

Form ADV Part 2A: Firm Brochure

Portfolio Cashflow Management, LLC

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This brochure provides information about the qualifications and business practices of Portfolio Cashflow Management, LLC (PCM). Portfolio Cashflow Management is registered as an Investment Adviser with the United States Securities and Exchange Commission (SEC). Registration with the SEC alone does not imply a certain level of skill or training. For information on the background and qualifications of Portfolio Cashflow Management's Portfolio Managers, please reference the Brochure Supplement. If you have any questions about the contents of this brochure, please contact us at (888) 622-0292. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Portfolio Cashflow Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

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Advisory Business

Portfolio Cashflow Management, LLC was formed in March 2008 and is an investment advisory firm registered with the Securities and Exchange Commission specializing in income generation strategies for qualified investors. The firm is majority owned by Mark L. Sormberger

We execute two proprietary options strategies. PCM executes a unique Covered Call strategy which seeks to produce consistent monthly income from a stock portfolio. Portfolio Cash Flow Management also executes a proprietary Credit Spread strategy which allows the potential for higher monthly returns. This strategy is suitable for clients with cash to invest and does not require the ownership of a stock portfolio in order to produce the monthly returns.

See “Methods of Analysis, Investment Strategies, and Risk of Loss.” for a further discussion of our Covered Call strategy and Credit Spread strategy.

Unlike mutual funds or other pooled investment schemes with opaque visibility, we manage accounts individually, in the client’s own name, so as to give investors complete transparency of their holdings. Investors can also view their progress daily and monitor their investment accounts as often as they wish. Portfolios are under constant supervision and investment reviews are performed regularly to ensure compliance with investment objectives. We believe our portfolio managers are well qualified to assess individual client needs, they adhere to sound fiduciary principals, and they conduct the business of managing client portfolios accordingly.

A client’s investment portfolio is dependent on the investment goals of each client, and will be comprised of exclusively of exchange-listed equity securities and/or option contracts.

On March 31, 2011, PCM had \$27,440,571 in client assets under management. Currently, 100% of our assets are managed on a discretionary basis.

Fees and Compensation

We are compensated on a performance fee basis. All of our clients are qualified clients as that term is defined in Rule 205-3 under the Investment Advisor Act of 1940.

Our standard performance fee is 50% of profits, however the fees charged to a particular account maybe subject to negotiation.

Our clients may elect to pay us directly or choose to have their custodian charge their account and pay PCM accordingly. This election is made when an account is initiated with us. The

management agreement may be terminated by either party at any time upon written notice. A client account is not subject to any termination fees. In the event of such termination, transactions in progress will be completed in the normal course of business. Upon termination, a client will receive a pro-rata refund of that portion of any prepaid advisory fees that have yet to be earned by PCM. The refund will be calculated from the date of receipt of the written termination notice or other agreed upon date.

Custodial fees, transaction costs, and other expenses associated with the management of a client portfolio shall be paid by the client. We do not receive any fee or commission from the sale of investment products that we recommend to our clients, nor do we participate in wrap fee programs.

Please reference “Brokerage Practices” on page 7 for detailed discussion of Portfolio Cashflow Management’s brokerage practices.

Performance-Based Fees and Side-by-Side Management

Please reference “Fees and Compensation” immediately above.

Types of Clients

Portfolio Cashflow Management provides investment management services to high net worth individuals, trusts, family offices, corporate and individual retirement plans, and charitable organizations.

The types of clients who could benefit from Portfolio Cashflow Management strategies are:

- Investors who hold stock portfolios and would like to generate a monthly income stream from their holdings, indifferent to market direction;
- Investors who own large positions in various stocks and would like to generate monthly income and hedge market risk; and
- Investors with cash to invest looking for a strategy that looks to provide monthly income indifferent to market direction.

In order to ensure the highest level of personalized service, our minimum account size is \$100,000 in investable assets. In addition, all clients must be “qualified clients” as that term is defined in Rule 205-3 under the Investment Advisers Act of 1940.

Methods of Analysis, Investment Strategies, and Risk of Loss

Portfolio Cashflow Management specializes in the use of proprietary income generating option strategies which attempt to help our clients:

- Generate income from existing stock portfolios or concentrated equity positions;
- Generate account value growth without dependence on rising markets; and
- Manage market risk.

We primarily execute two proprietary options strategies. PCM executes a unique Covered Call strategy which seeks to produce monthly income through realized profits from a stock portfolio. This strategy is deployed by analyzing both fundamental and technical aspects of a potential position. Additional factors such as option premiums, equity prices, and market conditions will also be key factors in deciding what positions may be available to enter at any one time.

