

**HERITAGE ASSET ADVISORS LTD., LLP**

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**HERITAGE ASSET ADVISORS LTD., LLP  
WRAP FEE PROGRAM BROCHURE  
MANAGED ACCOUNTS**

**This wrap fee program brochure provides information about the qualifications and business practices of Heritage Asset Advisors Ltd., LLP. If you have any questions about the contents of this brochure, please contact us at the telephone number listed above.**

**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. Additional information about Heritage Asset Advisors Ltd., LLP is available on the Securities and Exchange Commission website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the Securities and Exchange Commission or other securities regulators does not imply a certain level of skill or training.**

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## **SERVICES, FEES & COMPENSATION**

### ***Advisory Services***

Heritage Asset Advisors Ltd., LLP (“Heritage”) is an independent investment advisory firm based in Houston, Texas.

The Heritage Asset Advisors Wrap Fee Program (“the Program”) is a fee-only investment advisory program sponsored by Heritage. The Program provides Clients with investment advisory services and the ability to trade in eligible securities without incurring separate brokerage commissions or transaction charges. Certain Clients have chosen to also maintain relationships with Outside Managers for portfolio management services. This arrangement is referred to as a ‘Managed Account’ for the purposes of all Heritage disclosure documents. As of 3/31/22, C.H. Dean is the sole Outside Manager retained by Heritage Clients. Fees and other information within this brochure relate to a Schwab / C.H. Dean Managed Account.

### ***Fees & Compensation***

Managed Account Clients pay Heritage an asset-based fee percentage which is dependent upon the Outside Manager with whom the Client has chosen to work and the type of investment portfolio selected. Please note that the majority of the Heritage’s business is related to other Wrap Fee Accounts for which Heritage serves as the Portfolio Manager (i.e. Heritage supervised persons select the investments and strategies within the Accounts, rather than an Outside Manager). The fees for accounts managed by Heritage are often lower than Outside Managed Accounts (as there is no Outside Manager to compensate).

All Fees deducted by Heritage are payable quarterly, in advance, based upon the market value of the assets in the client’s account (the “Account”) as reported by the account custodian on the last day of the previous quarter. Additional deposits and withdrawals of funds and/or securities to the Program may be made to the Account at any time. Program Fees are calculated *pro rata* for partial billing periods (and additions or withdrawals of assets totaling \$10,000 or greater) based upon the value of the assets in the Account and the number of days in the calendar quarter. If the Client terminates their agreement with Heritage, the Program Fee will be assessed *pro rata* and refunded to the Client in a timely manner.

Heritage’s Program Agreement and the Client’s agreement with the Custodian authorize the Custodian to deduct fees from the Client’s Account and remit them directly to Heritage. In arrangements where the Fee is deducted directly from the Client’s Account, the Custodian will send the Participant a statement, at least quarterly, indicating all amounts disbursed from their Account, including the amount of the Fees paid directly to Heritage.

For wrap fee Managed Accounts Heritage pays its primary Custodian / Broker-Dealer (Charles Schwab, as noted below in the Other Financial Industry Activities & Affiliations section) transaction-based compensation. As we absorb certain transaction costs in wrap fee Managed Accounts, we may have a financial incentive not to place transaction orders in these accounts since doing so increases our transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

The number of trades and the commission for each trade determine how much Heritage is responsible for remitting to Schwab to maintain these accounts. Effective 10/7/2019, Charles Schwab eliminated commissions for online trades of U.S. equities, ETFs, and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab.

Participation in the Program may cost you more than purchasing brokerage and advisory services separately. The number of transactions made in an Account, as well as the commission rate charged by a broker-dealer for each transaction, would determine the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. However, Heritage does not generally seek to offer accounts where clients pay for services on a per transaction basis and the Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs. We encourage you to review Schwab’s pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. To see what you would pay for transactions in a non-wrap account please refer to Schwab’s most recent pricing schedules available at [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide).

Specific Program Fee arrangements for **C.H. Dean Managed Accounts** are as follows:

For accounts under \$2,000,000: Managed Account Clients within Dean's Multi-Cap Value Style Program will pay Heritage a total annual fee (the "Fee") of 1.60% of the market value of the assets being managed. Heritage remits 0.85% (per year) of the Fee to Dean for its portfolio management. The remainder is retained by Heritage for its supervisory services after paying the Program's custodian and broker-dealer any transaction-based fees. The Fee is reduced for accounts with assets under management in excess of \$2,000,000. The Fee may be negotiable under certain circumstances and may change if the Client selects a different Style. Style changes require prior written authorization by the Client.

