

## Form ADV Part 2A – Firm Brochure

### Item 1 – Cover Page

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This brochure provides information about the qualifications and investment advisory business practices of Private Portfolios, Inc. If you have any questions about the contents of this brochure, please contact us at (650) 548-9800 or [bob@privateportfolios.com](mailto:bob@privateportfolios.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for “Private Portfolios, Inc.” You can also search using the firm’s CRD numbers. The CRD number for the firm is **111905**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual amendment to this brochure filed in January 2023, no material changes have been made.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31<sup>st</sup> so you will receive the summary of material changes, if any, no later than April 30<sup>th</sup> of each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

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## Item 4 – Advisory Business

### **Description of Advisory Firm**

Private Portfolios is a Corporation formed under the laws of the State of California. Robert Binn is our firm's majority owner, controlling 83% of the firm. Daniel Binn owns 17% of the firm.

- Our firm has been registered as an investment advisor since May 10, 1985.
- We provide fee-based investment advisory services through Private Portfolios, Inc. The nature and extent of the specific services provided to clients, including you, will always depend on each client's financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- The advisor representatives of Private Portfolios are also licensed as registered representatives with Securities America, Inc. a registered broker/dealer, member FINRA/SIPC, and some of our advisor representatives are also independent insurance agents. When acting in these capacities, our advisor representatives will earn commissions. In fact, Robert Binn and Daniel Binn spend approximately 5% of their time providing commission-based services through Securities America. These conflict of interest situations are discussed in more detail at *Item 5, Item 10, Item 12, and Item 14 of this Disclosure Brochure*.
- When providing advisory services, we are able to use programs sponsored by VISION2020 Wealth Management Corp., an investment advisor registered with the SEC and a related company of Securities America. More details are provided at *Item 5* of this Disclosure Brochure.
- More information about our investment advisor representatives' business and education background can be found in the respective investment advisor representative's *Information Required by Part 2B of Form ADV: Brochure Supplement*. If you did not receive a copy of your advisor representative's Brochure Supplement, please let us know and we will provide one. We have also provided information about our management persons (which include our officers and members of our Investment Committee) at *Item 19 – Requirements for State-Registered Advisers*.

### **General Description of Primary Advisory Services**

The following are brief descriptions of our advisory services. A detailed description of each service is provided in *Item 5 – Fees and Compensation* so that you can review the services and description of fees in a side-by-side manner.

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve only the active management of client accounts, but additionally focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives. These services are described under the Financial Planning Services and Wealth Resources Services sections of *Item 5 – Fees and Compensation*.

**Asset Management Services** – We provide advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going

supervision over client accounts. This means we will continuously monitor a client's account and make trades in client accounts when necessary. These services are provided through the Wealth Management Platform under the name Private Portfolios Asset Management Accounts and are fully described in *Item 5 – Fees and Compensation*.

**Provides Advice on Various Types of Investments**

We provide advice on various types of investments such as those listed below.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Exchange Traded Funds (ETFs)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Fixed rate annuity contracts and asset allocation and reporting services.

Private Portfolios, Inc. generally does not provide advice on warrants, commercial paper, options contracts on securities, options contracts on commodities, futures contracts on tangibles, or futures contracts on intangibles. We also do not generally provide advice or recommend private offerings including limited partnerships, hedge funds, and other unregistered securities.

When providing Asset Management Services, the firm will typically construct each client's account holdings using stock and bond mutual funds, ETFs, and equities to build diversified portfolios. It is not Private Portfolios, Inc.'s typical investment strategy to attempt to time the market but it may increase cash holdings modestly as deemed appropriate, based on a client's risk tolerance and Private Portfolios, Inc.'s expectations of market behavior. Private Portfolios, Inc. may modify its investment strategy to accommodate special situations like low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

**Participation in Wrap Fee Programs**

We offer services through the Wealth Management Platform (WMP) which is a wrap-fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

**Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that the client is given the ability to impose restrictions on their accounts, including restricting specific investment selections and sectors. We work with you on a one-on-one basis through personal interviews to determine your investment objectives and suitability information.

