

**HERITAGE ASSET ADVISORS LTD., LLP**

723 Cherrybark Lane | Houston, TX 77079

Tel: (281) 966-3370 | Fax: (713) 827-7750

[www.heritageassetadvisors.com](http://www.heritageassetadvisors.com)

**HERITAGE ASSET ADVISORS LTD., LLP  
WRAP FEE PROGRAM BROCHURE**

**The wrap fee program brochure provides information about the qualifications and business practices of Heritage Asset Advisors Ltd., LLP. If you have any questions about the contents of this brochure, please contact us at the telephone number listed above.**

**The information in our brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Heritage Asset Advisors Ltd., LLP is available on the Securities and Exchange Commission website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the Securities and Exchange Commission or other securities regulators does not imply a certain level of skill or training.**

## **SUMMARY OF MATERIAL CHANGES PREPARED MARCH 31, 2025**

Pursuant to Securities & Exchange Commission rules, Heritage Clients are entitled to receive annually a ‘Summary of Material Changes’ describing any significant changes that have been made to the Wrap Brochure since the last annual update. We may further provide other ongoing disclosure information about material changes to our business practices as necessary.

This brochure, dated 3/31/2025, includes the following material changes from our previously amended brochure dated 3/31/2024:

- Portfolio Manager Selection and Evaluation – We amended this section on 9/10/2024 to disclose our use of leveraged mutual funds and ETFs in certain client accounts, and we have described the material risk factors associated with these products.

We will provide you with an updated copy of our current Brochure at any time, without charge. Our full Brochure may be requested by contacting us via telephone at (281) 966-3370 or via email at [laura.smith@heritageassetadvisors.com](mailto:laura.smith@heritageassetadvisors.com).

**TABLE OF CONTENTS**

SERVICES, FEES & COMPENSATION .....4  
ACCOUNT REQUIREMENTS & TYPES OF CLIENTS.....5  
PORTFOLIO MANAGER SELECTION & EVALUATION.....5  
CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....7  
CLIENT CONTACT WITH PORTFOLIO MANAGERS.....7  
ADDITIONAL INFORMATION.....7

## **SERVICES, FEES & COMPENSATION**

### ***Advisory Services***

Heritage Asset Advisors Ltd., LLP (“Heritage”) is an independent investment advisory firm based in Houston, Texas.

The Heritage Asset Advisors Wrap Fee Program (“the Program”) is a fee-only investment advisory program sponsored by Heritage. The Program provides Clients with investment advisory services and the ability to invest in eligible securities without incurring separate brokerage commissions or transaction charges. A portion of the wrap-fee paid to Heritage by the Client is retained by Heritage for its investment advisory services after paying the Program’s custodian and broker-dealer its asset-based compensation, described in greater detail below.

### ***Fees & Compensation***

Heritage is compensated by Program participants for its investment advisory services based on a percentage of assets under management. Clients in the Wrap Fee Program pay an annualized fee for participation in the Program (the “Program Fee”) ranging between 0.75% and 1.50% of the market value of the assets being managed by Heritage professionals under the Program (see table below). The Program Fee may be negotiable under certain circumstances. Different fees may apply for those clients working with Outside Managers (as described under the Additional Information section below).

<b>Assets Under Management</b>	<b>Annual Wrap Program Fee</b>
\$0 to \$625,000	1.5%
\$625,001 to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.0%
Greater than \$3,000,000	0.75%

The Program Fee is payable quarterly, in advance, based upon the market value of the assets in the client’s account (the “Account”) as reported by the account custodian on the last day of the previous quarter. Additional deposits and withdrawals of funds and/or securities to the Program may be made to the Account at any time. Program Fees are calculated *pro rata* for partial billing periods (and additions or withdrawals of assets totaling \$10,000 or greater) based upon the value of the assets in the Account and the number of days in the calendar quarter. If the Client terminates their agreement with Heritage, the Program Fee will be assessed *pro rata* and refunded to the Client in a timely manner.

