

Form ADV Part 2A

As of March 31, 2023

Hartley Advisors Corporation

Primary Office Location

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New Hope, PA 18938

Secondary Office Location

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Mullica Hill, NJ 08062

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Website: www.hartleyadvisors.com

This Brochure provides information about the qualifications and business practices of Hartley Advisors Corporation. If you have any questions about the contents of this Brochure, please contact us at 610-331-4292 and/or tomh@hartleyadvisors.com. 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.

Hartley Advisors Corporation (hereinafter “HAC” or the “Firm”) was formed under the laws of the Commonwealth of Pennsylvania and is registered with the Commonwealth of Pennsylvania and the State of New Jersey as an Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HAC also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for HAC is 130769.

Item 2 – Material Changes

This Investment Advisor brochure dated March 31, 2023, is an amendment, updated to include new information on the number of clients, assets under management, fee structure and client minimum investable assets. No other material changes were made to this document.

In the past we have offered or delivered information about our qualifications and business practices to clients on an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Our brochure may be requested by contacting Tom Hartley at 610-331-4292 or tomh@hartleyadvisors.com.

Additional information about HAC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with HAC who are registered, or are required to be registered, as investment adviser representatives of HAC.

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Item 4 – Advisory Business

Hartley Advisors Corp. (HAC) was founded in 2003 by Ken Hartley and Pearl Hartley as a boutique investment advisory firm providing independent investment services on a fee-only basis. In 2014 we expanded the business to include one additional Investment Professional, Thomas Hartley. HAC provides two types of services: Investment Management and Portfolio Monitoring/Review Services.

Investment Management for Individuals and Families

HAC provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the individualized needs and investment objectives of the client. Subject to written guidelines, which are initially created by us based on client interviews and discussions, the firm is granted discretion and authority to manage the account. Accordingly, HAC is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold, the amount of securities to be purchased or sold, and the broker dealer to be used. Once the portfolio is constructed, HAC provides continuous supervision and restructuring of the portfolio as changes in market conditions and client circumstances may require.

Investment Management for Retirement Plans

HAC provides investment management services as a fiduciary to employer-sponsored retirement plans, subject to the Employee Retirement Income Security Act of 1974 ("ERISA") as well as other employee retirement plans that are not subject to ERISA. Each plan sponsor is provided with a written description of HAC's fiduciary status, the specific services to be rendered and all compensation the Firm reasonably expects under the engagement. Such services include plan design and strategy, plan review and evaluation, investment selection, asset allocation models, plan fee and cost analysis, plan committee consultation, participant consultation and education.

As of March 31, 2023 HAC had approximately \$73,000,000 of assets under management for 107 clients.

Portfolio Monitoring/Review Services

Optionally, HAC will provide asset allocation services, portfolio monitoring or investment review services to clients on a non-continuous basis. These services will be provided on a pre-determined basis, such as one-time, monthly, quarterly, or annually. The frequency of the services provided will be agreed upon by the client and HAC and detailed in the

client agreement. Such services may include a review of the client's existing portfolio with asset allocation recommendations, a review and evaluation of recommendations made by other advisory professionals for suitability, management and/or monitoring of a participant's investments in a retirement plan, or on-going portfolio monitoring services. The amount of the fee is based on the firm's hourly rate of \$250.00 or may be covered within the fee schedule for total asset value as outlined in the following section, item 5.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by HAC is established in a client's written agreement with HAC.

Asset Portfolio Management

The annual fee for portfolio management services is billed quarterly in advance based on the market value of the assets on the last day of the preceding quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. On an annualized basis, HAC's fees for portfolio management services are based on the total market value of assets as follows:

Individuals and Families:

Over \$ 500,000:	1.25%
Over \$ 1,000,000:	1.00%
Over \$ 2,500,000:	0.80%
Over \$ 5,000,000:	0.65%
Over \$10,000,000:	0.50%

Employer-Sponsored Retirement Plans:

Up to \$ 1,000,000:	0.50%
Over \$ 1,000,000:	0.40%
Over \$ 5,000,000:	0.30%
Over \$10,000,000:	0.20%

HAC typically targets accounts with at least \$500,000 in investable assets, but will accept smaller accounts at HAC's discretion which will be billed at an annual rate of 1.50%. In special circumstances, other fees may be negotiated.