### **Client Assets Managed by Private Portfolios, Inc.**

We manage and administer approximately \$289,225,809 as of November 30, 2023. Of this total, \$236,545,928 is managed by Private Portfolios, Inc. as reported on the Private Portfolios, Inc. Form ADV Part 1A, Item 5.F. for regulatory purposes, all of which is managed on a discretionary basis.

In addition, our investment advisor representatives, in their separate capacities as Securities America registered representatives, oversee \$52,679,881 of client assets held in Securities America brokerage accounts, accounts held directly at variable annuity companies and accounts held directly at mutual fund companies. All of these assets through Securities America are non-advisory and non-discretionary.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

Some immediate family members of Private Portfolios, Inc.'s associated persons are offered a discounted fee. On occasion and at our complete discretion, discounts are offered to other clients as well.

Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

### **Financial Planning**

#### ***Analyses, Plans and Consultations and Fees***

If you elect to engage us for this service, we will provide financial analysis and financial planning services consistent with your current financial and tax status, financial goals, investment attitudes and risk/reward parameters. The fees for these services are generally based on the time required to perform the services and are billed at a rate of \$325 per hour, subject to a minimum fee of \$650. Private Portfolios, Inc. also offers consultation services on any topic of interest to the client. Consultation services can include general non-securities advice on topics such as tax planning, estate planning and business planning. The fees for these financial services are also included in the \$325 per hour rate described above. Private Portfolios does not provide legal or tax advice. Clients are encouraged to seek proper legal and tax counsel.

An estimate of the time required will be made before work begins, and a maximum fee will be indicated on the advisory agreement signed by the client. Fees for the above services are due and payable within 30 days after the services are performed.

Financial planning services automatically terminate upon presentation of the plan to the client or upon completion of the consultation. Either party can also terminate the advisory agreement before then by providing written notice to the other party. Termination will be effective upon receipt of notice. If terminated within five business days of signing the advisory agreement, services are terminated without penalty. If the agreement is terminated after five business days but prior to completion of services, at the option of Private Portfolios, Inc.'s associated persons, clients may be responsible for the time expended and expenses disbursed prior to receipt of the termination notice. In this case, Private Portfolios, Inc. will provide clients with a statement detailing the time and expenses due.

### **Private Portfolios Asset Management Services**

Some of our clients choose to hire us to provide fee-based investment management services whereby our firm is solely responsible for making all investment recommendations and making changes to the

account. If you decide to hire us for this service, we will develop an individualized investment program for your account(s). Various investment strategies are provided through this service; however, a specific investment strategy and investment policy is crafted for each client to focus on the specific client's goals and objectives.

We will need to obtain certain information from you to determine your financial situation and investment objectives. Accounts are therefore managed on the basis of your individual financial situation and investment objectives. At least quarterly, you are reminded to notify us whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on the management of your accounts. At least annually, we contact individual clients to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. We are always reasonably available to consult with individual clients relative to the status of their accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that you understand we manage investments for other clients and give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we cannot lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### ***Asset Management - Wealth Management Platform***

We provide our asset management services through the Wealth Management Platform (WMP) which is offered and sponsored by VISION2020 Wealth Management Corp. (VISION2020), an investment adviser firm and related company to Securities America. WMP is a wrap-fee program providing investment advisory services and execution of client transactions for which the specified fee (or fees) is not based directly upon transactions in a client's account.

Under the WMP, we will assist the client in establishing one or more WMP accounts with VISION2020. All brokerage transactions will be processed by Securities America and cleared through National Financial Services, LLC (NFS) pursuant to a clearing arrangement established by Securities America with NFS.

NFS, a Fidelity Investments Company, maintains custody of all WMP accounts. Please refer to *Item 15 – Custody* for more information).

Private Portfolios' associated persons implement securities transactions for WMP client accounts in their separate capacities as registered representatives of Securities America, Inc.

