

Form ADV Part 2A: *Firm Brochure*

Item 1 – Cover Page

Heron Bay Capital Management, LLC

40701 Woodward Ave, Suite 104

Bloomfield Hills, MI 48304

(248) 970-0900

www.heronbaycap.com

Date of Disclosure Brochure: March 2020

This disclosure brochure provides information about the qualifications and business practices of Heron Bay Capital Management, LLC (also referred to as we, us and Heron Bay Capital Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Paul Seizert at (248-970-0903) or pseizert@heronbaycap.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Heron Bay Capital Management is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Heron Bay Capital Management, LLC or our firm's CRD number 305537.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Since filing the first edition of this Form ADV Part 2A – *Firm Brochure* in November 2019, Item 10 has been updated by removing reference to Gerald and Paul Seizert's affiliation as investment adviser representatives with Seizert Capital Partners. Gerald Seizert withdrew his investment adviser representative registration with Seizert Capital Partners effective January 2, 2020 and Paul Seizert's registration as an investment adviser representative was withdrawn effective November 4, 2019.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Introduction	4
Description of Advisory Services	4
Limits Advice to Certain Types of Investments	6
Tailor Advisory Services to Individual Needs of Clients	7
Client Assets Managed by Heron Bay Capital Management	7
Item 5 – Fees and Compensation	7
Item 6 – Performance-Based Fees and Side-By-Side Management	9
Item 7 – Types of Clients	9
Minimum Investment Amount Required	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Methods of Analysis	10
Investment Strategies	11
Primarily Recommend One Type of Security	12
Risk of Loss	12
Item 9 – Disciplinary Information	14
Item 10 – Other Financial Industry Activities and Affiliations	14
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	15
Code of Ethics Summary	15
Affiliate and Employee Personal Securities Transactions Disclosure	15
Item 12 – Brokerage Practices	16
Brokerage Recommendations	16
Directed Brokerage	17
Block Trading Policy	17
Item 13 – Review of Accounts	18
Account Reviews and Reviewers	18
Statements and Reports	18
Item 14 – Client Referrals and Other Compensation	19
Item 15 – Custody	19
Item 16 – Investment Discretion	19
Item 17 – Voting Client Securities	20
Item 18 – Financial Information	20
Business Continuity Plan	20
Customer Privacy Policy Notice	21

Item 4 – Advisory Business

Heron Bay Capital Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Michigan.

Heron Bay Capital Management was formed in March 2019, but did not begin operations until November 2019 when it was first registered as an investment adviser firm.

The sole Manager of Heron Bay Capital Management will be Gerald L Seizert who has complete control of the business and operations until his death, incapacity or resignation.

- Seivest, LLC maintains 100% of the Preferred Member Interest of Heron Bay Capital Management.
- Gerald L Seizert as Trustee of the Gerald L Seizert Revocable Trust U/ A/ D June 11, 1990 maintains 20% of the common stock with 100% of the voting interest.
- Paul C Seizert as Trustee of the Paul C. Seizert Revocable Trust U/A/ D 3/16/17 maintains 80% of the common stock without voting interest.

Introduction

The investment advisory services of Heron Bay Capital Management are provided to you through an appropriately licensed individual who is an investment adviser representative of Heron Bay Capital Management (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of Heron Bay Capital Management. You have sole discretion about whether or not to contract for our services. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Heron Bay Capital Management before we can provide you the services described below.

Asset Management Services – Heron Bay Capital Management offers asset management services, which involves Heron Bay Capital Management providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and manage the Account regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities or to retain certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Financial Planning Services – Heron Bay Capital Management offers financial planning services, which involves ongoing financial planning and consulting to our existing Asset Management clients. When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives and make decisions to move you in the direction of those objectives.

Financial Planning Services can cover specific or multiple topics which may include:

- Asset Allocation
- Analysis of Assets and buy-sell-hold decisions
- Cash Flow & Net Worth Projections
- College/Education Planning
- Investment Planning
- Retirement Planning
- Investment Risk Management

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer “as-needed” consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Retirement Plan Rollover Recommendations

To the extent we recommend you roll over your account from a current retirement plan to an individual retirement account (“Rollover IRA”), managed by Heron Bay Capital Management please know that Heron Bay Capital Management and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to a Rollover IRA managed by Heron Bay Capital Management. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to a Rollover IRA managed by Heron Bay Capital Management.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to a Rollover IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. we have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Heron Bay Capital Management receiving unreasonable compensation related to the rollover of funds from the retirement plan to a Rollover IRA, and (iii) fully disclose compensation received by Heron Bay Capital Management and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to a Rollover IRA and refrain from making any materially misleading statements regarding such rollover.

