

Disclosure Brochure

March 27, 2013

PRIVATE PORTFOLIO PARTNERS, LLC

a Registered Investment Adviser

650 From Road
Mack Cali II - 5th Floor
Paramus, New Jersey 07652

(201) 939-6644

This brochure provides information about the qualifications and business practices of Private Portfolio Partners, LLC (hereinafter "Private Portfolio Partners" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Private Portfolio Partners is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Private Portfolio Partners is required to discuss any material changes which have been made to the brochure since its initial Disclosure Brochure filing dated October 4, 2012. Private Portfolio Partners does not have any material changes to disclose in this Item.

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Item 4. Advisory Business

Private Portfolio Partners was formed in September 2012 and is principally owned by the Firm's Managing Director, Richard G. Dragotta, ChFC®.

Private Portfolio Partners offers a variety of investment advisory services, which include financial planning, consulting and portfolio management services. Prior to the rendering of the foregoing advisory services, clients are required to enter into a written agreement with Private Portfolio Partners setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*"). As of March 13, 2013, Private Portfolio Partners has \$13,972,205 in assets under management.

While this brochure generally describes the business of Private Portfolio Partners, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Private Portfolio Partners' behalf and who is subject to the Firm's supervision or control.

Financial Planning Services

Private Portfolio Partners offers clients a range of financial planning services, which includes, but is not limited to, the following components:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Long-Term Care Planning
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement.

In performing these services, Private Portfolio Partners is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Private Portfolio Partners may recommend the services of itself, its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a broker-dealer, and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if Private Portfolio Partners recommends its own services. Clients are under no obligation to act upon any of the recommendations made by Private Portfolio Partners under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including Private Portfolio Partners itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify Private Portfolio Partners if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Private Portfolio Partners' previous recommendations and/or services.

Investment Management Services

Private Portfolio Partners manages client investment portfolios on a discretionary or non-discretionary basis.

Private Portfolio Partners primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, and independent investment managers ("*Independent Managers*"). In addition, Private Portfolio Partners may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or pooled investment vehicles, such as hedge funds or privately-traded real estate investment trusts ("REITs"). The Firm may also provide advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage Private Portfolio Partners to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Private Portfolio Partners directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Private Portfolio Partners tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Private Portfolio Partners consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify Private Portfolio Partners if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Private Portfolio Partners determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

These investment advisory services do not include securities brokerage services, as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

Use of Independent Managers

As mentioned above, Private Portfolio Partners may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Private Portfolio Partners or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets.

Private Portfolio Partners evaluates various information about the *Independent Managers* in which it recommends or selects to manage client portfolios. The Firm generally reviews a variety of different resources, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Private Portfolio Partners also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

Private Portfolio Partners continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. Private Portfolio Partners seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' overall portfolio exposures and investment objectives.

Institutional Consulting Services

Private Portfolio Partners may be engaged by certain institutional clients to provide customized consulting services addressing various investment and non-investment related matters, such as issuer due diligence, general market research and business analysis, amongst others. These institutional consulting services are specialized engagements individually negotiated with each institution based upon their specific needs.

Item 5. Fees and Compensation

Private Portfolio Partners offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Private Portfolio Partners' *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a separate commission arrangement.

Financial Planning Fees

Private Portfolio Partners generally charges a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. The Firm's hourly fee is determined by the professional engaged to provide the underlying services and generally ranges from \$200 to \$225 per hour. The fixed fees for standard retail financial plans typically range from \$1,000 to \$5,000, but may be higher for highly complex or multi-generational plans.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Private Portfolio Partners. Generally, Private Portfolio Partners requires one-half of the financial planning fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. Depending on the arrangement, if the client engages Private Portfolio Partners for additional investment advisory services, Private Portfolio Partners may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Investment Management Fees

Private Portfolio Partners provides investment management services for an annual fee based on the amount of assets under the Firm's management. This fee ranges up to 200 basis points (2.00%), depending upon the size of a client's portfolio, as set forth in the following fee schedule:

PORTFOLIO VALUE	ANNUAL FEE
Up to \$100,000	2.00%
\$100,001 – \$250,000	1.75%
\$250,001 – \$500,000	1.45%
\$500,001 – \$750,000	1.15%
\$750,001 – \$1,000,000	1.00%
Above \$1,000,000	Negotiable