Once a position is entered, ideally it will be closed out at the end of each option month, as the option contract expires. If the option contract expires and the underlying security has not been assigned, we will then manage the security by selling additional options as is necessary to generate additional income on the position. We will continue to do the same until this position is either assigned through a new option contract or the cost of the underlying equity is fully amortized by the income generated from the management of the position.

While options themselves provide special risks, we will only sell options on equities or where there is an underlying asset to cover the options contract. Additional risks maybe realized if the underlying asset were to go out of business or the value were to drop to a point where it becomes unmanageable using option contracts.

Portfolio Cash Flow Management also executes a proprietary Credit Spread strategy which allows the potential for higher monthly returns. This strategy is suitable for our clients with cash to invest and does not require the ownership of a stock portfolio in order to produce the monthly returns.

The Credit Spread strategy is deployed by using both fundamental and technical analysis on the position or positions to be entered. Additional factors such as option premiums, equity prices, probabilities and market conditions will also be key factors in deciding what positions may be

available to enter at any time. Positions may be entered on equities as well as market indexes, ETF's or other market instruments that are available.

A position is opened by buying one option contract and then selling another option contract such that a credit is derived from the position. Ideally the position will expire worthless at the end of the option month and the full credit will be realized. However position management may be necessary to facilitate a profitable close or to minimize potential losses.

Credit spread accounts will fluctuate in value from month to month, and unlike our Covered Call strategy, there is no underlying equity and positions are backed by cash assets. If there is a loss there will be a direct loss of principle in the account. We will then enter new or continue to manage current positions in an attempt to recover any lost values from the previous month.

All Portfolio Cashflow Management accounts are maintained individually in our client's name with 100% transparency and the ability to view and monitor progress at all times.

Risk is inherent in any investment program and, as a result, the investment returns in client portfolios will fluctuate and accounts may lose value. Options involve special risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.

Disciplinary Information

Neither the firm or members of the firm's management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of PCM's business or the integrity of its management.

Other Financial Industry Activities and Affiliations

We do not engage in activities or have any affiliations required to be disclosed under this item.

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

Portfolio Cashflow Management has adopted a Code of Ethics which applies to all of its supervised persons. A copy of our Code of Ethics is available to any client or prospective client upon request.

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty and trust. The Code of Ethics is predicated upon the principle that our personnel should always place the interests of the client ahead of the interest of the firm or its employees. Thus, we demand the highest standards of ethical conduct and care by all of its personnel.

It is our policy that all of our personnel conduct themselves so as to avoid not only actual conflicts of interest with PCM's clients, but also that they refrain from conduct which could give rise to the appearance of a conflict of interest that may compromise the trust clients have placed in us. The Code of Ethics further provides that supervised persons must comply with all applicable federal securities laws. It also requires all access persons to periodically report, and our Chief Compliance Officer to review, their personal securities transactions and holdings.

In addition, all of our supervised persons are required to promptly report any violations of the Code of Ethics to the Chief Compliance Officer and must acknowledge that they have received, read and understand the Code of Ethics and any subsequent amendments. Finally, the Code of Ethics imposes certain trading restrictions on certain persons who are likely to know about the applicant's trading activity. Among other restrictions, there are preclearance procedures for purchases in IPOs and in limited or private offerings.

Brokerage Practices

We consider numerous factors in determining the brokers through which we execute securities transactions on behalf of our clients. First, we seek a combination of the most favorable commission and best price obtainable on each transaction and, we select brokers on the basis of their execution capability and trading expertise. This is generally defined as best execution.

Second, the direction of transactions to brokers, and the commission rates charged, may also be based upon the quality and amount of research services that they provide to us (and indirectly to our clients), and custodial services performed directly for the benefit of our clients.

Third, commission rates are applied consistently for all clients that do not have a specified directed brokerage relationship. We believe the commission rates that we have negotiated for our client accounts are competitive and commensurate with institutional rates. Generally, transactions that involve a small number of shares are subject to a minimum brokerage commission.

In general, unless a client directs us otherwise, the selection of the brokerage firm to use for securities transactions is determined by Portfolio Cashflow Management. We currently recommend Interactive Brokers and ThinkorSwim as prime brokerage services to its clients. A quarterly review is done by the portfolio manager and assistant portfolio manager of the brokerage firms to determine price and execution capabilities of the brokerage services provided, and to compare those terms to the pricing and other terms available in the market generally.

Research and Other Soft Dollar Benefits

It is our policy to seek the best execution at the best security price available with regard to each transaction, in light of the overall quality of brokerage and research services provided to us or our clients. The best price means the best net price without regard to the mix between purchase or sale price and commissions. Receipt of products or services other than brokerage or research is not a factor in when we allocate brokerage. We do consider the quality of the research provided by brokers to be of great importance.

Research products and services paid for with soft-dollars are generally of the type described in Section 28(e) of the Securities and Exchange Act of 1934. These products and services provide assistance to us in the performance of our investment decision-making responsibilities and are designed to augment our own internal research and investment strategy capabilities.

