s related persons. Some of the products and services made available by TD AMERITRADE through the program may benefit PLLC but may not benefit its client accounts. These products or services may assist PLLC in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help PLLC manage and further develop its business enterprise. The benefits received by PLLC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. **Clients should be aware, however,**

that the receipt of economic benefits by PLLC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence PLLC's recommendation of TDA for custody and brokerage services.

PLLC may receive succession planning, practice valuation, and equity management services from third- party vendors through participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, PLLC may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with PLLC and there is no employee or agency relationship between TD Ameritrade and PLLC. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise PLLC and has no responsibility for PLLC's management of client portfolios or PLLC's other advice or services to clients.

PLLC's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflicts of interest. PLLC may encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, PLLC may have an incentive to recommend to clients that the assets under management by PLLC be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. PLLC's participation in the TD Ameritrade Institutional Equity Management Program does not relieve the PLLC of the duty to seek best execution of trades for client accounts.

The PLLC also receives from TDA certain economic benefits that may or may not be offered to any other independent investment advisors using TDA. In addition to the above-mentioned services, TDA subsidizes part of the cost associated with PLLC's chosen third-party reconciliation agent, ORION Advisor Services (ORION) and PLLC's chosen CRM provider, AppCrown. All payments from TDA to ORION or AppCrown on behalf of the PLLC are made directly to ORION or AppCrown. TDA provides this additional service to the PLLC in its sole discretion and at its own expense, and PLLC does not pay any fees to TDA for the additional services. PLLC and TDA have entered into a separate agreement to govern the terms of the provision of the additional services. PLLC's receipt of the additional services raises potential conflict of interest. In providing these services to PLLC, TDA most likely considers the amount and profitability to TDA of the assets in, and trades placed for PLLC's client accounts maintained with TDA. TDA has the right to terminate the additional services with the PLLC, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the additional services from TDA, PLLC may have an incentive to continue to recommend to its clients that the assets under management with the Advisor be held in custody with TDA and to place transactions for client accounts with TDA. PLLC's receipt of additional services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

Use of additional Broker/Dealers

PLLC will occasionally use other Broker-Dealers in addition to TD Ameritrade to execute trades. This is done for the following reasons: 1) Price impact: PLLC can at time receive better pricing from another firm. We regularly monitor best execution in these instances; 2) Research: Firms other than TDAI often provide proprietary research that cannot be obtained elsewhere; and 3): these firms, based on the amount of trading, will pay certain expenses incurred by PLLC in the course of doing business. The amount varies. This may create a conflict of interest, however; PLLC is vigilant in seeking the best outcome for its clients.

Item 13 – Review of Accounts

PLLC's Chief Investment Officer reviews individual strategies monthly. This process is facilitated in part by the fact that PLLC runs model portfolios for most clients. Certain clients may impose restrictions on their holdings. In accommodating those restrictions, we evaluate any resulting differences between a specific account and the firm's model portfolios very closely. All accounts are monitored on a portfolio management system providing current and comprehensive information concerning account performance, asset allocation, and the progress of individual positions in the portfolio.

Account review is a routine firm function, but it can be triggered or intensified by unexpected performance, shifting market conditions, or changing client preferences or circumstances. In both routine and unusual circumstances, the central purpose of PLLC's review process is to ensure that the firm's clients understand both *what* and *how* their accounts are doing. An additional purpose is to ensure the suitability of PLLC's investment discipline for all clients.

Item 14 – Client Referrals and Other Compensation

PLLC has relationships with unaffiliated legal firms, accounting firms, mortgage brokers, and other consultants. When PLLC determines that clients may be in need of the services provided by these outside entities, clients would be referred to an applicable firm that provides the necessary professional services. In addition, if clients of these outside firms are in need of investment advisory services, the outside professionals may refer clients to PLLC. Clients are not obligated in any manner to use the services any of these entities and no fee sharing or fee payment arrangements exist between PLLC and any outside firm.

Item 15 – Custody

The custodian TDA will send client account statements on a monthly basis to all account holders with PLLC. In addition, clients receive quarterly performance statements for each of their Investment advisory accounts from ORION. Upon request, clients may receive reports more frequently, and may, in all cases, access comprehensive account information using our custodian's and third party reconciliation agent's Internet resources. In addition to these written or formal methods, PLLC communicates with clients frequently— by e-mail, postal

mail, telephone, and in person— concerning their accounts and personal and financial circumstances.

