



PART 2A FORM ADV- Item 1

## **FIRM BROCHURE (PART 2A OF FORM ADV)**

**HARTLAND ASSET MANAGEMENT  
9 INVERNESS ROAD  
SCARSDALE, NEW YORK 10583  
PH:212-581-4030  
FX: 914-723-6459  
EMAIL: [lsmith@hartlandasset.com](mailto:lsmith@hartlandasset.com)  
[www.hartlandasset.com](http://www.hartlandasset.com)**

**This brochure provides information about the qualifications and business practices of Hartland Asset Management Corporation.**

**If you have any questions about the contents of this brochure, please contact us at: 212-581-4030, or by email at: [lsmith@hartlandasset.com](mailto:lsmith@hartlandasset.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.**

**Additional information about Hartland Asset Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Hartland Asset Management Corporation is a registered Investment Advisor. Registration with the SEC does not imply a certain level of skill or training.**

**January 2015**

**BROCHURE FOR CLIENTS AND PROSPECTIVE CLIENTS****1.0 MATERIAL CHANGES**

There have been material changes to the basic business of Hartland Asset Management Corporation since the last update (2014). While HAMC continues to provide investment management services for institutional investors, it has increased its commitment to owning and managing assets unrelated to its investment management business. Specifically, HAMC owns a number of corporations whose sole purpose is to own renewable energy assets. These investments are held in accounts that are segregated from HAMC's investment management activities. These assets are solely for Hartland's own account and are not offered to any outside investor.

# Table of Contents

<b>1. Material Changes</b>	<b>Page</b>
Annual Update	
Material Changes since the Last Update	<b>2</b>
Full Brochure Available	
<b>2. Advisory Business</b>	<b>5</b>
Firm Description	
Principal Owners	
Types of Advisory Services	
Tailored Relationships	
Types of Agreements	
Financial Planning Agreement	
Advisory Service Agreement	
Retainer Agreement	
Investment Management Agreement	
Tax Preparation Agreement	
Hourly Planning Engagements	
Asset Management Agreement	
Termination of Agreement	
<b>3. Fees and Compensation</b>	<b>6</b>
Description	
Fee Billing	
Other Fees	
Expense Ratios	
Past Due Accounts and Termination of Agreement	
<b>4. Performance-Based Fees</b>	<b>7</b>
Sharing of Capital Gains	
Types of Clients	
Account Minimums	
<b>5. Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>7</b>
Investment Strategies	
Methods of Analysis	
Risk of Loss	
<b>6. Disciplinary Information</b>	<b>7</b>
Legal and Disciplinary	
<b>7. Other Financial Industry Activities and Affiliations</b>	<b>7</b>
Financial Industry Activities.	
Affiliations	
<b>8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>8</b>
Code of Ethics	
Participation or Interest in Client Transactions	

Personal Trading

**9. Brokerage Practices**

**8**

Selecting Brokerage Firms  
Best Execution  
Soft Dollars  
Order Aggregation

**10. Review of Accounts**

**8**

Periodic Reviews  
Review Triggers  
Regular Reports

**11. Client Referrals and Other Compensation**

**9**

Incoming Referrals  
Referrals Out  
Other Compensation

**12. Custody**

**9**

Account Statements  
Performance Reports  
Net Worth Statements

**13. Investment Discretion**

**9**

Discretionary Authority for Trading  
Limited Power of Attorney

**14. Voting Client Securities**

**9**

Proxy Votes

**15. Financial Information**

**9**

Financial Condition

**Brochure Supplement (Part 2B of Form ADV)**

**Attached**

## **Advisory Business**

### **Description of Services and Fees**

HAMC is a registered investment adviser organized as a New York “S” corporation. Our office is located in Scarsdale, New York.

Hartland has been serving pension fund investors since 1995. We do not provide any advisory services to individuals or non-pension fund institutional investors (hedge funds, insurance companies, etc).

Lee Smith is the owner of HAMC and Chairs the firm’s Investment Committee. He also serves as Chief Compliance Officer.

HAMC provides investment management services to pension funds. Currently, we offer investments in the form of credit enhancement of tax-exempt bonds issued by not for profit entities. Below is a description of our services.