To the extent we provide you investment advice as a participant in a retirement plan regarding whether to maintain investments and/or proceeds in the retirement plan, roll over such investment/proceeds from the retirement plan to a Rollover IRA or make a distribution from the retirement plan, Heron Bay Capital Management here by acknowledges our fiduciary obligations to you with regard to our investment advice about whether to maintain, roll over or distribute proceeds from the retirement plan, and as such a fiduciary with respect to its investment advice to you about whether to maintain, roll over or distribute proceeds from the retirement plan.

Our investment advisor representatives shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Heron Bay Capital Management or our affiliated personnel.

Limits Advice to Certain Types of Investments

Heron Bay Capital Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Equity Securities (i.e. Stocks) including Exchange-listed Securities and Securities Traded Over-the-Counter
- Fixed Income Securities (i.e. Bonds) including Corporate Debt Securities, Municipal Securities and U.S. Government Securities
- Commercial Paper
- Convertible Securities
- Closed-End Fund
- Certificates of Deposit

- Options Contracts on Securities
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Hedge Funds
- Private investments

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings as deemed appropriate based on your risk tolerance, liquidity needs and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

Tailor Advisory Services to Individual Needs of Clients

Heron Bay Capital Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. When providing financial planning services, we work with you on a one-on-one basis through consultations and questionnaires to determine your individual needs, investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Client Assets Managed by Heron Bay Capital Management

As a newly registered investment adviser, Heron Bay Capital Management has \$148,306,584 assets under management to report as of March 11, 2020.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. The asset management service fee also covers all financial planning services provided.

We do not charge a separate or stand-alone fee for financial planning services.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately and will be deducted from Account when services commence.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

Clients are charged an annual fee based upon the amount of assets under management. The exact fees and other terms will be outlined in the agreement between you and Heron Bay Capital Management. The following is our standard fee schedule which is provided for illustrative purposes. It represents the maximum fee schedule we charge.

<u>Assets Under Management</u>	<u>Annual Fees</u>
First \$1,000,000 – \$5,000,000	0.80%
Next \$5,000,001 – \$10,000,000	0.70%
Next \$10,000,001 – \$50,000,000	0.60%
Above \$50,000,000	Negotiable

This is a blended fee schedule. This means that the assets in a client's account will be billed at different levels according to the fee schedule above. For example, if a client had an account value of \$7,500,000 then the following equation would be used to calculate their quarterly fee:

First \$5,000,000 x 0.008 = \$40,000, plus
Next \$2,500,000 x 0.007 = \$17,500, plus
Total Annual Rate \$57,500
Charged quarterly = \$14,375

Heron Bay Capital Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm. Fees will be calculated by Heron Bay Capital Management and sent to the custodian for withdrawal.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Termination - The asset management services continue until terminated by either party (i.e., Heron Bay Capital Management or you) by giving thirty (30) days written notice to the other party. Heron Bay Capital Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Other Fees and Expenses - Brokerage expenses and/or transaction fees charged by the qualified custodian are billed directly to you by the qualified custodian. Heron Bay Capital Management does not receive any portion of such commissions or fees from you or the qualified custodian.

In addition, you will incur certain charges imposed by third parties other than Heron Bay Capital Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Heron Bay Capital Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Heron Bay Capital Management does not receive any portion of such commissions or fees from you or the qualified custodian.

When managing accounts through our asset management services program, it is the policy of Heron Bay Capital Management to select the overall lowest-expense mutual fund share class available to our firm. What this means is there is the chance that an alternative mutual fund share class is offered by the mutual fund sponsor company, but we cannot purchase it for our clients because we are limited to purchasing mutual funds only available through the qualified custodian of your account. Although we conduct best execution analysis to select the lowest share class available, we are limited to mutual funds available only through your qualified custodian.

To the extent there is a 12b-1 paying mutual fund share class or other mutual funds that pay a distribution, marketing or sales fee in your investment advisory account please know that Heron Bay Capital Management and our investment adviser representative will never receive such 12b-1 fees from the mutual fund sponsor company or the qualified custodian of your account. To the extent we select a 12b-1 paying mutual fund share class and then discover another, non 12b-1 paying mutual fund was available, Heron Bay Capital Management will offset any 12b-1 fees you incur against the investment advisory fees charged by our firm.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

Item 7 – Types of Clients

Heron Bay Capital Management primarily provides investment advice to individuals, their family members, their related trusts, beneficiaries and other corporations/legal entities formed by individual clients. We also work with small business entities and charitable organizations.

