

# Heritage Wealth Management, LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Heritage Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (602) 569-9959 or by email at: [khealey@heritageadvisorsllc.com](mailto:khealey@heritageadvisorsllc.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 Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Heritage Wealth Management, LLC's CRD number is: 158107*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Heritage Wealth Management, LLC on February 24, 2015 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- Heritage Wealth Management, LLC offers Selection of Other Adviser services (Items 4.B, 5.A, 5.B, 7, 10.D, 14.A)
- Brian Louis Boll and Michael Brent Frost are licensed insurance agents. Michael Bent Frost is no longer associated with Captivated Financial. Michael Brent Frost owns an interest in Frost and Associates, LLC, Heritage Advisors, LLC, Heritage Tax, LLC, and Heritage Insurance Advisors, LLC and receives revenue from Heritage Advisors, LLC. David Elgin Maxey owns an interest in and receives revenue from Heritage Advisors, LLC. Keegan Michael Healey owns an interest in Nelson Healey, P.C. and receive revenue from Nelson Healey, P.C. and Heritage Advisors, LLC. (Item 10.C)
- Heritage Wealth Management, LLC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to its clients. (Item 14.A)
- Heritage Wealth Management, LLC is SEC-registered. (Item 19 has been removed)

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Heritage Wealth Management, LLC is a Limited Liability Company organized in the state of Arizona.

This firm has been in business since May 2011, and the principal owner is Michael Brent Frost.

### **B. Types of Advisory Services**

Heritage Wealth Management, LLC (hereinafter "HWM") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

HWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. HWM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

HWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### ***Selection of Other Advisers***

HWM may direct clients to third-party investment advisers. Before selecting other advisers for clients, HWM will always ensure those other advisers are properly licensed or registered as investment advisers.

### ***Services Limited to Specific Types of Investments***

HWM generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, REITs, insurance products including annuities, private placements, and government securities. HWM may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

HWM will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by HWM on behalf of the client. HWM will not use "model portfolios" but rather a specific set of recommendations for each client based on their personal restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent HWM from properly servicing the client account, or if the restrictions would require HWM to deviate from its standard suite of services, HWM reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees.

HWM DOES NOT PARTICIPATE IN ANY WRAP FEE PROGRAMS.

## **E. Amounts Under Management**

HWM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$120,000,000.00	\$1,000,000.00	3/14/2016

## Item 5: Fees and Compensation

### A. Fee Schedule

Lower fees for comparable services may be available from other sources.

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
All assets up to \$100,000	1.75%
\$100,001 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$10,000,000	0.90%
All assets above \$10,000,000	0.80%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid only in arrears, and clients may terminate their contracts with thirty days' written notice. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Selection of Other Advisers Fees*

HWM may direct clients to third-party investment advisers, Juncture Wealth Strategies, LLC (IARD# 155175) or Stableford Capital, LLC (IARD# 173383).

For clients directed to Juncture Wealth Strategies, LLC (JWS), HWM will receive its standard fee on top of the fee paid to JWS. This relationship will be memorialized in each contract between HWM and JWS. The fees will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

The annual fee schedule for selection of JWS is as follows:

Total Assets Under Advisement	HWM's Fee	JWS's Fee	Total Fee
\$500,000 to \$1 million	1.25%	0.65%	1.90%
\$1 million to \$2 million	1.00%	0.65%	1.65%
\$2 million to \$10 million	0.90%	0.65%	1.55%
\$10 million to under \$50 million	0.80%	0.65%	1.45%
\$50 million to under \$75 million	0.80%	0.60%	1.40%
\$75 million to under \$100 million	0.80%	0.55%	1.35%
\$100 million and over	0.80%	0.50%	1.30%

THESE FEES ARE NEGOTIABLE.

For clients directed to Stableford Capital, LLC (SC), HWM will receive its standard fee on top of the fee paid to SC. This relationship will be memorialized in each contract between HWM and SC. The fees will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

The annual fee schedule for selection of SC is as follows:

Total Assets Under Advisement	HWM's Fee	SC's Fee	Total Fee
All assets up to \$100,000	1.75%	0.75%	2.50%
\$100,001 - \$500,000	1.50%	0.75%	2.25%
\$500,001 - \$1,00,000	1.25%	0.75%	2.00%
\$1,000,001 - \$2,000,000	1.00%	0.75%	1.75%
\$2,000,001 - \$10,000,000	1.00%	0.75%	1.65%
All assets above \$10,000,000	0.90%	0.75%	1.55%

THESE FEES ARE NEGOTIABLE.

