

# **Portfolio Management, LLC**

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Austin, Texas 78701

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Sugar Land, Texas 77479

281-494-1919

## **Form ADV Part 2 Disclosure Brochure**

March 29, 2023

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

For more information about PortMgmt, please visit our website: [www.portmgmt.com](http://www.portmgmt.com).

If you have any questions about the contents of this Brochure, please contact Richard Kranz at 281-494-1919 or Brinley LeDonne at [admin@portmgmt.com](mailto:admin@portmgmt.com).

Additional information about the Advisor is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

By law, the Advisor must ensure that clients receive a summary of any material 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 only material change since the Advisor's last filing is the removal of all references to the Schwab Institutional Intelligent Portfolios ("SIIP") model portfolio program. This program has not been used by the Advisor, and this change does not impact any clients of the Advisor.

As of December 31, 2022, the Advisor managed approximately \$132,000,000 in assets on a discretionary basis.

A copy of the Advisor's full Disclosure Brochure may be requested at any time by contacting Richard Kranz at 281-494-1919 or Brinley LeDonne at [admin@portmgmt.com](mailto:admin@portmgmt.com).

The date of the Advisor's most recent annual update of this brochure is March 29, 2023.

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## Item 4 – Advisory Business

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

Richard Kranz is the majority owner of PortMgmt. He began his career in the financial services business in 1983, and has served as owner of the Advisor since inception in 1992.

PortMgmt's investment management services include the selection of investment vehicles and overall asset allocation of client portfolios, along with the continued monitoring and management of these assets on a discretionary basis.

PortMgmt offers two types of portfolio management services: custom portfolios designed for the specific and unique needs of a client and model portfolios created by PortMgmt to meet the typical needs of investors in a number of common categories.

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

For model portfolios, PortMgmt will match the needs, goals, and risk tolerance of a client with model portfolios designed to meet the typical needs of similar investors. The client gives the Advisor authority to determine the securities—and the timing and amounts of the securities—to be bought and sold.

With all accounts—whether custom or model portfolio—PortMgmt 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 ongoing basis, PortMgmt monitors and evaluates each portfolio to determine if any assets require repositioning or rebalancing due to significant changes in market conditions, the availability of new alternative vehicles, unsatisfactory investment performance or investment management turnover.

## Item 5 – Fees and Compensation

For providing the investment management services as described above, PortMgmt charges a fee based on the amount of assets under management.

The standard fee for customized portfolios is  $\frac{1}{4}$  of 1% of the value of the managed assets at the beginning of each quarter. The standard fee for model portfolios is  $\frac{1}{4}$  of 0.75% of the value of the managed assets at the beginning of each quarter. Advisor fees are not set or supervised by any custodian.

All Advisor fees are automatically deducted from client accounts on a quarterly basis, and a prorated fee may be charged for any assets under management for a partial quarter. PortMgmt may discount fees at its discretion, and fees are subject to negotiation.

For variable annuity accounts with fee debiting, fees are debited on the last day of each quarter. For 529 accounts with fee debiting, fees are based on the average daily net asset value of the account for the quarter. Fees are debited in arrears for each quarter on the last business day of February, May, August, and November.

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

PortMgmt's fees are separate from fees and administrative expenses which may be incurred by the client at the custody and investment instrument level. Mutual funds, exchange traded funds and unit investment trusts charge their own management and/or administrative fees, which are disclosed in the prospectus for each such investment. Clients may incur nominal brokerage commissions, transactions fees, and/or short term redemption fees at the account level. Custodians may also charge various types of administrative expenses, such as wire transfer fees and account transfer fees.

Such charges, fees, and commissions are in addition to PortMgmt's fee, and the Advisor does not receive any portion of these charges. PortMgmt 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 PortMgmt, and the Advisor earns more when other expenses are kept low and client accounts increase in value.

## **Item 6 – Performance-Based Fees**

PortMgmt 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**

PortMgmt is available to provide portfolio management services to individuals, high net worth individuals, trusts, estates, 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**

PortMgmt primarily uses a long-term, asset allocation strategy to invest client portfolios. A target asset mix is established for each client account based on client goals, time horizon, and risk tolerance. Every portfolio is diversified among a number of investment categories. Individual investments are chosen mostly based on fundamental analysis, with some consideration paid to technical and cyclical factors.

The initial asset allocation and ongoing management of a client's portfolio is conducted with care and diligence; however, PortMgmt 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 PortMgmt 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.