Heritage’s Program Agreement and the Client’s agreement with the Custodian authorize the Custodian to deduct the Program Fee from the Client’s Account and remit it directly to Heritage. In arrangements where the Program Fee is deducted directly from the Client’s Account, the Custodian will send the Participant a statement, at least quarterly, indicating all amounts disbursed from their Account, including the amount of the Program Fee paid directly to Heritage.

Participation in the Program may cost you more than purchasing brokerage and advisory services separately. The number of transactions made in an Account, as well as the commission rate charged by a broker-dealer for each transaction, would determine the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. However, Heritage does not generally seek to offer accounts where clients pay for services on a per transaction basis and the Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs. Effective 10/7/2019, Schwab eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). We encourage you to review Schwab’s pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. To see what you would pay for transactions in a non-wrap account please refer to Schwab’s most recent pricing schedules available at [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide).

Program participants may incur certain charges imposed by third parties in addition to the Program Fee. Such charges include but are not limited to charges imposed directly by a mutual fund, money market fund or exchange traded fund purchased in the Client's Account which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, including mark-ups and mark-downs), certain deferred sales charges on previously-purchased mutual funds, odd-lot differentials, spreads paid to market makers from whom securities were obtained by the broker-dealer, fees for trades placed away from the Custodian at another broker-dealer, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

### **ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

Heritage provides investment advisory services related to debt and equity securities, mutual funds, index funds, exchange-traded funds, options, and other investments to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and business entities.

To join the Program an individual or organization must:

- Complete a Client Profile that describes the Wrap Fee Client's financial needs, investment objectives, time horizon, risk tolerance, and personal restrictions on investing in certain securities or types of securities, as well as any other factors relevant to the Client's specific financial situation (the "Client Profile") and any other supporting documentation;
- Complete the investment advisory wrap fee agreement (the "Program Agreement") and become a client ("Client") of the Program;
- Complete a new account agreement with Charles Schwab & Co., Inc. ("Schwab") or another custodian / broker-dealer approved by Heritage for participation in the Program ("Custodian"); and
- Open a securities brokerage account with the custodian / broker-dealer ("Account") and deposit those assets designated for participation in the Program into the Account.

Heritage does not require any minimum Account size to participate in the Program.

### **PORTFOLIO MANAGER SELECTION & EVALUATION**

#### ***Portfolio Management***

Assets shall be managed by a Heritage investment professional. All Clients in the Program shall grant Heritage discretionary authority to buy, sell, and otherwise trade eligible securities for their Account and to liquidate previously purchased securities that the Client has transferred to his/her Account. Portfolios may be managed using debt and equity securities, mutual funds (including, as appropriate for the Clients' circumstances, leveraged mutual funds and exchange-traded funds), index funds, exchange-traded funds, options, and/or other investments.

After an analysis of the information provided by the Client in the Client Profile, Heritage shall assist the Client in developing an appropriate investment strategy for the assets in their Account (the "Investment Strategy"). Depending on a Client's risk profile and investment objective, their Investment Strategy may include investing in leveraged mutual funds or ETFs, which are discussed in more detail below. Thereafter, Clients will be contacted periodically and are requested to provide Heritage with information regarding changes to their financial situation or investment objectives affecting their Client profile. Heritage shall periodically reassess the current Investment Strategy based on any other information provided by the Client regarding their Client Profile. Clients may place reasonable restrictions on the types of investments held in their accounts. For example, Clients may request that we not use leveraged mutual funds or ETFs or may request that we avoid investing in certain industries or specific issuers. Restrictions should be requested by Clients in writing. Heritage reserves the right to refuse or decline any request. Any restriction request must be confirmed by Heritage, in writing, prior to becoming effective.

