

# Heron

## F I N A N C E

### **Form ADV Part 2A – Appendix 1 Wrap Fee Brochure**

440 N Barranca Ave, #7870  
Covina, CA 91723  
[www.heronfinance.com](http://www.heronfinance.com)

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#### **Item 1: Cover Page**

This wrap fee brochure provides information about the qualifications and business practices of Warbler Advisory, Inc. *d.b.a.* Heron Finance (“Heron”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Heron has registered its business with state and federal regulatory authorities, including the U.S. Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at [legal@heronfinance.com](mailto:legal@heronfinance.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

## **Item 2: Material Changes**

This is the first wrap fee brochure that Heron Finance has produced.

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## Item 4: Services Fees and Compensation

### *General Information*

Warbler Advisory, Inc. *d.b.a.* Heron Finance (“Heron”), a Delaware corporation organized in 2023, is an SEC-registered investment adviser that maintains its principal office at 2601 Mission Street, Suite 800, San Francisco, CA. Heron is a wholly-owned subsidiary of Warbler Labs, Incorporated (“Warbler Labs”), which is also the parent company of Warbler Lending LLC. Heron began operations on February 6, 2024.

This Wrap Fee Brochure is meant to help you understand the nature of the advisory services offered by Heron, whether the advisory services offered by Heron are right for you, and the potential conflicts of interest associated with your participation in the Heron Wrap Fee Program. You should review it carefully. Heron offers investment advisory services to clients and manages assets through the Heron Wrap Fee Program. A wrap fee program has a fee structure that provides clients with advisory and management services for a bundled fee with no additional account activity charges for execution of redemptions. As such, Heron charges clients (defined below) a single bundled fee that covers the investment advisory services it provides, as well as all other services associated with holding and redeeming assets.

Heron Finance provides its internet-based advisory services via its interactive online platform (“Heron Platform”). The Heron Platform is an online platform that provides automated, algorithmic investment management services exclusively to U.S. accredited investors (“Clients”). Clients have the ability to subscribe for tokenized assets (the “Heron Tokens”) offered and issued by Warbler Lending LLC, a Delaware series limited liability company (“Warbler Lending”) and various series thereof. The Heron Tokens represent participation interests in private credit deals, including (i) loans and other financial assets originated by Warbler Lending, which are sourced and underwritten by credit professionals employed by Warbler Labs (“Warbler Loans”), and (ii) loans and other financial assets in which Warbler Lending acquires a participation interest, which are originated and syndicated by Warbler affiliates or by third parties (“Syndicate Loans” and, together with the Warbler Loans, the “Underlying Loans”). The Underlying Loans may be collateralized by assets or secured by a guaranty from the parent entity of the underlying borrower; however, Clients do not have the ability to exercise rights or remedies in respect of an Underlying Loan, which will be exercised by Warbler Lending with respect to a Warbler Loan and the lender of record of the Syndicate Loan with respect to a Syndicate Loan. Prior to purchasing any private credit assets, each Investor should read the Token Subscription Agreement, the RIA Agreement, and the Private Placement Memorandum in their entirety, including the section herein titled “Risk Factors,” and should consult with their legal, financial, and tax advisors.

When Clients of Heron Finance deposits funds into the Heron Finance smart contract, Clients will receive two (2) types of Heron Tokens. Heron Tokens are ERC-721 tokens issued through the Goldfinch protocol on the Base blockchain, which is an Ethereum Layer 2 blockchain. The first type of token is a portfolio token (the “Portfolio Token”), representing the Client’s entire portfolio of Underlying Loans (the “Portfolio”). Each Client will receive one (1) Portfolio Token, which has no monetary value. The second type of token is a participation token (the “Participation Token”), representing the Client’s participation

interest in an Underlying Loan (each, a “Participation”). Each Participation Token is expected to have a monetary value equivalent to the book value of the Participation corresponding to the related Underlying Loan. For each Participation, a Client is entitled to receive their pro rata share, determined by the Client’s purchase price divided by the total outstanding principal balance of the Underlying Loan (the “Pro Rata Share”), of the principal and interest payments received by Warbler Lending, or the issuing series thereof, as applicable, in respect of the Underlying Loan. The Portfolio Token will sit in the Client’s Heron Finance wallet is non-transferable, meaning it cannot be transferred to another wallet. The Portfolio Token allows a Client to claim some or all of their Participation Tokens. Proceeds received in respect of Participation Tokens held by a Client are automatically reinvested on behalf of the Client unless and until the Client requests a distribution or elects to not enable automatic reinvestment. Clients share in the risk of loss to the extent of their pro rata share if a loan defaults or an underlying borrower fails to perform,

