

**Item 1 Cover Page**

HERITAGE FINANCIAL NETWORK, INC.  
97 Lowell Road  
Concord, MA 01742

November 29, 2011

**This brochure provides information about the qualifications and business practices of Heritage Financial Network, Inc. If you have any questions about the contents of this brochure, please contact us at 978-371-2954. 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 Financial Network, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

This is a new brochure.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 14, 2011.

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#### Brochure

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**Item 4 Advisory Business**

**A. Describe your advisory firm, including how long it has been in business. Identify your principal owner(s).**

Heritage Financial Network, Inc. is a registered investment advisor firm registered with the SEC that has been in business since 1994.

The Principal Owners of Heritage Financial Network, Inc. are:

Charles R. Lawson, President and Chief Compliance Officer

#### **Item 4 Advisory Business (continued)**

**B. Describe the types of advisory services the firm offers. If the firm holds itself out as specializing in a particular type of advisory service, explain the nature of that service in detail. If the firm provides investment advice only with respect to limited types of investments, explain the type of investment advice firm offers and disclose that the advice is limited to those types of investments.**

##### Advisory Services

Heritage Financial Network, Inc. (“Heritage” or “Advisor”) principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client’s objectives. The Advisor’s primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor may use any of the following: exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, variable life insurance, variable annuities, municipal securities, mutual funds, United States government securities, interests in real estate and oil and gas interests, and options in securities to accomplish this objective. The Advisor measures and selects mutual funds by using various criteria, such as the fund manager’s tenure, and/or overall career performance. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client’s risk tolerance.

Heritage will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. Heritage generally will not accept or maintain custody of a client’s funds or securities.

##### Selection of Other Advisors

Heritage may periodically recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, the client will then enter into an advisory agreement with the third party money manager authorizing them to assist and advise the client in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such, the third party money manager will receive an investment advisory fee, billed quarterly in arrears; based on the account asset value at the close of the previous quarter, or for new accounts, at the time the account is established. Heritage will receive a portion of the investment advisory fee charged by the third party money manager and may assist the client in completing their client questionnaire and account opening paperwork. Heritage will also assist in the development of the initial policy recommendations and managing the ongoing client relationship.

The client, prior to entering into an agreement with a third party money manager selected by Heritage, will be provided with that manager’s Brochure. In addition, Heritage and its client will

agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis.

#### Financial Planning

In addition to investment supervisory services, Heritage may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice.

**C. Explain whether (and, if so, how) the firm tailors advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Heritage will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

**D. If the firm participates in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how the firm manages wrap fee accounts and how it manages other accounts, and (2) explain that the firm receives a portion of the wrap fee for its services.**

Heritage does not provide portfolio management services to wrap fee programs.

**E. If the firm manages client assets, disclose the amount of client assets it manages on a discretionary basis and the amount of client assets on a non-discretionary basis. Disclose the date "as of" which it calculated the amounts.**

Heritage manages client assets and as of December 31, 2011 has the following assets under management:

Discretionary assets:	\$38,000,000
Non discretionary assets:	\$17,000,000

## **Item 5 Fees and Compensation**

**A. & B. Describe how the firm is compensated for its advisory services. Provide the fee schedule. Disclose whether the fees are negotiable. Describe whether the firm deducts fees from clients' assets or bills client for fees incurred. Explain how often firm bills clients or deducts its fee.**

### Asset Management Fees

Pursuant to an Investment Advisory contract signed by each client, the client will pay Heritage a quarterly Investment Advisory fee, in arrears, and prorated to the end of the quarter upon inception of the account.

Investment Advisory fees range from 1.00% per annum for equity portfolios to 0.60% for fixed income portfolios. Other factors affecting the fee include the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. These fees may be negotiated by Heritage at its sole discretion. The Custodian will automatically deduct investment Advisory fees from the client account on a quarterly basis. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a quarterly statement to the client.

### Hourly Fee

Some clients will contract to have investment advisory advice and/or financial planning advice provided based on an hourly fee rather than based on the assets under management. The Advisors hourly fee will be billed at a rate of \$150 per hour, but may be negotiated in advance. Hourly fee-based clients are billed on a monthly basis upon completion of work performed.

**C. Describe any other types of fees or expenses clients may pay in connection with firm's advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

All fees paid to Heritage for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee and other fund expenses.

Heritage at no time will accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

**D. If the firm's clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is**

**terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Not applicable to Heritage as its management fee is payable in arrears.

**E. If the firm or any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.**

Not applicable to Heritage or its supervised persons.

#### **Item 6 Performance-Based Fees and Side-by-Side Management**

**If the firm or any of its supervised persons accepts performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client, disclose this fact. If the firm or any of its supervised persons manages both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or asset-based fee, disclose this fact.**

Heritage does not charge performance-based fees.