### ***Financial Planning Fees***

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$250 and \$5,000. Fees are paid in arrears. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$50 - \$300. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees may be withdrawn directly from the client's accounts with client written authorization or invoiced and billed directly to the client. Fees are paid quarterly in arrears. Clients may select the timing and method in which they are billed.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser.

Fees for selection of Juncture Wealth Strategies, LLC are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in arrears.

Fees for selection of Stableford Capital, LLC are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid by check in arrears.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by HWM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

HWM collects fees in arrears only and therefore no refund policy is necessary.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither HWM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

HWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

HWM generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

### ***Minimum Account Size***

For clients directed to Stableford Capital, LLC, there is no account minimum.

For client directed to Juncture Wealth Strategies, LLC, there is an account minimum of \$500,000.

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

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

#### ***Methods of Analysis***

HWM's methods of analysis include charting analysis, fundamental analysis, and technical analysis.

*Charting analysis* involves the use of patterns in performance charts. HWM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

### ***Investment Strategies***

HWM uses long term trading, short term trading and margin transactions. Margin transactions are not affirmatively offered to clients, however, clients may request HWM to utilize these strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

*Charting analysis* strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading and margin transactions generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

HWM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize margin transactions, which generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any of those strategies.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither HWM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither HWM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Michael Brent Frost has an ownership interest in Frost and Associates, LLC, Heritage Advisors, LLC, Heritage Tax, LLC, and Heritage Insurance Advisors, LLC and participates in the revenue from Heritage Advisors, LLC. David Elgin Maxey has an

ownership interest in Heritage Advisors, LLC and participates in the revenue from Heritage Advisors, LLC. Keegan Michael Healey has an ownership interest in Nelson Healey, P.C. and participates in the revenue from Nelson Healey, P.C. and Heritage Advisors, LLC.

Michael Brent Frost, Jeffrey Michael Jones, Brian Louis Boll, and David Elgin Maxey are licensed insurance agents.

From time to time, investment adviser representatives of HWM will offer clients advice or products from their outside business activities. Clients should be aware that these services pay a commission or other forms of compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. HWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of HWM in such individual's outside capacities.

HWM always acts in the best interest of the client regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

In addition, HWM has an arrangement with Nelson Healey, P.C., Heritage Tax, LLC, Heritage Insurance Advisors, LLC, and Foothills Accounting, Inc. to provide advisory services to their clients. Clients of Nelson Healey, P.C., Heritage Tax, LLC, Heritage Insurance, LLC, and Foothills Accounting, Inc. may become clients of HWM and will pay the firm's advisory fees. HWM and its related parties do not have an ownership in and do not participate in the revenue of Foothills Accounting, Inc. In all matters, HWM always acts in the best interest of its clients. Neither HWM nor its related persons have signatory authority over client accounts.

All material conflicts of interest Under Section 260.238 (k) of the Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonable expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

HWM may direct clients to third-party investment advisers. Clients will pay HWM its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between HWM and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. HWM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. HWM will ensure that all recommended advisers are licensed or notice filed in the states in which HWM is recommending them to clients.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

HWM does not recommend that clients buy or sell any security in which a related person to HWM or HWM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of HWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HWM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of HWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HWM will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The custodians, Wells Fargo, TD Ameritrade, Pensco Trust Company and The Chicago Trust Company were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. HWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

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

HWM receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that HWM must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for HWM to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

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

HWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

HWM allows clients to direct brokerage: however, HWM may recommend custodians. HWM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage HWM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

HWM does not trade client's accounts or recommend broker/custodians, and therefore does not have the ability to block trade purchases across accounts.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Michael Brent Frost, Managing Member. Michael Brent Frost is the chief adviser and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at HWM are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Michael Brent Frost, Managing Member. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

HWM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to its clients.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

HWM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

HWM, with client written authority, has limited custody of client's assets through direct fee deduction of HWM's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at Wells Fargo, TD Ameritrade, Pensco Trust Company and The Chicago Trust Company. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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

For those client accounts where HWM provides ongoing supervision, the client has given HWM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides HWM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

HWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

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

#### **A. Balance Sheet**

HWM does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

<b>B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients</b>
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Neither HWM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

<b>C. Bankruptcy Petitions in Previous Ten Years</b>
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HWM has not been the subject of a bankruptcy petition in the last ten years.