



Heritage Capital Management, Inc.  
3250 Lacey Blvd. Suite 130  
Downers Grove, IL 60515  
630.250.4700  
[www.HeritageCapitalManagement.com](http://www.HeritageCapitalManagement.com)

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Heritage Capital Management, Inc. If you have any questions about the contents of this brochure, please contact David Moenning at (303) 670-9761 and at [Dave@heritagecapitalmanagement.com](mailto:Dave@heritagecapitalmanagement.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.

Additional information about Heritage Capital Management, Inc is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for the firm is 801-42319.

Heritage Capital Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

**November 30, 2011**

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Overview - Heritage Capital Management, Inc. ("HCM", "Heritage" "Adviser", "our" or "we") is an independent, privately owned, investment management firm which provides investment supervisory services to clients who invest in our programs via client agreements. HCM was established in 1989 by its President/Owner David Moenning. Mr. Moenning's office is located in Evergreen, Colorado. Our main office is located in Downers Grove, IL.

Services Offered - Heritage Capital Management, Inc. provides investment supervisory services only. HCM employs various strategies which utilize; Exchange Traded Funds (ETFs), Inverse ETFs, stocks, mutual funds, closed end investment companies and various variable annuity products. HCM creates models for the various program strategies which then are managed via various platforms. HCM incorporates risk management strategies in all models offered although cannot guarantee that such strategies will limit loss.

Our programs are as follows:

1. FTS Programs: Risk management programs which are layered on top of client's existing mutual funds. HCM will attempt to reduce exposure to market risk during bear market periods and maintain a more invested position during bull market periods.
2. Top Stocks: Individual equity programs designed to focus on the top rated stocks within each market sector. Our sector-neutral selection equity strategy is coupled with a long-term risk management strategy designed to reduce exposure to market risk during bear market cycles.
3. Flexible Global Growth: A tactical asset allocation program incorporating both U.S. and foreign exposure and active risk management strategies. The management strategy focuses on "absolute return", which we define as seeking positive returns over a reasonable period of time regardless of market conditions. The advent of growing liquidity of the ETF universe, including inverse ETFs, affords HCM the added flexibility necessary to implement such a strategy. Inverse ETFs may entail more risk than non inverse ETFs. Management seeks performance from a vast array of investment markets and asset classes, and may seek to profit from declining markets if, in our opinion, conditions are right for such a position.
4. Global Growth & Income: A balanced tactical asset allocation program incorporating both debt and equity exposure and active risk management strategies. Model utilizes HCM's Adaptive Leadership Asset Allocation and risk management strategies.
5. Flexible US Growth: A tactical allocation program focusing on U. S. equity exposure and active risk management strategies. The management strategy focuses on "absolute return", which we define as seeking positive returns over a reasonable period of time regardless of market conditions. The advent of growing liquidity of the ETF universe, including inverse ETFs, affords HCM the added flexibility necessary to implement such a strategy. Management sees performance from a vast array of investment markets and asset classes, and may seek to profit from declining markets if, in our opinion, conditions are right for such a position.
6. Tactical Asset Management Programs: Dynamic asset allocation strategies designed to keep portfolios focused on market leadership in terms of Style and Cap Size. The programs also incorporate a risk management strategy designed to reduce exposure to market risk during bear market periods and maintain a more fully invested position during bull market periods.

## Advisory Business – continued

Client Tailored Services and Client Imposed Restrictions Clients who invest with HCM complete various documents prior to agreement approval. Representatives (Solicitors) provide a standard agreement package which include; a client risk profile and suitability questionnaire, standard client agreement, model disclosure paperwork, privacy disclosures, current ADV Part II, and where appropriate, outside custody agreements. Clients are offered the opportunity to place restrictions on their accounts. Heritage maintains the right to deny acceptance of a new account should we find that the restrictions would inhibit normal trading strategy within the model(s). In many cases a client may obtain the restrictions requested by carefully choosing the appropriate model strategy. Solicitors for HCM first submit all agreements to their individual broker dealers for review and approval.

HCM offers various strategies for portfolio diversification. Clients may mix and match models under one account registration to create a portfolio that best matches their profile, time horizon, risk tolerance level and investment capability. All clients retain indicia of ownership even though all accounts in an individual model trade at the same time and receive identical pricing.