Assets Under Management	Dean Multi-Cap Value Portfolio Annual Fee	Heritage Annual Advisory Fee	TOTAL Annual Fees Deducted by Heritage
Up to \$2,000,000	.85%	.75%	1.60%

Program participants may incur certain charges imposed by third parties in addition to the Fees. Such charges include but are not limited to charges imposed directly by a mutual or money market fund purchased in the Client's Account which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, including mark-ups and mark-downs), certain deferred sales charges on previously-purchased mutual funds, odd-lot differentials, spreads paid to market makers from whom securities were obtained by the broker-dealer, fees for trades placed away from the Custodian at another broker-dealer, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

## **ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

### ***Heritage Requirements***

Heritage provides investment advisory services related to debt and equity securities, mutual funds, index funds, exchange-traded funds, options, and other investments to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and business entities.

To join the Program an individual or organization must:

- Complete a Client Profile that describes the Wrap Fee Client's financial needs, investment objectives, time horizon, risk tolerance, and personal restrictions on investing in certain securities or types of securities, as well as any other factors relevant to the Client's specific financial situation (the "Client Profile") and any other supporting documentation;
- Complete the investment advisory wrap fee agreement (the "Program Agreement") and become a client ("Wrap Fee Client") of the Program;
- Complete an investment advisory agreement with the Outside Manager of choice (the "Managed Account Agreement");
- Complete a new account agreement with Charles Schwab & Co., Inc. ("Schwab") or another custodian / broker-dealer approved by Heritage for participation in the Program ("Custodian"); and
- Open a securities brokerage account with the custodian / broker-dealer ("Account") and deposit those assets designated for participation in the Program into the Account.

Heritage does not require any minimum Account size to participate in the Program; however, please see the following Outside Manager Requirements.

### ***Outside Manager Requirements***

The minimum account size required to open an account may vary by the Outside Manager and Portfolio Style selected by the Client. For those Managers and Portfolio Styles which have been specifically requested by Heritage Clients to date, the minimum amount requested is set at \$250,000. This amount may be negotiable with the Outside Manager.

Outside Managers may use a variety of investments in Managed Accounts. All Clients are required to grant Heritage and/or the Outside Manager discretionary authority to buy, sell, and otherwise trade Eligible Securities for their

Account and to liquidate previously-purchased securities that the Client has transferred to his/her Account. Investing in debt and equity securities, mutual funds, index funds, exchange-traded funds, options, and other investments involves a risk of loss that Clients should be prepared to bear.

## **PORTFOLIO MANAGER SELECTION & EVALUATION**

### ***Selection***

The recommendation of Outside Managers is not currently a primary strategy for the firm; however, the firm does permit certain clients with pre-existing relationships with Outside Managers to retain those relationships while also working with Heritage. No process is currently in place for selecting and recommending new Outside Managers. The firm may authorize the usage of additional Outside Managers at any time, if such usage is deemed in the best interest of the firm's Clients. The firm may recommend termination of the Outside Manager relationship by the Client if such termination is deemed in the best interest of the Client. Heritage will not terminate the Outside Manager relationship without prior approval by the Client. Clients may contact Heritage for assistance in terminating agreements with Outside Managers.

### ***Evaluation***

Managed Accounts are reviewed on a periodic basis by the Portfolio Manager, Chief Compliance Officer, and other supervised persons at the firm. Internal account performance metrics (monthly and year-to-date return net of fees) are reviewed monthly. Performance data which may be provided by the Outside Manager to Heritage and/or the Client is not necessarily reviewed by any third-party. As a result, Heritage cannot guarantee that the data has been presented on a uniform, consistent, and/or accurate basis.

## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Heritage employees have access to Clients' personal financial information via investment advisory agreements, brokerage account applications, and other documents Clients may complete to open and maintain accounts with Heritage, as well as any information Clients have provided verbally.