### **Wealth Management Platform - Description of Fees**

Annual management fees charged for this service will be negotiated with each client, with 1.20% being the maximum management fee charged to clients. The following is our standard fee schedule.

#### **Annual Fee Based on Account Balance**

1.18% on the first \$1,000,000  
0.90% on the next \$1,000,000  
0.55% on the next \$3,000,000  
0.45% on amounts above \$5,000,001

For accounts above \$5,000,001, the fee is negotiable depending on factors such as total assets under management, the client's relationship with the firm (e.g. family member or personal acquaintance), and totality of services provided to the client.

We use a "blended" fee schedule. This means that a client's account balance(s) will be billed at different levels according to the tiered-fee schedule above.

For example, if a client has an account value of \$2,500,000 then the following equation would be used to calculate their monthly fee:  $(\$1,000,000 \times .000983 \text{ (1/12 of 1.18\%)}) + (\$1,000,000 \times .00075 \text{ (1/12 of 0.90\%)}) + (\$500,000 \times .000458 \text{ (1/12 of 0.55\%)}) = \$1,962$  for an effective annual fee of .94%.

Please understand this is only an example provided for illustrative purposes. Your specific fee schedule will be detailed in your client agreement. Due to negotiating factors, the specific fee charged on your account balances can be different than fees charged on the account balances of other clients.

VISION2020 retains a portion of the management fee ranging from 0.15% to 0.035%, depending on the level of assets in each client account.

The annual asset management fee is divided and billed monthly in advance based on the average daily balance of the account at the end of the previous period. Fees are reported to each client, in advance, on their regular monthly brokerage account statements. See Item 14 for details. Asset management fees are debited from the account and are reported on the monthly brokerage account statement. All transaction fees are paid by the client.

VISION2020 is responsible for collecting all fees paid by our clients through these programs. VISION2020 will then journal our portion of the advisory fee to Private Portfolios.

We will invest a portion of client's assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on client's assets invested in these securities. Therefore, clients may pay two levels of fees for the management of their assets, one directly to our firm and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in their portfolios.

A complete description of the WMP related fees, charges, when due and termination procedures are described in the Wealth Management Platform Wrap Fee Program Brochure prepared by VISION2020, which will be given to all clients prior to or at the time a WMP account is established.

#### **Compensation for the Sale of Securities or Other Investment Products**

As briefly disclosed in *Item 4 – Advisory Business*, our advisor representatives can sell securities in their separate capacities as registered representatives of Securities America. In addition, they sell insurance products in their capacities as independent insurance agents for sales commissions.



Some of the advice offered by our advisor representatives involve investments in mutual fund products. Load and no-load mutual funds pay annual distribution charges sometimes referred to as 12b-1 fees. However, our advisor representatives do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in WMP accounts. These 12b-1 fees, if charged, are immediately credited back to the client's WMP account. Because we only receive advisory fees charged to clients, there is not an incentive for us to recommend investment products paying commissions and other fees when selecting mutual funds and/or ETFs. Therefore, we primarily recommend no-load mutual funds and mutual funds priced at net-asset-value. Whenever possible, we utilize institutional fund share classes that provide the lowest internal fund expenses.

When administering non-advisory, non-fee based accounts through Securities America, our advisor representatives will receive normal and customary commissions. This will include a portion of 12b-1 fees, trailer fees, and loads from some investment companies. Clients should be aware that these 12b-1 fees come from fund assets, and thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a conflict of interest.

You are never obligated to use Securities America and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with Private Portfolios.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Private Portfolios, Inc. does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Item 7 – Types of Clients**

Private Portfolios, Inc. generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, estates and charitable organizations
- Corporations and business entities other than those listed above

#### **Minimum Investment Amount Guidelines**

- ✓ Private Portfolios, Inc. recommends a minimum investment amount of \$500,000 for establishing and maintaining an WMP Account. Under certain circumstances, accounts below \$500,000 will be considered and may be accepted at the sole discretion of Private Portfolios Inc.

