

# Heritage Equity Management LLC

**Form ADV Part 2A  
Firm Brochure  
February 26, 2019**

This Brochure provides information about the qualifications and business practices of Heritage Equity Management LLC. If you have any questions about the contents of this Brochure, please contact us via email at [gman1141@gmail.com](mailto:gman1141@gmail.com). 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.

Heritage Equity Management LLC is a registered investment advisory firm. Registration of an investment advisory firm does not imply a particular level of skill or training.

Additional information about Heritage Equity Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Heritage Equity Management LLC

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## ITEM 2

# Material Changes

### Annual Update

The Material Changes section of this brochure will be updated annually, or when material changes occur since the previous release of our Firm Brochure. This Item discusses only specific material changes that are made to this Brochure and provides our clients with a summary of such changes.

### Material Changes since the Last Update

Heritage Equity Management LLC has updated its assets under management to \$126,083,688.56.

### Full Brochure and Additional Information

Full Brochure and additional information about Heritage Equity Management LLC are available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered or are required to be registered, as investment adviser representatives ("IAR").

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## **Advisory Business**

### **FIRM INFORMATION**

Heritage Equity Management LLC (“HEM,” “we,” “us,” “our”), a Limited Liability Company formed in May 2018, is a registered investment advisory firm located in Beverly Hills, CA.

### **PRINCIPAL OWNERS**

HEM is owned and controlled by Greg Mancuso, its Chief Executive Officer and Frank Lardino Chief Compliance Officer.

### **INVESTMENT ADVISORY SERVICES**

#### **Asset Management Services:**

We provide asset management services in which investment advisers manage your accounts on either a discretionary or non-discretionary basis. Our services provide additional investment opportunities among stocks, bonds, mutual funds, exchange-traded funds (ETFs), Real Estate Investment Trusts (REITs), digital currency and additional securities. Our asset management services involve providing you with the continuous and ongoing supervision of your custodial accounts.

### **CLIENT INVESTMENT OBJECTIVES/RESTRICTIONS**

HEM offers the same suite of services to all our clients. We do not permit our clients to impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs as this would require us to deviate from our standard suite of services. We may request additional information and documentation such as current investments, tax returns, insurance policies, and estate plan. We will discuss your investment objectives, needs, and goals, but you must inform us of any changes. Unless directed by you, we do not independently verify any information provided to us by you or your attorney, accountant or other professionals.

### **WRAP FEE PROGRAMS**

HEM does not participate in, recommend, or offer wrap fee programs.

### **ASSETS UNDER MANAGEMENT**

As of February 26, 2019, HEM is a newly registered investment advisory firm with the Securities Exchange Commission and currently has \$126,083,688.56 assets under management.

**ITEM 5**

## **Fees and Compensation**

### **ANNUAL FEES FOR ADVISORY SERVICES**

HEM is compensated for providing Asset Management services by charging an asset management fee. The annual asset management fee is 2.95% and is based on the total assets under management. This asset management fee is negotiable.

### **FEE BILLING & PAYMENT**

Advisory fees are invoiced and billed directly to you. Payments are due at the beginning of the month. The fee billing will be pre-determined in writing in the investment advisory agreement that is executed by you

and HEM. We will deduct our asset management fee only when in receipt of your written authorization by executing an investment advisory agreement permitting the fees to be paid directly from your account. We will send a copy of your invoice to the custodian at the same time that we send a copy to you. The qualified custodian will deliver an account statement to you at least quarterly which will show all disbursements from your account. We urge you to review all statements for accuracy.

In no case will HEM require a fee of \$1200 or more to be paid 6 months or more in advance.

### **TERMINATION OF AGREEMENT**

Either party may terminate the investment advisory agreement by providing 30-day advance written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with this us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

### **OTHER EXPENSES AND FEES**

The fees discussed above include payment solely for our asset management services provided by us and are separate to certain fees or charges that are imposed by third parties in connection with investments made on your behalf for your account. Third-party fees may include markdowns, markups, brokerage commissions, other transaction costs and/or custodial fees.

Also, all fees paid to us for asset management services are separate from the expenses charged by exchange-traded funds and mutual funds to their shareholders. These fees and expenses will be used to pay management fees for the funds, other fund expenses, account administration, and a possible distribution fee. Exchanged traded funds and mutual funds can be invested in directly by you without our services. However, you would not receive our services to assist you in determining which products or services are most suitable for your financial situation and objectives. You should review both the fees we charge and the fees charged by the fund(s) to understand the total fees to be paid fully.

## **ITEM 6**

### **Performance-Based Fees**

We do not charge any performance-based fees which are fees based on a share of capital gains on or capital appreciation of your assets.

