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**ADV Part 2A**

**March 25, 2024**

**This brochure provides information about the qualifications and business practices of Heritage Investors Management Corporation. If you have questions about the contents of this brochure, please call 301-951-0440. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Heritage Investors Management Corporation is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.**

## **Item 2: Material Changes**

There has been a material change since our July 10, 2023 filing. Gayl Tjornehoj, formerly Chief Operating Officer & Corporate Secretary, retired from Heritage on January 31, 2024. Beth Rosen was appointed Chief Operating Officer on February 1, 2024, and Andrew Schenker was appointed Corporate Secretary on February 1, 2024.

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#### **Item 4: Advisory Business**

Heritage Investors Management Corporation, founded in 1974, provides investment management services and is registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. The firm, owned by its President, Michael S. Cornfeld, and his family's Trusts, offers professional, personalized investment management to meet the individual objectives of its clients. Heritage manages portfolios of stocks, bonds, exchange traded funds, and money market instruments for individuals, IRAs, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, partnerships, endowment funds, conservatorships, associations, foundations, donor advised funds, and guardianships.

Each portfolio is tailored to the needs of the client. We consider each client's risk level, tax situation, age, income and growth needs among other factors when selecting securities for a portfolio. Clients may wish to restrict Heritage from investing in certain types of securities or in certain industries. These restrictions are respected. The exclusion of tobacco stocks in a portfolio is an example of such a restriction.

A prospective client or current client requesting information about our services is provided with a description as detailed in the ADV Part 2A and Form CRS.

As of December 31, 2023, Heritage manages \$3,651,820,300 on a discretionary basis and an additional \$12,035,738 on a non-discretionary basis.

#### **Item 5: Fees and Compensation**

Heritage charges a fee for its investment services. Usually a percentage of assets under management is charged, but occasionally an hourly charge or a fixed fee may be negotiated. The fee for the first period of service is based upon the market value of the account at its inception. Thereafter, the fee is based on the value at the end of each subsequent quarterly period. The annual rate shall equal:

1% on the first \$1,000,000 under management and  
.50% on the balance over \$1,000,000.  
The minimum fee is \$10,000.

In certain circumstances, the fees may be negotiable.

Accounts of family members are managed separately but are often combined for fee purposes. Clients are given the option of paying the management fee by check or by having the fee deducted from the client's portfolio. In the event the relationship terminates prior to the end of a billing period, the fee is refunded on a pro-rata basis. Fees will be assessed on all the holdings in the portfolio including mutual funds, money market funds, and exchange traded funds, asset categories which carry their own fees. Heritage does not participate in any sales based compensation. Unless directed otherwise, we do not buy

mutual funds for our clients. Thus, we do not have a conflict of interest other advisors might have who may receive asset based sales or service fees.

When appropriate, Heritage may recommend that a client roll over an account held in a former employer's retirement plan or transfer an existing Individual Retirement Account ("IRA") to an IRA for Heritage to manage. The way Heritage makes money creates some conflicts with the client's interests, so Heritage operates under a special rule that requires Heritage to act in the client's best interest and not put the firm's interests ahead of the interests of its clients. If the client elects to rollover assets into an IRA to be managed by Heritage, the account will be subject to Heritage's advisory fee per the client's agreement. No client or prospective client is under any obligation to roll over retirement plan assets or transfer an existing IRA to an account managed by Heritage. If requested, Heritage will perform an analysis of the economics of such a rollover or transfer.

Occasionally, Heritage will be engaged to consult on a financial matter. Such consulting services are available to individuals and entities that are not clients on an hourly basis not to exceed \$500 per hour. Investment advisory clients are not charged for meetings or consultations.

As a condition of Heritage's managing their assets, clients are required to arrange for custody of their assets either at a trust department, trust company, or a brokerage firm. These qualified custodians provide many valuable services which include holding the client's assets, settling trades, collecting dividend and interest payments, providing statements to the client, arranging for transfers of cash to the clients, issuing tax statements, and following instructions for collecting fees from the account.

When a client has an account at a trust company or a trust department, that arrangement allows Heritage to trade with any number of brokerage firms. We believe that the advantages of this type of relationship are greater flexibility on stock broker selection, low commission rates when trading stocks, and lower transaction costs when trading bonds. These custodians charge asset-based monthly or quarterly fees to administer the account. We believe these fees are cost effective.

Clients who custody their assets at brokerage firms will generally not pay asset-based fees to administer the account. Currently, stock trading in these accounts is less expensive than for clients who have selected a trust company or a trust department custodian. These stock trades (often free) are effectively limited to the brokerage firm that holds custody. For this reason, these relationships are considered Directed Brokerage (see discussion in Item 12: Brokerage Practices). Bond trades are generally executed through financial institutions other than the designated brokerage firm which holds custody and have an added cost of a trade away fee.

There are other fees that clients of investment advisory firms are charged. For example, sales of stock are subject to a nominal Securities and Exchange Commission fee. Some security trades are subject to negotiated broker commission rates and bid/ask spreads. Heritage is not a brokerage firm and does not receive cash compensation for the trades it

enters on behalf of its clients. Additional information on Heritage's brokerage practices can be found in Item 12.

### **Item 6: Performance-Based and Side-by-Side Management**

Heritage does not charge performance-based fees; consequently, we have no incentive to favor one client over another.

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

Heritage manages portfolios for individuals, IRAs, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, partnerships, endowment funds, conservatorships, associations, foundations, donor advised funds, and guardianships. Our minimum account size for new relationships is \$1,000,000 although exceptions are made from time to time.

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

Heritage utilizes a variety of methods and strategies to analyze stocks, bonds, and portfolios. These include the use of fundamental research and technical analysis. Our portfolio managers read financial newspapers, news services, magazines, and research materials prepared by analysts, companies, brokerage firms, and professional rating services. We analyze corporate reports, both annual and quarterly, prospectuses, filings with the SEC, as well as company press releases and online services. We also examine financial reports issued by municipal bond issuers.

