

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Heritage Wealth Management, LLC ("Heritage" "we," or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (480) 569-9959 or [jbarker@heritagewealthadvisorsllc.com](mailto:jbarker@heritagewealthadvisorsllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. "Registered" means Heritage has filed the necessary documentation to maintain registration as an investment advisor with the SEC. Additional information about Heritage also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 287909.

## Item 2 – Material Changes

Heritage is required to disclose all material changes to its brochure since its last update. Since our last amendment filing on 08/24/17, we have no material changes to disclose.

This is our amendment update which we have filed on the SEC's Investment Advisors Public Discourse Website (IAPD). [www/advisor.info.sec.gov](http://www/advisor.info.sec.gov). We may, at any time, update this Brochure, which you can download from the above SEC Website. You may contact Jack Barker at (480) 253-4102, regarding any questions you have about the Brochure or its contents.

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## Item 4A - Description of Firm

Heritage Wealth Management, LLC is an SEC registered investment adviser based in Phoenix, Arizona. It is organized as a limited liability company since May 2011 under the laws of the state of Arizona. Heritage is a member of a family of companies that are separately owned by a common group of individuals. Ownership percentages for each individual vary by entity. The other affiliated, legal entities include the following:

- Heritage Wealth Advisors, LLC
- Heritage Certified Public Accountants, PLLC
- Heritage Insurance Advisors, LLC
- Juncture Wealth Strategies, LLC
- Frost and Associates, LLC
- Nelson Healey, PC

## Item 4B – Description of Advisory Business

The advisory services offered by Heritage and its investment advisor representatives (“advisors”) are as follows:

- Wealth Management Services
- Investment Supervisory Services

### Wealth Management Services

Wealth Management Services (“WMS”) permit an advisor to provide various planning analyses that are specific and customized to each client. Included as part of WMS are the following: cash flow projections, retirement planning, education planning, long-term care and insurance planning, debt management, tax strategies, gift/estate planning, and Alternative Investment solutions. The advisor may review one or several of these areas depending on the client’s specific engagement or request.

Heritage also provides continuous advice to clients regarding the investment of funds based on the individual needs of each client. Through personal discussions during the WMS process (above), the advisor determines the client’s individual objectives, time horizons, risk tolerance, liquidity needs, net worth, net income and other various suitability factors. As appropriate, the advisor also reviews and discusses a client’s prior investment history and other issues relevant to formulating the investment allocation. The advisor will meet with each client at least annually and, if needed, on a more frequent basis, to review client accounts and determine the suitability of investments for the client.

An advisor will work with each client to document the Investment Objectives (“IO”). Each IO shall specify the selected strategy based on risk levels and provide allocation parameters for the portfolio manager to follow. The advisor may recommend the use of mutual funds, equities, bonds, options, other debt securities, ETFs, ETNs, real estate, REITs, insurance products including annuities, private placements, and government securities.

Each client has the ability to impose reasonable restrictions on the management of the account, including the designation of particular securities or types of securities that should not be purchased, or that should be sold if held in the account. The advisor will forward these instructions to the client’s portfolio manager (“Manager”). If the advisor or the Manager believe the instructions are unreasonable or if the advisor or the Manager believe that the instructions are inappropriate, the advisor will notify the client that unless the instructions are modified the client may be required to select an alternate Manager or cancel the account.

The advisor will make recommendations to the client during the WMS process. These may include the referral of an accountant, attorney, or another specialist (“Professional”), as appropriate to the client’s needs. The Professional may be employed by or otherwise associated with the affiliated Heritage entities. The client is not obligated to implement any recommendations made by the advisor or Professionals. Also, neither the advisor nor Professional is responsible for ensuring that the clients execute their wealth plan.