This fee is prorated and charged quarterly in advance, based upon the market value of the assets being managed by Private Portfolio Partners on the last day of the previous quarter.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. For the initial term

of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

Fee Discretion

Private Portfolio Partners, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Additional Fees and Expenses

In addition to the fee paid to Private Portfolio Partners, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Fee Debit

The *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Private Portfolio Partners and/or the *Independent Managers* to debit its clients' accounts for the amount of the management fee and to directly remit that fee to Private Portfolio Partners or the *Independent Managers*. Any *Financial Institutions* recommended by Private Portfolio Partners have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to Private Portfolio Partners.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Private Portfolio Partners' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Private Portfolio Partners, subject to the usual and customary securities settlement procedures. However, Private Portfolio Partners designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Private Portfolio Partners may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are

liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with Private Portfolio Partners (but not Private Portfolio Partners) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Private Portfolio Partners.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of LPL Financial ("*LPL*"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Private Portfolio Partners may be entitled to a portion of the brokerage commissions paid to *LPL*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Private Portfolio Partners may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with *LPL*. Private Portfolio Partners does not receive any portion of the commissions or transactional fees charged by *LPL*.

A conflict of interest exists to the extent that Private Portfolio Partners recommends the purchase of securities where Private Portfolio Partners' *Supervised Persons* receive commissions or other additional compensation as a result of Private Portfolio Partners' recommendations. Private Portfolio Partners has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA"), and such others that Private Portfolio Partners, in its sole discretion, deems appropriate, Private Portfolio Partners may provide its investment advisory services on a fee-offset basis. In this scenario, Private Portfolio Partners may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Private Portfolio Partners' *Supervised Persons* in their individual capacities as registered representatives of *LPL*.

Item 6. Performance-Based Fees and Side-by-Side Management

Private Portfolio Partners does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

Private Portfolio Partners provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

No Minimum Account Requirements

Private Portfolio Partners does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Private Portfolio Partners. In these instances, Private Portfolio Partners may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

Private Portfolio Partners generally utilizes a combination of largely fundamental, technical and cyclical methods of analysis, while relying heavily on various elements of Modern Portfolio Theory ("MPT").

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. Private Portfolio Partners generally analyzes an issuer's financial condition, capabilities of management, growth prospects, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Private Portfolio Partners will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Private Portfolio Partners is recommending. The risks with cyclical analysis are similar to those of technical analysis.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual

risk of a particular allocation. Nonetheless, Private Portfolio Partners' investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Investment Strategies

Private Portfolio Partners' investment philosophy embraces the fundamental premise of MPT while incorporating both strategic and tactical asset allocation, as it seeks to deliver optimal risk-adjusted returns. The Firm diversifies client portfolios among a multitude of asset classes by utilizing a combination of third-party *Independent Managers*, mutual funds, ETFs, and individual stocks and bonds, in an effort to help reduce portfolio volatility.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential loss.

Market Risks

The profitability of a significant portion of Private Portfolio Partners' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Private Portfolio Partners will be able to predict those price movements accurately.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Use of Independent Managers

Private Portfolio Partners may recommend the use of *Independent Managers*. In these situations, Private Portfolio Partners continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, Private Portfolio Partners generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

Use of Private Collective Investment Vehicles

Private Portfolio Partners recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Real Estate Investment Trusts (REITs)

Private Portfolio Partners may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately

placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

Management through Similarly Managed "Model" Accounts

Private Portfolio Partners manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact Private Portfolio Partners if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

Item 9. Disciplinary Information

Private Portfolio Partners has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

LPL Financial

Certain of the Firm's *Supervised Persons* are also investment adviser representatives and registered representatives of *LPL*, a dually- registered investment adviser and broker/dealer. A conflict of interest exists to the extent that Private Portfolio Partners recommends clients utilize the investment advisory services of *LPL* where one of its *Supervised Persons* is entitled to receive a portion of the investment advisory fees or other additional compensation.

Licensed Insurance Agent

Certain of the Firm's *Supervised Persons* are licensed insurance agents and in such capacity may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Private Portfolio Partners recommends the purchase of insurance products where one of its *Supervised Person* receives insurance commissions or other additional compensation. Private Portfolio Partners seeks to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned.

Item 11. Code of Ethics

Private Portfolio Partners and persons associated with Private Portfolio Partners are permitted to buy or sell securities that it also recommends to clients consistent with Private Portfolio Partners' policies and procedures.