The Advisor's approach makes little effort to time the top or bottom of market cycles. The long-term strategy will not avoid declines during market corrections. The Advisor periodically rebalances all client portfolios in an attempt to take advantage of market

fluctuations.

Investment vehicles evaluated and supervised by the Advisor for custom portfolios include exchange-listed securities such as:

- common stocks,
- preferred stocks,
- corporate debt securities,
- certificates of deposit,
- municipal bonds,
- money market funds,
- mutual fund shares,
- exchange-traded funds (ETFs),
- unit investment trusts, and
- United States government securities.

Model portfolios will consist mostly of either no-load mutual funds or exchange-traded funds.

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

## **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**

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

## Item 11 – Code of Ethics

PortMgmt 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, PortMgmt and its employees 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 PortMgmt 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.

Employees will generally be investing in publicly available mutual fund shares, exchange traded funds, or listed securities widely traded on major exchanges, and these positions will 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 and exchange traded 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, PortMgmt 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, if any, equally and receive securities at the same average price. PortMgmt 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.

When trading errors occur, every effort will be made to ensure affected clients are made whole, restoring each client account to the position it should have been in had the trading error not occurred.

Employee trading is continually monitored under the Code of Ethics and should reasonably prevent conflicts of interest between PortMgmt 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 Brinley LeDonne at [admin@portmgmt.com](mailto:admin@portmgmt.com).

## **Item 12 – Brokerage Practices**

For custodial, administrative, and brokerage services, PortMgmt usually recommends the use of Charles Schwab & Co., Inc. ("Schwab"), a broker-dealer registered with the Securities and Exchange Commission, and a member of FINRA and SIPC. Schwab is an independent discount brokerage firm and is not owned by or affiliated with the Advisor.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business arm serving independent investment advisory firms. Through Schwab Advisor Services, Schwab provides PortMgmt and its clients with access to its institutional brokerage services – trading, custody, reporting and related services – many of which services are not typically available to Schwab retail customers.

Schwab's brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which the client might not otherwise have access or that would require a significantly higher minimum initial investment by clients. Schwab's services described in this paragraph generally benefit the client and the client's account.

Schwab makes available various support services that help PortMgmt manage or administer client accounts. Other Schwab services relate to investment research, both Schwab's own and that of third parties. The Advisor may use this research to service all or some substantial number of clients' accounts, including accounts not maintained at Schwab. Schwab also provides practice management services, such as educational conferences and publications.

Schwab's services are generally available on an unsolicited basis and at no charge to PortMgmt. These services are not contingent upon the Advisor committing any specific amount of business to Schwab in trading commissions or assets in custody.

All clients of PortMgmt using Schwab as their custodian receive the same institutional commission rates. The Advisor believes these rates are very favorable based on comparative research, but PortMgmt 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 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. Accounts owned by persons associated with our firm may participate in block trading with client accounts; however, they will not be given any preferential treatment.

Despite the above potential conflicts of interest, PortMgmt believes the selection of Schwab as custodian and broker is in the best interests of its clients. This view is supported by the scope, quality, and price of Schwab's services and not Schwab's services that might primarily benefit PortMgmt. The availability of Schwab's products and services is not based on the Advisor giving any particular investment advice, such as buying particular securities for clients. PortMgmt does not receive any monetary compensation from Schwab or any other custodian.

Regarding the choice of custodians, the primary interest of PortMgmt is the use of a custodian who will competently hold and administer client assets and execute transactions on terms that are advantageous on an overall basis when compared to other available providers and their services. The Advisor recognizes its obligation to seek best execution for all security transactions and is not involved in any directed brokerage arrangements. Clients are under no obligation to use the services of any particular custodian.

To avoid conflicts of interest, PortMgmt 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, payment for referrals, excessive gifts or entertainment, brokerage fees and commissions, or any other types of similar compensation.

## **Item 13 – Review of Accounts**

PortMgmt maintains a continual process of managing and administering each client account throughout the course of the year. Ongoing investment changes can be triggered by many factors, including:

- significant changes in the financial markets,
- security specific events,
- the availability of better investment opportunities,
- year-end tax planning, and
- changes to client cash flow needs, investment goals, and risk tolerance.

All client portfolios are rebalanced at least twice a year.

PortMgmt makes every attempt to contact every 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.

