APPROPRIATENESS POLICY

When providing investment services (other than portfolio management) Heritage must ask our client or potential client to provide information regarding their knowledge and experience relevant to the specific type of product or service provided, so as to enable us to assess whether the service or product is appropriate for the client.

When assessing appropriateness, we must determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service provided.

We shall ensure that the information regarding a client's or potential client's knowledge and experience in the investment field includes the following, to the extent appropriate to the nature of the client, the nature and extent of the service to be provided and the type of product or transaction envisaged, including their complexity and the risks involved:

a) the types of service, transaction and financial instrument with which the client is familiar;
b) the nature, volume, and frequency of the client's transactions in financial instruments and the period over which they have been carried out;
c) the level of education, and profession or relevant former profession of the client or potential client.

We shall be entitled to rely on the information provided by our clients or potential clients unless we are aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

When assessing appropriateness, we may use information we already have in our possession.

Depending on the circumstances, we may be satisfied that the client's knowledge alone is sufficient for them to understand the risks involved in a product or service. Where reasonable, we may infer knowledge from experience.

If, before assessing appropriateness, we seek to increase the client's level of understanding of a service or product by providing information to them, relevant considerations are likely to include the nature and complexity of the information and the client's existing level of understanding.

If we are satisfied that the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service, there is no duty to communicate this to the client.

In respect of each client or potential client, we will assess the appropriateness of the investment as follows:

a) Investment objective (capital appreciation, income or both)
b) Knowledge and experience of investments
c) Risk tolerance
d) Investment horizon
e) Current portfolio holdings
f) Percentage of investable assets
g) Age

We shall maintain records of our client and potential client appropriateness assessments and these records will include:

- The result of the appropriateness assessment;
- Any warning given to the client where the investment service or product purchase was assessed as potentially inappropriate for the client, whether the client asked to proceed with purchase despite the warning and, if applicable, whether the firm accepted the client's request to proceed with the purchase; and
- Any warning given to the client where the client did not provide sufficient information to enable the firm to undertake an appropriateness assessment, whether the client asked to proceed with purchase despite this warning and, if applicable, whether the firm accepted the client's request to proceed with the purchase.

<u>When Appropriateness does not apply</u>

We are not required to ask its client to provide information or assess appropriateness if:

a) the service only consists of execution or reception and transmission of client orders and relates to particular financial instruments;
b) the client has been clearly informed that, in the provision of this service, we are not required to assess the appropriateness of the financial instrument or service provided or offered and that therefore the client does not benefit from the protection of the rules on assessing appropriateness; and
c) the firm complies with its obligations in relation to conflicts of interest.

The financial instruments referred to above are any of the following:

a) shares in companies admitted to trading on a regulated market, an equivalent third country market or an MTF, except shares that embed a derivative and units in a collective investment undertaking that is not a UCITS; or
b) bonds or other forms of securitised debt admitted to trading on a regulated market, an equivalent third country market, an MTF, except those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved; or
c) money-market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved; or
d) shares or units in a UCITS, excluding structured UCITS; or
e) structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term; or
f) other non-complex financial instruments.