Private Portfolio Partners has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Private Portfolio Partners or any of its associated persons. The *Code of Ethics* also requires that certain of Private Portfolio Partners' personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings.

Unless specifically permitted in Private Portfolio Partners' *Code of Ethics*, none of Private Portfolio Partners' *Access Persons* may effect for themselves or for their immediate family (e.g., a spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Private Portfolio Partners' clients.

When Private Portfolio Partners is purchasing, or considering for purchase, any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Private Portfolio Partners is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;

- Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Private Portfolio Partners to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

Recommendation or Selection of Financial Institutions

Private Portfolio Partners generally recommends that investment management clients utilize the brokerage and clearing services of LPL Financial (“LPL”).

Private Portfolio Partners may only implement its investment management recommendations after the client has arranged for and furnished Private Portfolio Partners with all information and authorization regarding accounts held at their respective financial institutions. Factors which Private Portfolio Partners considers in recommending LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. LPL may enable Private Portfolio Partners to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Private Portfolio Partners’ clients comply with Private Portfolio Partners’ duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Private Portfolio Partners determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution’s* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Private Portfolio Partners seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Private Portfolio Partners and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Private Portfolio Partners periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Brokerage for Client Referrals

Private Portfolio Partners does not consider, in recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.

Directed Brokerage

A client may direct Private Portfolio Partners in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Private Portfolio Partners will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Private Portfolio Partners. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Private Portfolio Partners may decline a client’s request to direct brokerage if, in Private Portfolio Partners’ sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

Trade Aggregation

Transactions for each client generally will be effected independently, unless Private Portfolio Partners decides to purchase or sell the same securities for several clients at approximately the same time. Private Portfolio Partners may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Private Portfolio Partners’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among Private Portfolio Partners’ clients *pro rata* to the purchase and sale orders placed for each client on any given day.

To the extent that Private Portfolio Partners determines to aggregate client orders for the purchase or sale of securities, including securities in which Private Portfolio Partners’ *Supervised Persons* may invest, Private Portfolio Partners generally does so in accordance with applicable rules and regulations. Private Portfolio Partners does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Private Portfolio Partners determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;

- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Private Portfolio Partners may exclude the account(s) from the allocation and the transactions may be executed on a *pro rata* basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Private Portfolio Partners in its investment decision-making process. Such research generally will be used to service all of Private Portfolio Partners' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Private Portfolio Partners does not have to produce or pay for the products or services.

Item 13. Review of Accounts

Account Reviews

Private Portfolio Partners monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted at least annually. For those clients to whom Private Portfolio Partners provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. All such reviews are conducted by one or more of Private Portfolio Partners' investment adviser representatives and/or principals. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Private Portfolio Partners and to keep Private Portfolio Partners informed of any changes thereto. Private Portfolio Partners contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in their financial situations and/or investment objectives.

Account Statements and Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time to time or as otherwise requested, investment advisory clients also receive written or electronic reports from Private Portfolio Partners and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Private Portfolio Partners or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

Private Portfolio Partners does not currently provide compensation to third-party solicitors for client referrals.

Other Economic Benefit

Private Portfolio Partners does not receive an economic benefit from any third parties (non-clients) for providing investment advice to the Firm's clients.

Item 15. Custody

Private Portfolio Partners is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by Private Portfolio Partners have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to Private Portfolio Partners and/or the *Independent Managers* engaged to manage their accounts.

As discussed in Item 13, Private Portfolio Partners and/or a third party vendor may also send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the *Financial Institutions* and to compare them with any reports received from Private Portfolio Partners or an outside service provider.

Item 16. Investment Discretion

Clients may grant Private Portfolio Partners the authority to exercise discretion on their behalf. Private Portfolio Partners is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Private Portfolio Partners is

given this authority through a power-of-attorney included in the *Agreement* between Private Portfolio Partners and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, Private Portfolio Partners takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Private Portfolio Partners does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

Item 18. Financial Information

Private Portfolio Partners is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

PRIVATE PORTFOLIO PARTNERS, LLC

a Registered Investment Adviser

650 From Road
Mack Cali II - 5th Floor
Paramus, New Jersey 07652

(201) 939-6644

Prepared by:



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The Adviser's Advisor®