

HAMEL ASSOCIATES, INC.

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MARCH 23, 2023

This Brochure provides information about the qualifications and business practices of Hamel Associates, Inc. If you have any questions about the contents of this Brochure, please contact us. 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.

Hamel Associates, Inc. is a Registered 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 Hamel Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Hamel Associates, Inc.'s IARD Number is 107128.

## Material Changes

Registered Investment Advisers are required to report updates in the business and service information contained in their Form ADV 1 and ADV 2 Brochures according to the following schedule: 1) Promptly throughout the year when changes occur and 2) no less than annually, within 90 days of the Advisor's fiscal year end.

This Brochure dated March 23, 2023, is an amended version of the brochure that was last amended on March 23, 2022. This page discusses specific material changes that are made to the Brochure and provides clients with a summary of such changes.

This Brochure was amended as follows:

1. 2022 Fiscal year end managed asset data has been updated on page 2.
2. ERISA fiduciary information in connection with 401(k) rollover advice was added at page 3.

There were no material changes to report.

This Brochure was previously amended on March 23, 2022. At that time, the only material modifications that have been made to the Brochure were as follows:

1. Item "About Hamel Associate, Inc." was amended to reflect the fact that the firm has established an office in Webster Grove, Missouri.
2. Item "Client-Oriented Advising" was amended to reflect the current value of assets Hamel Associates, Inc. currently manages.
3. Item "**Brokerage Practices**" was amended to reflect the current entities providing third-party research materials to Hamel Associates, Inc.
4. The **Brochure Supplement** was amended to reflect that Joshua Tosoni, Christine Wood and Marisa Yannuzzi provide advisory services.

Our Form ADV 2 Brochure and our Form CRS may be requested by contacting our President, Pat Hamel, at (973)665-1400 or [phamel@hamelassociates.com](mailto:phamel@hamelassociates.com).

Additional information about Hamel Associates, Inc. is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Hamel Associates, Inc. who are registered, or are required to be registered, as Investment Adviser representatives of Hamel Associates, Inc.

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## **Advisory Business**

### **(a.) About Hamel Associates, Inc.**

Hamel Associates, Inc. is a wealth management firm established in 1990. It is headquartered in Chatham, NJ with an additional office in Webster Grove, MO. Hamel Associates, Inc. is committed to providing comprehensive fee-based wealth management services to high-net-worth individuals, both domestically and abroad. Hamel Associates, Inc. offers an assortment of investment management, financial planning, and tax preparation services. Hamel Associates, Inc. is a fiduciary to each of its clients.

Pat Hamel, the president and founder of Hamel Associates, Inc., has over 30 years of experience assisting high net worth individuals manage their financial affairs. Prior to establishing Hamel Associates, Inc., Pat held senior positions in the personal financial planning groups of a money center bank and a Big 4 accounting firm. Pat holds an undergraduate degree in accounting and a master's degree in taxation.

### **(b.) About Advisory Services**

Hamel Associates, Inc. devotes a significant portion of its resources to providing advisory services to clients. Through investment management, Hamel Associates, Inc. develops investment portfolios for clients in order to meet their goals and objectives. Ordinarily, Hamel Associates Inc. creates portfolios that contain a mixture of stocks and bonds. These holdings may consist of direct holdings or securities held indirectly through mutual fund or exchange traded fund investments. From time to time, portfolios may contain investments in precious metals, commodities, and other alternative investments.

In the case of very high net worth individuals, Hamel Associates, Inc. may introduce various private equity, venture capital, and real estate deals to clients. Hamel Associates, Inc. may also review similar deals upon a client's request.

Hamel Associates, Inc. also provides financial planning services to certain clients, where the inclusion of such services is agreed to in advance. These services are designed to assist clients in other areas of personal finance such as income tax planning, cash management, investments, employee benefits, debt management, insurance, and estate planning.

A client may terminate service at any time by providing written notice to Hamel Associates, Inc.

### **(c.) Client-Oriented Advising**

At the commencement of an investment advisory relationship, Hamel Associates, Inc. develops a plan with the client in order to set parameters concerning how assets under management should be invested. This includes a determination of the appropriate allocation of assets between stocks, bonds, and other investment classes. The client may direct Hamel Associates, Inc. to refrain from investing in certain securities or types of securities. Hamel Associates, Inc. does not manage ESG portfolios and does not assist clients in the management of ESG portfolios.