The investment strategies that may be used to implement advice given to clients include long-term purchases, short-term purchases, trading (securities sold within 30 days), short sales, margin transactions, and derivative instruments such as bank notes and options. Heritage engages almost exclusively in long-term purchases of securities.

Investment strategies are dependent upon the requirements and objectives of the clients. Strategies will vary depending upon domestic and international economic and political events and the impact they might have on the stock and bond markets. We do not subscribe to the philosophy that securities can be acquired and held forever. Investments generally are held for a time period to provide maximum after-tax returns. We believe strongly in diversification and adjust the proportion of classes of securities to be held at any given time due to economic and market conditions. Very infrequently, we will write covered options, buy securities on margin, and sell securities short, but only after we have consulted with the client to discuss the potential risks and rewards and have obtained written approval.

Our main investment strategy is to buy and sell publicly traded U.S. stocks, bonds, and exchange-traded funds for our clients, and in some cases to buy foreign bonds and foreign stocks which in most cases are traded in the U.S. as ADRs (American Depositary Receipts). The value of U.S. stocks will rise and fall due to changes in the financial results of individual companies, the condition of the U.S. and world economies, interest rates, market conditions, and many other factors. While historically the U.S. stock market has generally done well over the long term, there have been many periods during which stock prices have dropped and, in some cases, sharply. The value of bonds depends on the credit quality and ratings of individual issuers, and also on the general level of interest rates, which are affected by the health of the U.S. economy, U.S. government fiscal and monetary policy, and market conditions. At times in the past, interest rates and bond prices have fluctuated sharply, particularly during times of extreme stress in the U.S. economy. In addition to the factors already mentioned, the value of foreign stocks and bonds will also fluctuate due to the state of foreign economies, trade policies, foreign interest rates, and currency exchange rates. Political instability in foreign countries may also adversely affect the value of foreign investments. Clients need to recognize that such wide fluctuations will occur and at times substantial losses may result in their portfolios especially if securities are sold at times of low valuations.

All investing involves risks, and investors should recognize that losses are possible in their portfolios. Over the last few years, market swings of 50% have occurred and may occur again. We believe that constructing a diversified portfolio of stocks (by industry), quality bonds (by maturity), and cash instruments will mitigate some but not all of those risks. We believe that by not trading frequently and by focusing the portfolio and the clients on the longer term, the inherent risks in investing may be decreased but not eliminated.

#### **Item 9: Disciplinary Information**

We have never had any legal or disciplinary actions against our firm nor have any of our employees ever been involved in a legal or disciplinary event.

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

Heritage is not registered as a broker-dealer nor are its employees registered as registered representatives of a broker-dealer firm. Occasionally, Heritage may recommend or suggest accountants, attorneys, or other financial professionals to our clients, but we do not receive compensation directly or indirectly for such activities. We believe that recommending other professionals with whom we have had successful business dealings and who may refer clients to us may appear to create a conflict of interest; therefore, we will acknowledge to our clients existing business relationships at the time such referrals are made or received.

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

We have adopted a Code of Ethics (“the Code”) which sets forth standards of conduct expected of all our personnel and addresses conflicts of interest that may arise from their work in an advisory firm. The Code is intended to promote compliance with fiduciary standards to which advisory firms are required to adhere. We expect all of our employees to conduct themselves with honesty, integrity, and professionalism toward our clients, one another, and our business partners.

The Code covers conflicts of interest with clients, confidentiality of client information, insider trading, and employee personal trading. A copy of the Code will be provided upon request.

One of the purposes of the Code is to prevent the firm, associated persons, and certain relatives from benefiting from any price movement that may be caused by client transactions or the firm’s recommendations regarding such securities. Among other things, the Code requires employees to obtain clearance before they buy or sell any security (other than certain government securities and money market funds) and prohibits transactions when the employee knows that the firm is contemplating effecting similar transactions in client accounts. Generally, the firm does not allow employees to trade in individual securities that clients hold, except for mutual funds and exchange traded funds. From time to time, employees may trade in individual securities also held by clients. Each trade in individual securities is examined to make sure that the employee's trade would not create a conflict of interest at the time of the trade. Quarterly, employees are required to disclose all reportable personal securities transactions in which they engaged and are required to disclose all reportable securities held.

## **Item 12: Broker Practices**

Brokerage

*General*

Our clients generally rely on us to determine the broker or dealer through which their transactions will be effected although some clients may direct us to use (or not to use) a particular broker or dealer for a portion or all of the transactions in their accounts. We generally make those determinations on a transaction-by-transaction basis. We may use electronic trading networks for equity trades when their use is consistent with the execution quality factors discussed below. Bond trading is effected through brokerage firms and electronic trading networks based on the factors discussed below.

*Execution Quality*

In selecting brokers and dealers, the firm's primary objective is to obtain the highest overall quality execution of transactions. In evaluating whether a broker or dealer will be able to provide "best execution," historical net prices (after brokerage commissions, if any, and other transaction costs) on previous transactions is a principal factor, but other, related factors are relevant, including: the execution, clearance and settlement capabilities of the broker or dealer generally and in connection with securities of the type involved; the nature, quality, and quantity of proprietary investment information and research services and products the broker or dealer has provided or is willing to provide; the broker or dealer's ability and willingness to commit its capital to facilitate transactions (by participating for its own account); the broker's or dealer's reliability, integrity, and financial stability; the size of the particular transaction and its complexity in terms of execution and settlement; the importance of speed or confidentiality in the particular transaction; and the market for the security. In light of our consideration of the various factors above, commissions or other transaction compensation paid to brokers and dealers on client transactions may not be the lowest available; however, we believe considering factors beyond commission rates is important to optimizing overall execution quality and overall investment management services.