#### **Item 7 Types of Clients**

**Describe the types of clients to who the firm generally provide investment advice, such as individuals, trusts, investment companies or pension plans. If the firm has any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

The Advisor will offer its services to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

The Advisor's cumulative minimum account requirement for opening and maintaining an account is \$50,000. However, based on facts and circumstances The Advisor may, at its sole discretion, accept accounts with a lower value.

#### **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets.**

The Advisor may utilize fundamental, technical or cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts.



There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The investment strategies the Advisor will implement may include long-term purchases of securities held at least for one year; short-term purchases for securities sold within a year; trading of securities sold within 30 days, short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies, other.

*Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.*

**B. For each significant investment strategy or method of analysis the firm uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss the risks in detail. If the firm's primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

**C. If the firm recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

The Advisor does not primarily recommend a particular type of security.

**Item 9 Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of the firm's management, disclose all material facts regarding those events.**

Clients should be aware that neither Heritage nor its management person(s) have had any legal or disciplinary events, currently or in the past.

**Item 10 Other Financial Industry Activities and Affiliations**

**A. If the firm or any of its management person are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Not applicable to Heritage or any of its management persons.

**B. If the firm or any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Not applicable to Heritage or any of its management persons.

**C. Describe any relationship or arrangement that is material to the firm's advisory business or to your clients that the firm or any of its management persons have with any related person listed in the instructions. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

Heritage does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, insurance company or agency, pension consultant, or sponsor of syndicator of limited partnerships.

Charles R. Lawson has arrangements with Barrett Associates, Inc., a registered investment advisory firm for the purposes of soliciting client accounts for that firm. Mr. Lawson receives referral fees from Barrett Associates for any referrals that become clients of Barrett. A conflict of interest will exist if clients of Heritage are referred to Barrett and Mr. Lawson receives a referral fee in addition to the fees charged by Heritage. The referral fee and other information concerning the relationship between Mr. Lawson and Barrett Associates will be disclosed to the

client prior to the client entering into any agreement with Barrett. Mr. Lawson will also provide copies of the Brochure of any adviser with whom they are affiliated for the purposes of offering advisory services to the client.

James D. Lawson is an employee of Ropes & Gray Law Firm and from time to time may use and recommend Ropes & Gray law services. A conflict of interest exists because of the receipt of additional employment compensation by James D. Lawson. If a client utilizes Mr. Lawson's law firm arrangement, all the employment arrangement will be disclosed prior to the client utilizing these services.

James D. Lawson is also a licensed Real Estate Broker. As such, he will receive separate, yet typical compensation in the form of commissions relating to the purchase or sale of real estate. Similar to the employment situation noted above, if a client uses Mr. Lawson for real estate services and he receives separate compensation in addition to the advisory fees paid to Heritage, a conflict of interest is created. Clients are not obligated to use Mr. Lawson for real estate services. If client does use Mr. Lawson for real estate services, all of the fees associated with the real estate services will be disclosed to the client in advance.

**D. If firm recommends or selects other investment advisers for its clients and receives compensation directly or indirectly from those advisers that creates a material conflict of interest, or if the firm has other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Heritage does recommend or select other investment advisors for clients. For more specific detail see the response to 4B above.

**Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A. If the firm is an SEC-registered advisor, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.**

Heritage is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Heritage has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Heritage deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Heritage are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Heritage collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Heritage will provide a copy of the Code of Ethics to any client or prospective client upon request.

**B. If firm or its related persons recommends to clients, or buys or sells for client accounts, securities in which the firm or a related person has a material financial interest, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Not applicable to Heritage.

**C. If the firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the firm or a related person recommends to clients, describe the firm's practice and discuss the conflicts of interest this presents and generally how the firm addresses the conflicts that arise in connection with personal trading.**

Heritage and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. Heritage and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own. Heritage requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

**D. If the firm or related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the firm or related person buys or sells the same securities for your own account, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

See the response to Item 11C above.

#### **Item 12 Brokerage Practices**

**A. Describe the factors the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).**

If requested by the client, Heritage may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Heritage will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

##### **1.a.-f. Research and Other Soft Dollar Benefits.**

**If the firm receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose the firm's practices and discuss the conflicts of interest they create.**

Heritage may receive proprietary research services or other products as a result of recommending a particular broker which may result in the client paying higher commissions than those obtainable through other brokers. If Heritage does receive such products or services, it will

follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules.