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

##### **Private Portfolios, Inc. uses the following methods of analysis in formulating investment advice.**

Private Portfolios, Inc. evaluates the potential benefits and risks inherent within investment categories. Investment characteristics are then matched to the client's needs and preferences to determine an appropriate mix of investment vehicles. Investments in mutual funds and exchange traded funds (ETFs) within a particular investment category are selected. Analysis is focused on risk parameters that relate

that to the risk tolerance of each individual client. We look at volatility of portfolios, relative historic performance, and consistency over multiple market cycles.

**Private Portfolios, Inc. uses the following investment strategies when managing client assets and/or providing investment advice.**

Investment strategies are designed to satisfy a hierarchy of client goals and objectives. First, a client's needs of short term cash flow and liquidity are considered. Appropriate investment vehicles and a cash reserve are recommended. Second, long term growth needs combined with needs for continuing liquidity are examined. Investments are selected which appear attractive for long term growth and are readily convertible to cash should circumstances warrant. Once these first two needs are satisfied, emphasis is placed on long-term investments which may or may not be liquid and which may provide tax reduction benefits.

Model mutual fund asset allocation portfolio programs, created by Private Portfolios or provided by a number of institutional investment managers and strategists may be used when managing client assets.

The following are some of the general strategies that may be used when managing accounts.

- ✓ Long term purchases. Investments held at least a year.
- ✓ Short term purchases. Investments sold within a year.

Please note we do not primarily recommend only one type of security. We recommend securities and investments listed at *Item 4 – Advisory Business*. Below we have described some of the specific risks associated with investing in general and investing in certain securities that we commonly advise.

**Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be

exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When Private Portfolios, Inc. invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – The value of your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

This item is not applicable to Private Portfolio, Inc.'s brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of Private Portfolio, Inc.'s business or integrity.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Private Portfolios is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Private Portfolios is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) futures commission merchant, commodity pool operator or commodity trading adviser, (3) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (4) other investment adviser (5) financial planning firm, (6) banking or thrift institution, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, (11) sponsor or syndicator of limited partnerships, or (12) accountant or accounting firm.

While Private Portfolios does not sell products or services other than investment advice, our investment advisor representatives sell other products or provide services outside of their role with Private Portfolios. Our investment advisor representatives concentrate the majority of their efforts toward sales of investments and investment advisory services.

**Relationship with Securities America, Inc.**

If the client wants to, the client can engage the investment advisor representatives of the firm (but not the firm) in their separate capacities as registered representatives of Securities America, to render securities brokerage services under a commission arrangement.

You are never obligated to open an account with Securities America and can use any broker/dealer you like. However, if you would like to open an account with one of our advisor representatives, Securities America is required.

Brokerage commissions can be charged by Securities America to effect these securities transactions and, thereafter, a portion of these commissions will be paid by Securities America to such investment advisor representatives as registered representatives of Securities America. Prior to effecting any transactions, the client will be required to enter into a new account agreement with Securities America. The brokerage commissions charged by Securities America may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. Please also refer to *Item 5 – Fees and Compensation: Compensation for Sale of Securities or Other Compensation* for more information.

Depending on the type of Securities America account that could be used to implement a financial plan or investment strategy, such compensation can include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; administrative services fees for trust accounts; compensation for directing order flow; and bonuses, awards or other things of value offered by Securities America to the advisor representative.

This compensation to the advisor representative and Securities America may be more or less depending on the product or service the advisor representative recommends. Therefore, the advisor representative has a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The investment advisor representatives of Private Portfolios recommend securities or insurance products offered by Securities America (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those

of Private Portfolios' clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through Private Portfolios or Securities America.

Please refer to *Item 12 – Brokerage Practices* for more information.

### **Insurance Sales Activities**

Some investment advisor representatives are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by investment advisor representative in their separate capacities and insurance agents, clients often purchase such products when needs arise. For clients of Private Portfolios who purchase products causing commissions to be generated these are paid to the investment advisor representatives in their separate capacities as insurance agents. For those investment advisor representatives who are insurance licensed, this activity varies throughout the year.