Wrap Programs At this time we do not participate in any wrap programs.

Assets Under Management As of our fiscal year end, March 31, 2011, assets under management totaled \$40,034,013.12. All assets were managed on a discretionary basis. In addition, HCM acts as a sub-advisor for a model on Mack Investment Securities, Inc.'s Money Managers Plus platform. As of March 31, 2011 model size was \$2,987,999.17.

## Fees and Compensation

### Form ADV Part 2A Item 5

### How We Are Compensated

For programs utilizing only mutual funds and variable annuities – Fees are based on the value of the account as of the client's billing date. The market value of the account is calculated by multiplying the number of shares/unit values owned in the client's account by the net asset value of the product on the last business day of the month proceeding the billing month. Clients pay fees in advance on a quarterly basis. Clients receive statements directly from the custodian detailing all transactions as they occur. Clients who opt to have fees deducted directly from accounts, instruct HCM in writing and are sent detailed calculations prior to each quarterly fee deduction. Confirmation of payment is also noted on individual client statements from mutual fund or annuity sub account sponsors. In certain circumstances representatives may negotiate for an adjusted fee rate prior to origination of account. In some cases representatives will accept a slightly lower compensation percentage to facilitate this reduction. Under no circumstances will the rate be more than the maximum fee schedule states. The following maximum fee schedules apply to each account.

### FTS Programs:

Account Size:	Max Annual Fee:
\$ 5,000 to \$ 149,999	2.00%
\$ 150,000 to \$ 499,999	1.75%
\$ 500,000 to \$ 999,999	1.50%
\$ 1,000,000 and over	1.00%

## Fees and Compensation - Continued

Tactical Asset Management and Global Opportunities Programs:

Account Size:	Max. Annual Fee
\$ 5,000 to \$ 149,999	2.25%
\$ 150,000 to \$ 499,999	2.00%
\$ 500,000 to \$ 999,999	1.50%
\$ 1,000,000 and over	1.00%

For Programs Utilizing Custodial Accounts Management fees are billed monthly in arrears and deducted directly from the client's account per their written approval. Trust Company of America (TCA) calculates the fees based on individual fee rate (divided by 12) and market value of individual account as of the last business day of the month. Custodian calculates the first and last month of client fees on a prorated basis. Clients have daily online access to account activity and receive statements each quarter detailing all activity which occurred in the account.

### Maximum Annual Fee

*Flexible Global Growth, Global Growth & Income, Flex US Growth,*

	<u>TCA Custodial Fee</u>	<u>HCM Mgmt Fee</u>	<u>Annual Max Total Fee</u>
\$ 10,000 to \$ 50,000	.35%	2.50%	2.85%
\$ 50,001 to \$ 100,000	.35%	2.15%	2.50%
\$ 100,001 to \$ 200,000	.25%	2.00%	2.25%
\$ 200,001 to \$ 500,000	\$500	1.75%	1.75% + \$500
Over \$500,000	\$500	As Agreed	

*Top Stocks Strategy & Top Stocks -Top 25*

	<u>TCA Custodial Fee</u>	<u>HCM Mgmt Fee</u>	<u>Annual Max Total Fees</u>
\$ 25,000 to \$100,000	.35%	1.65%	2.00%
\$100,001 to \$200,000	.25%	1.65 %	1.90%
\$200,001 to \$250,00	\$500	1.65%	1.65% + \$500
\$250,001 to \$1 MIL	\$500	1.25%	1.25% + \$500
Over \$1,000,000	\$500	1.00%	1.00% + \$500

## **Fees and Compensation –Continued**

Any commissions charged to buy and/or sell equities within managed accounts at TCA are charged at an institutional rate and shared proportionately by all clients within the traded model.

HCM reports model performance net of any and all costs incurred within the models including trading costs and only reports performance for accounts paying full advisory fee rates. We do not receive compensation derived from trading costs.

Representatives obtain the right to negotiate with HCM to obtain lower fees for their clients should circumstances warrant such action. Alternative fee schedules are available. TCA custodial fees are not negotiable. All detail regarding custodial costs is included in TCA's client agreements.