We receive both proprietary and non-proprietary research, and these services include a wide variety of written reports on individual companies and industries, current and historical statistical information, comparative performance evaluation, technical measurement data, general economic data, information on federal and state legislative developments, and changes in accounting practices. These services may also include direct access to research analysts, corporate management personnel, industry experts, and economists.

These research services are used to carry out our investment management responsibilities with respect to all of our client accounts. Accordingly, we do not seek to allocate soft dollar benefits to client accounts proportionately to the credits the accounts generate.

In selecting brokers that provide these services, we may cause our clients to pay higher commissions than those charged by some other brokers. Also, because we could pay for these services out of our own assets, we may have an incentive to select or recommend a broker based on receiving these research services, rather than based on your interest in receiving best execution. Nonetheless, it is our policy and intention to select brokers based solely on what is in the best interests of our clients.

Our policy regarding trading errors is that they shall be corrected upon discovery. An “error account” will be maintained on behalf of PCM for the purpose of holding erroneous trades. We will bear gain or loss with this account. The use of soft dollars or promise of future commissions to induce a broker to absorb an error is prohibited.

Bundled Trades and Directed Brokerage

PCM strives to treat all clients in a fair and equitable manner in all dealings, including trade-related activities. In situations where securities are purchased or sold for more than one client portfolio, the trades for those portfolios may be aggregated and executed through one or more brokerage firms. In transacting an aggregated trade of this type, the following policies and procedures are in place with respect to aggregation.

- Client transactions may be aggregated if the portfolio manager believes that the best execution standard may be met for each client portfolio participating in the transaction. Client portfolios participating in an aggregated transaction receive the average price of the transaction and share transaction costs on a pro rata basis, subject to any minimum transaction costs that may apply.
- It is understood that not all clients owning or intending to own a particular security will be a part of an aggregated transaction. Orders may be entered at different times on the same day, or on other days, based upon the portfolio manager’s discretion. Due to this fact, it is likely that client accounts which are not part of an aggregated transaction will pay or receive a different per share amount, which could be better or worse than that paid/received through the aggregated transaction.

We are not affiliated with any broker-dealer.

Review of Accounts

Client accounts are reviewed monthly and the calendar is the triggering factor. There are no different levels of review. Mark Sormberger, Managing Director, and Debbie Carter, Account Manager, review all client accounts. They do so on a portfolio analysis basis. Mike Volbeda, Assistant Portfolio Manager, reviews client accounts on an as needed basis.

PCM provides clients with a monthly condensed version of the brokerage firms report outlining the realized profits and the client fees. Also, clients will receive regular detailed statements from their broker/dealers.

Client Referrals and Other Compensation

We have solicitation agreements with several individuals, including two of our owners pursuant to which the solicitors agree to provide us with leads and referrals of clients for our investment advisory services. For this, we agree to pay these solicitors a combination of upfront fees and ongoing fees equal to a percentage of the fees we receive. If you were identified to us by a solicitor, your solicitor will deliver a disclosure document to you which will contain detailed information regarding the solicitation arrangement and the fees it receives.

Custody

Portfolio Cashflow Management does not serve as custodian for any of our client assets. Thus, our clients retain a third party custodian to serve this role on their behalf. The custodian must be a bank, broker-dealer, or other qualified institution.

In general, clients receive account statements from the custodian of their assets (a bank, broker-dealer or other qualified custodian) on a monthly basis. Certain custodians will send statements quarterly if there is little or no activity in an account.

Clients receive statements from us on a monthly basis. We encourage our clients to compare the account statements received from the custodian with those received from us to ensure that all account transactions are accurate.

Investment Discretion

We accept discretionary authority to buy, sell, exchange, convert and otherwise effect transactions in equity securities and options on the assets in a client's account (i.e. covered call transactions). PCM will exercise this authority in accordance with objectives set forth in the Investment Management Agreement, as the agreement may be amended by the client from time to time, and in accordance with additional written guidelines provided by the client from time to time.

Clients appoint us in writing as their attorney-in-fact for purposes of exercising the foregoing power and authority and discharging our obligations under the Investment Management Agreement.

Voting Client Securities

We do not accept authority to vote client securities. Under certain custody arrangements, you may appoint your custodian to vote proxies on your behalf, otherwise you reserve the sole right to vote such proxies. Under circumstances where you retain the right to vote your securities, you will receive the proxy materials directly from your custodian.

Our clients may contact their account manager at any time with any questions about a particular solicitation.

Financial Information

Financial information is only required by firms that engage in certain billing practices, and we do not engage in these practices. Notwithstanding, we are aware of no financial circumstances that would prevent us from meeting our contractual obligations to our clients.