You are never obligated or required to purchase insurance products through one of our advisor representatives licensed as insurance agents. However, when acting as an insurance agent, our advisor representatives can help you purchase insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged by Private Portfolios. Clients that choose to purchase insurance products through one of our advisor representatives should be aware they will generally only recommend insurance products of those companies for whom they are sales agents and with which they are familiar with the benefits, exclusions and other terms.

Because our advisor representatives will receive commissions for selling insurance products, there is a conflict of interest in that they could recommend policies to clients that do not require or need insurance. To control for this conflict of interest and to be consistent with our firm's fiduciary duty, our advisor representatives strive to recommend insurance products only to those clients who need new or additional insurance coverage.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

An investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We have a fiduciary duty to all clients. We have established a Code of Ethics which all supervised persons must read and then execute an acknowledgment agreeing that they understand and agree to comply with the applicant's Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for the Code of Ethics and represents the expected basis for all supervised persons dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own investment interests.

All supervised persons will conduct business in an honest, ethical and fair manner. All supervised persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients.

This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review the Code of Ethics in its entirety, a copy may be requested from any of our associates and a copy will be provided within 48 hours of the request.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

We may buy or sell investments or have an interest or position in an investment for our personal accounts which are also recommended to clients. We are and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations represent a conflict of interest, we have implemented the following policies.

- Associated persons cannot prefer their own interests to that of advisory clients.
- No person employed by our firm may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment, unless the information is also available to the investing public upon reasonable inquiry.
- We do not recommend individual stock positions to clients. Although our clients may hold stock positions in their accounts that we also own, it is a result of legacy positions held by the client prior to working with our firm.
- Investments we recommend to clients generally include mutual funds, ETFs, and other investments that are publicly traded and widely available therefore limiting the risk for manipulation.

### **Item 12 – Brokerage Practices**

This section provides information about our brokerage practices in addition to the information detailed in *Item 5 – Fees and Compensation*.

#### **Advisor Directed Brokerage Arrangement – Securities America**

Clients choosing to implement our advice are free to select any broker they wish and are so informed. If clients wish to have our advisor representatives implement the advice in their capacity as registered representative or through one of the Wealth Management Platform sponsored by VISION2020 as detailed in *Item 5 – Fees and Compensation*, then our advisor representatives' broker/dealer, Securities America, will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with Securities America, Private Portfolios requires the use of Securities America when opening an account through our firm's programs.

Advisor representatives of Private Portfolios are registered representatives of Securities America and are required to use the services of Securities America and Securities America's approved clearing broker-dealers when acting in their capacity as registered representatives. Securities America serves as the introducing broker-dealer. All accounts established through Securities America will be cleared and held through National Financial Services, LLC. Securities America has a wide range of approved securities

products for which Securities America performs due diligence prior to selection. Securities America's registered representatives are required to adhere to these products when implementing securities transactions through Securities America. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the advisor representatives of Private Portfolios are also registered representatives of Securities America, Securities America provides compliance and supervision support to the advisor representatives of Private Portfolios. In addition, Securities America also provides the advisor representatives of Private Portfolios, and therefore Private Portfolios, with back-office operational, technology, and other administrative support.

Economic benefits are provided by Securities America to Private Portfolios that will not be provided if the client selects another broker/dealer or account custodian. These benefits include, but are not necessarily limited to negotiated costs for transaction implementation, a dedicated trade desk that services Securities America participants exclusively, a dedicated service group and an account services manager dedicated to our firm's accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access to an electronic interface with the account custodian's software, efficiencies achieved in utilizing integrated front and back office technology systems, duplicate and batched client statements, confirmations and year-end reports. All of these benefits are provided to Private Portfolios' clients as part of the WMP trading platform.