We maintain physical, electronic and procedural safeguards within the firm's offices to protect Clients' personal financial information and privacy. The firm does not disclose any nonpublic personal financial information to anyone except in the following circumstances: (1) to execute transactions or otherwise provide services requested by the Client, (2) when Clients specifically authorize and direct the firm to do so or (3) when required by law to do so (such as when the firm's books and records are examined by federal or state regulators). Additional details are available in the firm's Privacy Policy, which will be provided to Clients at least annually.

By opening an Account with an Outside Manager, Clients authorize the firm to share certain information (that which is required to open the Managed Account and/or execute transactions or otherwise provide services requested by the Client) with the Outside Manager.

## **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients are requested to provide Heritage with information regarding changes to their financial situation or investment objectives affecting their Client Profile. Clients have the ability to contact and consult with Heritage at any time. Heritage is unaware of any restrictions placed on the Client's ability to contact and consult with representatives at Dean. Clients may work with Heritage to contact Dean representatives, or contact them directly at (800) 327-3656.

## **ADDITIONAL INFORMATION**

### ***Other Heritage Services***

As previously noted, the recommendation of Outside Managers is not currently a primary strategy for the firm. The majority of the firm's business is related to Wrap Fee Accounts for which Heritage serves as the Portfolio Manager (i.e. Heritage supervised persons select the investments and strategies within the Accounts, rather than an Outside Manager). The fees for accounts managed by Heritage are generally lower than Outside Managed Accounts (as there is no Outside Manager to compensate). Heritage is compensated by Program participants for its investment advisory

services based on a percentage of assets under management. The base “Program Fee” retained by Heritage ranges between 0.75% and 1.50% of the market value of the assets being managed under the Program. A separate brochure with additional details will be provided to these Wrap Fee Clients, and is available to other interested parties upon request.

In addition to providing portfolio management and advisory services to Wrap Fee Clients, Heritage provides advisory services on a standalone basis to individuals and organizations (“Hourly Clients”) through an hourly consulting arrangement. Services may include advice regarding future trades for the Hourly Client to enact, asset allocation changes, periodic rebalancing or any other service requested by the Hourly Client. Upon request from such Hourly Clients, Heritage will meet or confer on an hourly basis, with charges dependent upon the level of Heritage personnel providing the service and due immediately upon provision of consulting services. Unlike Wrap Fee Clients, Hourly Clients (1) must initiate or solicit all services or advice to be provided by Heritage, and (2) must pay any brokerage transaction, margin, wire, or custodial fees. A separate brochure with additional details will be provided to Hourly Clients, and is available to other interested parties upon request.

### ***Disciplinary Information***

Neither Heritage nor any of its supervised persons have been subject to any disciplinary action.

### ***Other Financial Industry Activities & Affiliations***

Although Heritage is not legally affiliated with any other financial industry participants, it does maintain relationships with the following entities on behalf of its clients:

- ***Custodian / Brokerage Firms***

Client assets being managed by Heritage must be maintained in an account at a “qualified custodian,” as defined under Rule 206(4-2) of the Investment Advisers Act of 1940 (as amended). At present, the firm primarily recommends the usage of Charles Schwab & Co., Inc, a registered broker-dealer and SIPC member for this purpose. Heritage is independently owned and operated and not legally affiliated with Schwab. Clients will open brokerage accounts with Schwab by entering into an account agreement directly with Schwab. Heritage may not open the account for the Client, but may assist in doing so. Schwab will hold client assets in the Client’s brokerage account and buy and sell securities when instructed by Heritage to do so. Confirmations of transactions executed in the account, tax reporting information, and periodic account statements will all be sent directly by Schwab to the Client.

In recommending a custodian and/ or broker-dealer, Heritage seeks to select a firm who will hold client assets and execute transactions on terms that are, overall, reasonably most advantageous when compared to other available providers and their services. The firm considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (such as wire transfers, check requests, and bill payment)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability
- Responsiveness to Heritage and its clients

Although the firm has not entered into any formal soft dollar arrangements, the following is provided in the interest of full disclosure. Heritage receives access to research, proprietary account management and data transmission services offered by brokers and/or the applicable Custodian. Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business which serves independent investment advisory firms like Heritage. Schwab provides Heritage and Heritage clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer client accounts, while others help manage and support Heritage’s business. Schwab’s support services generally are available on an unsolicited basis (Heritage does not have to request them) and at no charge to the firm as long as our clients collectively maintain a total of at least \$10 million of assets at Schwab. If Heritage’s clients collectively have less than \$10

million in assets at Schwab, Schwab may charge us a nominal quarterly service fee.