HAC will either deduct fees from client's accounts, or send an invoice to the client for payment, based on the clients' preference. Although the payment of investor advisor

fees directly from a client's account (reference item 2.1. (1)-form ADV-part 2B) is deemed custody, the custody requirements of regulation 303.042 shall not be applicable when the following procedures are incorporated in item 5-part 2-form ADV and/or the agreement(s):

- HAC possesses written authorization from the client to deduct advisory fees from an account held by a qualified custodian (e.g. Schwab),
- HAC sends the qualified custodian written notice of the amount of the fees to be deducted from the client's account, and
- HAC sends the client a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.
- It is disclosed to the client that it is the client's responsibility to review the accuracy of the fee calculation.

HAC or the client may terminate the management agreement within five business days of the date of acceptance without penalty to the client. After the five business day period, either party, upon 30 days written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be returned to the client.

Portfolio Monitoring/Review Services

The amount of the fee is based on the Firm's negotiable hourly rate of \$250.00, payable monthly in arrears.

HAC or the client may terminate the management agreement within five business days of the date of acceptance without penalty to the client. After the five business day period, either party, upon 30 days written notice to the other, may terminate the management agreement. Refunds are not applicable as fees are payable in arrears.

Other Client Fees

Our advisory fees do not include any fees charged by the custodian, Charles Schwab, such as brokerage commissions, account service fees, transaction fees or account custodial fees. Additionally, mutual funds and exchange traded funds also charge internal management fees or expenses which are fully disclosed in the fund's prospectus and/or financial filings.

Neither the firm nor our employees accept any compensation for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

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

HAC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

HAC provides portfolio management services to individuals, high net worth individuals, companies, trusts and estates.

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

Methods of Analysis

- Our investment approach combines over 65 years of practical experience across several industries with modern portfolio theory in order to identify great companies and funds at good values.
- We use a top-down economic perspective to select industry sector exposure, encompassing our views of monetary and business conditions complementing our bottom-up selection process.
- Judgment of value, disciplined analysis and patience allows us to successfully invest with confidence
- Screening and monitoring the U.S. equity market enables us to identify highly profitable companies with solid financial conditions
- HAC attempts to identify trends in interest rates and market direction enabling us to adjust clients' personalized portfolio
- We screen, analyze, select and track investments based on research materials, corporate rating services, investor conference calls, filings with the Securities and Exchange Commission, technical chart analysis and company news.

- Investment decisions are made utilizing a combination of Fundamental Analysis, Technical Analysis and Practical Industry and Investing Experience.
- Key fundamental analysis includes:
 - Annual and quarterly sales and earnings growth rates
 - Earning stability and long-term outlook
 - Financial ratios: price-earnings, return on equity, profit margin, debt, cash flow, and dividend payout ratio

In conjunction with Fundamental Analysis, our Technical Analysis methodologies include:

- Chart analysis
- Moving average trend
- Relative price strength
- Current price compared to 52-week range
- Recent and past volume and price activity vs. industry averages
- Insider trading trends
- Market short interest

Investment Strategies

- Key Investment strategies employed include buying dividend paying stocks, value stocks, growth stocks, ETFs (exchange traded funds), closed end funds, mutual funds, bonds, bond funds, gold and commodity funds. Individual account allocations are based on agreed upon investment guidelines as well as market conditions.
- Portfolios are spread across multiple securities in various industry sectors, providing a moderate amount of diversity.
- Our sell-discipline is determined by price targets based on intrinsic value and return on capital, and other fundamental and technical factors. Stop loss orders are used at times to mitigate risk if conditions are warranted.
- We also invest in covered put and covered call options (derivative securities) to generate income and hedge risk.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. As mentioned above, regardless of what strategy or analysis is undertaken, there is risk of loss; in some cases, total loss. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.
- **Business Risk:** This is the risk associated with a particular company or security. Generally, all businesses in the same industry have similar types of business risk. Specifically, business risk includes the possibility that a company or issuer of a stock or bond may go bankrupt or be unable to pay dividends on its stock, or unable to pay the interest or principal in the case of a bond. A common way to reduce business risk is to diversify the portfolio.
- **Interest rate risks:** The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities (bonds) generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, “call,” or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities. Also, there is risk that the yield on a bond or bond fund does not keep pace with inflation or client purchasing power.
- **Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer

of a debt security will fail to make timely payments of principal or interest and the security will go into default.