Models incur a transaction fee when equity securities are purchased or sold. Potentially, transaction fees may be charged on mutual fund purchases and sales, although generally mutual funds are purchased at NAV. Transaction fees are paid directly to TCA. HCM, its representatives and its employees have no financial interest in and receive no benefit from the transaction fees. The cost is divided proportionately among all accounts within the model.

Qualified accounts may incur additional charges from TCA, the custodian, for special services. As indicated in the TCA custodial applications, all accounts may incur additional charges by TCA for special services such as check disbursements and wire redemptions. HCM receives no benefit from the custodian's service fees.

In the event that additions are made to an account, subsequent end of the month fees will not be adjusted to represent the actual number of days that the additional money was under management. HCM management strategies emphasize risk management. To facilitate this, managers traditionally maintain cash positions in accounts, which range from 3% - 10%. HCM will retain 3% of the total assets of each objective in TCA's Federated Prime Cash Series fund or other cash fund as designated by TCA. In Addition, TCA has set up a FDIC insured, non-interest bearing, T+0 account at Chase to invest excess cash and to ensure that TCA does not compromise their 'Well Capitalized' status with the FDIC. For trading purposes, amounts in this account are just like cash.

Other types of Fees and Expenses All fees paid to HCM are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, a distribution fee, and possibly an initial or deferred sales charge. A client could invest in a mutual fund directly without the management fee they are currently paying HCM. HCM has offered management services to registered representative solicitors for their personal/family accounts at no cost, with the exception of applicable custodial fees.

Refunds With the exception of the programs managed at TCA which charge fees in arrears and do not require a refund policy, cancellation of investment management services may be done by either party by giving 15 days written notice. Whenever possible, HCM will act on written instructions upon receipt of request. Unearned fees will be refunded in full and will be calculated as of the last day of terminating month which written refund instructions are received. Accounts cancelled before the sixth day of service will be refunded in full. Fees will be payable initially on a pro-rated basis to the end of the nearest calendar quarter. Quarterly pro-rated calculations are based on an estimated 90 day quarter. Thereafter, fees will be paid in advance for the next quarter.

**Performance-Based Fees and Side-By Side Management****Form ADV Part 2A, Item 6**

HCM does not charge performance fees. Performance fees are usually described as fees based on a share of capital gains or capital appreciation of the client's assets.

**Types of Clients****Form ADV Part 2A, Item 7**

HCM generally provides investment advice to; individuals, pension and profit sharing plans, trusts and various business entities. Clients are obtained via referrals from investment advisory representatives. Potential clients are provided with information about our services and discuss portfolio model selections with their representatives.

HCM's minimum Heritage Capital Management's Minimum Account Size Schedule:

<i>Program:</i>	<i>Minimum:</i>
FTS	\$ 5,000
Tactical Asset Management	\$ 5,000
Global Opportunities	\$ 5,000

*Programs Utilizing Trust Company of America as Custodian:*

Flexible Global Growth Model	\$ 10,000
Global Growth & Income	\$ 10,000
Flexible US Growth	\$ 10,000
Top Stocks Strategy	\$ 25,000
Top Stocks Top 25	\$ 25,000

In many circumstances, HCM may waive account minimum requirements prior to acceptance of account. HCM has discretionary authority over the accounts which a client has established. HCM will not accept custody of client funds and is authorized only to effect transactions via the purchases or sale of securities and both open-end and closed-end

mutual funds through custodial account agreements. Discretionary authority is limited to the amount in a client's managed account.

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

## **Form ADV Part 2A, Item 8**

HCM utilizes various methods of analysis including but not limited to: charting, fundamental and technical research, reports provided by outside research company and published financial newspapers. HCM utilizes proprietary management signals for all managed programs. HCM does not receive any products, services or research from broker dealers.

