

Portfolio Management, LLC

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March 23, 2015

The oral and written communications of a Registered Investment Advisor provide current and prospective clients with information that helps them evaluate an Advisor. This Brochure, as required by law, provides information about the qualifications and business practices of Portfolio Management, LLC (the “Advisor”).

Portfolio Management, LLC is a Registered Investment Adviser. Please note the registration of an Investment Advisor does not imply any level of skill or training, and 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.

If you have any questions about the contents of this Brochure, please contact Richard Kranz at 281-494-1919 or richard.kranz@portmgmt.com.

Additional information about Portfolio Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

By law, the Advisor must ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of the Advisor's fiscal year.

This section of the Brochure (Item 2) is designed to discuss only specific material changes that have been made to the Brochure and provide clients with a summary of such changes.

The Advisor may further provide other ongoing disclosure information about material changes as necessary based on changes or new information, at any time, without charge.

There are no material changes to report at this time.

As of December 31, 2014, the Advisor managed \$110,062,336 in assets on a discretionary management.

A copy of the Advisor's full Brochure may be requested at any time by contacting Richard Kranz at 281-494-1919 or richard.kranz@portmgmt.com. The date of the Advisor's most recent annual update of this brochure is March 23, 2015.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	2
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9 – Disciplinary Information	4
Item 10 – Other Financial Industry Activities and Affiliations.....	4
Item 11 – Code of Ethics.....	4
Item 12 – Brokerage Practices	5
Item 13 – Review of Accounts	6
Item 14 – Client Referrals and Other Compensation	7
Item 15 – Custody	7
Item 16 – Investment Discretion	7
Item 17 – Voting Client Securities	8
Item 18 – Financial Information.....	8
Item 19 – Requirements for State Registered Advisers.....	8

Additional Material:

Brochure Supplement

Item 4 – Advisory Business

Portfolio Management, LLC is in the business of providing investment management services to individuals and organizations.

Richard Kranz is the sole owner of Portfolio Management, LLC. He began his career in the financial services business in 1983, and has served in his capacity as owner of the Advisor since 1992.

The Advisor's investment management services includes the selection of investment vehicles and overall asset allocation of a client's portfolio, along with the continued monitoring and management of these assets on a discretionary basis.

The selection of investment vehicles by the Advisor on a client's behalf is made by the Advisor based on its knowledge and understanding of the client's on-going financial needs, long-term goals, risk tolerance and time horizon. Within agreed-upon asset allocation parameters, the client gives the Advisor authority to determine the securities—and the timing and amounts of the securities—to be bought and sold.

The Advisor attempts to select investment instruments that are competitive in the financial marketplace in terms of current yield, safety of principal and/or future growth potential. Most investments are made with the expectation of maintaining an intermediate to long-term holding period unless compelling short-term considerations alter this strategy.

On an on-going basis, the Advisor monitors and evaluates each portfolio to determine if any assets require repositioning due to significant changes in market conditions, the availability of new alternative vehicles, unsatisfactory investment performance or investment management turnover.

The Advisor attempts to contact every client at least once a year for a detailed review and discussion in order to determine if client needs, goals or risk tolerance have changed since the last contact. At the client's convenience, the Advisor offers to perform periodic reviews, no less frequently than annually, in person, by phone or in writing.

As of December 31, 2014, Portfolio Management, LLC managed \$110,062,336 on a discretionary basis.

Item 5 – Fees and Compensation

For providing the investment management services described above, Portfolio Management, LLC charges a fee based on the amount of assets under management at the beginning of each calendar quarter. The standard fee is 1/4 of 1% of the value of the assets on January 1, April 1, July 1 and October 1. Fees are automatically deducted from client accounts at the beginning of each quarter; and a prorated fee is paid for any assets under management for a partial quarter. The Advisor may discount fees at its discretion, and fees are subject to negotiation.