Clients should note that the Heron Finance is not designed to provide Clients with a comprehensive financial plan and instead is built to advise clients on how to achieve discrete financial goals. Heron Finance currently limits its investment advice and management services to private credit; however, Heron Finance may use other securities such as short-term government bonds to help diversify a portfolio and minimize cash drag.

#### *Fees and Compensation*

As compensation for the services rendered from Heron Finance, Clients are charged an annualized asset-based fee equal to two percent (2.00%) of the total value of their portfolio (the “Management Fee”). The value of a Client portfolio is determined by the sum of (i) the amount of USDC held in the account, plus (ii) the par value of the Heron Tokens held by the Client. In calculating the Management Fee, Heron Finance the average daily balance of the Client’s portfolio to determine the fees due at the end of each month. Heron Finance automatically deduct fees on a monthly basis from USDC interest payments the Client receives in respect of the Heron Tokens held by the Client.

The Management Fee is due and payable monthly in arrears. The Management Fee payable for a given month is charged and generally cleared no later than the tenth (10<sup>th</sup>) calendar day of the following month. The initial Management Fee payment will become due during the month after proceeds are credited to a Client account. The Management Fee to be charged for a given month is calculated by multiplying the two percent (2.00%) by the average daily value of the Assets in the Account. The Management Fee will be prorated if the initial Subscription proceeds are credited to the account on a date other than the first business day of the month. The Management Fee for the month in which the Account is closed, or any other month in which all Assets are otherwise withdrawn from the Account, shall be calculated by multiplying two percent (2.00%) by the average daily value of the Assets in the Account, and shall be prorated based on the date on which the final Assets are withdrawn from the Account.

As part of the Client onboarding process, Clients must authorize Heron Finance to instruct its Qualified Custodian to debit their account for the Management Fee each month. Heron Finance notifies the Qualified Custodian of the Management Fee due and payable for the applicable month, the Qualified Custodian permits the Management Fee due and payable to be deducted directly out of a Client’s account.

It will remain the Client's responsibility to understand and verify the amount deducted. If the assets in the account are less than sufficient to allow the Custodian to deduct the account for the full amount of the Management Fee due and payable for a given month, Heron Finance may separately invoice Clients for any remaining amounts or collect the Management Fee in a subsequent month when there is a sufficient amount of USDC. Any invoice provided by Heron Finance to a Client shall be due and payable upon the Client's receipt. Clients authorizes Heron Finance to take any other actions not prohibited by the RIA Agreement to the extent necessary to pay the Management Fee.

Heron Finance reserves the right, in its sole discretion, to negotiate, reduce or waive the Management Fee for certain Client accounts for any period of time determined solely by Heron Finance. In addition, Heron Finance may reduce or waive its fees for the accounts of some Clients without notice to, or fee adjustment for, other Clients.

#### *Additional Fees*

Clients should note that although Heron Finance does not charge any additional fees for the services it provides, Clients are responsible for any bank fees or Ethereum gas fees to fund their account.

### **Item 5: Account Requirements and Types of Clients**

Heron Finance provides its services exclusively to U.S. accredited investors. The minimum investment for Clients is \$100.

The minimum amount required to open a Heron Finance account and participate in the Wrap Fee Program is \$100. There is no minimum amount that client must maintain in order to keep their Heron Finance account active. At any time, a Client may terminate their Heron Finance account, or make partial or full withdrawals subject to the Heron Finance Liquidity Policy, which is available at [www.heronfinance.com](http://www.heronfinance.com).

### **Item 6: Portfolio Manager Selection and Evaluation**

Heron Finance directly manages the portfolios of all Clients pursuant to each client's RIA Agreements.