Mr. Patrick Shinn, Ms. Amy Wood Garza, Ms. Laura Smith, and Ms. Katie Tennent are the only investment professionals providing investment advice on behalf of Heritage to Clients. Should additional professional staff be employed by the firm, they will be required, at a minimum, to hold Bachelor of Science degrees in Business Administration from major colleges or universities, and/or be Certified Financial Planners®, as licensed by the CFP Board of Standards, and/or Chartered Financial Analysts®, as chartered by the Association for Investment Management and Research, and/or have equivalent work experience in the industry.

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

Heritage's security analysis includes fundamental, technical, and/or cyclical methods. The firm considers a range of

available data on an ongoing basis, and does not rely solely on any one strategy or indicator in formulating investment advice. Investment strategies vary by Client, based upon the aforementioned Client Profile and other information provided by the Client.

**Risks of Leveraged Mutual Funds and ETFs:** In certain cases, we will invest clients in leveraged mutual funds or ETFs when we have confidence in certain domestic or international markets, as well as individual sectors. In some cases, we may invest a substantial portion of a client's portfolio in these securities.

Leveraged mutual funds and ETFs seek to deliver multiples of the daily performance of the benchmark or index they track. For example, a 2x (two times) leveraged fund seeks to deliver double the daily performance of the index or benchmark that it tracks. To accomplish their investment objectives, leveraged funds use a variety of investment strategies including swaps, futures contracts and other derivative instruments. The use of leverage as well as derivative instruments can cause these funds to be more volatile and subject to extreme price movements.

Additionally, most leveraged funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time – over weeks or months or years – can differ significantly from the stated multiple of the performance (or inverse of the performance) of their underlying benchmark or index during the same period. This effect can be magnified in volatile markets. As the examples below demonstrate, a fund that is set up to deliver twice the performance of a benchmark or index from the close of trading on Day 1 to the close of trading on Day 2 typically will not achieve that goal over weeks, months, or years and may potentially expose investors to significant and sudden loss. For example, consider these two real world examples:

- Over four months, a particular index gained 2 percent. However, a leveraged fund seeking to deliver twice that index's daily return fell by 6 percent—and an inverse fund seeking to deliver twice the inverse of the index's daily return fell by 25 percent.
- During that same period, a fund seeking to deliver three times the daily return of a different index fell 53 percent, while the underlying index actually gained around 8 percent. A fund seeking to deliver three times the inverse of the index's daily return declined by 90 percent over the same period.

Even if the long-term performance of leveraged funds doesn't differ significantly from their stated daily performance objectives, you can still lose money. This is because returns that are the multiple of a benchmark (or inverse multiple) can lead to substantial losses.

The way we use leveraged funds for Clients takes these risk factors into consideration, but we are unable to eliminate these investing risks entirely. There can be no assurance that any strategy will be profitable or successful and Clients may lose money investing in these strategies. These strategies may not be appropriate for all investors. In light of these additional risks, as described above, a Client can request that Heritage not use leveraged funds in their account. Should Clients have any questions or concerns about whether leveraged funds are appropriate for your situation, please contact our Chief Compliance Officer at 281-966-3370.

Historically, Heritage has primarily recommended mutual fund investments to its clients. Heritage is charged an asset-based fee applicable to Heritage Wrap Fee Accounts directly by our primary Custodian / Broker-Dealer (Charles Schwab, as noted below in the Other Financial Industry Activities & Affiliations section) which has been negotiated by Heritage. Clients are not separately charged transaction fees in the Program. The asset-based fee that Heritage pays to Charles Schwab is intended to cover trading costs in the Program. This asset-based fee does not apply to cash, and therefore, Heritage has a conflict of interest in allocating Client assets to cash in the Program to avoid paying the asset-based fee. Heritage mitigates this conflict of interest by disclosing it to clients. Heritage also believes that this conflict is mitigated by Heritage's desire to increase the value of a Client's portfolio.

Investing in debt and equity securities, mutual funds, index funds, exchange-traded funds, options, and other investments involves a risk of loss that Clients should be prepared to bear.

### ***Evaluation***

Client Accounts are reviewed on a periodic basis by the Portfolio Manager, Chief Compliance Officer, and other supervised persons at the firm. Internal account performance metrics are reviewed monthly.