As of December 31, 2022, Hamel Associates, Inc. had assets under management of \$460,669,978. Of this amount, approximately \$431 Million was managed on a discretionary basis and approximately \$48 Million was managed on a non-discretionary basis.

### **Fees and Compensation**

The specific manner in which fees are charged by Hamel Associates, Inc. is established in a written agreement by and between the client and Hamel Associates, Inc. Hamel Associates, Inc. bills its fees on a quarterly basis, in arrears. Clients may elect to be billed directly for fees or to authorize Hamel Associates, Inc. to directly debit fees from client accounts. Hamel Associates, Inc. generally bills most clients according to a fee schedule based on assets under management. Unless otherwise negotiated, the fee charged by Hamel Associates, Inc. is 1% of the first \$1,000,000.00 under management,  $\frac{3}{4}$  of 1% of the next \$1,000,000.00 under management, and  $\frac{1}{2}$  of 1% of all assets over \$2,000,000.00 under management. The amount of assets under management is re-determined on a quarterly basis. Additionally, Hamel Associates, Inc. will, from time to time, negotiate fee arrangements other than one based on assets under management, such as a negotiated flat fee. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any unpaid fees will be due and payable or if invoiced in advance, a pro-rata fee will be promptly refunded.

Fees charged by Hamel Associates, Inc. do not include brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment companies and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds (ETFs) also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the fee charged by Hamel Associates, Inc., and Hamel

Associates, Inc. shall not receive any portion of these commissions, fees, and costs.

For a discussion of Brokerage Fees, see the section “Brokerage Practices.”

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

Hamel Associates, Inc. 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) and therefore, does not engage in side-by-side management.

### **Types of Clients**

Hamel Associates, Inc. provides portfolio management services to individuals, which generally meet the definition of high-net-worth individuals, corporations, pension plans and foundations. The majority of the clients for whom Hamel Associates, Inc. provides investment advisory services have assets under management of at least \$1,000,000; however, Hamel Associates, Inc. does not mandate that a client maintain a minimum account size in order to retain the services of Hamel Associates, Inc.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), Hamel Associates acknowledges that Adviser is a fiduciary within the meaning of the Act and the ERISA.

**Retirement Plan Rollovers:** Hamel Associates is a fiduciary to each of its clients. The way our firm earns compensation (asset-based fees for managed accounts) creates some conflicts with your interests. Therefore, we must operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours. At the time of a rollover recommendation, we will provide you with a written disclosure discussing the reasons the rollover is in your best interests. Also, under this special rule’s provisions, we must: (1) Meet a professional standard of care when making investment recommendations (give prudent advice), (2) Never put our financial interests ahead of yours when making recommendations (give loyal advice), (3) Provide basic information about conflicts of interests and fees while avoiding misleading statements about these topics and investments, (4) Follow policies and procedures designed to ensure that we give advice that is in your best interest and, (5) Charge no more than is reasonable for our services.

When Hamel Associates recommends that a client roll their retirement plan assets from a retirement account into a new or existing account (e.g., rollover IRA) to be managed by Hamel Associates, this recommendation creates a conflict of interest. The conflict exists because Hamel Associates will receive an investment management fee if the funds are rolled over. Obviously, the conflict is eliminated if the recommendation is not accepted.

Our clients are never under any obligation to rollover retirement plan assets to an account managed by Hamel Associates. Our chief compliance officer remains available to address any questions that a client or prospective client may have regarding retirement assets, rollover recommendations, and conflicts of interest.

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

Hamel Associates, Inc. employs a value-oriented approach to investing in common stocks. When determining which stocks to purchase for a particular portfolio, Hamel Associates, Inc. gives significant consideration to the price of a stock vis-à-vis the value of the underlying business. Hamel Associates, Inc. is very cognizant of the market's perception of a particular stock and is more inclined to invest in stocks that are currently out of favor in the market. Hamel Associates, Inc. generally tends to favor dividend paying large capitalized stocks with strong balance sheets and focuses on a company's long-term fundamentals. Hamel Associates, Inc. generally purchases securities for the portfolios that it manages with the expectation that such securities will be held for a period of 2 to 5 years.