### Investment Supervisory Services

Investment Supervisory Services include, but are not limited to, the following:

- Portfolio Management
- Access to Alternative Investments, if suitable

### Portfolio Management

A client’s investment account may be allocated partially or completely to any one or more of the following channels for portfolio management:

- Sub-Advisor Managed Account for active discretionary management (“Managed Account”)
- ETF Model Portfolios for active discretionary management (“Models”)

### *Managed Account*

The Wealth Management and Investment Advisory (“WMIA”) contract between Heritage and the client permits the advisor to delegate continuous discretionary investment management of any or all client’s account assets to a Sub-Advisor for management of the client’s portfolio (“Manager”). Client has no direct, contractual relationship with a third-party Manager. Juncture Wealth Strategies (“Juncture”) is an affiliated entity and serves as a Manager to Heritage client accounts. Unaffiliated Managers may be added to the offering at the discretion of Heritage. The WMIA agreement will outline, among other things, account size minimums reasonable access to Manager, fees, and trading practices attributable to the account. Fees paid by the client for the Manager’s services will be reflected separately.

The Manager will buy, sell or otherwise trade securities or other investments to assets allocated to it in accordance with the Manager’s investment style/discipline and subject to the client’s IO without discussing these transactions with the client in advance. Client has no obligation to use the Manager recommended by Heritage. Heritage may retain and terminate any Manager with respect to any account. Upon the termination or resignation of a Manager, Heritage will notify the affected client of such event and client will be responsible for promptly selecting a new Manager or ETF model as a replacement in the respective account. Any failure to timely select a new Manager may result in the account being reassigned to a new Manager or ETF model selected by Heritage or may result in the account’s termination in the event that a suitable alternative model is not available. Should Heritage re-assign the account to a new model, Heritage will provide written notice to the client.

The advisor will not provide discretionary management to the client’s assets allocated to the Manager. However, the advisor will retain continuous and regular supervisory services for the client accounts. The advisor will initiate the steps necessary to facilitate the opening and funding of an account and to convey any changes in financial circumstances or investment objectives to the Manager.

### *ETF Models*

Heritage has an agreement with an affiliated Manager, Juncture, to oversee and direct a series of ETF Model portfolios constructed and maintained on a client's custodial platform. Based on the IO created by the advisor and client, the Manager will execute the selection of the client's allocation to the Models. The Manager shall select and periodically review the underlying ETFs and Model allocations as permitted under the custodian's platform to ensure that the selected ETFs in the portfolios are consistent with the descriptions of the portfolio strategies.

The advisor will assess whether the model selection is suitable for the client. On an ongoing basis, the advisor will monitor the client's allocation among the selected Models to ensure that rebalancing occurs and the Model is consistent with the client's stated investment objectives. The advisor will not engage in discretionary trading for the assets allocated to the Models. Also, the advisor will initiate the steps necessary, including the receipt of investment funds, to open the client's account and to execute any changes to the allocation based on the client's financial circumstances.

### **Alternative Investments**

The advisor may recommend a portion of a client's funds be allocated to non-publicly traded securities depending on the client's risk tolerance, investible asset amounts, liquidity needs, time horizon, and investment sophistication. The advisor provides the due diligence in the selection, ongoing review, and account maintenance for these investments. No additional monthly advisory fee is charged by Heritage for these positions. Only clients who are accredited investors as defined under Regulation D Sec. 17 CFR 230.501(a) may be permitted to invest in the Alternative Investments.

### **Assets Under Advisement**

For accounts not held by a custodian such as fixed annuities, 401ks, and other similar products, the advisor may recommend allocations and/or provide consolidated reporting. If subject to the Investment Supervisory Services engagement and fee, these outside accounts must be specified in the client's management contract with Heritage.

### **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. Heritage Does not participate in any WRAP fee Programs.

## **Item 5 - Regulatory Assets Under Management**

As of December 2017, Heritage has the following assets under management:

Discretionary Amounts: \$182,000,000

Non-Discretionary Amounts: \$0

## **Item 6 - Fees and Compensation**

Asset-based fees for Wealth Management Services may range up to 1.75 percent and are determined by Heritage and based on factors such as the value of assets under Management and the scope and complexity of services provided.

Portfolio Management ("PM") fees are in addition to the Wealth Management Service fees. PM fees for the ETF Models may range up to .45 percent of assets allocated to the Models. Sub-Advisor

Discretionary Management Fees range from .25 to .65 percent and are based on the allocation between equities and fixed income securities within the managed account.

There is a maximum combined fee of 1.50% for any Heritage Wealth Management Services client who is allocated to a Sub-Advisor Discretionary Management Account. The fees will not exceed any limit imposed by any regulatory agency.