## **ITEM 7**

### **Types of Clients Description**

We provide our investment advisory services to:

- Individuals
- High Net Worth Individuals
- Corporations
- Other business entities

We require a minimum account of \$250,000.00.

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# Methods of Analysis, Investment Strategies, and Risk of Loss

### METHODS OF ANALYSIS

We use various methods of analysis and investment strategies including the following:

**Fundamental Analysis** – We evaluate economic and financial factors to determine if a security may be underpriced, overpriced or fairly priced. This method entails assessing a security by attempting to determine its intrinsic value by examining related financial, economic, and other qualitative and quantitative factors. Fundamental analysis requires an in-depth look at all factors that can affect the security's value, from macroeconomic factors (like the overall economy and industry conditions) to individually specific factors (like the financial situation and management of companies). The overall objective of performing the fundamental analysis is to determine a value that an investor can use to determine what sort of position to take with that security. This method of security analysis is contrary to technical analysis. Fundamental analysis involves using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Modern Portfolio Theory** - Modern portfolio theory (MPT) is a risk-averse theory that involves the construction of portfolios to maximize and optimize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk.

### INVESTMENT STRATEGIES

When formulating investment advice or managing client assets, HEM will use a long-term investment strategy. There are inherent risks associated with this strategy. A long-term strategy may not take advantage of short-term gains or may experience more volatility over the life of the portfolio. Your accounts are managed separately with your underlying investment strategies, restrictions, or investment limitations defined within the investment management agreement.

### POTENTIAL RISKS

Investing involves different levels of risk that can result in loss of any profits and/or principal you have not realized. We manage your account in a manner consistent with your pre-determined risk tolerance and suitability profile. However, we cannot guarantee that our efforts will be successful. Investing in securities involves the risk of loss clients should be prepared to bear.

**Investing involves the assumption of risk including:**

**Financial Risk:** which is the risk that the companies we recommend to you perform poorly, which affect the price of your investment.

**Market Risk:** which is the risk that the stock market will decline, decreasing the value of the securities we recommend to you with it.

**Inflation Risk:** which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.

**Political and Governmental Risk:** which is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

**Interest Rate Risk:** which is the risk that the value of the investments we recommend to you will fall if interest rates rise.

**Call Risk:** which is the risk that your investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.

**Default Risk:** which is the risk that issuer is unable to pay the contractual interest or principal on the investment promptly or at all.

**Manager Risk:** which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.

**Crypto-Currency Risk:** which crypto-currencies are new investment option and do not have the extensive performance history that other investment options have. Crypto-currencies can have extremely volatile valuation. Furthermore, crypto-currencies are not subject to the same regulatory oversight as other investable assets.

**Industry Risk:** which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

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# Disciplinary Information

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There has been no disciplinary, legal, or regulatory events related to us or any of our management persons.

## ITEM 10

# Other Financial Activities and Affiliations

## FINANCIAL INDUSTRY ACTIVITIES

Neither HEM nor its management persons are registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither HEM nor its management persons are registered or has an application pending to register as a futures commission merchant, commodity pool operator or commodity trading advisor.

## AFFILIATIONS

Currently, no associates of the firm are affiliated with another entity.

## SELECTION OF OTHER INVESTMENT ADVISERS

We do not recommend or select other investment advisers for our clients.

**ITEM 11**

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

### **CODE OF ETHICS**

HEM has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to you. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. HEM has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading, and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request.

### **RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST**

Neither we nor any related person recommend to clients, or buys or sells for clients' accounts, securities in which we or a related person has a material financial interest.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which an IAR, its affiliates or other clients may also have a position or interest. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances, the affiliated and client accounts will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

### **PERSONAL TRADING**

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements, and do not conflict with their duty to HEM and our clients. HEM monitors and controls personal trading through pre-approval of all personal securities transactions or blackout periods imposed upon employees trading in the same securities as HEM. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

**ITEM 12**

## **Brokerage Practices**

HEM currently has arrangements with Interactive Brokers LLC, and APEX Clearing Corporation. Interactive Brokers LLC, and APEX Clearing Corporation are unaffiliated qualified custodians whereby HEM would suggest you custody your accounts. Interactive Brokers LLC, and APEX Clearing Corporation is an independent SEC-registered broker-dealer and a member of FINRA and SIPC.