Fixed income investments generally are utilized as a portfolio diversification element as well as for income deriving investments outside of equity exposure. Hamel Associates, Inc. tends to invest a large portion of the fixed income portion of portfolios in investment grade bonds or bond funds. Maturities of the bonds and bond funds held in portfolios are predicated, to a large extent, by the prevailing interest rate environment.

While Hamel Associates, Inc. endeavors to limit the risk of the portfolios that it manages, virtually all asset classes contain some type of risk and no strategy can guarantee against a loss. These include market risk which is the risk associated with day-to-day fluctuations in the price of securities, interest rate risk which is the risk of investments which are sensitive to the fluctuation of interest rates, reinvestment risk which is the ability to reinvest at the same rate, purchasing power risk which is how inflation reduces the buying power of a dollar, and exchange rate risk which is the uncertainty that the value of foreign currency or the domestic currency will fluctuate. Investments in private equity, venture capital, and real estate that may be appropriate for very high net worth individuals contain a higher level of risk due to the illiquid nature of these investments, as well as the leverage that may be inherent in these investments. It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear. Clients who invest should also be prepared to bear a loss of investment proceeds.

There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate. The following is an overview of the types of risks that one should consider in terms of bond investments: Interest rate risk; reinvestment risk; inflation risk; mark risk, selection risk, timing risk, and price risk. Additional risks for

some government agency, corporate and municipal bonds may include Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. If the bond is called at or close to par value, as is usually the case, investors who paid a premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called. In addition, there may be a liquidity risk involved if investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume.

**Margin Risk:** Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase securities. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the securities on margin. Note: To the extent that a client authorizes the use of margin, and margin is thereafter employed in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Hamel Associates may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Adviser. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by



the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### **Disciplinary Information**

Neither Hamel Associates, Inc., nor any of its officers or employees has ever been the subject of a complaint, disciplinary proceeding, federal administrative proceeding, state administrative proceeding, or legal action.

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

- (A) Neither Hamel Associates, Inc., nor any of its officers or employees are registered (or have applications pending to register) as a broker dealer, or a representative of a broker dealer.
- (B) Neither Hamel Associates, Inc., nor any of its officers or employees are registered (or have applications pending to register) as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.
- (C) Hamel Associates, Inc. has no relationships or agreements with any broker dealers, investment companies, other investment advisers, financial planners, futures commission merchants, banking institutions, accountants, attorneys, insurance agencies, pension consultants, real estate brokers, or sponsors/syndicators of partnerships. Hamel Associates, Inc., from time to time, may work in conjunction with the professionals retained by clients, such as attorneys and accountants, to ensure that a client's best interests are protected. Hamel Associates, Inc. receives no compensation from these professionals. Various employees who provide investment advice also are involved in income and estate tax planning and tax preparation services for our clients.

### **Code of Ethics**

Hamel Associates, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and that it takes the fiduciary duty owed to its clients seriously. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and

personal securities trading procedures, among other things. All supervised persons at Hamel Associates, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Hamel Associates, Inc. anticipates that, in appropriate circumstances, there will be occurrences in which employees of Hamel Associates, Inc. will be engaged in the purchase or sale of securities in which clients are also trading. Hamel Associates, Inc. takes the potential conflict of interest associated with this situation very seriously and has outlined policies and procedures to mitigate the conflict to the greatest extent possible. At all times, Hamel Associates, Inc. and its employees will act in the best interest of its clients above the interests of its employees.

The Hamel Associates, Inc. Code of Ethics requires an employee to obtain pre-clearance of reportable transactions and restricts trading in close proximity to client trading activity. Employees of Hamel Associates, Inc. wishing to trade in shares of a particular security which Hamel Associates, Inc. is trading on behalf of a client, are prohibited from executing the trades for their personal accounts until after all clients' orders have been filled, for that particular day. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employees of Hamel Associates, Inc. are prohibited from buying and or selling securities from or to a client for the benefit of an employee's account. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Hamel Associates, Inc. and its clients.