### ***Other Portfolio Manager Advisory Services***

In addition to providing portfolio management and advisory services to Program Clients, Heritage provides advisory services on a standalone basis to individuals and organizations (“Hourly Clients”) through an hourly consulting arrangement. Services may include advice regarding future trades for the Hourly Client to enact, asset allocation changes, periodic rebalancing or any other service requested by the Hourly Client. Upon request from such Hourly Clients, Heritage will meet or confer on an hourly basis, with charges dependent upon the level of Heritage personnel providing the service and due immediately upon provision of consulting services. Unlike Wrap Fee Clients, Hourly Clients (1) must initiate or solicit all services or advice to be provided by Heritage, and (2) must pay any brokerage transaction, margin, wire, or custodial fees. A separate brochure with additional details will be provided to Hourly Clients, and is available to other interested parties upon request.

### ***Performance Based Fees***

Heritage accepts hourly and asset-based fees as discussed above. The firm does not currently accept performance-based fees.

### ***Voting Client Securities***

Heritage does not vote proxies on behalf of Clients. Clients may receive proxies or other solicitations directly from their Custodian or transfer agent. Clients with questions about a particular solicitation may contact Heritage at any time.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Heritage employees, including the applicable Portfolio Manager, have access to Clients’ personal financial information via investment advisory agreements, brokerage account applications, and other documents Clients may complete to open and maintain accounts with Heritage, as well as any information Clients have provided verbally.

We maintain physical, electronic and procedural safeguards within the firm’s offices to protect Clients’ personal financial information and privacy. The firm does not disclose any nonpublic personal financial information to anyone except in the following circumstances: (1) to execute transactions or otherwise provide services requested by the Client, (2) when Clients specifically authorize and direct the firm to do so or (3) when required by law to do so (such as when the firm’s books and records are examined by federal or state regulators). Additional details are available in the firm’s Privacy Policy, which will be provided to Clients at least annually.

### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients are requested to provide Heritage with information regarding changes to their financial situation or investment objectives affecting their Client Profile. Clients have the ability to contact and consult with Heritage Portfolio Managers at any time.

### **ADDITIONAL INFORMATION**

#### ***Disciplinary Information***

Neither Heritage nor any of its supervised persons have been subject to any disciplinary action.

#### ***Other Financial Industry Activities & Affiliations***

Although Heritage is not legally affiliated with any other financial industry participants, it does maintain relationships with the following entities on behalf of its clients:

- *Custodian / Brokerage Firms*

Client assets being managed by Heritage must be maintained in an account at a “qualified custodian,” as defined under Rule 206(4-2) of the Investment Advisers Act of 1940 (as amended). At present, the firm primarily recommends the usage of Charles Schwab & Co., Inc, a registered broker-dealer and SIPC member for this purpose. Heritage is independently owned and operated and not legally affiliated with Schwab. Clients will open brokerage accounts with Schwab by entering into an account agreement directly with Schwab. Heritage may not open the account for the Client, but may assist in doing so. Schwab will hold client assets in the Client’s brokerage account and buy and sell securities when instructed by Heritage to do so. Confirmations of transactions executed in the account, tax reporting information, and periodic account statements will all be sent directly by Schwab to the Client.

In recommending a custodian and/ or broker-dealer, Heritage seeks to select a firm who will hold client assets and execute transactions on terms that are, overall, reasonably most advantageous when compared to other available

providers and their services. The firm considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (such as wire transfers, check requests, and bill payment)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability
- Responsiveness to Heritage and its clients

Although the firm has not entered into any formal soft dollar arrangements, the following is provided in the interest of full disclosure. Heritage receives access to research, proprietary account management and data transmission services offered by brokers and/or the applicable Custodian. Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business which serves independent investment advisory firms like Heritage. Schwab provides Heritage and Heritage clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer client accounts, while others help manage and support Heritage's business. Schwab's support services generally are available on an unsolicited basis (Heritage does not have to request them) and at no charge to the firm as long as our clients collectively maintain a total of at least \$10 million of assets at Schwab. If Heritage's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us a nominal quarterly service fee.