#### *Methods of Analysis and Investment Strategies*

Heron Finance relies on the use algorithms as the basis for managing client assets. Currently, Heron Finance offers clients two strategies – Standard and Aggressive. The Standard Strategy is designed to optimize for diversification. This strategy is intended for Clients that are starting out in private credit, or viewing it as a broad compliment to their traditional stocks and bonds portfolio. The Aggressive Strategy

is designed to prioritize opportunities that offer the most attractive yields, while still offering some diversification.

As noted in Item 4, Heron Tokens represent participation interests in (i) loans and other financial assets originated by Warbler Lending, which are sourced and underwritten by credit professionals employed by Warbler and (ii) loans and other financial assets in which Warbler Lending acquires a participation interest, which are originated and syndicated by Warbler affiliates or by third parties. Heron Finance and Warbler Lending maintain policies and procedures regarding the evaluation and selection of Underlying Loans. The policies and procedures conform with industry standards.

### *Risk of Loss*

Investments through Heron Finance may be highly speculative and involve a high degree of risk, including, without limitation, the risk of a partial or total loss of a client's entire investment. An investment in the Heron Tokens is suitable only for sophisticated investors who fully understand and are capable of bearing the risks involved in investments generally and in an investment in the Heron Tokens in particular, including, without limitation, the risks summarized below.

- *Credit Risk:* The payment by Warbler Lending on Heron Tokens held by Clients is anticipated to be funded by payments that Warbler Lending receives from Borrowers or Syndicate Lenders, as applicable, in respect of the Underlying Loans. If a Borrower or Syndicate Lender fail to make payments on the Underlying Loans in an aggregate amount less than or equal to the aggregate value of any outstanding corresponding Heron Tokens, payments in respect of such Heron Tokens will be correspondingly reduced. Similarly, prepayment by Borrowers or Syndicate Lenders of the Underlying Loans may result in a reduction of anticipated payments to Clients holding corresponding Heron Tokens.
- *Market Risk:* Changing market conditions, including but not limited to, changes in interest rates, the availability of credit, changes in consumer prices, the relative economic vitality of the area in which borrowers and their assets are located, changes in tax laws, other investment opportunities available to investors, and other economic, social, geographic, demographic, and legal factors beyond the borrower's control, may adversely affect the rates at which the borrowers repay their loans. Any increase in interest rates may slow the rate of prepayment for the borrower's receivables, which could adversely affect the borrower's liquidity by reducing the cash flows from, and the value of, the finance receivables the borrower has pledged as collateral, and may affect the value of the Underlying Loans and Heron Finance's operations. As interest rates change, borrower's gross interest rate spread with respect to its customers and clients also either increases or decreases because the rates charged on the contracts originated from borrowers are limited by market and competitive conditions, restricting the borrower's ability to pass on increased interest costs to its customers and clients.
- *Foreign Exchange Risk:* Because borrowers may be located in different countries around the world and Underlying Loans may be originated in currencies other than U.S. dollars, there is a risk that

currency exchange rates may fluctuate and result in an increased or decreased value with respect to the Underlying Loans relative to the value at the time of an Investor's receipt of a corresponding Heron Token. Accordingly, the value of any collateral interest or repayment may be different than expected, and, upon liquidation or receipt thereof, respectively, Warbler Lending may receive less than the expected amount of return, or no return, resulting in a correspondingly reduced payment to Clients.