### **FLEXIBLE GLOBAL GROWTH**

The Flexible Global Growth program utilizes a multi-strategy / risk managed approach which seeks growth around the globe and across multiple asset classes. The management system provides total flexibility in terms of portfolio allocations to regions, countries, sectors, and asset classes via the use of ETF's (Exchange Traded Funds) and inverse ETF's. There are four tenets to the management strategy utilized for the Flexible Global Growth program:

- I. Seek Absolute Returns
- II. Go Where the Growth Is
- III. Utilize Multiple Investment Disciplines
- IV. Manage Risk at all times

No investment's safety can be guaranteed therefore no HCM model is designed to be a client's sole investment. Trades in ETFs (exchange-traded funds) are subject to risk and transaction costs. Inverse ETF's, are leveraged long and short mutual funds that are designed to perform in an inverse relationship to certain market indices. Due to the leverage component of the ETFs, there may be additional risk to such investments.

### **GLOBAL GROWTH AND INCOME**

The Global Growth & Income model is an asset allocation program which combines HCM's Risk Management and Adaptive Leadership Asset Allocation systems. The ETF based Global Growth & Income model has a normal asset allocation target of: 75% equities (50% US Market, 25% Foreign) and 25% Bonds

The Global Growth & Income model also incorporates risk management strategies which allow HCM to, at the manager's discretion, increase money market and/or cash positions during weak and/or high risk market environments.

Global Growth & Income utilizes ETF's as the primary investment vehicle. The model may also utilize government and/or high yield bonds. Portfolio reviews and reallocations are performed weekly.

### **FLEXIBLE US GROWTH**

HCM's Flexible US Growth program is an actively managed investment strategy designed for investors seeking (1) growth of capital in the U.S. stock market and (2) a risk management approach to investing.



## **Methods of Analysis, Investment Strategies and Risk of Loss- Continued**

While there is no guarantee that our objectives will be met, the program strives to maintain an invested position in the U.S. stock market via index-based ETF's when HCM's market models indicate a positive market environment and to reduce exposure to market risk when our models suggest a negative environment is present.

The management strategy employed by the Flexible US Growth Program is based on three tenets:

- I. Seek Absolute Returns
- II. Focus on the Leaders
- III. Manage Risk at all Times

Although there are never any guarantees in investing, beginning in January 2010, the primary objective of the Flexible US Growth strategy is to seek "absolute returns. In simple terms, this means we will strive to produce positive returns regardless of market conditions over a reasonable period of time.

At Heritage Capital Management, our motto is "own the best and ignore the rest." Thus, one of the primary tenets of our management style is to focus on the leading indices of the U.S. stock market.

One constant in investing is market leadership is always on the move. Therefore, we believe it is vital to employ a management strategy that can adapt when market environments change. HCM's US Growth program has the flexibility to allocate assets to the indices which, in our opinion, are best suited for each market environment.

HCM's Flexible US Growth program has the discretion to move to a fully defensive position when we believe market conditions have turned negative. During negative market cycles, the Flex US Growth program may utilize a cash position or ETF's designed to provide an inverse relationship to market indices

Top Stock Strategies HCM utilizes its own rating system to identify the top rated stocks for our models. In addition, we determine which stocks show the strongest performance and earnings strength. Our system utilizes hundreds of indicators. Analysis includes but is not limited to the following indicators; Momentum and earnings reports, corporate and industry performance and corporate buying activities.

## **Material Risks**

HCM advises on exchange-traded funds, stocks, bonds, and closed-end funds. HCM often transfers assets into cash and money market positions. In addition, HCM advises on inverse ETF's which are leveraged long and short mutual funds that are designed to perform in an inverse relationship to certain market indices. Due to the leverage component of the ETFs, there may be additional risk to such investments. Money Market vehicles do not always maintain a \$1.00 value creating a negative performance situation when the model maintains a money market position for any length of time. The primary risk of holding government bond positions is one of interest rate risk. The primary risk of owning high yield bonds is one of default risk. Cash positions have an inherent risk – loss of opportunity. Investors may experience a loss.

**Disciplinary Information****Form ADV Part 2A – Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events which would be material to a client's or prospective client's evaluation of Heritage Capital Management's business or the integrity of our management. Heritage has no information applicable to this item.