You are required to execute a written agreement with Heron Bay Capital Management specifying the particular advisory services in order to establish a client arrangement with Heron Bay Capital Management.

Heron Bay Capital Management, LLC is a "multi-family office" firm and provides services to family offices including their related trusts, beneficiaries and other corporations/legal entities formed for the benefit of the family office as well as trusts, individuals, charitable organizations, and closely held family entities.

Minimum Investment Amount Required

Heron Bay Capital Management requires a minimum investment amount of \$1,000,000 to become a client of Heron Bay Capital Management. Heron Bay Capital Management, in its sole discretion, may accept clients with smaller investment amounts based on criteria including anticipated future earning capacity, anticipated future additional assets because of a liquidity event, related accounts, pre-existing relationship, or account retention.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Heron Bay Capital Management uses the following methods of analysis in formulating investment advice:

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Quantitative – This is a method that seeks to understand behavior by using mathematical and statistical modeling, measurement, and research. Quantitative analysts aim to represent a given reality in terms of a numerical value.

Investment Strategies

Heron Bay Capital Management uses the following investment strategies when managing client assets and/or providing investment advice:

Value Investing. We follow a fundamental value-investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value investing can be described as a strategy of selecting stocks that trade for less than their intrinsic values and based on a combination of valuation metrics. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price to cash flow, price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-

economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Tactical asset allocation. Allows for a percentages range in each asset class (such as Stocks = 40-50%) that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. This strategy calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Margin transactions. Margin is used almost exclusively to facilitate cash distributions when funds are needed quickly. Ongoing use of margin for leveraged investing is discouraged and rarely used. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow from Heron Bay Capital Management.

Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client’s specific circumstances and needs.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin

account that may be established as part of the Asset Management Agreement established between you and Heron Bay Capital Management and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Heron Bay Capital Management does not recommend the use of Margin for leveraged investing purposes.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Heron Bay Capital Management is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Heron Bay Capital Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an 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), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

Advent Convertible & Income (AVK) Mutual Fund

Gerald Seizert serves an Independent Director on the board of the Advent Convertible and Income Fund, a closed-end mutual fund trading under the symbol AVK. The AVK investment objective is to provide total return, through a combination of capital appreciation and current income. AVK's portfolio manager and

investment adviser is Advent Capital management, LLC. Mr. Seizert has served as an Independent Director to AVK since May 2003 and spends approximately 20 hours per year on these activities.

To mitigate conflicts of interest that could occur if Heron Bay Capital Management were to recommend AVK, it is the Heron Bay Capital Management's strict policy to not recommend or hold shares of AVK in client accounts managed by Heron Bay Capital Management.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Heron Bay Capital Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Heron Bay Capital Management requires its supervised persons to consistently act in your best interest in all advisory activities. Heron Bay Capital Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Heron Bay Capital Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Heron Bay Capital Management or supervised persons of the firm buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Heron Bay Capital Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, Heron Bay Capital Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Heron Bay Capital Management manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.

- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Heron Bay Capital Management.

Any Supervised person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If Heron Bay Capital Management assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

Brokerage Recommendations

Heron Bay Capital Management will recommend, and in some situations will require, that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts.

Although Heron Bay Capital Management recommends clients establish accounts at Schwab, it is the client’s ultimate decision to custody assets with Schwab and open accounts on the Schwab platform. Heron Bay Capital Management is independently owned and operated and not affiliated with Schwab. Heron Bay Capital Management may recommend additional unaffiliated broker-dealers to affect fixed income transactions.

Schwab provides Heron Bay Capital Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor’s clients’ assets are maintained at Schwab Institutional. These services are not contingent upon Heron Bay Capital Management committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab’s brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other

investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

Schwab Institutional also makes available to Heron Bay Capital Management other products and services that benefit Heron Bay Capital Management but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of Heron Bay Capital Management' accounts, including accounts not maintained Schwab.

Schwab's products and services that assist Heron Bay Capital Management in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Heron Bay Capital Management's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Heron Bay Capital Management manage and further develop its business enterprise. These services may include (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Heron Bay Capital Management. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Heron Bay Capital Management personnel. While as a fiduciary, Heron Bay Capital Management endeavors to act in its clients' best interests, Heron Bay Capital Management's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which may create a conflict of interest.