### **Credit Enhancement Strategies**

HAMC develops customized investments for pension funds that allow the fund to use their existing fixed income assets as a source of credit enhancement for tax-exempt bonds. The origination of investment opportunities can be tailored to fit the diversification and geographic priorities of the investors.

HAMC is also able to take into account any policy constraints as reflected in the investment policies of the investors. Prospective investors can use a customized program or co-invest with other investors, should that opportunity arise.

Our fee for investment management services is based on a percentage of invested assets. There is no fee for committed and un-invested assets. For example, in some cases the fee on invested assets is 0.50% of the amount invested. HAMC is also entitled to a share (%) of any transaction fees as approved by the investor’s independent fiduciary or as specified in the Investment Management Agreement.

### **Investment Management Agreement**

The details of the investment strategy are incorporated in the investment management agreement executed by HAMC and the client. The agreement includes a statement of investment policy, a schedule of investment management fees, and procedures for modifying, renewing or cancelling the agreement.

### **No Custody of Plan Assets**

HAMC does not accept custody of plan assets. All assets of the pension fund invested by HAMC are held by the Fund’s custodian at all times.

Our annual portfolio management fee is billed and payable quarterly in advance based on the amount of invested assets. We use the book value of the investments, not a market value, as of the last day of the previous quarter.

As we do not hold any client assets. All investment management fees are paid by the client directly, usually by check, upon our submission of an invoice.

Each quarter we provide the client with a report on the performance of the investments currently in the portfolio

We encourage our clients to reconcile our invoices with the statement(s) received from the qualified custodian. If clients find any inconsistent information between our invoice and the statement(s) received from the qualified custodian, they are encouraged to contact us by telephone or email (see contact information located on the cover page of this brochure).

Investors may terminate the investment management agreement upon thirty days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

### **Types of Investments**

We primarily offer advice on credit enhancement of tax exempt and taxable bonds issued by not for profit entities, including health care institutions, social service providers, continuing care communities, and similar institutions.

Additionally, we may advise you on any type of investment that we deem appropriate based on the Investment Management Agreement.

In general, we invest on a fully discretionary basis without prior review of the prospective investment by the investor, except in those cases where the prospective investment may involve a policy issue identified in the investment policy statement contained in the investment management agreement as requiring consultation with the investor.

### **Assets Under Management**

As of December 31, 2013, we manage approximately \$11,000,000 in committed assets on a discretionary basis. We are not currently providing services on a non-discretionary basis.

Item 5

### **Fees and Compensation**

HAMC is entitled to only those fees specified in the investment management agreement. The amount of the annual fee is negotiated at the time the investment management agreement is executed. It can be amended periodically at the initiation of the investor or the investment manager.

### **Additional Fees and Expenses**

HAMC does not seek nor accept any fees for making investments. All transaction fees earned from an investment are paid to the investor. Any share of those fees to which HAMC may be entitled pursuant to the investment management agreement are paid by the investor to HAMC.

Legal expenses incurred in a transaction are paid by the beneficiary of the investment or by the investor. These expenses, which are fully disclosed prior to the investment being made, are either paid directly to the legal counsel engaged in the transaction or the investor who then pays the expenses. No funds are paid to HAMC.

### **Performance-Based Fees and Side-By-Side Management**

HAMC does not accept performance-based fees. Further, in the event investors were to share an allocation to a particular investment, the fees they pay would reflect the fees authorized in their investment management agreement.

### **Types of Clients**

We offer investment advisory services to pension funds and not for profit organizations, and other business entities. In general, we have no minimum annual fee; each account is individually structured to achieve an alignment of interests and a clear statement of investment objectives. HAMC does not offer investment management services to individuals.

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

As HAMC does not offer investment management services for public market securities such as common stocks and bonds, we do not use any of the common methods of analysis or investment strategies. For example, we do not provide technical or charting methods that purport to predict future price and volume movements of stocks.

HAMC's investment management is based on fundamental analysis of individual institutions, their revenue and expenses, assets and liabilities, and management.

We determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors.

All investments involve risk of loss that you should be prepared to bear. We do not offer any guarantees or promises that every investment we make on your behalf will perform as expected. Nor can past performance serve as a guarantee of future performance.