#### *Aggregation and Allocation of Orders*

When we buy or sell the same security for two or more clients, we may place concurrent orders with a single broker to be executed together as a single "block" in order to facilitate orderly and efficient execution. The securities are allocated to client accounts, either before or promptly after the transaction, based on client investment objectives and client guidelines which include factors such as account cash levels, asset allocations, sector weights, and securities holdings. Whenever we do so, each account on whose behalf an order was placed receives the average price and bears a proportionate share of all transaction costs, based on the size of that account's order. On many occasions, we will not block orders because in doing so we may create a block which might result in the clients receiving a less advantageous execution. In our experience, the commission paid for large stock orders and small stock orders have been about the same cost per share.

Heritage and its employees' related accounts generally will not be included in the client aggregations. An exception to this restriction is accounts of clients who are related to our employees. We are mindful of our duty to do the best for clients and to be fair to all clients with no favoritism.

Heritage will normally allocate partially filled orders on a pro rata basis but will consider random allocation at times. For example, a random allocation program may be used to fill client orders of limited availability or thinly-traded securities, in order to avoid allocating tiny blocks of such securities.

#### *Research Services*

*Generally.* As indicated above, when selecting broker-dealers for particular transactions, we often consider the value of proprietary research that a broker-dealer has



provided or may be willing to provide. This is commonly known as paying for those services or products with “soft dollars.” Because many of those services could be considered to provide a benefit to the firm and, because the commissions used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business. In other words, Heritage could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction fee charged by that broker or dealer might not be the lowest fee the firm might otherwise be able to negotiate.

During the last fiscal year, we did not direct any client transactions to any broker dealers that may have referred clients to us. We believe that trying to obtain the most favorable execution for our client is more important than receiving client referrals from broker-dealers.

*Proprietary Research and Brokerage Products and Services.* The proprietary research products and services we may receive from brokers may include economic surveys, data and analyses, financial publications, and specific stock recommendations or other information about particular companies and industries (through in-depth research reports and otherwise). All research products and services received provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities, consistent with Section 28(e) of the Securities Exchange Act. This section of the law details the circumstances in which client commission dollars can be used by investment advisers to obtain research materials. We use these products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

The firm’s practices in this area are done in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. That safe harbor is available if, among other things, when placing orders with a particular broker we determine, considering all the factors described above, that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer. In making that determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services in our performance of our overall responsibilities to all of our clients. The commission a broker who provides research charges for a particular transaction or set of transactions may be greater than the commission another broker who did not provide such services or products might charge.

We do not exclude a broker from our list of eligible brokers simply because the broker has not been identified as one providing soft dollar research products and services, although we may not be willing to pay the same commission to those brokers as we would have paid had the broker provided such products and services. Importantly, we have no commitments to place commission business with any brokerage firm.

During the last fiscal year, we executed the vast majority of our stock trades at what we believe are very low commission rates usually \$0.0065 per share.

*Review.* Our Trading Committee is responsible for overseeing the firm's brokerage and trading practices. The Committee is comprised of key personnel who are knowledgeable in trading and compliance practice. They devote time to implementing our broker-dealer selection process and monitor the quality of executions provided by the various brokers and dealers through whom we execute transactions on behalf of clients as well as the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

### Directed Brokerage

Some clients may instruct us to use one or more particular brokers or dealers for some or all of the transactions in their accounts. They may decide to choose a brokerage firm as opposed to a Trust Company or Trust Department as their custodian in order to save the custodian fee as described in Item 5, for personal reasons, or as a requirement of an employer's retirement plan. Clients who may want to direct us to use a particular broker-dealer should understand that their direction may prevent us from aggregating orders with other clients, executing trades at the same time as other clients, or from effectively negotiating brokerage commissions on their behalf, and they may even prevent us from obtaining the most favorable net price and execution. Bond transactions in particular may be limited and/or have wider spreads (markups and markdowns). Thus, in directing brokerage business, those clients may lose possible advantages that non-designating clients may have. Clients who direct brokerage should consider whether the lower custodial fees and commission rates offset the trade away fees, and different executions, clearance and settlement capabilities they will obtain. Bond trades are generally executed through financial institutions other than the brokerage firm which has custody and has an added cost of a trade away fee. When that occurs, the client will have an added cost of a trade away fee, usually \$15.00 per trade.

### **Item 13: Review of Accounts**

Accounts are reviewed periodically to determine achievement of client objectives, adequacy of the cash balances on hand, the diversification of the portfolio, and the appropriateness of the security positions. Reviews may be triggered by economic and political events, client requests, changes in specific company or issuer information, changes in market conditions, and changes in objectives. The portfolios are reviewed by our staff of seven portfolio managers. Each portfolio manager is responsible for up to 275 portfolios. Since all of the portfolios are evaluated daily, portfolio managers are always using current information regarding values, performance, asset allocation, and upcoming withdrawals when reviewing the client's portfolio. In depth performance reports are generated monthly and reviewed by portfolio managers.

On a quarterly basis, a performance report and a statement of assets are provided to each client. All holdings on the statement show cost and market value as well as dividend and interest income and indicated yield. The client's independent custodian or brokerage firm also issues reports directly to the client at least quarterly. Performance reports are provided by Heritage for the total portfolio and for the fixed income, equity, and cash components. Heritage will provide additional reports upon request. Clients are urged to compare the value of their portfolio as prepared by Heritage with the value calculated by the client's custodian. Values differ due to timing differences, trades in progress, accrued income, miscellaneous assets, and differences in pricing as reported by the different pricing services utilized by each firm. On a routine basis, Heritage compares the prices of its security pricing service with that of the custodians to verify the accuracy of its prices which are used in client evaluations, billing, and performance reports. When a discrepancy is found, appropriate action is then taken.