### **Trading Policy**

Our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. The WMP platform technology provides the ability to upload multiple trades in multiple accounts, which are then executed individually to each client account. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Further, the investments we are responsible for trading in client accounts are typically limited to mutual funds, ETFs, and other broadly traded positions. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Private Portfolios Asset Management Accounts will be reviewed upon entering into an investment advisory agreement to perform review services. Such services and reports are separate from and in addition to other investment advisory agreements between Private Portfolios, Inc. and the client. Reviewers include one or more members of our investment committee. The investment advisory agreement terminates upon presentation of a written financial plan or upon the completion of the agreed upon consultation.

### **Statements and Reports**

Brokerage account statements are provided by the custodian and/or broker/dealer companies where the client's account is located. Upon request by the client, interim statements will be provided at any time.

Private Portfolios Asset Management clients through the WMP program can receive quarterly, monthly or on-demand reports (in addition to the standard brokerage account statement(s)) showing their investment

return, current asset allocation and a detailed review of each position in their accounts from VISION2020 or Private Portfolios, Inc.

Whenever you receive reports (i.e. performance and position reports) other than the actual account statements from your qualified custodian, you are urged to compare the reports against the actual account statements.

#### **Item 14 – Client Referrals and Other Compensation**

- Private Portfolios does not directly or indirectly compensate any person not affiliated with our firm for client referrals.
- In addition to the description of Other Compensation already described in *Item 5 – Fees and Compensation*, *Item 10 – Other Financial Industry Activities and Affiliations*, and *Item 12 – Brokerage Practices*, please review the following.

We will from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

#### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Private Portfolios does not have custody of client funds or securities. It should be noted that our firm does have limited discretionary authority to transfer funds between a client's accounts with similar registrations held with a qualified custodian and may send funds to the client's address of record if requested by the client. However, regulators have provided guidance stating that transfers between accounts owned by the same client does not constitute custody.

Although the firm does not have custody, Private Portfolios has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian (e.g. National Financial Services) to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to



compare the statements against any reports received directly from Private Portfolios. When clients have questions about their account statements, they should contact Private Portfolios or the qualified custodian preparing the statement.

### Item 16 – Investment Discretion

Specific to the Private Portfolios Asset Management service, we will maintain trading authorization over client accounts.

Upon receiving written authorization from the client, Private Portfolios may implement trades on a **discretionary** basis (as detailed in our agreement for services). When discretionary authority is granted, Private Portfolios will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### Item 17 – Voting Client Securities

Private Portfolios will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, our firm has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

## **Item 18 – Financial Information**

This item is not applicable to this brochure. Private Portfolios, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, Private Portfolios, Inc. is not required to include a balance sheet for its most recent fiscal year. Private Portfolios, Inc. is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, Private Portfolios, Inc. has not been the subject of a bankruptcy petition at any time.

## Information Required by Part 2B of Form ADV: Brochure Supplement

### **Robert F. Binn, President**

#### ***Item 1 – Cover Page***

This brochure supplement provides information about Robert Binn that supplements the information previously provided in this brochure. Please contact Mr. Binn at 650-548-9800 and/or [bob@privateportfolios.com](mailto:bob@privateportfolios.com) if you have any questions about the contents of this supplement.

Additional information about Mr. Binn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### ***Item 2 – Educational Background and Business Experience***

President & Founder– Robert Floyd Binn

Mr. Binn graduated from the University of California at Berkeley in 1966 with a Bachelor's Degree in Psychology. He entered the Financial Planning Profession in June 1966. He has been the President of and an investment advisor representative with Private Portfolios, Inc. since August 1984. He has been a registered principal and a branch manager with Securities America, Inc. (SAI) since May 1990. Due to regulatory changes, effective August 1, 2016, Mr. Binn became a Production Group Leader for SAI and is no longer a Branch Manager. From October 1976 to October 2002, Mr. Binn was an instructor in financial planning and investments at the College of San Mateo.

Mr. Binn served as a member of the Board of Directors of the Family Service Agency of San Mateo County (now known as Peninsula Family Service) from July 2002 to April 2009. As a Board member, he served as Chair of the Endowment Trust from July 2003 to June 2006. Currently, Mr. Binn serves on the Advisory Council and the Endowment Investment Committee of Peninsula Family Service. He is a member of the Peninsula Estate Planning Council and the Financial Services Institute. He is also a member of the San Mateo Police Activities League (PAL) Fund Development Committee.