- *Portfolio Diversification Risk:* Underlying Loans may have little or no diversification in terms of borrower type, geographic location, customer or client base, currency, industry, operating history, use of proceeds, financial covenants, advance rate, collateral, or otherwise. Therefore, an investor may hold Heron Tokens, the proceeds of which are allocated with limited or no diversification.
- *Robo-Advisory Risk:* Heron Finance's investment algorithm is designed to consider the investment strategy of each Client, and each Rebalance should optimize the portfolio of the Client. However, there is no guaranty that any Rebalance will result in better performance of a Client's portfolio or greater returns for a Client. Warbler Lending may have a limited number of Underlying Loans from which to offer Heron Tokens to Investors, making any investment strategy, diversification, or Rebalance transactions negligible.
- *Blockchain Risk:* While there is transparency and a record of transactions occurring on a blockchain ledger, there is no assurance against fraud or manipulation or a failure of underlying or third-party support systems on which the blockchain and appurtenant technologies rely, including Goldfinch and Base. In the event Heron Finance, Goldfinch, or Base fails to operate as intended, or there is an error in the programming or coding of the smart contracts, Clients may receive less than their appropriate portion of payments.
- *NFT and Smart Contract Risk:* Heron Tokens are ERC721 tokens issued through the Goldfinch protocol on the Base blockchain, which is an Ethereum Layer 2 blockchain. ERC721 tokens are non-fungible tokens ("NFTs"). An NFT is a digital, cryptographic token on a blockchain that certifies a unique asset. NFTs are issued through smart contracts. A smart contract operates by a pre-defined set of rules (i.e., "if/then statements") that allows it to automatically execute computer code. Such actions taken by the pre-defined set of rules are not necessarily contractual in nature, but are intended to eliminate the need for a third party to carry out code execution on behalf of users, making the system decentralized, while empowering coders to create a wide range of applications layering together different smart contracts. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming and design can have damaging effects. If any such vulnerabilities or flaws come to fruition, smart contract-based assets, including those held by clients, may suffer negative publicity, be exposed to security vulnerabilities, decline significantly in value, and lose liquidity over a short period of time.

In some cases, smart contracts can be controlled by one or more "admin keys" or users with special privileges, or "super users." These users could unilaterally make changes to the smart contract, enable or disable features on the smart contract, change how the smart contract receives external



inputs and data, and make other changes to the smart contract. If any such super user or group of core members unilaterally make adverse changes to a smart contract, the design, functionality, features and value of the smart contract, its related assets may be harmed. These super users can also become targets of hackers and malicious attackers. If an attacker is able to access or obtain the super user privileges of a smart contract, or if a smart contract's super-users take actions that adversely affects the smart contract, clients who hold and transact in the affected assets may experience decreased functionality and value of the applicable assets, up to and including a total loss of the value of such assets.

- *Stablecoin Risk:* The Heron Finance platform operates with the USD-denominated stablecoin, which references the monetary value of the United States dollar and is made available by Circle Internet Financial Ltd. (“USDC”). All investments are accepted in the form of USDC, and all loans to, and repayments from, Borrowers will be in USDC. There is a risk that the value of USDC fluctuates above or below the equivalent of \$1.00 U.S. dollar, resulting in greater or lower returns than expected upon a Client's receipt of USDC and conversion to U.S. dollars. Additionally, there is a risk with respect to the regulation of USDC, Heron Finance, Circle, and Base, and if any regulation or potential regulation limits, reduces, or prohibits the use or demand for the foregoing, Heron Finance's operations and the Heron Tokens may be materially and adversely affected, resulting in a decline in value in the USDC and Heron Tokens held by an Investor and potentially a complete loss of investment.

Due to regulations affecting Circle Internet Financial Ltd. or the cessation of their business operations, there is a possibility USDC may be banned and no alternative stablecoin is available. USDC was first issued in 2018 and is a relatively new form of currency, with limited historical data and use which makes its long-term viability less certain. In the event USDC is no longer available, Warbler's operations and the Heron Tokens would likely be materially and adversely affected, resulting in a potential loss of your investment.

#### *Material Relationships and Possible Conflicts of Interest*

It should be noted that Heron Finance relies on its affiliate, Warbler Lending, to provide clients with access to Heron Tokens. Heron Tokens to be purchased, sold, exchanged, or transferred for the benefit of the Client are issued by Warbler Lending. In addition, the credit rating system for Underlying Loans is determined and administered by Warbler Lending and not by an independent third party.

There may be occasions when Heron Finance and its affiliates will encounter potential conflicts of interest. The following is a list of some of the important areas in which the interests of Heron Finance and its affiliates may conflict with those of Clients.