**Other Financial Industry Activities and Affiliations****Form ADV Part 2A – Item 10**

Registered Representatives / Broker Dealers Investment advisory representatives of HCM may also be registered representatives of registered broker dealers and may receive compensation for securities transactions on investments placed in HCM's programs. When effecting transactions through their broker-dealers all advisory representatives may receive the usual and ordinary commissions from these transactions, including any 12b-1 payments if applicable. Heritage acted as a 'strategic partner' of Ausdal Financial Partners in 2010 in return for marketing access at the 2010 Ausdal representative conference.

HCM leases office space from the Ausdal Financial Partners' branch office located in Downers Grove, IL. HCM pays the standard tenant monthly rental rate.

Sub Advisor HCM acts as a sub-advisor for the Money Manager Plus Program, an investment advisory program sponsored by Mack Investment Securities, Glenview IL. HCM's compensation is based on a percentage of assets managed in MPP models.

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading Form ADV Part 2A Item 11**Code of Ethics

Heritage has adopted a Code of Ethics for all supervised persons to ensure that the high ethical standards long maintained by Heritage Capital Management, Inc. continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Pursuant to Section 206 of the Advisers Act, both HCM and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that HCM has an affirmative duty of utmost good faith to act solely in the best interest of its clients. All supervised persons must acknowledge the terms of the Code annually, or as amended. We will provide a copy of the Code to any prospective or current client upon request.

## Code of Ethics - Continued

### Participation or Interest in Client Transactions and Personal Trading

HCM or employees may at any time own the same mutual fund or securities HCM recommends to clients. Employees are required to submit or provide online access to duplicate brokerage statements to Compliance to avoid any potential conflict of interest. In addition, HCM has adopted a Code of Ethics covering such areas as personal securities trading, client confidentiality, insider trading and gifts and gratuities.

## Brokerage Practices

## Form ADV Part 2A – Item 12

Brokerage Discretion HCM has brokerage discretion. We receive no financial benefit from choosing one broker/dealer over another. We do not participate in any soft-dollar arrangements and therefore place our trades where we anticipate we will receive the best execution. HCM receives no portion of commissions charged by TCA for trades executed. We have chosen Trust Company of America to act as custodian for our various managed models due to our long standing relationship and overall experience with the firm. TCA, together with BNY ConvergeEx provide us with competitive trade pricing and execution. Generally, HCM does not allow clients to direct their brokerage away from TCA.

Custodial accounts may invest in shares of open-end mutual fund companies, closed-end investment companies, unit investment trusts and common stock, money markets, interest bearing accounts, exchange traded index funds (ETFs) and equity traded funds. Due to this fact, commission charges under these programs may be greater than those in other programs because of additional commission charges incident to execution of these trades.

In addition, shares of closed end investment management companies traditionally trade at a discount or premium therefore clients in the programs managed at Trust Company of America which purchase and sell shares of closed end investment companies may not be receiving the stated and expected net asset value of these shares

Directed Brokerage Heritage Capital Management does not allow for directed brokerage.

Soft Dollars HCM does not receive any products, services or research from broker-dealers.

Block Trading/Trading Aggregation - The aggregation of client transactions allows HCM to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. Employees may be invested within models and will receive an average share price identical to non employee clients. HCM's allocation procedures are designed to be fair and equitable to each individual account invested in a model.

In addition, when HCM's trades for its models, the trading may result in fractional shares of certain securities in order to mathematically fit the proportionate ownership in the model. In that case, HCM will round to the nearest whole share amount and each client's account will be credited accordingly.

## **Brokerage Practices - continued**

Cross Trading: In the event a client wishes to liquidate their account, HCM is only able to sell whole shares through TCA as a broker dealer. Remaining fractional shares in the liquidating client's account are sold to another client who needs such fractional shares in order for that client's portfolio to be consistent with the asset allocation model in which they participate.

Trade Errors: As a fiduciary, HCM has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to HCM's actions, or inaction, or actions of others, HCM's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting HCM in any way. If the error is the responsibility of HCM, any client transaction will be corrected and HCM will be responsible for any client loss resulting from an inaccurate or erroneous order. If there is a gain due to any TCA trade error, TCA would keep the gain.

HCM's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file. Such file shall contain a copy of the confirmation of the error trade, the confirmation of the trade correction, the client account information evidencing that the trade was corrected, and any correspondence with the custodian regarding the trade error.