Mr. Binn is the Chairman of the San Mateo Rotary Foundation Investment Committee and serves as Chair of the Legacy Donor Program for the San Mateo Rotary Club and has been a member of Rotary since 1974.

#### ***Item 3 – Disciplinary Information***

Mr. Binn has no legal or disciplinary events to report.

#### ***Item 4 – Other Business Activities***

Mr. Binn is a registered representative with Securities America and an independent insurance agent. Please refer to the previous disclosures at *Item 10 – Other Financial Industry Activities and Affiliations* and *Item 12 – Brokerage Practices* for details.

#### ***Item 5 – Additional Compensation***

In addition to receiving a regular salary and his share of profits as an owner of Private Portfolios, Inc., Mr. Binn can earn additional compensation in connection with providing investment advice. Please refer to the previous disclosures at *Item 5 – Fees and Compensation*, *Item 10 – Other Financial Industry Activities and Affiliations*, *Item 12 – Brokerage Practices*, and *Item 14 – Client Referrals and Other Compensation* for details.

***Item 6 – Supervision***

Mr. Binn is the Chief Compliance Officer of Private Portfolios and ultimately responsible for supervising activities and services provided by the firm. Mr. Binn is responsible for monitoring investment accounts under his control, but actively seeks the assistance of Daniel Binn, the firm's Chief Investment Officer.

***Daniel B. Binn, Vice President******Item 1 – Cover Page***

This brochure supplement provides information about Daniel Binn that supplements the information previously provided in this brochure. Please contact Mr. Binn at 650-548-9800 and/or [dan@privateportfolios.com](mailto:dan@privateportfolios.com) if you have any questions about the contents of this supplement.

Additional information about Mr. Binn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2 – Educational Background and Business Experience***

Vice President and Chief Investment Officer – Daniel Brian Binn

Mr. Binn graduated from the University of California at Los Angeles in 1996 with a Bachelor's Degree in Political Science. He has been a registered representative with Securities America, Inc. since July 2000. Before that, he was a registered representative with Linsco/Private Ledger from May 2000 to June 2000, and with Bisys Brokerage Services, Inc. from January 1998 to May 2000. Mr. Binn has been an investment advisor representative with Private Portfolios, Inc. since August 2000. He became a Vice President of Private Portfolios, Inc. in February 2002 and its Chief Investment Officer in June 2009. From January 1998 through June 2000, Mr. Binn was a financial consultant with Sanwa Bank Wealth Management.

***Item 3 – Disciplinary Information***

Mr. Binn has no legal or disciplinary events to report.

***Item 4 – Other Business Activities***

Mr. Binn is a registered representative with Securities America and an independent insurance agent. Please refer to the previous disclosures at *Item 10 – Other Financial Industry Activities and Affiliations* and *Item 12 – Brokerage Practices* for details.

***Item 5 – Additional Compensation***

In addition to receiving a regular salary and his share of profits as an owner of Private Portfolios, Inc., Mr. Binn can earn additional compensation in connection with providing investment advice. Please refer to the previous disclosures at *Item 5 – Fees and Compensation*, *Item 10 – Other Financial Industry Activities and Affiliations*, *Item 12 – Brokerage Practices*, and *Item 14 – Client Referrals and Other Compensation* for details.

***Item 6 – Supervision***

Robert Binn is the Chief Compliance Officer of Private Portfolios and ultimately responsible for supervising activities and services provided by the firm including the services provided by Daniel Binn. Investment accounts and the advice provided by Daniel Binn are monitored by Robert Binn who can be contacted at 650-548-9800.

**Mark T. Flowers, Associate Advisor**

***Item 1 – Cover Page***

This brochure supplement provides information about Mark Flowers that supplements the information previously provided in this brochure. Please contact Mr. Binn at 650-548-9800 and/or [mark@privateportfolios.com](mailto:mark@privateportfolios.com) if you have any questions about the contents of this supplement.