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

Heritage does not compensate any person for client referrals nor do we receive any compensation from other firms or individuals for any referrals. Occasionally, Heritage may recommend or suggest accountants, attorneys, or other financial professionals to our clients, but we do not receive compensation directly or indirectly for such activities. We believe that recommending other professionals with whom we have had successful business dealings and who may refer clients to us may appear to create a conflict of interest; therefore, we will acknowledge to our clients existing business relationships at the time such referrals are made or received.

Occasionally an employee of Heritage may receive a gift of limited value from a service provider or a client. Such gifts are recorded and reviewed to see if the acceptance of the gift might result in a conflict of interest. If the gift was determined to present a conflict of interest, the gift would be returned or donated to charity.

#### **Item 15: Custody**

All client assets are held by a brokerage firm, a trust department, or a trust company. Brokerage firms usually send statements to clients on a monthly basis; while bank custodians and trust companies send statements to clients at least quarterly. Clients should review these statements carefully and compare them with the statements Heritage provides. Many clients have authorized their custodian to withdraw the Heritage fee from their account. Please note that the custodian, upon request, may receive a copy of the invoice. An invoice and statement is included with the quarterly report and sent to the client. Heritage is deemed to have custody of its clients' accounts because we are authorized by our clients to have management fees debited from their accounts held by custodians; we manage our own retirement plan and one of our executives is the Trustee; we are requested by clients to assist in the movement of funds and assets to clients and to third parties; and employees of Heritage may serve as trustees of client's portfolios. As

required by the Securities and Exchange Commission to make sure that client assets are safeguarded, Heritage has engaged an independent accounting firm to conduct a surprise audit annually to verify the assets held by the client's custodian.

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

Generally, clients grant us, as provided by our advisory agreement, the discretionary authority to select which and how many securities to buy or sell. This authority is granted by a limited power of attorney. We agree to adhere to all investment objectives, guidelines, and restrictions imposed by the client. These may include restrictions limiting our ability to purchase companies in certain industries such as tobacco or alcohol to name a couple. We manage each client's account on an individual basis. When we determine that a particular security should be acquired, the accounts are reviewed to ascertain if the security is suitable and appropriate for the client. We take into consideration many factors. Among them are the client's objectives and risk tolerance level, the diversification needs of the portfolio, the cash position and liquidity needs of the client, and the holdings in the specific industry or similar companies. Only then will a security be purchased for a client's portfolio.

#### **Item 17: Voting Client Securities**

Heritage has adopted and implemented policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of the clients. Authority to vote the proxies is established by our advisory agreement. Upon request by a client, Heritage will provide a copy of these policies and procedures along with a record of how proxies were voted.

Proxies are voted based on what Heritage believes is in the best interest of each client. Heritage believes that the company's recommendation on any issue should be given substantial weight in determining how an issue should be voted. Therefore, our votes may be consistent with the company's recommendations. However, when we believe the company's position on an issue is not in the best interests of our clients, we may cast a different vote.

Should there be any material conflicts between Heritage's interests and the clients' interests such conflicts should be resolved in the best interest of the clients. Clients may direct us to vote their proxies in a specific manner. We document and honor all special requests and vote proxies accordingly.

Where clients have reserved the right to vote their own proxies, the clients will receive their proxies directly from the custodian or the company designated to handle the distribution of proxy voting materials by the custodian. Should these clients wish to discuss the voting of their proxies, they may do so with a portfolio manager.

**Item 18: Financial Information**

We believe that our strong financial position is sufficient to allow us to honor all our contractual commitments to our clients.

**HERITAGE INVESTORS  
MANAGEMENT CORPORATION**

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**Balance Sheet  
with  
Independent Auditor's Report  
December 31, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Stockholders of  
Heritage Investors Management Corporation

### **OPINION**

We have audited the accompanying balance sheet of Heritage Investors Management Corporation at December 31, 2023, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Heritage Investors Management Corporation as of December 31, 2023, in accordance with accounting principles generally accepted in the United State of America.

### **BASIS OF OPINION**

We conducted our audit in accordance with auditing standards generally accepted in the United States America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Heritage Investors Management Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

### **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENT**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage Investors Management Corporation's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.





#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- a. Exercise professional judgment and maintain professional skepticism throughout the audit.
- b. Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- c. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heritage Investors Management Corporation's internal control. Accordingly, no such opinion is expressed.
- d. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- e. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage Investors Management Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Grossberg Company LLP*

Bethesda, MD  
March 12, 2024

**HERITAGE INVESTORS MANAGEMENT CORPORATION**

**BALANCE SHEET**

**DECEMBER 31, 2023**

<u>Assets</u>	
<b>Current assets:</b>	
Cash and cash equivalents (Note 2)	\$ 3,772,962
Short-term marketable securities (Note 3)	5,908,292
Accounts receivable - trade	9,484
Accrued interest receivable	56,605
Prepaid expenses	80,123
Prepaid state taxes (Note 8)	125,512
<b>Total current assets</b>	<b>9,952,978</b>
<b>Property and equipment, net of accumulated depreciation of \$598,003</b>	234,024
<b>Cash value of insurance policy (Note 4)</b>	170,982
<b>Long-term marketable securities (Note 3)</b>	1,148,169
<b>Operating lease right-of-use asset (Note 6)</b>	1,076,967
	<b>\$ 12,583,120</b>
<u>Liabilities and Stockholders' Equity</u>	
<b>Current liabilities:</b>	
Accounts payable	\$ 28,228
Accrued compensation	181,145
Current portion of lease obligation (Note 6)	221,260
Accrued profit-sharing plan contribution (Note 7)	398,281
<b>Total current liabilities</b>	<b>828,914</b>
<b>Long-term portion of lease obligation</b>	1,023,890
<b>Total liabilities</b>	<b>1,852,804</b>
<b>Stockholders' equity:</b>	
Common stock - no par value; 7,143 shares authorized; 3,857 shares issued and 1,000 shares outstanding	8,500
Additional paid-in capital	700,000
Retained earnings	10,291,492
Accumulated other comprehensive income	33,324
	<b>11,033,316</b>
Treasury stock, 2,857 shares	(303,000)
<b>Stockholders' equity - net</b>	<b>10,730,316</b>
	<b>\$ 12,583,120</b>

See accompanying notes.