### **Disciplinary Information**

Lee Smith, President of HAMC has been a registered investment advisor since 1995. He has been providing investment advisory services since then. Neither he nor any of the associated persons of the firm have any reportable disciplinary information.

### **Other Financial Industry Activities and Affiliations**

HAMC does not maintain an affiliation with any other financial or investment institution.

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

As a general matter, HAMC manages its activities to comply with all SEC and ERISA-related rules and regulations. Further, we adhere to commonly accepted guidelines for professional conduct as fiduciaries for plan assets. Finally, in our business practices HAMC and its personnel always practice full disclosure, honesty, good faith, and strive for an alignment of interests with our clients.

#### **Code of Ethics**

The employees of HAMC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request. Please contact Lee Smith at 212-581-4030.

#### **Participation or Interest in Client Transactions**

HAMC and its employees may not buy or sell securities that may be created as a result of the Investment activities of the clients. While HAMC does not buy or sell stocks or bonds, it does provide credit enhancement of tax exempt bonds that can be purchased on a public market. No employee of HAMC may purchase such bonds. Employees must comply with the provisions of the *HAMC Compliance Manual*.

#### **Personal Trading**

The Chief Compliance Officer of HAMC is Lee Smith. Since none of HAMC's relationships involved trading public securities, there is no program for reviewing employee trades.

Item 12

### **Brokerage Practices - Selecting Brokerage Firms**

HAMC does not have any affiliation with product sales firms nor make any custodian recommendations. HAMC does not recommend any brokerage firms and trust companies.

#### **Best Execution**

HAMC does not address execution issues since it does not recommend stocks or bonds nor receive any portion of the trading fees.

Item 13

### **Review of Accounts**

Lee Smith, President of HAMC, monitors client accounts on a regular basis using the custody statement provided every month by the investor's custodian. We prepare a quarterly report that summarizes the performance of the portfolio, including the rate of return, any modifications to the terms of the investment, any payments of transaction fees received by the investors' custodians and payment of investment management fees. Further, we summarize any pending investment opportunities.

We track the portfolio of investments by means of monthly reports from the not for profit institutions to whom we are providing credit enhancement. These reports are supplemented by quarterly reviews with each borrower. Additional reviews may be conducted based on various circumstances, including, but not limited to requests for extensions, modifications, and covenant waiver requests.



HAMC will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account information. You should compare our statements with the statements from your custodian(s) to reconcile the information reflected on each statement.

Item 14

#### **Client Referrals and Other Compensation**

HAMC does not receive income from client referrals nor participate in any investment management services of other registered advisors.

Item 15

#### **Custody**

HAMC does not hold any assets or funds of any of its investors. All assets are held by the investors' custodian. In completing an investment, all funds transfers are handled by the investors' custodian.

We provide quarterly invoices for payments of our investment management fees. The payments of these invoices are made upon approval of the investor's administrators or fund's outside fiduciary.

You should compare our statements with the statements from your custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, please contact Lee Smith at 212-581-4030.

Item 16

#### **Investment Discretion**

Before we can make investments on your behalf, you must first sign our Investment Management Agreement. As each investment relationship is unique, the Investment Management Agreement will be tailored to meet your specific investment objectives within the risk and reward parameters you have established and consistent with your investment policy statement. Each investment management agreement will have its own fee structure designed to align the interests of the investor with HAMC and the investor. In most cases, HAMC will have full discretion as to the selection and structuring of investments, including negotiation of the annual returns to be earned, term of the investment, and financial covenants.

Item 17

#### **Voting Client Securities**

HAMC does not hold any investments in public securities and does not engage in any voting of client securities.

#### **Financial Information**

Item 18

We are not required to provide financial information to our clients because we do not hold any client funds in Custody. Further, our investment management fees are based on assets that are already invested. Finally, our fees are paid 90 days in advance.

#### **Additional Information**

##### Your Privacy

HAMC views the privacy of client information as an important policy and operation priority. We do not disclose any information on the nature of our client's investment strategy nor details of the investment management agreement without the client prior authorization. Please contact Lee Smith regarding any aspect of our privacy policy. (212-581-4030)