Additional information about Mr. Binn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2 – Educational Background and Business Experience***

Associate Advisor – Mark Flowers

Mr. Flowers graduated from Vanguard University of Southern California in 2001 with a Bachelor's Degree in Business Administration. After several years in the banking business, he entered the investment advisory profession in November 2008 as a manager of financial planning services for Provident Credit Union until August 2010. He was a Financial Advisor with Genworth Financial from August 2010 until February 2011 and a Long-Term Care Planning Specialist from August 2010 until December 2011. From October 2011 until September 2012 he was an Associate Financial Planner with AMS Capital Management. Mr. Flowers joined Securities America, Inc. as a registered representative and Private Portfolios, Inc. as an Associate Advisor in October 2012.

***Item 3 – Disciplinary Information***

Mr. Flowers has no legal or disciplinary events to report.

***Item 4 – Other Business Activities***

Mr. Flowers is a registered representative with Securities America and an independent insurance agent. Please refer to the previous disclosures at *Item 10 – Other Financial Industry Activities and Affiliations* and *Item 12 – Brokerage Practices* for details.

***Item 5 – Additional Compensation***

In addition to receiving a regular salary, Mr. Flowers receives a bonus for clients he brings to the firm. The bonus is paid by Private Portfolios to Mr. Flowers and is calculated as a percentage of the fee charged to the client. Mr. Flowers can earn additional compensation in connection with providing investment advice as previously disclosed at *Item 5 – Fees and Compensation*, *Item 10 – Other Financial Industry Activities and Affiliations*, *Item 12 – Brokerage Practices*, and *Item 14 – Client Referrals and Other Compensation* for details.

***Item 6 – Supervision***

Robert Binn is the Chief Compliance Officer of Private Portfolios and ultimately responsible for supervising activities and services provided by the firm including the services provided by Mark Flowers. Investment accounts and the advice provided by Mark Flowers are monitored by Robert Binn who can be contacted at 650-548-9800.

## CUSTOMER PRIVACY NOTICE

Private Portfolios is committed to safeguarding the confidential information of its clients. We hold all personal information provided by our clients in the strictest confidence. Our persons may also be registered representatives of Securities America, a registered broker/dealer that is not affiliated with the applicant. We also have relationships with other non-affiliated investment advisors, such as Securities America Advisors and VISION2020, affiliates of Securities America, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of client confidential information, the applicant will provide written notice to its clients and clients will be given an opportunity to direct the applicant as to whether such disclosure is permissible.

### AN IMPORTANT NOTICE CONCERNING CUSTOMERS' PRIVACY

**CUSTOMER INFORMATION WE COLLECT.** We collect and develop personal information about clients and some of that information is nonpublic personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from our firm. The categories of Customer Information we collect depend upon the scope of the engagement with the client and are generally described below.

As an investment advisor, we collect and develop Customer Information about clients in order to provide investment advisory services. Customer Information we collect includes:

- ✓ Information received from clients on financial inventories through consultations. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- ✓ Information developed as part of financial plans, analyses or investment advisory services.
- ✓ Information concerning investment advisory account transactions, such as wrap account transactions.
- ✓ Information about a client's financial products and services transactions with the applicant.

**DATA SECURITY.** Private Portfolios restricts access to Customer Information to those associated persons and employees who need the information to perform their job responsibilities. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

**USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE FOR ACCOUNTS.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as Securities America, Securities America Advisors, VISION2020, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. Private Portfolios may also provide Customer Information outside of the firm as permitted by

law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**FORMER CLIENTS.** When clients close an account with Private Portfolios, it will continue to operate in accordance with the principles stated in the Notice.

**REQUIREMENTS OF FEDERAL LAW.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that that the applicant does not disclose Customer Information to non-affiliated third parties, except as permitted or required by law (e. g., disclosures to service a client's account or to respond to subpoenas).