



QUALITY INVESTING

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# **Haverford Financial Services, Inc.**

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Radnor, PA 19087-4546  
610-995-8700

Form ADV Part 2A

This Brochure provides information about the qualifications and business practices of Haverford Financial Services, Inc. ("Haverford Financial"). If you have any questions about the contents of this Brochure, please contact us at 610-995-8700. 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.

Haverford Financial 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 Haverford Financial is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 1 – Cover Page  
Firm Brochure – Form ADV Part 2A  
March 8, 2023

## **Item 2 – Material Changes**

This Brochure dated March 8, 2023, contains one material change from the previous Haverford Financial Services, Inc. (“Haverford Financial” or “the Firm”) brochure dated March 28, 2022. Effective February 6, 2023 the President of Haverford Financial is Keith P. Aleardi. Joseph J. McLaughlin, Jr., who previously served as both CEO and President, remains CEO of the Firm. Additionally, effective February 6, 2023, Mr. Aleardi became a voting member of the Investment Selection Committee, replacing Binney H. C. Wietlisbach. Ms. Wietlisbach remains a Director of Haverford Financial. The other 6 voting members of the 7-voting member Committee remain unchanged.

Information regarding both Mr. Aleardi and Mr. McLaughlin may be found on Schedule A of Form ADV Part 1 as well as Form ADV Part 2B.

Our Brochure may be requested by contacting MarieElena Ness, Chief Compliance Officer, at 610-995-8741 or at [compliance@haverfordquality.com](mailto:compliance@haverfordquality.com). Additional information about Haverford Financial is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Haverford Financial who are registered, or are required to be registered, as investment adviser representatives of Haverford Financial.

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## **Item 4 – Advisory Business**

### **The Company**

Haverford Financial Services, Inc. has been in business as a registered investment adviser since February 2004, and is wholly owned by Drexel Morgan & Co. (“Drexel Morgan”), a financial holding company and SEC-registered investment adviser. George W. Connell is the sole shareholder of Drexel Morgan.

### **Investment Services**

Client may impose reasonable investment restrictions on individually managed accounts.

### **Equity Portfolios**

The Haverford Financial investment philosophy involves investment in equities focusing on high quality, dividend paying, large capitalization securities. The process and approach to portfolio construction is driven by our belief in the following:

- High quality, established companies provide competitive returns with reduced risk;
- Dividend paying companies provide competitive returns with reduced risk;
- Stock prices follow dividend and earnings growth;
- Appropriate diversification reduces risk.

### **Global Allocation Strategies**

The Investment Selection Committee (“ISC”) maintains an approved list of Exchange Traded Funds, or other commingled funds, to be utilized in portfolios with a Global Allocation strategy.

The ISC assesses many factors in selecting the appropriate investments to meet our portfolios’ objectives, including, but not limited to:

- sponsor
- liquidity and expense ratios
- historical data to ensure that tracking error is minimized.

### **Fixed Income Portfolios**

Haverford Financial provides its clients with a focused, disciplined fixed income investment process. Portfolio construction and risk management efforts are driven by a highly disciplined and repeatable process:

- Actively managed asset class and sector allocations; rotating into the market’s most favorable opportunities from the portfolio’s most fully valued holdings.
- Interest-rate risk (duration) targets are managed within +/- 25% of the appropriate fixed-income benchmark (based on client guidelines).
- Duration/yield curve placement and sector weightings are based on top-down macro-economic and business cycle analysis.
- Security selection is based on a bottom-up value approach. Bias is to overweight “spread” products (mortgages and corporate) and underweight Treasury securities.

### **Separately Managed or Wrap Accounts**

Haverford Financial provides investment advisory services to separately managed client accounts and via programs offering comprehensive brokerage, custody, and investment advisory services, sponsored by introducing firms (“Program Sponsors”).

For such programs, Haverford Financial offers investment supervisory services on a discretionary basis to the clients of Program Sponsors who offer comprehensive services for a comprehensive fee (“wrap fee”), which is typically based upon a percentage of assets under management. Haverford Financial will receive a portion of the wrap fee for our services. Haverford Financial will generally direct all account brokerage

transactions to the Program Sponsor due to its execution capabilities in order to prevent incurring additional transaction fees besides the stated comprehensive fee.

Haverford Financial is chosen by the ultimate client to act as an investment adviser via a selection process governed by the Program Sponsor and normally does not have direct client contact. However, Haverford Financial is available for client consultations, at the discretion of the financial intermediary or by client request.

### **Sub-Advisory Services**

Haverford Financial may enter into relationships with third parties whereby Haverford Financial provides such party with a model portfolio by which such firm may manage clients' accounts.