- Risks of investing outside the U.S.: Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent. Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.
- Investment Management Risk: Our best judgments with regard to individual investments may be incorrect. Markets don't always react the same way in the future as they have in the past to various factors such as inflation expectations, interest rates, unemployment levels, fiscal and monetary policies, geopolitical events and other unforeseen factors. Also, our analysis and conclusions may be incorrect as to the value, and potential appreciation of certain investments. Certain securities or industry sectors can be more volatile than the market averages and our strategies may fail to achieve expected results.

Investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HAC or the integrity of HAC's management. HAC has had no disciplinary events or information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

No other financial industry business activities or affiliations exist or apply to this section.

Item 11 – Code of Ethics

HAC has adopted a Code of Ethics, included in our Investment Advisor Compliance Manual that governs a number of potential conflicts of interest we could have when providing our advisory services to you. Our Code of Ethics is designed to ensure that we meet our fiduciary obligations to you and to foster a culture of compliance throughout our firm.

Our Code of Ethics and compliance manual are comprehensive and designed to help us detect and prevent violations of securities laws and to help ensure that we keep your interests first at all times. We distribute our Code of Ethics to each supervised person at the time of his or her initial affiliation with our firm; we make sure it remains available to each supervised person for as long as he or she remains associated with our firm; and we ensure that updates to our Code of Ethics are communicated to each supervised person as changes are made. HAC's Code of Ethics sets forth certain standards of conduct and addresses potential conflicts of interest among employees, agents, advisors, and advisory clients. Clients and prospective clients may request a free copy of HAC's Code of Ethics by request.

Participation or Interest in Client Transactions

It is our policy that our employees shall not have priority over any client account in the purchase or sale of securities.

HAC was founded to provide independent investment advice; thus eliminating the risk of biased advice.

- No products to sell
 - No hidden fees or transaction costs
 - No investment banking, brokerage, insurance, mutual funds, or loans to sell
 - No sales Commissions or Commissioned brokers
 - Only fee-based investment advice.
- HAC invests our own money in virtually all securities recommended to clients. While this policy must be disclosed as a potential conflict of interest, we believe it can be viewed as an alignment of our interest with our clients: We “eat our own cooking” ...
 - Individuals associated with HAC, may buy or sell - for their personal account(s) - investment products identical to those recommended to clients. It is the express policy of HAC that no person employed by the firm may purchase or sell any security prior to a transaction being implemented for an advisory account, and, therefore, preventing such employees from benefiting from any transaction(s) placed on behalf of advisory accounts.
 - As these situations could represent a conflict of interest, HAC has established the following restrictions in order to ensure its fiduciary responsibilities:
 - Associated persons, or their immediate family members, shall not buy or sell securities for their personal portfolio(s) where their decision is derived, in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the firm shall prefer his or her own interest to that of the advisory client.
 - Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. Kenneth M. Hartley, or a qualified representative, will review these records on a regular basis.
 - The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Privacy Policies

Protecting client privacy is very important to HAC. HAC views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

HAC does not disclose any nonpublic personal information about its customers or former customers to any non-affiliated third parties, except as permitted by law. In the course of servicing a client's account, HAC may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

HAC restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

Item 12 – Brokerage Practices

Where HAC accepts clients on a discretionary basis, we currently recommend Charles Schwab & Co. to clients. Such recommendation takes into account a number of factors, some of which may include custodial fees charged by the broker for holding securities for the client, commission rates, quality of execution and record keeping and reporting capabilities, among others. When recommending a broker, HAC will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker.

Although we recommend Charles Schwab, each client is responsible for making the final decision as to the firm selected for brokerage and custody. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker that HAC recommends.

In selecting a broker dealer, HAC will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible based on a total mix of factors. The reasonableness of commissions is based on several factors,

including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution, price negotiations, and other services.

Charles Schwab offers other services that are intended to assist us in managing and developing our business. These services may include compliance, publications on practice management, and access to insurance providers and consultants. Schwab may also provide other benefits such as educational events and occasional business entertainment of our staff. We do not receive business referrals from Schwab in exchange for using their services.

There are no "soft dollar" benefits received by our firm, our officers or employees. Broker-dealers are not recommended to our clients based on the receipt of research, products or services and no research is obtained due to brokerage commissions.

Obtaining best execution of trades is important and we monitor the accuracy and speed of execution, commission rates, transaction fees, reputation and integrity, reporting dispute resolution, financial responsibility and responsiveness. Although transaction fees and/or commissions paid by our clients comply with our goal to obtain best execution, clients may pay a commission that is higher than what another qualified broker-dealer might charge for the same transaction when we determine that the transaction fee is reasonable in relation to the value of the brokerage and research services we receive.