Directed Brokerage

Although we recommend the use of Schwab, clients are allowed to select the broker-dealer or other custodian that will be used for their accounts contingent on our ability to access the account held through the broker/dealer or other custodian's platform and integrate it into our systems.

Clients directing the use of a broker/dealer or other custodian other than Schwab must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients often receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Heron Bay Capital Management after effecting trades for other clients of Heron Bay Capital Management. In the event that a client directs Heron Bay Capital Management to use a particular broker/dealer or other qualified custodian, Heron Bay Capital Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Heron Bay Capital Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

Block Trading Policy

We often elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Heron Bay Capital Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Heron Bay Capital Management uses a combination of average price allocation and rotation of accounts method for transaction allocation.

When using an average price allocation procedure, Heron Bay Capital Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

Under the rotation of accounts procedure, Heron Bay Capital Management will generate a report of client accounts in random order. The order of the accounts on the report will be automatically selected and that report will be used to allocate which account would receive a portion of the transaction allocation or the most favorable fills until the next scheduled report is generated. Once an account on the random list receives an allocated transaction, that account is moved to the end of the list for the next allocation procedures.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Heron Bay Capital Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our supervised persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least quarterly with a focus on the asset allocation plan, risk assessment, and alignment with investment guidelines developed by the investment team which is comprised of Gerald and Paul Seizert. A monthly liquidity review for client cash needs is conducted as well as weekly security analysis for valuation and fundamentals. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, Heron Bay Capital Management will provide position or performance reports to you quarterly.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

Heron Bay Capital Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Heron Bay Capital Management receives no other forms of compensation in connection with providing investment advice.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Please see *Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices*, for additional discussion concerning other compensation.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Heron Bay Capital Management is deemed to have custody of client funds and securities whenever Heron Bay Capital Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Heron Bay Capital Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Heron Bay Capital Management is deemed to have custody, Heron Bay Capital Management has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under the client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Heron Bay Capital Management. When clients have questions about their account statements, they should contact Heron Bay Capital Management or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

When providing asset management services, Heron Bay Capital Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the

amount of securities that can be bought or sold, the broker or dealer to be used and the commission rates paid for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your account. You may also place reasonable limitations on the discretionary power granted to Heron Bay Capital Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

Heron Bay Capital Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Heron Bay Capital Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Heron Bay Capital Management has not been the subject of a bankruptcy petition at any time.

Business Continuity Plan

Heron Bay Capital Management has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building.

External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

Customer Privacy Policy Notice

The information contained in this section is also detailed in the *Privacy Requirements* section of Heron Bay Capital Management's *Compliance Policies and Procedures Manual*. This statement is provided to all clients in accordance with the rules and regulations of the *Gramm-Leach-Bliley Act of 1999*.

As a registered investment advisor, Heron Bay Capital Management and its investment adviser representatives will gather and develop personal information regarding our clients. This information will be gathered and developed by us for the following purposes:

1. To determine the client's financial goals and objectives
2. To determine the level of advisory services needed and desired by the client
3. To provide the client with specific recommendations regarding advisory services
4. To provide the client with specific recommendations regarding financial products
5. To provide ongoing support and recommendations regarding financial products held in the client's account

Client information that Heron Bay Capital Management will collect may include, but not be limited to the following:

- Information received from clients on financial inventories through consultations with its representatives. This information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the clients' financial conditions and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with Heron Bay Capital Management

When a client account is closed, Heron Bay Capital Management will continue to keep all client information confidential in accordance with the principles stated in its privacy policy. A copy of the Privacy Policy Notice will be delivered to all clients in writing by at least one of the following methods:

- By hand delivering a copy to the client
- Mailing a copy to the client's address on record
- If business is conducted electronically, a notice may be posted on an electronic site as long as the client acknowledges receipt of the Privacy Policy Notice prior to the client obtaining any services or products from Heron Bay Capital Management

A copy of the Privacy Policy Notice will be provided to the client no later than the time a client establishes a relationship with Heron Bay Capital Management, unless this situation would cause a delay in the client obtaining services and the client agrees to accept the notice at a later date. When this situation applies, a copy of the Privacy Policy Statement will be delivered to the client within a reasonable time period following the transaction.

Any time a change is made to the Privacy Policy, the statement to clients will be revised. The revised statement will be given to all affected clients prior to any disclosure of information. In addition, Heron Bay Capital Management will provide a copy of its Privacy Policy Statement to all current and existing clients at least annually.