- Some of the officers, principals, employees, and other individuals associated with Heron Finance are affiliated with or part of entities or organizations with which Warbler Labs may hold a past, present, or future business or commercial relationship. Warbler Labs and the related individuals and entities will devote only so much time to the business of Heron Finance as is reasonably

required. Warbler Labs may have conflicts of interest in allocating management time, services, and functions between various existing companies,

- Warbler Labs is the manager of Warbler Lending and provides services to Warbler Lending through the personnel, technology, and resources of Warbler Labs. Warbler Lending has no employees. Certain key employees of Warbler Labs provide investment advisory services through Heron Finance and manage the business and lending operations of Warbler Lending. As certain key employees have managerial roles across various Warbler entities, there is the potential for a conflict of interest to arise between the entities because of the limited time and resources available for the key employees to provide to each Warbler entity. If one or more of these key employees were to resign or move to a different role, Warbler's operations would be materially and adversely affected, potentially having a material adverse effect on the various Warbler entities, the Heron Tokens, the Investment Algorithm, Rebalance transactions, and Investors' returns and resulting in a loss of Client investments.
- Rebalances may involve cross trades or principal transactions where Warbler Lending will repurchase at par value certain Participation Tokens corresponding to an Underlying Loan. A cross trade occurs when an investment adviser causes a trade to occur between two or more of its advisory clients' accounts. A principal trade takes place when an adviser arranges for a security to be purchased from or sold to a client from its own account. Notwithstanding the potential for conflicts of interest arising from the foregoing transactions, Heron Finance intends to effect cross trades and principal transactions based on the Investment Algorithm and there will be no fees or markups in connection with any Rebalance, cross trade, or principal transaction. Heron Finance intends to have policies to monitor, and ensure elimination of any potential conflicts arising from Rebalances and cross trades. As of March 30, 2024, there have been no Rebalances or cross trades.

#### *Performance-Based Fees and Side-by-Side Management*

Heron Finance does not charge performance-based fees. Clients are only charged an annualized Management Fee as disclosed in Item 5 above.

#### *Tailored Services and Client-Imposed Restrictions*

The Heron client onboarding process includes an investment strategy questionnaire ("Investment Strategy Questionnaire"), which must be completed by prospective clients. Currently, the main strategies are (i) higher returns with increased risk of loss on investment, or (ii) lower risk of loss on investment with lower to moderate returns. Based on the result of the Investment Strategy Questionnaire, Heron considers a Client's preferences in building the Client a portfolio of Underlying Loans. While Heron acknowledges receipt of the Investment Strategy Questionnaire, and takes Client preferences into consideration, Heron may have access to a limited number of Underlying Loans from which to offer; however, Underlying Loan inventory is anticipated to increase over time, potentially allowing Clients to designate additional preferences by providing Heron an updated Investment Strategy Questionnaire.

Heron Finance provides its investment advisory services subject to Rule 3a-4 of the Investment Company Act of 1940 (“40 Act”). As such: (1) Heron manages each Client’s account based on the Client’s individual financial situation and investment objectives, which information is obtained at account opening through the Investment Strategy Questionnaire; (2) Heron contacts Clients via email on a quarterly basis to request whether there have been any changes to the Client’s financial situation or objectives; (3) Clients may impose reasonable restrictions on how their portfolio is managed; (4) Clients may contact Investor Relations team members, who are knowledgeable about a Client’s portfolio and its management, to ask questions relating to their portfolio; (5) Clients receive quarterly statements of all activity associated with their account; and (6) Clients retain certain rights with respect to the ownership in Underlying Loans.

As of March 27, 2024, Heron manages approximately \$530,000 in client assets on a fully discretionary basis.

### **Item 7: Client Information Provided to Portfolio Managers**

Because Heron Finance manages all client portfolios directly, there are no portfolio managers with whom Heron Finance could share client information.

### **Item 8: Client Contact with Portfolio Managers**

Clients should consider that Heron Finance primarily uses electronic rather than telephonic means to provide customer support. To receive customer support, clients may contact Heron Finance via email or through the online interface, and prospective clients should be comfortable communicating through those channels. Clients should consider that such customer support is educational in nature only, and that although the algorithms that manage client accounts are overseen, monitored, and updated by investment advisory personnel, clients participating in Heron Finance will generally not interact directly with such investment advisory personnel, except as described elsewhere in this document.