Fees are negotiable and are paid monthly in arrears. Any partial monthly fee will be prorated to cover the period from the date a client's account is opened and approved, through the end of the calendar month. Clients may terminate their accounts without penalty within 5 business days of signing the WMIA contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Clients pay the fees in accordance with the fee schedules outlined in the WMIA contract unless otherwise agreed to in writing. Any agreement to a flat fee to be paid on the account's billable value may result in fees greater than or less than those that would be incurred in accordance with the fee schedule. Heritage collects fees in arrears only and therefore no refund policy is necessary. Also, all investments held in accounts under the WMIA contract with Heritage are independently valued by the custodian or other third-party pricing service.

Additional fees will be paid by the client for any services provided by the affiliated law or accounting companies. Such fees will be subject to a separate engagement contract between the client and the law and/or accounting entities. No fees will be incurred by the client prior to signing the separate engagement contract directly with such Professional.

### Additional Fees and Expenses

In addition to Wealth Management Services and portfolio management fees, client may be assessed other fees by parties independent from advisor. The client may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (e.g. advisory fees, administrative fees, and other fund expenses). Trading fees/commissions are generally charged by the custodian directly to the client for securities trade executions. Any such commissions/fees are exclusive of, and in addition to, compensation charged by advisor.

### Compensation to Heritage for the Sale of Other Investment Products

Persons providing investment advice on behalf of Heritage are licensed as insurance agents and may, from time to time, conduct insurance transactions for advisory clients. If these advisors sell insurance products to advisory clients, they may be compensated by commissions and this could present a conflict of interest. It is Heritage's policy to recommend insurance products to advisory clients based solely on client's needs and objectives, and only when appropriate. All clients are under no obligation, contractually or otherwise, to purchase insurance products through Heritage or any person affiliated with our firm.

Heritage maintains relationships with different promoters of private placement offerings (Alternative Investments) that may be made available to clients. No additional annual fees beyond the Wealth Management Services fee are incurred or paid by the client for these investments. However, Heritage may elect to receive payments from these promoters at the termination of the investment as compensation only if disclosed to and acknowledged by the client prior to the client's investment of funds into such offerings. This may present a conflict of interest as Heritage has a

financial incentive to place these investments in client accounts for the purpose of generating compensation rather than solely based on the client's needs.

### **Item 7 - Performance-Based Fees and Side-by-Side Management**

Heritage does not accept performance-based fees on a share of capital gains on or capital appreciation of a client's assets. Also, Heritage does not participate in side-by-side management which refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

### **Item 8 - Types of Clients**

This brochure describes the investment management and advisory services we offer to our clients which include, but are not limited to, individuals, high net worth individuals, businesses organizations, trusts, estates, retirement plans, and charitable organizations. For Wealth Management Services, Heritage generally requires a minimum account level of \$50,000 for these types of clients, although we may waive the account minimum at our discretion. A sub-advisor may have higher minimum account thresholds to engage in their strategies.

### **Item 9 - Methods of Analysis, Investment Strategies and Risk of Loss**

The advisor and Manager may use one or more of the following methods of analysis or investment strategies when providing investment advice to clients:

#### **Methods of Analysis**

*Charting analysis* - 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* - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect or out of date and the analysis may not provide an accurate estimate of earnings or stock's value.

*Technical Analysis* - attempts to predict a future stock price or direction based on market trends to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

#### **Investment Strategies**

**Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-



term price fluctuations. 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.

### **Risk of Loss**

Heritage 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 hold greater risk of capital loss. Clients should be aware that there is a material risk of loss using any of those strategies. Investing in securities involves risk of loss that an Advisory should be prepared to bear. Heritage does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate a client from losses due to market corrections or declines. Past performance is in no way an indication of future performance.

### **Item 10 - 9 Disciplinary Information**

Heritage has no legal (civil or criminal) or disciplinary (administrative or self-regulatory) events relating to our firm's advisory services to report.

### **Item 11 - Other Financial Industry Activities and Affiliations**

As state above, Heritage advisors are licensed to provide insurance products. If these advisors sell insurance products to our advisory clients, they may be compensated by commissions and this may present a conflict of interest. Clients are under no obligation to purchase insurance products through our advisors or any person affiliated with our firm.