## **Review of Accounts**

### **Form ADV Part 2A – Item 13**

Heritage Capital Management, Inc. determines the appropriate strategy for all accounts within each management program offered. The determinations are based on proprietary technical systems which apply to each model managed. Since all accounts are provided equal priority, any change in an account holding a particular security would affect changes in all accounts holding that security. Account and model reviews are conducted by our Chief Portfolio Manager as well as qualified administrative personnel.

Daily, HCM reviews a sampling of client accounts which represent many of our actively managed models held at Trust Company of America. Accounts are reviewed and compared to the portfolio manager's daily performance expectations. In addition, accounts are reviewed upon request of representatives or clients.

Heritage Capital Management, Inc. offers a report on a quarterly basis which indicates the performance in percentage terms for each specific type of program managed. Mutual Fund sponsors supply clients with confirmation for orders executed, periodic statements and other material supplied to their shareholders. TCA program clients have continuous online access to account information and receive detailed quarterly statements from Trust Company of America showing all transactions which occurred in the client's account. Clients are encouraged to refer to their personalized statements provided by their custodians.

**Client Referrals and Other Compensation****Form ADV Part 2A, Item 14**

In certain circumstances, HCM compensates representatives and Broker-Dealers who refer new clients to our programs. Compensation is based on written agreements and representatives who participate in these arrangements must disclose their arrangement in writing to clients as part of their Disclosure Pursuant to Rule 206-(4)-3 under the Investment Advisors Act of 1940. Generally, the payments are a percentage of management fees collected by HCM.

In addition, HCM compensates representatives and Broker-Dealers who refer new solicitors to our programs. Compensation is based on written agreements and representatives who participate in this recruiting process must disclose their arrangement in writing to clients as part of their Disclosure Pursuant to Rule 206-(4)-3 under the Investment Advisors Act of 1940. Generally, the payments are a percentage of management fees collected by HCM.

IARs of HCM with at least \$7M (seven million dollars) under management will receive an additional 10% payout on their share of collected fees. Therefore, solicitors may have an incentive to market our products over others. The fee for the services from HCM will be identical to that charged by HCM if no additional payment was made. Solicitors must provide approved client agreements which disclose the fact that they are receiving a higher than average payout.

**Custody****Form ADV Part 2A, Item 15**

Heritage does not accept custody of client assets. All assets are held by Trust Company of America or a custodial firm appointed by the client.

Heritage clients receive quarterly detailed statements directly from Trust Company of America. Outside custodians, Mutual Fund and Variable Annuity accounts also provide direct quarterly reporting to their clients that detail all transactions, fee dispersal and performance information. Trust Company of America as well as many other custodial firms HCM utilizes provide 24/7 online account viewing.

Clients are encouraged to review their own individual statements provided by their custodians for accuracy.

**Investment Discretion****Form ADV Part 2A, Item 16**

Clients who utilize HCM's portfolio management services provide HCM with limited discretionary trading authority and the authority to deduct portfolio management fees from an account. This means HCM will have authority to execute securities transactions, to include the determination of the securities and amount to be bought and sold. HCM will never assume full power of attorney. HCM will not have the authority to withdraw funds or take custody of account funds or securities (other than distributions directly to the account holder or for HCM portfolio management fees). The limited discretionary trading authority and authority to deduct advisory fees is provided to HCM through the execution of TCA authorization initiated by the account holder.

**Voting Client Securities****Form ADV Part 2A, Item 17**

Proxy Voting - HCM votes client proxies. As described in our proxy voting policies, HCM casts most of its proxy votes, particularly on routine matters, in accordance with the company management recommendations unless we believe that the position of the management of a portfolio company may not be in the best interest of shareholders. As a general rule, HCM votes against any proposals which would reduce the rights or options of shareholders, reduce shareholder influence over the board of directors and management, reduce the alignment of interests between management and shareholders, or reduce the value of shareholders' investments. HCM generally votes in favor of ratification of accountants, changing corporate names and similar matters. It generally withholds voting authority on unspecified 'other matters' that may be listed on a proxy card. Records are maintained in our Downers Grove office and are available for viewing upon request.

**Financial Information****Form ADV Part 2A, Item 18**

HCM has no financial information to report.