### **Item 9: Additional Information**

#### *Disciplinary Information*

Neither Heron Finance nor any of its employees or affiliates have been the subject of any criminal, civil, administrative, or self-regulatory organization proceedings.

#### *Other Financial Industry Activities and Affiliations*

Neither Heron Finance nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer. Neither Heron Finance nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant,

Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

- *Code of Ethics*

Heron Finance's Code of Ethics (the "Code") establishes standards of conduct for all Heron Finance employees, including all officers, directors, employees, certain contractors and others ("Access Persons"), and is consistent with the code of ethics requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code includes general requirements that all Access Persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest, and confidentiality of client information. All Heron Finance Access Persons receive a copy of the Code. Heron Finance sends copies of any amendments to the Code to all Access Persons, who must acknowledge in writing having received the Code and the amendments. Annually or as otherwise required, each Access Person must confirm to Heron Finance that they have complied with the Code during such preceding period.

- *Recommendations Involving Material Financial Interest*

In addition to the Management Fee, Warbler Lending may receive origination, servicing, and draw down fees on Warbler Loans, ranging between one percent (1.00%) and five percent (5.00%) of the principal amount of the loan, resulting in the potential for a conflict of interest due to the monetary incentive for Warbler to originate and service as many Warbler Loans as possible, and to issue as many Heron Tokens as possible, regardless of the quality of the Borrower or the likelihood of repayment; however, Warbler Lending believes it protects against these risk by adhering to strict underwriting policies and criteria in determining which potential Borrowers will be approved for a Warbler Loan.

- *Investing Personal Money in the Same Securities as Clients*

Heron Finance and its affiliates, officers, directors, shareholders, series, employees, and agents, may, from time to time, acquire Heron Tokens and fund, originate, acquire, and hold Underlying Loans for their own account. While all purchase and sale and trade orders of Heron Tokens are intended to be conducted through the recommendations by the Investment Algorithm and Portfolios intended to be Rebalanced by Heron Finance, there is the risk that an employee or affiliate entity wrongfully or fraudulently effects a transfer of Heron Tokens. If the Heron Tokens held by an Investor are wrongfully sold or purchased due to Heron Finance or its affiliate's or agent's malfeasance, there is a risk that the Investor could lose all or part of their investment.

Heron Finance and its affiliates, officers, directors, shareholders, series, employees, and agents that do hold Heron Tokens are in parity with, and will have the same rights as, any other Client.

### *Review of Client Accounts*

Heron Finance provides all Clients with continuous access via the Heron Finance platform where Clients can access their account documents, such as account statements, and review the performance of their portfolio. Clients also receive quarterly statements describing portfolio performance, as well as periodic emails regarding account information and new product features.

Heron Finance provision of intern-based investment advisory service assumes a Client's portfolio will can be improved over time and should be periodically rebalanced to better align with a Client's investment objectives. Heron Finance's software continuously monitors and periodically rebalances each Client's portfolio that is fully discretionary. Heron Finance also conducts reviews when Clients make changes to their risk profiles. Heron Finance assumes no responsibility to its Clients for any tax consequences of any transaction, including any capital gains that may result from the Rebalancing of Client Accounts.

On a quarterly basis, Heron Finance contacts each Client to remind them to review and update personal profile information they previously provided. Heron Finance also requests that Clients reconfirm the same information on an annual basis. These notifications and confirmations include a link to the Client's current information and contact information for the Heron Finance Investor Relations team.

### *Client Referrals and Other Compensation*

Heron Finance expects from time to time to run promotional campaigns to measure interest and to attract Clients to open accounts. These promotions may include, but are not limited to, referral programs pursuant to which Clients, or third parties, invite non-Clients to open an account with Heron Finance. These promotions may also include additional account services or products offered on a limited basis to select Clients, different fee arrangement structures, which could include more favorable fee arrangements. These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to Heron Finance, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through Heron Finance if doing so would result in eligibility to receive an incentive, bonus, or additional compensation.

Heron Finance may compensate third parties to create and share advertising materials regardless of whether an individual funds an account.

### *Financial Information*

This Item is not applicable because Heron Finance does not require or solicit the prepayment of any advisory fees and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.