This \$10 million minimum gives us an incentive to recommend that clients maintain their account with Schwab, based on an interest in receiving Schwab's services. This is a conflict of interest. However, Heritage believes the selection of Schwab as custodian and broker-dealer is in the best interest of our clients at this time. This selection is supported by the scope, quality, and price of Schwab's services.

- *Outside Investment Advisors*

The firm currently maintains a working relationship with C.H. Dean and has access to other money managers through Charles Schwab.

### ***Custody***

As previously discussed, Client assets being managed by Heritage must be maintained in an account at a "qualified custodian," as defined under Rule 206(4-2) of the Investment Advisers Act of 1940 (as amended). Under government regulations, Heritage is deemed to have custody of client assets if, for example, a client authorizes us to instruct the qualified custodian to deduct advisory fees directly from the client's account, or if a client grants us authority to move their money to another person's account.

Schwab maintains actual custody of client assets. All clients will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address the client has provided to Schwab. Account statements will show all transactions occurring in the account for the period, including the deduction of the Program Fee. In addition, Heritage will send a statement detailing the Program Fee calculation on a quarterly basis. Clients are encouraged to carefully review and compare statements received from the Custodian and Heritage.

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

Heritage maintains and enforces written policies reasonably designed to: (i) prevent the misuse of material nonpublic information by Heritage or any person associated with Heritage and (ii) monitor the personal securities transactions of its associated persons to prevent any potential material conflicts of interest between Heritage, any person associated with Heritage and any of its Clients.

Heritage or individuals associated with the firm may buy, sell, or hold in their personal accounts the same securities that the firm recommends to its Clients in accordance with the Firm's internal compliance procedures. Such trades will occur simultaneously with or after trades placed on behalf of Clients.

To avoid conflicts of interest, and to maintain the fiduciary responsibility Heritage has for its Clients, the firm has established the following policy: An officer, director, or employee of Heritage shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with the firm, unless the information is also available to the investing public on reasonable inquiry. No person associated with Heritage shall prefer his or her own interest to that of any Client. Personal trades in securities being purchased or sold for Clients may be effected simultaneously with or after trades are effected for clients. Heritage personnel may not anticipate trades to be placed for Clients.

The Firm's Code of Ethics allows the purchase of IPOs or private placements only with prior permission from the managing partner. Clients or prospective clients may request to receive, at no cost, a copy of the firm's Code of Ethics, which contains the firm's policies on employee trading, gifts, and outside business activities. Gifts of nominal value are acceptable, and all employees must disclose any outside business activities generating revenue, which must be approved by Anne Shinn (Chief Compliance Officer).

### ***Review of Accounts***

Client Accounts are reviewed on a periodic basis by the Portfolio Manager, Chief Compliance Officer, and other supervised persons at the firm. Internal account performance metrics are reviewed monthly. Account positions are reviewed quarterly (at a minimum). Clients are contacted periodically and are requested to provide Heritage with information regarding changes to their financial situation or investment objectives affecting their Client Profile.

### ***Client Referrals & Other Compensation***

Heritage does not compensate any unsupervised third-parties for client referrals or receive any additional economic

benefits from unsupervised persons for providing investment advice and advisory services to Clients.

***Financial Information***

Heritage is unaware of any existing financial condition issues which would be likely to impair its ability to meet contractual commitments to Clients.



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**SUMMARY OF MATERIAL CHANGES  
PREPARED MARCH 31, 2024**

Pursuant to Securities & Exchange Commission rules, Heritage Clients are entitled to receive annually a 'Summary of Material Changes' describing any significant changes that have been made to the Managed Wrap Fee Program Brochure since the last annual update. We may further provide other ongoing disclosure information about material changes to our business practices as necessary.

There have been no material changes to our business practices since our last annual update.

We would be pleased to provide you with an updated copy of our current Brochure at any time, without charge. Our full Brochure may be requested by contacting us via telephone at (281) 966-3370 or via email at [laura.smith@heritageassetadvisors.com](mailto:laura.smith@heritageassetadvisors.com)

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