Item 16 – Investment Discretion

Clients grant PLLC discretionary trading authority over their account(s) that will be managed by PLLC. Clients also grant PLLC the authority to make all decisions to buy, sell or hold securities, cash or other investments for the account(s). PLLC's has sole discretion without first consulting with clients. Clients give PLLC full power and authority to carry out investment decisions by giving instructions, on behalf of clients, to brokers and dealers and the custodian for the account(s). Clients authorize PLLC to provide evidence of PLLC's authority. Any changes to investment instructions and limitations must be delivered to PLLC in writing.

Item 17 – Voting Client Securities

PLLC does not perform proxy-voting services on a client's behalf. Clients are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. Upon request from the client, PLLC may provide limited clarifications of the issues presented in the proxy voting materials based on PLLC's understanding of issues presented in the proxy-voting materials. However, the client will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

PLLC does not require or solicit payment of any fees in advance.

Item 19 – Requirements for State-Registered Advisers

Lee E. Munson, Born 04/1975

Education and Professional Designation Background:

B.A. in Liberal Arts: St. John's College - Santa Fe, New Mexico
Chartered Financial Consultant® (CFA®) Charterholder since September 2006
Obtained CERTIFIED FINANCIAL PLANNER™ certification in January 2004

Business Background:

Portfolio LLC Managing Member & Investment Advisor Representative, 01/2008 to Present; and
Charles Schwab & Co., Inc., Financial Consultant, 04/2002 to 01/2008.

Tracy A. Miller, Born 08/1955

Education Background:

B.A. in Political Science/Pre-Law- University of Oklahoma
Obtained CERTIFIED FINANCIAL PLANNER™ certification in November 2001

Business Background:

Portfolio, LLC, Certified Financial Planner & Investment Advisor Representative, 09/2009 to Present;
Charles Schwab & Co., Inc., Financial Consultant, 11/1997 to 08/2009

While Ms. Miller's primary business is devoted to the services of the Advisor, Ms. Miller is also the owner and CEO of Red River Advisors, LLC an insurance company and devotes approximately 10% of her time to this endeavor. She receives commissions for the sales of insurance products.

Lorraine Ell, Born 09/1952

Education Background:

B.A. in Linguistics: Michigan State University – East Lansing, Michigan
M.A. in Leadership: Michigan State University – East Lansing, Michigan

Business Background:

Portfolio, LLC Chief Operations Officer, 01/2008 to Present, & Investment Advisor Representative, 03/2008 to Present;
University of Phoenix, Adjunct Faculty Member, 01/2007 to Present;
Albuquerque Public Schools, Teacher, 08/2007 to 01/2008;
Michigan State University, Full-Time Student, 01/2006 to 12/2006; and

While Ms. Ell's primary business is devoted to the services of the Advisor, Ms. Ell is a part-time faculty member, teaching academic writing, at the University of Phoenix. Ms. Ell devotes approximately 10-15 hours per month to this activity. This activity is not related in any way to the services provided by Advisor and is considered a complete and separate activity.

Nancy Hofman Hetrick, Born 05/1967

Education Background:

Certified Divorce Financial Analyst™ (CDFA™)
Accredited Wealth Management Advisor (AWMA)
Accredited Asset Management Specialist (AAMS)
Chartered Mutual Fund Counselor (CMFC)

Business Background:

Portfolio, LLC Investment Advisor Representative, 04/15/2011 to Present
Charles Schwab & Co., Inc., Investment Advisor Representative, 4/1999 to 4/2011

While Ms. Hofman Hetrick's primary business is devoted to the services of the Advisor, Ms.

Hofman Hetrick is a part-time Transformational Life Coach and nutrition product consultant for ISAGENIX International. Ms. Hofman Hetrick devotes less than 20 hours per month to these activities. This activity is not related in any way to the services provided by Advisor and is considered a complete and separate activity.

Bryan Giron, Born 05/1986

Education Background:

B.A. in Finance: University of New Mexico- Albuquerque, New Mexico

Business Background:

Portfolio, LLC Investment Advisor Representative, 08/08/2011 to Present

Assistant, 01/01/2011 to 08/08/2011

Unemployed, 06/2010-12/2010

University of New Mexico, Student, 08/2006-05/2010

Jared Hopkins, Born 10/1973

Education Background:

B.S. in Business Administration: University of Phoenix

MBA, University of Phoenix

Obtained CERTIFIED FINANCIAL PLANNER™ certification in 2010

AAMS, College of Financial Planning

Business Background:

Portfolio, LLC, Certified Financial Planner & Portfolio Manager, 09/2011 to Present;

Charles Schwab & Co., Inc., Financial Consultant, 8/1997 to 08/2011