The firm seeks to obtain the most favorable net results for clients' price, execution quality, services and commissions. Although the firm seeks competitive commission rates, it may pay commissions on behalf of clients which may be higher than those available from other brokers in order to receive other services. The firm may enter into such transactions so long as it determines in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the broker. The services that may be considered in this determination of reasonableness may include (1) advice, either directly or through publications or writing, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or (3) effecting securities transactions and performing functions incidental thereto. Such research furnished by broker-dealers may be used to service any or all of Heritage's clients and may be used in connection with accounts other than those that pay commissions to the broker-dealers providing the research. In particular, third-party research provided by broker-dealers may be used to benefit all of the firm's clients. This creates a conflict of interest in that the firm has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

Trading commissions may be used as soft dollars provided that:

- The service is primarily for the benefit of Heritage's clients
- The commission rates are competitive with rates charged by comparable broker-dealers; and
- Heritage does not guarantee a minimum amount of commissions to any broker-dealer.

## **2. Brokerage for Client Referrals.**

**If the firm considers, in selecting or recommending broker-dealers, whether the firm or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

Heritage does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

### **3.a. Directed Brokerage.**

**If the firm routinely recommends, requests or requires that a client direct you to execute transactions through a specified broker-dealer, describe the firm's practice or policy.**

Heritage recommends that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The

client will provide authority to Heritage to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, Heritage has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Heritage's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Heritage may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

**3.b If the firm permits a client to direct brokerage, describe your practice.**

Heritage will allow clients to direct brokerage at the firm's sole discretion. Clients should be aware that if they direct Heritage to a particular broker-dealer for execution Heritage may be unable to achieve most favorable execution of client transactions. Directing brokerage may cost clients more money than if Heritage were to execute transactions at the broker-dealer where it has an established relationship. The client may pay higher brokerage commissions because Heritage may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

**B. Discuss whether and under what conditions the firm aggregates the purchase or sale of securities for various client accounts. If the firm does not aggregate orders when it has the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Heritage may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Heritage's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts

participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Heritage may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Item 13 Review of Accounts**

**A. Indicate whether your firm periodically reviews client accounts or financial plans. If you do, describe the frequency and nature of the review and the titles of the supervised persons who conduct the review.**

Investment advisory client accounts are monitored on an ongoing basis, and at least monthly. Financial Plans, once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated. Client accounts (and/or financial plans) are reviewed by Charles R. Lawson, President. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

**B. If the firm reviews client accounts on other than a periodic basis, describe the factors that trigger a review.**

Not applicable to Heritage.

**C. Describe the content and indicate the frequency of regular reports the firm provides to clients regarding their accounts. State whether these reports are written.**

Heritage will provide clients with a quarterly evaluation of assets, as well as regular interim verbal or written communications, supplemented by periodic meetings which may also include the accountants or attorneys of the client.

In addition, the client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts.

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

**A. If someone who is not a client provides an economic benefit to the firm for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how the firm addresses the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Heritage does not currently have any such arrangements.

**B. If the firm or a related person directly or indirectly compensates any person who is not a supervised person for client referrals, describe the arrangement and the compensation.**

Heritage does not currently have any such arrangements.

#### **Item 15 Custody**

**If the firm has custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements.**

Not applicable to Heritage as it does not have custody of client funds or securities.

#### **Item 16 Investment Discretion**

**If the firm accepts discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Heritage generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Heritage.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Heritage will be in accordance with each client's investment objectives and goals.

#### **Item 17 Voting Client Securities**

**A. If the firm has, or will accept authority to vote client securities, briefly describe the voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6 and the applicable state securities rules.**

Heritage's general policy is to not vote proxies for clients or provide advice to clients on how to vote proxies. However, there may be some cases where Heritage will need to assist a client by voting proxies or providing advice on voting the proxies. In those cases, Heritage has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures")



which are designed to reasonably ensure that Heritage votes proxies in the best interest of its clients where the adviser has voting authority.

The Proxy Voting Procedures describes how Heritage addresses voting authority, material conflicts of interest, voting decisions, notification to the client, and books and records requirements, and ensures that proxies are voting in the best interest of its clients.

Heritage acknowledges and agrees that it has a fiduciary obligation to its clients to ensure that any proxies for which it has voting authority are voted solely in the best interests and for the exclusive benefit of its clients. The Proxy Voting Procedures are intended to guide Heritage and its personnel in ensuring that proxies are voted in such manner without limiting Heritage or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist Heritage in identifying and resolving any conflicts of interest it may have in voting client proxies.

**B. If the firm does not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

Not applicable to Heritage.

#### **Item 18 Financial Information**

**A. If the firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Heritage does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

**B. If firm has discretionary authority or custody of client funds or securities, or firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Heritage has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Heritage does become aware of any such financial condition, this brochure will be updated and clients will be notified.

**C. If firm has been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought and the current status.**

Not applicable to Heritage.

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

Heritage is registered with the SEC and therefore not subject to this Item.