Item 13 – Review of Accounts

Client accounts are monitored on a continuous basis with a formal asset allocation review conducted at least quarterly, or more frequently as warranted. HAC Investment Advisor Representatives assigned to the client accounts will conduct such reviews. Additional reviews may be conducted at the client's request, or when a security held in the account is impacted by a significant market event. Account reviews include an evaluation of all of an account's security holdings, considering general economic and market conditions, the fundamentals, technical factors and price of individual issues and the client's investment guidelines and risk profile.

Item 14 – Client Referrals and Other Compensation

HAC appreciates client referrals; however no compensation will be given for them.

Item 15 – Custody

The custodian (Schwab) typically sends clients a confirmation of every securities transaction and a monthly brokerage statement, which reflects all transactions in the client's account held by the custodian. HAC urges you to carefully read all materials sent by the custodian.

Prior to deducting client fees via the qualified custodian, Hartley Advisors Corp. will:

- (a) Obtain written authorization from the client to deduct advisory fees from an account held by a qualified custodian
- (b) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account
- (c) Send the client an itemized invoice including any formula used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

Item 16 – Investment Discretion

Generally, clients grant HAC complete discretion over the selection and amount of securities to be bought or sold, the broker or dealer to be used and the commission rates to be paid without obtaining their prior consent or approval. However, HAC's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, restrictions or prohibitions of transaction in the securities of a specific industry, and/or directed brokerage.

A limited power of attorney is required to be executed by our clients prior to us assuming discretionary investment authority. Investment guidelines and restrictions must be provided to HAC in writing and are confirmed in the Investment guidelines document.

Item 17 – Voting Client Securities

HAC will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client's assets

may be invested. Clients will receive their proxies directly from the custodian or transfer agent and can contact us with questions. Although HAC may, on rare occasions and/or at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Item 18 – Financial Information

HAC is not required to provide financial information as we do not have custody of investments nor require prepayment of more than \$1,200 in fees for 6 or more months in advance. HAC does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Neither HAC, Kenneth Hartley nor Thomas Hartley has ever filed for bankruptcy.

Item 19 – Requirements for State-Registered Advisers – Staff Background

Education and Business Background:

Kenneth Hartley - President

- Hartley Advisors Corp., President, 2003 – Present
- IBM Business Consulting, Partner, 2002 – 2004
- PricewaterhouseCoopers Consulting (PWCC), Partner, 1984 – 2002
- LaSalle University, B.S., Business Administration
- LaSalle University, Master of Business Administration
- Lehigh University, Graduate Courses
- Harvard University, Global Strategy Executive Program
- Over 45 years of personal Investment Experience
- Over 30 years of Industry Experience
 - High Tech industry leader at PWCC
 - Industrial Products industry leader at PWCC
- Recognized in National Register's Who's Who in Executives and Professionals
- Series 65 licensee
- Other Business Activities: None
- Additional Compensation: None
- Supervision: N/A
- Requirements for State-Registered Advisers
 - Arbitration claims: None
 - Civil Proceedings: None
 - Bankruptcy Petitions: None

Pearl Chan Hartley – Vice President

- IBM Business Consulting, Manager 2002 – 2008
- PricewaterhouseCoopers Consulting (PWCC), Manager 1989 – 2002
- State University of New York at Buffalo, B.S., Industrial Engineering
- St. John's University, Master of Business Administration, Finance
- Over 25 years of Industry Experience

Thomas Hartley – Vice President

- Hartley Advisors Corp., Vice President, 2014 - Present
- Keystone Property Group, Portfolio Manager, 2013-2015
- Hunt Investment Management, Vice President, 2005-2013
- Over 15 years of financial services experience
- Over 20 years of personal investment experience
- Series 65 licensee
- New York University, continuing education
- Villanova University, B.S., Business Administration, Finance
- Villanova University, Master of Business Administration, Finance
- Other Business Activities: None
- Additional Compensation: None
- Supervision: Kenneth Hartley
- Requirements for State-Registered Advisers
 - Arbitration claims: None
 - Civil Proceedings: None
 - Bankruptcy Petitions: None

Neither Kenneth Hartley, Pearl Hartley, nor Thomas Hartley have been involved in any legal or disciplinary actions.