# HERITAGE INVESTORS MANAGEMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

### 1. *Accounting policies*

Nature of operations - Heritage Investors Management Corporation operates from a single location in Bethesda, Maryland. We provide investment advisory services to clients on a for-fee basis.

Use of estimates - We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, and all highly-liquid debt instruments purchased with an original maturity of three months or less.

Marketable securities - Marketable securities are classified as available-for-sale and are carried at fair value, with related unrealized gains and losses reported as accumulated other comprehensive income (loss), a separate component of stockholders' equity. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in investment income, along with interest and dividends. The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in investment income.

Investment securities are reviewed for impairment in accordance with FASB Accounting Standards Codification Topic 320, Investments - Debt and Equity Securities. We periodically review our investments for indications of other than temporary impairment considering many factors, including the extent and duration to which a security's fair value has been less than its cost, overall economic and market conditions, and the financial condition and specific prospects for the issuer. Impairment of investment securities results in a charge to income when a market decline below cost is other than temporary.

Accounts receivable and allowance for credit losses - Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

We adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. The effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

# HERITAGE INVESTORS MANAGEMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

### 1. *Accounting policies (continued)*

Property and equipment - We record property and equipment at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets, which range from five to eleven years. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Depreciation expense for the year ended December 31, 2023 aggregated \$50,239.

Leases - We lease office space in a high-rise office building. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use asset and lease obligation on our balance sheet.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When the implicit rate in the lease is not available, we use our incremental borrowing rate or a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Variable lease payments are excluded from the measurement of the ROU asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained substantially all of the rights to the underlying asset through exclusivity, if we can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Revenue recognition - The majority of the Company's revenue is recognized over time based on the transfer of control. Revenue recognized over time primarily consists of a single performance obligation to transfer promised services that are satisfied within one year or less. Contract modifications are generally minimal. See Note 5 for required disclosures and our revenue recognition accounting policies.

Subsequent events - The Company has evaluated subsequent events through March 12, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2023, have been incorporated into these statements.

### 2. *Cash and cash equivalents*

We maintain a portion of our cash and cash equivalents in a deposit account with a major U.S. bank. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, the balances did not exceed the FDIC limit. We have not experienced any losses in these accounts and do not believe we are exposed to any significant credit risk on our deposits.

**HERITAGE INVESTORS MANAGEMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**2. Cash and cash equivalents (continued)**

At December 31, 2023, we had invested \$3,665,633 in a money market mutual fund. The fund invests in short-term debt instruments and seeks to maintain a stable \$1 per share value. This account is not insured by the FDIC. We have not experienced any losses in such account and do not believe we are exposed to any significant credit risk on the balance of our account in this fund.

**3. Marketable securities**

All of our marketable securities are classified as available for sale-type securities consisting of tax-exempt municipal bonds as follows at December 31, 2023:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain</u>	<u>Accumulated Unrealized Loss</u>
Municipal debt securities				
Due in 2024	\$ 543	\$ 570	\$ 27	\$ -
Due after 2024	654,426	659,499	7,393	(2,320)
	654,969	660,069	7,420	(2,320)
Government securities				
Due in 2024	5,884,388	5,907,722	35,393	(12,059)
Due after 2024	483,780	488,670	4,890	-
	6,368,168	6,396,392	40,283	(12,059)
	\$ 7,023,137	\$ 7,056,461	\$ 47,703	\$ (14,379)

The following table sets forth by level, within the fair value hierarchy, the Company's investments, which are measured at fair value at December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>
Municipal debt securities issuing by state:		
Maryland	\$ 612,049	\$ 612,049
Puerto Rico	48,019	48,019
Government securities	6,396,393	6,396,393
	\$ 7,056,461	\$ 7,056,461

## HERITAGE INVESTORS MANAGEMENT CORPORATION

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

#### 3. *Marketable securities (continued)*

Accounting principles generally accepted in the United States have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 3 inputs are used only when Level 1 or Level 2 inputs are not available for specific assets. The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets. When available, the Company measures fair value using Level 1 or 2 inputs because they generally provide the most reliable evidence of fair value. No Level 3 or 2 inputs were needed to determine fair value of investments held at December 31, 2023.

#### 4. *Cash value of officer's life insurance*

We are the owner and beneficiary of insurance policies with a face value aggregating \$500,000 on the life of the president/majority stockholder. The liquidation value of the policies was \$170,982 at December 31, 2023.

#### 5. *Revenue recognition*

Significant accounting policies - Revenue is measured based on a formula to determine consideration specified in the contracts with our clients. Generally, we bill our clients in advance of the service period and recognize such billings in revenue as performance obligations are satisfied, ratably over the service period. The terms of the contracts with our clients require that we refund any unearned fees upon cancellation of such contracts.

Disaggregation of revenue - Fee revenue for investment advisory services provided to our clients is recognized in revenue over time. Fees billed to clients may be influenced by several factors, including market performance of each client's assets under management.

Contract balances - Contract assets include unpaid client billings and are included in accounts receivable - trade on the balance sheet. Contract liabilities include deferred revenue resulting from client fees received in advance of the service period. Such deferred revenue is expected to be recognized in revenue in the subsequent year based on the passage of time. At December 31, 2023, contract assets were \$9,484. There were no contract liabilities at December 31, 2023. At the beginning of the year, contract assets were \$15,380 and no contract liabilities.

Performance obligations - For performance obligations related to investment advisory services, control transfers to clients over time. Fees for such services represent variable consideration, as the transaction price is generally based on a percentage of assets under management at a given point in time, as defined in each contract. Any additional services provided to clients are considered interrelated with the investment advisory services and immaterial to each contract as a whole.