The client has five business days from the date of initial service to terminate the service without cost. Thereafter, the client is free to discontinue his or her relationship with the Advisor at any time, being eligible for a prorata refund of any unearned investment management fees paid during the quarter if written request is made.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded if written request is made.

The Advisor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client as the custody level. Clients may also incur other charges imposed by custodians, brokers, investment instruments, and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, transfer fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, exchange traded funds and unit investment trusts, for example, typically charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees, and commissions are exclusive of and in addition to the Advisor's fee, and the Advisor does not receive any portion of these other commissions, fees, and costs, if any. The Advisor recognizes its fiduciary capacity of undivided loyalty to the client, and in this regard will place the interests of the client ahead of its own at all times. Investment management fees are the sole source of income to Portfolio Management, LLC.

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

The Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The Advisor is available to provide portfolio management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, private investment funds, and other institutions.

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

The Advisor primarily uses a long-term, asset allocation strategy to invest client portfolios. This investment approach focuses mostly on fundamental analysis, with some consideration paid to technical and cyclical factors.

Investment vehicles evaluated and supervised by the Advisor include exchange-listed securities such as common stocks, corporate debt securities, certificates of deposit, municipal bonds, money market funds, mutual fund shares, exchange-traded funds, unit investment trusts and United States government securities.

The main sources of information used by the Advisor include third party research, on-line computer services, financial newspapers and magazines, corporate rating services, published research materials, company reports and press releases, prospectuses, and filings with the Securities and Exchange Commission.

The initial asset allocation and on-going management of a client's portfolio is conducted with care and diligence; however, the Advisor cannot guarantee investment success. Investments are subject to various risk factors, including interest rate risk, market risk, financial risk, opportunity risk, and purchasing power risk.

Past performance of investments recommended by the Advisor should not be construed as an indication of future results, and the client should recognize that financial markets can be volatile, objectives might not be met, and client portfolios may decline in value over any given time period. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Advisor or the integrity of the Advisor's management. There are no applicable disclosures for this Item for Portfolio Management, LLC.

Item 10 – Other Financial Industry Activities and Affiliations

The Advisor is not involved in any other financial industry activities and is not affiliated with any other business entity.

Item 11 – Code of Ethics

The Advisor has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Advisor must acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, the Advisor and employees of the Advisor may trade for their own accounts in securities which are recommended to and/or purchased for the Advisor's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Advisor will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Because the Code of Ethics in some circumstances might permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Commonality of interest with the client is usually assured in these instances since the client and the Advisor will be holding

either publicly available mutual fund shares or listed securities widely traded on major exchanges, and these positions would normally be held to meet long-term investment objectives rather than for short term trading purposes.

Under the Code, certain classes of securities (such as mutual funds) have been designated as exempt transactions, based upon a determination that trades in these types of securities would not materially interfere with the best interest of the Advisor's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity on many types of securities. In order to avoid any possibility of affecting security prices, the Advisor and its employees will not buy or sell any listed security, other than exchange traded funds, within five trading days of buying or selling the same security for a client.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with the Advisor's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. The Advisor will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Employee trading is continually monitored under the Code of Ethics and should reasonably prevent conflicts of interest between the Advisor and its clients. The Advisor's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Richard Kranz at 281-494-1919 or richard.kranz@portmgmt.com.

Item 12 – Brokerage Practices

For custodial, administrative and brokerage services, the Advisor often recommends the use of Charles Schwab & Co., Inc. ("Schwab"). Schwab is an independent discount brokerage firm, and is not owned by or affiliated with the Advisor. Clients are under no obligation to use the services on any particular custodian, including Schwab.

Regarding the choice of custodians, the primary interest of the Advisor is the use of a custodian who will hold client assets and execute transactions on terms that are on an overall basis advantageous when compared to other available providers and their services. The Advisor has access to various administrative, research, trading and software services

from Schwab and other custodians in order to facilitate the management of client accounts, but the Advisor does not receive any monetary compensation from Schwab or any other custodian.