As a fiduciary, we are obligated to seek out the best execution of client transactions for that accounts that we manage. In general, the execution of securities transactions is at a total cost or proceeds in each transaction and are the most favorable under the circumstances. However, we do not limit the best execution to the lowest available price. Additional factors are taken into consideration when determining the arrangement and services in the selection of a broker-dealer or qualified custodian. Our review consists of reviewing the commission and fee structures of various broker/dealers, research platform, and execution services. Accordingly, while we do consider competitive rates, we do not necessarily obtain the lowest possible commission rates for account transactions. Therefore, the overall services provided by our affiliated broker-dealers and qualified custodians are evaluated to determine the best execution. You may pay trade execution charges and higher commissions through the trading platforms approved by us than through platforms that have not been approved by us.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

We do not receive soft dollar benefits; however, certain custodians may make available to us other products and services such as trade execution software, investment research, pricing information, market data, recordkeeping, publications, and conferences. These types of services are available to all of retail and professional clients of the custodians on an unsolicited basis.

### **BROKERAGE FOR CLIENT REFERRALS**

We do not receive client referrals from broker/dealers.

### **DIRECTED BROKERAGE**

We do not recommend, request, require or permit clients to direct us to executed transactions through a specific broker-dealer other than those we recommend.

### **TRADE AGGREGATION**

We attempt to allocate trade executions in the most equitable manner possible, taking into consideration current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation. We may aggregate orders in order to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. In aggregated orders, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

## **ITEM 13 Review of Accounts**

### **PERIODIC REVIEWS**

We review asset management accounts no less than quarterly. These accounts will be reviewed by Greg Mancuso/CEO. Accounts are reviewed to evaluate asset allocation, investment strategy and objectives, cash balance, and performance as well as the general economic outlook and current investment trends.

### **REVIEW TRIGGERS**

We conduct periodic reviews to evaluate current market, economic and political events and how these may affect client accounts. Additional reviews may be triggered by these events or by events in the client's financial or personal status.

### **REGULAR REPORTS**

Asset management clients will receive advisory account reports and performance reports no less than quarterly. These reports show asset value by cash balances, security, unit cost, total cost, current per share values, etc. Clients are urged to review the quarterly reports provided by us with those provided by their custodian and notify us of any differences. Clients are encouraged to phone or email us as often as they deem necessary to receive information regarding the investment tactics and strategies being followed.

## **ITEM 14**

### **Client Referrals and Other Compensation**

We do not engage in referral relationships with vendors and/or unaffiliated third-party custodians which provide services that may include custody of securities, trade execution, and clearance and settlement of transactions.

Please see Item 12 Brokerage Practices for information regarding benefits we receive from our custodian.

### **OTHER COMPENSATION**

We do not pay a referral fee to third party solicitors.

## **ITEM 15**

### **Custody**

We are deemed to have constructive custody of client funds and securities due to our ability to deduct management fees from clients' accounts. We will not take physical custody of clients' funds and will not assign or transfer trading authorization to another advisor. Clients will receive account statements from the qualified custodian(s) holding their funds and securities at least quarterly. The custodian's account statements will indicate the amount of our advisory fees deducted from the clients' account(s) each billing period. These statements should be carefully reviewed by the client for accuracy. Item 5 – Fees and Compensation has additional information regarding our ability to deduct management fees from clients' accounts.

## **ITEM 16**

### **Investment Discretion**

#### **DISCRETIONARY AUTHORITY FOR TRADING**

If you are participating in our asset management services, upon receiving your written authorization via our executed investment advisory agreement, we will maintain trading authorization over your designated account and may also implement trades on a discretionary basis.

When discretionary authority is granted, we will have the limited authority to determine the type of securities to be purchased, sold or exchanged and a number of securities that can be bought, sold or exchanged for your portfolio without obtaining your consent for each transaction.

If you do not grant this limited investment discretion, your IAR will be required to contact you and get affirmation regarding our investment recommendations such as the security being recommended, the

number of shares, whether the security should be bought or sold before implementing changes in your account.

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, it is critical that you respond promptly. If we do not receive a response to our request immediately, the timing of trade implementation may lead to an adverse impact where we may not achieve the optimal trading price.

On a case by case basis, you may place reasonable restrictions on the types of investments that may be purchased or sold in your account so long as the restrictions are explicitly set forth or included as an attachment to the investment advisory agreement.

#### **ITEM 17**

### **Voting Client Securities**

We do not have the authority to vote proxies as it pertains to the issuers of securities held in your account. The responsibility for voting your securities places increased liability to us and does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting your securities.

Therefore, you are responsible for voting all proxies for securities held in accounts managed by us. Typically, our qualified custodian will forward you your proxy information. Although we do not vote your proxies, you can contact us if you have a question about a particular proxy.

#### **ITEM 18**

### **Financial Information**

We are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

We are currently not in, nor have been historically in a financially precarious situation or the subject of a bankruptcy petition.