Significant judgements - The Company recognizes contract revenue for financial reporting purposes ratably over time. This method is used as investment advisory services are considered ongoing throughout the service period.

HERITAGE INVESTORS MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Lease

We conduct our operations in office space rented under an operating lease which expires December 31, 2028. Operating lease cost for the year ended December 31, 2023 totaled \$250,859, including \$16,999 of variable lease payments related to reimbursement of common area maintenance costs, and is included in administrative expenses on our statement of operations and comprehensive income. The present value of lease payments under this lease are based on a risk-free rate of 2.79%, determined at commencement of the lease. There were no operating lease ROU assets obtained in exchange for lease liabilities during 2023.

Operating lease obligation and future minimum lease payments under this lease non-cancellable lease, are as follows:

<u>Year ending December 31,</u>	
2024	\$ 253,185
2025	260,155
2026	267,290
2027	274,642
2028	282,212
Total future minimum payments	1,337,484
Less: Imputed interest	(92,334)
Present value of future minimum lease payments	1,245,150
Less: Current portion of lease obligation	(221,260)
Long-term portion of lease obligation	\$ 1,023,890

We have the option of extending the lease for an additional five year term. The above amounts only include future minimum lease payments due during the current lease term and the option has not been included as part of the ROU asset or lease liability as the extension term rent payments will be based on market rents at the start of the extension term. Our lease agreement provides for fixed annual escalations of rental payments.

We also lease storage space on a month-to-month basis, which qualifies for the short-term lease exception. Rent expense associated with the storage space was \$6,376 for the year ended December 31, 2023 and is included in administrative expenses on our statement of operations and comprehensive income.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**HERITAGE INVESTORS MANAGEMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**7. *Retirement plans***

We maintain a qualified defined contribution cash or deferred arrangement profit sharing and 401(k) plan (the Plan) covering substantially all employees. The Plan also permits participants to make Roth 401(k) contributions. Annual contributions to the Plan are at the sole discretion of the Board of Directors, but are limited to 25% of the allowable compensation paid or otherwise accrued to all participants during the year. Expense recognized for safe-harbor contributions to the Plan was \$91,911 for the year ended December 31, 2023. Expense recognized for other employer contributions to the Plan for the year ended December 31, 2023 was \$306,370. Contributions for 2023 will be remitted in 2024.

**8. *Income taxes***

We elected S corporation status under the Internal Revenue Code effective July 1, 2001. In lieu of corporate income taxes, the stockholders of an S corporation are required to report on their personal federal and state income tax return their proportionate share of our taxable income.

We made the election to pay the Maryland state tax for our stockholders for 2023. This election is the result of a law passed by the Maryland State Senate which allows a Federal deduction for the Maryland state taxes paid based on the stockholders' share of our income. This tax is now considered a tax on the entity and is specifically allocated to each member based on their share of income. The current Maryland state tax rate is 8% for our individual and fiduciary members.

Our Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years prior to 2020, generally for three years after the returns were filed.



## Part 2B

### Item 1. Cover Page

Michael S. Cornfeld, CFA

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March 25, 2024

This brochure supplement provides information about Michael S. Cornfeld that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

**Item 2: Education Background and Business Experience:**

Michael S. Cornfeld  
Year of Birth: 1949

Education:

Columbia University, MA 1973  
Cornell University, BA 1971  
Chartered Financial Analyst 1978  
Chartered Investment Counselor 1984

Business Background:

Heritage Investors Management Corporation:  
Chairman of the Board of Directors, September 1990 to present  
President and Treasurer, October 1985 to present  
Chief Compliance Officer, October 2004 to March 2022  
Vice President, January 1975 to October 1985

**Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Cornfeld.

**Item 4: Other Business Activities**

Mr. Cornfeld is not engaged in any other investment-related business.

**Item 5: Additional Compensation**

Mr. Cornfeld's sole source of compensation is from Heritage Investors. He has no other business compensation.

**Item 6: Supervision**

Mr. Cornfeld is the President of Heritage Investors Management Corporation and is an active participant in the investment management process. As the Chief Executive Officer, Mr. Cornfeld is responsible for the day-to-day activities of the entire firm. As President, Mr. Cornfeld is deemed to supervise himself.

## Item 1. Cover Page

Derek R. Stone, CFA

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March 25, 2024

This brochure supplement provides information about Derek R. Stone that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

**Item 2: Education Background and Business Experience:**

Derek R. Stone  
Year of Birth: 1958

Education:

University of Pennsylvania, Wharton School, MBA 1982  
Harvard College, BA 1980  
Chartered Financial Analyst 1985  
Chartered Investment Counselor 1985

Business Background:

Heritage Investors Management Corporation:  
Senior Vice President, March 2021 to present  
Vice President, July 1992 to March 2021  
Portfolio Manager and Analyst, July 1982 to present

**Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Stone.

**Item 4: Other Business Activities**

Mr. Stone is not engaged in any other investment-related business.

**Item 5: Additional Compensation**

Mr. Stone's sole source of compensation is from Heritage Investors. He has no other business compensation.

**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Andrew Schenker or Michael Cornfeld approves the proposed trades by reviewing each manager's proposed portfolio changes and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Schenker, Chief Investment Officer.

## Item 1. Cover Page

Kenneth J. Long, CFA, CPA

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Fax: 301-951-4954  
Email: [Ken@HeritageInvestors.com](mailto:Ken@HeritageInvestors.com)

March 25, 2024

This brochure supplement provides information about Kenneth J. Long that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

**Item 2: Education Background and Business Experience:**

Kenneth J. Long  
Year of Birth: 1968

Education:

Duke University, Fuqua School of Business, MBA 1995  
University of Maryland, Baltimore County, BA 1990  
Chartered Financial Analyst 1998  
Chartered Investment Counselor 2000  
Certified Public Accountant, State of Maryland 1990

Business Background:

Heritage Investors Management Corporation:  
Executive Vice President, March 2021 to present  
Vice President, December 2002 to March 2021  
Portfolio Manager and Analyst, August 1995 to present  
Coopers and Lybrand, CPA's:  
Staff Accountant, July 1990 to July 1993

**Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Long.

**Item 4: Other Business Activities**

Mr. Long is not engaged in any other investment-related business.