### **Item 12 - Code of Ethics, Interest in Client Transactions and Personal Trading**

#### **Code of Ethics**

Heritage has a written Code of Ethics that covers, among other things, 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. This Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect each client's interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

#### **Participation or Interest in Client Transactions**

Neither Heritage nor any of the advisors have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

#### **Personal Trading Practices**

From time to time, representatives of Heritage may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Heritage 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. In order to minimize this conflict of interest, securities recommended by advisor or Manager, with the exception of Alternative Investments, are widely held and publicly traded. Pre-approval from Heritage management is required prior to personal trading depending on the type of security involved. Heritage 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.

### **Item 13 - Brokerage Practices**

Heritage does not maintain custody of client assets. Client assets will be held by a qualified custodian. We may recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade ("TDA"), Chicago Trust Company, and UMB Bank. We believe that these custodians provide quality execution services at competitive prices. We consider a range of factors, including but not limited to, asset custody and transaction execution services, the value of research provided, the firm's reputation, clearance and settlement capabilities, competitive pricing of comparable services, commission rates, responsiveness to clients, and service respond to advisors.

If a client selects another custodian or broker-dealer, Heritage may be unable to achieve most favorable execution of transactions. This may be more expensive for clients as Heritage may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

### **Item 14 - Research and Other Soft-Dollar Benefits**

Heritage may receive research, products, or services 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 Heritage must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for Heritage to direct clients to a particular broker-dealer or custodian over another broker-dealer or custodian who offer the same services. The first consideration when recommending broker-dealers to clients is best execution. Heritage receives no client referrals from a broker-dealer in exchange for using that broker-dealer's services.

### **Item 15 - Review of Accounts**

Advisors typically meet with clients at least annually to review account performance and any changes to the client's financial situation or investment goals and objectives. Advisors may also perform account reviews more frequently when market conditions dictate. We also require the client to inform the advisor promptly of any changes to account information, including changes to the financial situation or investment objectives and policies. Client will receive confirmations of all transactions, monthly statements and/or quarterly account statements from the designated custodian, of the client's advisory assets. Advisors are available during normal business hours to answer questions or concerns.

### **Item 16 - Client Referrals and Other Compensation**

Heritage does not enter into arrangements with Solicitors to compensate them for referring clients directly to Heritage. However, Heritage has relationships with affiliated and unaffiliated investment advisors ("IA") who are duly licensed to receive a portion of the advisory fees earned by Heritage with respect to either 1) that IA's client portfolios that Heritage manages as a fully-disclosed Sub-Advisor or 2) portfolios managed for clients of other advisors referred by such duly licensed IA.

### **Item 17 - Custody**

Clients authorize Heritage to instruct the qualified custodian to deduct advisory fees directly from the advisory account. Funds and securities will be held at the qualified custodian, and not Heritage.

If a client has a question regarding the account statement or if the client did not receive a statement from the custodian, the client is direct to contact Heritage.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### Item 18 - Investment Discretion

Client authorizes Heritage to provide discretionary investment advisory services in the WMIA agreement. This authority allows the advisor and sub-advisor to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's prior consent for each transaction.

### Item 19 - Voting Client Securities

Heritage, through its affiliated Sub-Advisor will vote proxies for securities held in the client's managed account(s). Client may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies shall be voted.

### Item 20 - Financial Information

Heritage does not have any financial condition likely to impair the ability to meet the contractual commitments to the clients. Heritage has not been the subject of a bankruptcy petition in the last ten years.

### Item 21 - Requirements for State-Registered Advisors

N/A

### Item 22 - Miscellaneous Information

#### Class Action Lawsuits

Heritage does not determine if securities held by in advisory portfolio are the subject of a class action lawsuit or if the client is eligible to participate in class action settlements or litigation nor does Heritage initiate or participate in litigation to recover damages on the client's behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities.

**Business Continuity Plan**

Heritage maintains a business continuity plan designed to minimize the impact of disasters, emergencies, and other unforeseen circumstances involving our services and communications.