All clients of the Advisor using Schwab as their custodian receive the same institutional commission rates. The Advisor believes these rates are very favorable based on comparative research, but the Advisor does not control these rates. In addition, the Advisor pays the very same commission rates as clients for its own affiliated accounts at Schwab.

The Advisor recognizes its obligation to seek best execution for all security transactions, and is not involved in any directed brokerage arrangements. The Advisor may aggregate purchases or sales of securities among client accounts when it serves the best interests of the accounts. When such transactions are aggregated, all accounts will receive the average buy or sell share price for the transaction in question.

To avoid conflicts of interest, the Advisor does not accept any of the following types of compensation from any investment company or financial institution: investment banking fees, underwriting fees, 12b-1 distribution fees, soft dollar arrangements, referrals, excessive gifts or entertainment, brokerage fees and commissions, or any other types of similar compensation.

Item 13 – Review of Accounts

The Advisor maintains a continual process of managing and administering each client account throughout the course of the year. On-going investment changes can be triggered by many factors, including significant changes in the financial markets, the availability of better investment opportunities, and changes to client cashflow needs, investment goals and risk tolerance. Most client portfolios are rebalanced at least twice a year.

The Advisor makes every attempt to contact each client on a periodic basis (at least once a year) to report results and to determine if client needs, goals or risk tolerance have changed since the last contact. Depending on the needs of the client, periodic reviews might take place in person, in writing, by phone, or over the internet.

Between reviews, the client is responsible for making the Advisor aware of any significant changes to the client's financial situation that would affect the client's investment strategy.

Most reviews include an analysis or overview of client investment positions, asset allocation and portfolio performance (including comparisons to relevant benchmark indices). For taxable accounts, the Advisor makes every effort to provide clients with supplementary tax information, including cost basis information, needed to complete their tax returns.

Item 14 – Client Referrals and Other Compensation

The Advisor neither pays nor receives payment for any client referrals given or received.

Item 15 – Custody

Under certain government regulations, if clients authorize the payment of their investment management fees from their accounts directly to the Advisor, the Advisor can be deemed to have custody of client assets. For practical purposes, however, the client's custodian (such as Schwab) maintains actual custody of client assets, and the Advisor does not have independent authority to withdraw monies from any client account.

Clients receive monthly or quarterly statements from the broker, bank or other qualified custodian that holds and maintains client investment assets. Statements might be sent via postal mail or electronically, depending on the preferences of each client.

The Advisor urges clients to carefully review such statements and compare such official custodial records to any reports the Advisor may provide clients. The Advisor also recommends each client always check his or her January, April, July and October statements to make sure their management fees were correctly deducted each quarter.

Item 16 – Investment Discretion

In most cases, the Advisor receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and risk parameters for the particular client account.

When selecting securities and determining amounts, the Advisor observes the investment policies, limitations and restrictions of the clients for which it advises. Any unique investment guidelines or restrictions must be provided by the client to the Advisor in writing.

Item 17 – Voting Client Securities

Clients may vote the proxies for all of their investments under management or delegate this responsibility to the Advisor. As a convenience to clients, the Advisor offers to vote all client proxies, and makes every effort to vote all proxies in the best interests of every client.

The Advisor does not anticipate any conflict of interest will arise between the client and the Advisor in regards to proxy voting. The Advisor does not serve as an officer or director of any company that issues publicly traded securities, and does not engage in insider trading (trading on the basis on material, nonpublic information).

Clients may obtain a copy of the Advisor's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Advisor about how the Advisor voted any specific proxies on behalf of their accounts.

Item 18 – Financial Information

Registered Investment Advisors who maintain custody of client assets or charge more than \$500 in fees per client more than six months in advance are required in this Item to provide certain financial information and disclosures about the Advisor's financial condition. The Advisor does not fall in this category.

The Advisor is also not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and the Advisor has never been the subject of any bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Due to the Advisors registration at both the federal and state level, no additional material is required in this Item.