**Item 5: Additional Compensation**

Mr. Long's sole source of compensation is from Heritage Investors. He has no other business compensation.

**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Andrew Schenker or Michael Cornfeld approves the proposed trades by reviewing each manager's proposed portfolio changes and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Schenker, Chief Investment Officer.

## Item 1. Cover Page

Andrew M. Schenker, CFA

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March 25, 2024

This brochure supplement provides information about Andrew Schenker that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

## **Item 2: Education Background and Business Experience:**

Andrew M. Schenker  
Year of Birth: 1979

### **Education:**

Columbia University Business School, MBA 2008  
Duke University, BS 2001  
Chartered Financial Analyst 2018

### **Business Background:**

#### **Heritage Investors Management Corporation:**

Corporate Secretary, February 2024 to present  
Chief Investment Officer, March 2021 to present  
Director of Research, November 2016 to March 2021  
Portfolio Manager and Analyst, January 2017 to present

#### **Morgan Stanley:**

Executive Director, January 2016 to October 2016  
Lead Analyst: Managed Care and Healthcare Facilities,  
July 2012 to October 2016  
Vice President, January 2012 to December 2015  
Lead Analyst: Mid-market PBMs, September 2011 to December 2012  
Equity Research Associate, September 2009 to December 2012

#### **Sanford C. Bernstein:**

Research Associate, July 2008 to September 2009

#### **Oppenheimer Capital (now Allianz Capital):**

Summer Associate, June 2007 to August 2007

#### **Advent Capital Management:**

MBA Intern, September 2006 to May 2007

#### **Richard L. Hanley Associates:**

Research Associate, May 2002 to June 2006

## **Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Schenker.

## **Item 4: Other Business Activities**

Mr. Schenker is not engaged in any other investment-related business.

## **Item 5: Additional Compensation**

Mr. Schenker's sole source of compensation is from Heritage Investors. He has no other business compensation.



**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Michael Cornfeld or Kenneth Long, Executive Vice President, approves Mr. Schenker's proposed trades, portfolio changes, and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Long, Executive Vice President.

**Item 1. Cover Page**

Brian M. Curtin, CFA

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March 25, 2024

This brochure supplement provides information about Brian M. Curtin that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

## **Item 2: Education Background and Business Experience:**

Brian M. Curtin  
Year of Birth: 1979

### **Education:**

New York University, Leonard N. Stern School of Business, MBA 2007  
Cornell University, College of Engineering, BS 2001  
Chartered Financial Analyst 2023

### **Business Background:**

#### **Heritage Investors Management Corporation:**

Vice President, January 2023 to present  
Portfolio Manager, March 2018 to January 2023  
Research Analyst, February 2018 to March 2018

#### **FBR Capital Markets:**

Vice President, Institutional Equity Sales, August 2016 to June 2017

#### **Lord Abbett & Co. LLC:**

Research Analyst, Fixed Income, January 2011 to October 2015

#### **ING GROEP NV:**

Vice President, Research Analyst, January 2010 to June 2010  
Research Analyst, August 2007 to January 2010

#### **Manhasset Capital Management:**

MBA Intern, Research Analyst, October 2006 to May 2007

#### **S.A.C. Capital Advisors, LLC:**

MBA Intern, Research Analyst September 2005 to October 2006

#### **Loomis, Sayles & Company L.P.:**

Research Associate, November 2003 to August 2005

#### **Bank of New York Mellon Corporation:**

Corporate Actions Specialist, August 2001 to November 2003

## **Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Curtin.

## **Item 4: Other Business Activities**

Mr. Curtin is not engaged in any other investment-related business.

## **Item 5: Additional Compensation**

Mr. Curtin's sole source of compensation is from Heritage Investors. He has no other business compensation.

**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Andrew Schenker or Michael Cornfeld approves the proposed trades by reviewing each manager's proposed portfolio changes and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Schenker, Chief Investment Officer.

## Item 1. Cover Page

Laura L. McAree, CFA, CFP

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March 25, 2024

This brochure supplement provides information about Laura McAree that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.

**Item 2: Education Background and Business Experience:**

Laura L. McAree  
Year of Birth: 1965

Education:

University of Pennsylvania, Wharton School, BS 1987  
Chartered Financial Analyst 1996  
Certified Financial Planner 2018

Business Background:

Heritage Investors Management Corporation:  
Vice President, January 2023 to present  
Portfolio Manager and Analyst, March 2020 to January 2023  
Goldman Sachs Personal Financial Management/United Capital  
Vice President, March 2019 to March 2020  
West Financial Services, Inc.  
Portfolio Manager, April 2014 to March 2019  
Garnet Group  
Investment Advisor, November 2007 to June 2010  
Aegis Wealth Management  
Associate, 2007  
Heritage Investors Management Corporation  
Portfolio Manager, 1999 to 2000  
Salomon Smith Barney  
Financial Consultant, 1998  
T. Rowe Price  
Fixed Income Trader, 1990 to 1997  
Boeing Company  
Fixed Income Manager, 1990  
Harvard Management Company  
Analyst, 1987 - 1990

**Item 3: Disciplinary Information**

There have been no disciplinary events for Ms. McAree.

**Item 4: Other Business Activities**

Ms. McAree is not engaged in any other investment-related business.

**Item 5: Additional Compensation**

Ms. McAree's sole source of compensation is from Heritage Investors. She has no other business compensation.