Hamel Associates, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Pat Hamel.

### **Brokerage Practices**

Investment Advisory firms are required to disclose to clients any soft dollar benefits received by brokerage firms. Soft dollar benefits are considered any product or service that a brokerage firm provides to investment advisers, other than the execution of trades. Hamel Associates, Inc. receives from Charles Schwab, TD Ameritrade, Morgan Stanley, Fidelity and Bank Vontobel access to their third-party research materials. These materials are provided by Charles Schwab, TD Ameritrade, Morgan Stanley, Fidelity and Bank Vontobel, respectively, without regard to the number of accounts Hamel Associates, Inc. maintains with the respective broker. Hamel Associates, Inc. does not receive any other products or services from brokers by virtue of managing accounts with the respective brokers.

In accordance with its best execution policy, Hamel Associates, Inc. reviews the services of its recommended brokers quarterly. When reviewing brokers, Hamel Associates, Inc. considers, past experience with a broker, the broker's price, the broker's reputation, the broker's rate of error, the length of time it takes a broker to execute trades, the willingness and ability for the broker's staff to provide customer service, etc. Hamel Associates, Inc. acts at all times to ensure that clients' trades are being executed in the best way possible. Hamel Associates, Inc. takes price into account when examining best execution, however Hamel Associates, Inc. recognizes that price is not always the best indicator of performance.

Hamel Associates, Inc. does not receive any compensation for referring clients to any broker. Hamel Associates, Inc. accepts directed brokerage which allows clients to select the broker of their choice. Hamel Associates, Inc. cannot guarantee best execution due to limitations that may be placed on the account and/or the Adviser by the client's chosen brokerage firm. Hamel Associates, Inc. informs clients that if they choose to use a broker other than one recommended by Hamel Associates, Inc. they may incur higher prices and or inadequate service and that Hamel Associates, Inc. is not responsible for such decisions.

### **Review of Accounts**

Hamel Associates, Inc. reviews all managed accounts. The frequency of the review is dependent upon the nature of the engagement between a client and Hamel Associates, Inc. For accounts which Hamel Associates, Inc. manages on a discretionary basis, the accounts are reviewed continuously. For accounts which Hamel Associates, Inc. does not manage on a discretionary basis, the review of accounts is done on a periodic basis. All managed accounts, whether discretionary or not, are reviewed at a minimum, quarterly. Reviews are generally conducted by Pat Hamel. The nature of the review is agreed upon between Hamel Associates, Inc. and each particular client, in order for Hamel Associates, Inc. to provide each client individual service based on that client's needs.

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

Hamel Associates, Inc. does not accept payment from third parties, on behalf of clients. Hamel Associates, Inc. does not provide compensation, whether money or gifts, to any person in exchange for that person recommending clients.

### **Custody**

Except for its ability to deduct fees, Hamel Associates, Inc. does not have custody of clients' assets. Clients can expect to receive at least quarterly statements from the broker dealer, bank, or other qualified custodian that holds and maintains client's investment assets. Hamel Associates, Inc. urges clients to carefully review such statements and compare such

official custodial records to the account statements provided by Hamel Associates, Inc. If clients determine that statements are not being received, they must promptly notify their custodian and Hamel Associates, Inc. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s). In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities.

### **Investment Discretion**

Hamel Associates, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be purchased and or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Hamel Associates, Inc. observes the investment policies, limitations and restrictions of the clients, which in some cases includes Hamel Associates, Inc. endeavoring to discuss potential trades with clients prior to execution, when appropriate.

### **Voting Client Securities**

As a matter of firm policy and practice, Hamel Associates, Inc. does not have any authority to, and does not, vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. From time to time, upon request, Hamel Associates, Inc. will discuss upcoming votes with clients and will identify and disclose any conflict of interest during these discussions.

### **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about its financial condition. Hamel Associates, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. Hamel Associates, Inc. does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of services and therefore is not required to include a balance sheet with this brochure. Hamel Associates, Inc. did not take any PPP loans in 2020 or 2021.

If a client or potential client has any questions regarding this Brochure, or any other questions related to Hamel Associates, Inc., Hamel Associates Inc. invites you to contact us at (973)665-1400.