This \$10 million minimum gives us an incentive to recommend that clients maintain their account with Schwab, based on an interest in receiving Schwab's services. This is a conflict of interest. However, Heritage believes the selection of Schwab as custodian and broker-dealer is in the best interest of our clients at this time. This selection is supported by the scope, quality, and price of Schwab's services.

- *Outside Investment Advisors*

The recommendation of Outside Managers is not currently a primary strategy for the firm; however, certain clients have chosen to maintain existing relationships with Outside Managers through Charles Schwab. As such, the firm currently maintains a relationship with C.H. Dean. In addition to completing an account agreement with a qualified custodian (such as Charles Schwab), Managed Account Clients must complete an agreement with the Outside Manager. A separate wrap fee program brochure will be provided to Managed Account Clients and is available to other interested parties upon request.

### ***Custody***

As previously discussed, Client assets being managed by Heritage must be maintained in an account at a "qualified custodian," as defined under Rule 206(4-2) of the Investment Advisers Act of 1940 (as amended). Under government regulations, Heritage is deemed to have custody of client assets if, for example, a client authorizes us to instruct the qualified custodian to deduct advisory fees directly from the client's account, or if a client grants us authority to move their money to another person's account.

Schwab maintains actual custody of client assets. All clients will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address the client has provided to Schwab. Account statements will show all transactions occurring in the account for the period, including the deduction of the Program Fee. In addition, Heritage will send a statement detailing the Program Fee calculation on a quarterly basis. Clients are encouraged to carefully review and compare statements received from the Custodian and Heritage.

### ***Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading***

Heritage maintains and enforces written policies reasonably designed to: (i) prevent the misuse of material nonpublic information by Heritage or any person associated with Heritage and (ii) monitor the personal securities transactions of its associated persons to prevent any potential material conflicts of interest between Heritage, any person associated with Heritage and any of its Clients.



Heritage or individuals associated with the firm may buy, sell, or hold in their personal accounts the same securities that the firm recommends to its Clients in accordance with the Firm's internal compliance procedures. Such trades will occur simultaneously with or after trades placed on behalf of Clients.

To avoid conflicts of interest, and to maintain the fiduciary responsibility Heritage has for its Clients, the firm has established the following policy: An officer, director, or employee of Heritage shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with the firm, unless the information is also available to the investing public on reasonable inquiry. No person associated with Heritage shall prefer his or her own interest to that of any Client. Personal trades in securities being purchased or sold for Clients may be effected simultaneously with or after trades are effected for clients. Heritage personnel may not anticipate trades to be placed for Clients.

The Firm's Code of Ethics allows the purchase of IPOs or private placements only with prior permission from the managing partner. Clients or prospective clients may request to receive, at no cost, a copy of the firm's Code of Ethics, which contains the firm's policies on employee trading, gifts, and outside business activities. Gifts of nominal value are acceptable, and all employees must disclose any outside business activities generating revenue, which must be approved by Anne Shinn (Chief Compliance Officer).

#### ***Review of Accounts***

Client Accounts are reviewed on a periodic basis by the Portfolio Manager, Chief Compliance Officer, and other supervised persons at the firm. Internal account performance metrics are reviewed monthly. Account positions are reviewed quarterly (at a minimum). Clients are contacted periodically and are requested to provide Heritage with information regarding changes to their financial situation or investment objectives affecting their Client Profile.

#### ***Client Referrals & Other Compensation***

Heritage does not compensate any unsupervised third-parties for client referrals or receive any additional economic benefits from unsupervised persons for providing investment advice and advisory services to Clients.

#### ***Financial Information***

Heritage is unaware of any existing financial condition issues which would be likely to impair its ability to meet contractual commitments to Clients.