All reviews include an analysis or overview of client investment positions, asset allocation, and portfolio performance (including comparisons to relevant benchmark indices).

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.

For taxable accounts, PortMgmt makes every effort to provide clients with supplementary tax information, including cost basis information, if needed to complete their tax returns.

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

When it is in the best interest of clients, PortMgmt refers clients to other professionals such as attorneys or accountants who are not affiliated with the Advisor. PortMgmt neither pays, nor receives payment for, any client referrals given or received.

## **Item 15 – Custody**

The client's custodian maintains custody of client assets, and PortMgmt does not have independent authority to withdraw monies from any client account.

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

PortMgmt urges clients to carefully review account statements and compare such official custodial records to any reports the Advisor may provide clients. PortMgmt also recommends each client always check his or her January, April, July, and October statements (or quarterly statements for non-Schwab accounts) to make sure their management fees were correctly deducted each quarter.

## **Item 16 – Investment Discretion**

In most cases, PortMgmt 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 PortMgmt. 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.

PortMgmt does not anticipate any conflict of interest will arise between the client and the Advisor in regard 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 PortMgmt's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Advisor about how it 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. PortMgmt does not fall into 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 PortMgmt has never been the subject of any bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

PortMgmt is registered at both the federal and state level. No additional information is required for this Item. Information about principal officers can be found in the Brochure Supplement.

## BROCHURE SUPPLEMENT FOR:

**Richard Kranz**

Portfolio Management, LLC  
500 West 2<sup>nd</sup> Street, Suite 1900  
Austin, Texas 78701

281-494-1919

March 29, 2023

This Brochure Supplement provides information about Richard Kranz that supplements the Portfolio Management, LLC Brochure. All Clients should have received a copy of that Brochure. Please contact Richard Kranz or Brinley LeDonne if you did not receive the Brochure for PortMgmt, or if you have any questions about the contents of this supplement.

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

Richard Kranz

Date of Birth: May 5, 1956

#### Education

International MBA degree, 1992  
Lansdowne University, London, England  
4.0 grade point average

MBA program, 1991  
University of Houston  
4.0 grade point average  
B.A. degree, 1979

University of Texas at Austin  
Graduated Magna Cum Laude  
Member, Phi Beta Kappa Academic Honor Society

Certified Financial Planner™

### Business Background

Bank Trust Officer  
Ameritrust N.A. (now merged with JPMorgan Chase  
Bank) Houston, Texas  
May 1989 to January 1991

Registered Investment Advisor and NASD Series 7 Stockbroker  
Financial Synergies, Inc., Houston,  
Texas February 1983 to May 1989

### **Item 3- Disciplinary Information**

Investment Advisor Representatives are required by law to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4- Other Business Activities**

Richard Kranz is not involved in any other investment-related business activities.

### **Item 5- Additional Compensation**

Richard Kranz receives no additional compensation from outside sources.

### **Item 6 - Supervision**

Richard Kranz is the primary owner and supervisor of activities of Portfolio Management, LLC.

## BROCHURE SUPPLEMENT FOR:

### Brinley LeDonne

Portfolio Management, LLC  
500 West 2<sup>nd</sup> Street, Suite 1900  
Austin, Texas 78701

512-662-8328

March 29, 2023

This Brochure Supplement provides information about Brinley LeDonne that supplements the Portfolio Management, LLC Brochure. All Clients should have received a copy of that Brochure. Please contact Richard Kranz or Brinley LeDonne if you did not receive the Brochure for PortMgmt, or if you have any questions about the contents of this supplement.

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

Brinley LeDonne

Date of Birth: May 27, 1994

#### Education

B.S. degree in Mathematical Sciences, 2016  
The University of Texas at Austin  
Business Foundations Certificate from the McCombs School of Business

Certified Financial Planner™  
Obtained December 2018



## Business Background

Intern  
WJ Interests, LLC  
Sugar Land, Texas  
Summer 2015

Vice President  
Portfolio Manager and Investment Advisor Representative  
Portfolio Management, LLC

## **Item 3- Disciplinary Information**

Investment Advisor Representatives are required by law to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## **Item 4- Other Business Activities**

Brinley LeDonne is not involved in any other investment-related business activities.

## **Item 5- Additional Compensation**

Brinley LeDonne receives no additional compensation from outside sources.

## **Item 6 - Supervision**

Richard Kranz is the supervisor of activities of Portfolio Management, LLC.