**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Andrew Schenker or Michael Cornfeld approves the proposed trades by reviewing each manager's proposed portfolio changes and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Schenker, Chief Investment Officer.

## Item 1. Cover Page

Scott B. Wilson, CFA,

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March 25, 2024

This brochure supplement provides information about Laura McAree that supplements the Heritage Investors Management Corporation brochure. You should have received a copy of that brochure including Form CRS. Please contact Beth Rosen, Chief Operating Officer, if you did not receive the Heritage Investors Management Corporation's brochure including Form CRS or if you have questions about the contents of this supplement.



**Item 2: Education Background and Business Experience:**

Scott B. Wilson  
Year of Birth: 1982

Education:

Brown University, BA 2005  
Chartered Financial Analyst 2012

Business Background:

Heritage Investors Management Corporation:  
Portfolio Manager, September 2023 to present  
Harbor Capital Advisors  
Portfolio Manager, June 2016 to August 2023  
Sands Capital  
Senior Research Associate, July 2012 to September 2015  
Copper Rock Capital Partners  
Research Associate, January 2008 to April 2011  
Bernstein Global Wealth Management  
Investment Associate, September 2005 to December 2007

**Item 3: Disciplinary Information**

There have been no disciplinary events for Mr. Wilson.

**Item 4: Other Business Activities**

Mr. Wilson is not engaged in any other investment-related business.

**Item 5: Additional Compensation**

Mr. Wilson's sole source of compensation is from Heritage Investors. He has no other business compensation.

**Item 6: Supervision**

Andrew Schenker is the manager of the firm's portfolio managers. In that role, he and Michael Cornfeld set the team's overall strategic objectives. On a day-to-day basis, Andrew Schenker or Michael Cornfeld approves the proposed trades by reviewing each manager's proposed portfolio changes and reviews those trades after execution. Portfolio managers document client conversations and meetings and this information is then reviewed by Mr. Cornfeld, President, and Mr. Schenker, Chief Investment Officer.

Qualifications Required for  
Professional Designation Credentials

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## **CFA Institute Financial Adviser Statement for SEC Form ADV**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute - the largest global association of investment professionals.

There are currently more than 190,000 CFA charter holders working in 162 countries/territories. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 27 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 300 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used

every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

## **CIC Financial Adviser Statement for SEC Form ADV**

The Chartered Investment Counselor (CIC) charter is a professional designation established in 1975 and awarded by the Investment Adviser Association (IAA). The Charter was designed to recognize the special qualifications of persons employed by IAA member firms whose primary duties involve investment counseling and portfolio management.

A key educational component of the program is the requirement that candidates hold the Chartered Financial Analyst® (CFA®) designation, administered by CFA Institute (see <http://www.cfainstitute.org/cfaprogram/Pages/index.aspx>). In addition to successful completion of the CFA program, the CIC designation requires candidates to demonstrate significant experience (at least 5 cumulative years) in a position performing investment counseling and portfolio management responsibilities. At the time the charter is awarded, candidates must be employed by an IAA member firm in such a position, must provide work and character references, must endorse the IAA's Standards of Practice, and must provide professional ethical information. For more information, see: <https://www.investmentadviser.org/eweb/dynamicpage.aspx?webcode=cic>.

## **CPA Financial Adviser Statement for SEC Form ADV**

Certified Public Accountant (CPA) Minimum Qualifications: CPA is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. In most U.S. states, only CPAs who are licensed are able to provide to the public attestation (including auditing) opinions on financial statements. In order to become a CPA in the United States, a candidate must sit for and pass the Uniform Certified Public Accounts Examinations (Uniform CPA Exam), which is set by the American Institute of Certified Public Accountants and administered by the National 130 Association of State Boards of Accountancy. In addition to the CPA exam, most states also require the completion of a special examination on ethics and that specific education and work experience minimums are met.

### Initial requirements

- Complete an approved accounting college curriculum
- Pass the Uniform CPA Examination
- Earn 2,000 hours of experience in accounting-related activities

### Continuing requirements

- For active status, complete 80 of continuing education hours every two years (not required for inactive status)

## **CFP Board Financial Adviser Statement for SEC Form ADV**

Certified Financial Planner Board of Standards, Inc. (CFP Board) was founded in 1985 as a 501(c)(3) non-profit organization that serves the public interest by promoting the value of professional, competent and ethical financial planning services, as represented by those who have attained CFP® certification. There were more than 95,000 CFP® professionals in 2022, representing about 1 in 3 financial advisors in the U.S.

CFP Board sets and enforces the requirements for CERTIFIED FINANCIAL PLANNER™ certification. CERTIFIED FINANCIAL PLANNER™ certification is the standard of excellence in financial planning. CFP® professionals meet rigorous education, training and ethical standards, and are committed to serving their clients' best interests.

Requirements for CFP® certification include:

- 1) Education – complete University-level coursework through a CFP Board Registered Program including the following financial planning areas: Professional Conduct and Regulation, Education Planning, Risk Management and Insurance Planning, Investment Planning, Tax Planning, Retirement Savings and Income Planning, Estate Planning, Financial Plan Development.
- 2) Exam - pass the CFP® exam, which tests the ability to apply financial planning knowledge to real-life situations and ensures the ability to develop holistic financial plans.
- 3) Experience - complete 6,000 hours of professional experience related to the financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.
- 4) Ethics - must commit to acting as a fiduciary, which means acting in the best interests of the client at all times when providing financial advice — and commit to other high ethical and conduct standards. Must disclose personal background information and CFP Board will conduct a detailed background check.
- 5) Continuing education - CFP® professionals are required to complete 30 hours of continuing education (CE) each 2 year reporting period, including 2 hours of CFP Board approved Ethics CE.

For more information about the CERTIFIED FINANCIAL PLANNER™ certification, visit [www.cfp.net](http://www.cfp.net).