

FORM ADV PART 3 – CRS (“Relationship Summary”)

March 31, 2021

Item 1 - Introduction

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. Our firm, **Heritage Asset Advisors Ltd., LLP (“Heritage”)**, is registered with the Securities and Exchange Commission as an **investment adviser**. We provide advisory accounts and services rather than brokerage accounts and services. This document gives you a summary of the types of services we provide and how you pay. Please note that the services and fees of investment advisers differ from those of broker-dealers and it is important for you to understand the differences. We encourage you to visit www.investor.gov/CRS to access free and simple tools which are available to help you research firms and financial professionals and learn about investment advisers, broker-dealers and investing.

Item 2 – Relationships & Services

“What investment services & advice can you provide me?”

Heritage offers investment advisory services to retail investors. We do not offer brokerage services. Most of our accounts are managed within our **Wrap Fee Program**. A small percentage of our accounts are managed within an **Hourly Consulting Arrangement**. There is no minimum account size for either program. We primarily recommend mutual fund investments to our clients but can also provide advice related to debt and equity securities, exchange traded funds and options.

Our **Wrap Fee Program** provides Wrap Clients with investment advisory services and the ability to trade in eligible securities without paying separate brokerage charges per trade. Our Wrap Fee Account agreements grant Heritage **discretionary** authority, meaning we can buy or sell securities without the retail investor client's consent for each trade. We will provide **ongoing monitoring** of the investments we choose and manage within Wrap Fee Accounts. We review performance and account positions on at least a quarterly basis. Wrap Fee Clients will be contacted quarterly by phone or email and are encouraged to contact us at any time to discuss their investments and any changes in their financial situation or investment objectives.

Hourly Consulting Arrangements provide for investment advice on a **one-time or as-needed basis**. We will meet or confer to provide advice regarding future trades, asset allocation, periodic rebalancing or other services specifically requested. Unlike Wrap Fee Clients, Hourly Clients must initiate or solicit all services and advice and must pay brokerage and custodial fees as well as an hourly rate. These accounts are managed on a **non-discretionary** basis, meaning the Hourly Client must make the ultimate decision regarding the purchase or sale of investments. Assets held in Hourly Accounts will typically not be monitored on a regular basis.

ADDITIONAL INFORMATION: Please visit our website &/or request a free copy of our *Form ADV Part 2 Brochure* to obtain more detailed information and fee schedules for each of our programs.

Other key questions to ask:

- “Given my financial situation, should I choose an investment advisory service? Why or why not?”
- “How will you choose investments to recommend to me?”
- “What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

Item 3 – Fees, Costs, Conflicts, & Standard of Conduct

“What fees will I pay?”

In the **Heritage Wrap Fee Program**:

- You will pay us an annualized wrap fee ranging from 0.75% to 1.50% of the amount of assets in your account. The percentage you pay depends upon the amount of assets we manage and is negotiable. The wrap fee, which is calculated and payable quarterly, reduces the value of your account and will be deducted from your account automatically. The fee includes the ongoing investment advice we provide and the fees we pay the account custodian, Charles Schwab. Wrap fees are typically higher than other asset-based advisory fees because they include the portion payable to the custodian.
- Asset-based advisory fees, including wrap fees, create a conflict of interest in that the more assets you have in an account, the more you will pay in fees. This gives us an incentive to encourage you to increase the assets in your accounts with us. Before opening a new wrap fee or other asset-based fee account or adding new funds to an existing account, you should evaluate whether the fee structure is appropriate for your individual financial situation and objectives.
- The wrap fee covers investment advice, transaction fees, and custody. You will also pay the account custodian directly for any margin or wire fees.
- We primarily recommend mutual funds to our clients. Mutual funds impose additional fees and expenses that will

reduce the value of your investment over time. Other investment advisers may prefer to recommend different investments that have lower expenses.

In a **Dean Managed Wrap Fee Program**: The same terms and conflicts apply as above, but your annualized wrap fee will be 1.60% (0.75% for Heritage + 0.85% for Dean). Heritage will collect the fee on a quarterly basis and remit Dean's portion.

In an **Hourly Consulting Arrangement**: You will pay an hourly rate ranging from \$100-200 per hour, depending upon which investment professional you have chosen to work with, as agreed to in the Hourly Consulting Agreement. Hourly charges are assessed and due at the close of the meeting. You will also be responsible for ALL custodial, transaction, wire and/or margin charges and any other expenses in your account(s). The hourly fee you pay us will only cover investment advice.

ADDITIONAL INFORMATION: You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you will be paying and review our website and *Form ADV Part 2 Brochure*.

Other key questions to ask:

- “Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

“What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?”

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- Most of our accounts are managed in our Heritage Wrap Fee Program. We are charged an asset-based fee by Charles Schwab for these types of accounts. The asset-based fee does not apply to cash, and therefore, we have a conflict of interest in allocating to cash. We believe this conflict is mitigated by our desire to increase the value of your portfolio. As of year-end approximately 2% of our assets under management were allocated to cash.
- A wrap account can cost more than other types of accounts. You could pay less by choosing an adviser &/or custodian who offers a different fee structure or allows you to pay for services like trading expenses and custody separately. To see what you would pay for transactions in a non-wrap account please visit www.schwab.com/aspricingguide.

ADDITIONAL INFORMATION: Please visit our website to access additional information and examples of how our conflicts of interest can affect you as a retail investor.

Other key questions to ask:

- “How might your conflicts of interest affect me, and how will you address them?”

“How do your financial professionals make money?”

As a controlling partner, Patrick Shinn is compensated based upon Heritage's income, which is calculated by taking the amount of revenue (fees received from clients for advisory services based upon assets under management) less business expenses (general and administrative costs including office expenses, employee payrolls, & account custodian fees; among others). Our other financial professionals receive wages based upon how many hours they work regardless of firm assets under management or any other factor.

Item 4 – Disciplinary History

“Do you or your financial professionals have legal or disciplinary history?”

No. We encourage you to visit www.investor.gov/CRS for a free and simple search tool to research Heritage and our financial professionals.

Other key questions to ask:

- “As a financial professional, do you have any disciplinary history? For what type of conduct?”

Item 5 – Additional Information

“How can I find out more about Heritage and its financial professionals?”

Retail investors can obtain additional information about our investment advisory services by visiting the Securities & Exchange Commission's website at www.adviserinfo.sec.gov or www.investor.gov/CRS, and our firm's website at www.heritageassetadvisors.com. You may also call us to request information and obtain a copy of this relationship summary and our full *Form ADV* at no charge. Our office telephone number is 281-966-3370.

Other key questions to ask:

- “Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”