### **Assets Under Management**

As of December 31, 2022, Haverford Financial had approximately \$381 million in discretionary assets under management.

## **Item 5 – Fees and Compensation**

### **Individually Managed Accounts**

Haverford Financial will enter into a written investment advisory agreement with a client, setting forth the parameters of the advisory relationship. The standard Haverford Financial advisory fee schedule is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First \$ 2 Million	1.00%
Next \$ 3 Million	0.75%
Next \$ 20 Million	0.50%
Next \$25 Million	0.35%
Over \$50 Million	Negotiable

Fees for Individually Managed Accounts are payable quarterly in advance of the beginning of each calendar quarter, based on the total value of the account as of the last day of the immediately preceding quarter. The value of an account for fee purposes shall include all assets in the account, including any uninvested cash equivalents. Please see the section entitled "General Fee Disclosures," below, for additional information regarding fees.

### **Separately Managed or Wrap Accounts**

Fees for investment advisory services to wrap accounts generally range from 0.20% to 0.55% of assets under management. The fee is determined by agreement between Haverford Financial and the Program Sponsor or by agreement between Haverford Financial and the client. Program Sponsors generally collect the total fee and remit a portion to Haverford Financial, however, under some circumstances the client may pay investment advisory fees directly to Haverford Financial. Fees for Separately Managed Accounts or Wrap Accounts shall be payable as described in the Program Sponsor's client agreement. Please see the section entitled "General Fee Disclosures," below, for additional information regarding fees.

### **General Fee Disclosures**

Fees are negotiable at Haverford Financial's discretion and clients may be charged differently based on factors such as client type, asset class, pre-existing relationship, portfolio complexity and account size or other special circumstances or requirements. Related accounts may be aggregated for fee calculation purposes in certain circumstances.

Haverford Financial's fees are exclusive of 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 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 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 Haverford Financial's fee, and Haverford Financial shall not receive any portion of these commissions, fees, and costs.

### **Termination**

Investment management agreements for Individually Managed Accounts may be terminated at any time by either party with 30 days' written notice to the other party. Upon termination, the client will be entitled to a refund of any advisory fee pre-paid but unearned for such calendar quarter. No advisory fee will be payable if a client terminates an agreement within five business days of original signing. Termination language may vary by mutual agreement.

Investment management agreements for Separately Managed Accounts or Wrap Accounts may be terminated as described in the agreement for such accounts.

### **Item 6 – Performance-Based Fees**

Haverford Financial 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**

Haverford Financial may provide investment advice to individuals, banks and thrift institutions, investment companies, pooled investment vehicles, pension and profit-sharing plans, charitable organizations, corporations, business entities, state and municipal government entities and unions.

For Individually Managed Accounts, Haverford Financial generally requires a minimum account size of \$1,000,000. Separately Managed Accounts introduced by a third-party broker, the minimum account size is \$100,000. Wrap Accounts introduced to the Firm by Program Sponsors, the specific minimum account size varies by Program Sponsor.

Haverford Financial has the discretion to waive the account minimum based on any number of factors including, but not necessarily limited to, client type, asset class, pre-existing relationships, portfolio complexity or other circumstances or requirements.

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

The evaluation method that Haverford Financial utilizes for securities is Fundamental Analysis, which is the analysis of the facts that affect a company's underlying value. Examples of factors considered in fundamental analysis include debt, cash flow, supply and demand for the company's products, and so forth.

In addition to individual securities, Haverford Financial may employ the use of mutual funds and exchange traded funds to provide investors the opportunity for additional diversification and/or global exposure.

### **Quality Equity Portfolio**

Haverford Financial believes that clients' interests are best served by applying a unified, disciplined investment approach that is consistent over time. The Firm's investment strategy emphasizes quality, risk control, consistency and discipline. The Firm invests primarily in companies that have historically exhibited the following characteristics:

- superior financial strength
- above-average earnings growth that is consistent and predictable
- regular, growing dividend payment
- strong competitive position

The Quality Growth Portfolio places its primary emphasis on companies and securities that Haverford Financial believes can grow their earnings and dividends at an above market pace. The Quality Dividend Portfolio places its primary emphasis on companies that exhibit above average dividend yields.

The Growth and Income portfolio will primarily consist of companies that exhibit above either average current dividend yields or the prospect to grow dividends at an above market pace.

### **Taxable Fixed Income**

The taxable fixed income strategy focuses on the primary needs of the investor. Haverford Financial actively manages portfolios, rotating into the market's most favorable opportunities from the portfolio's most fully valued holdings. Haverford Financial emphasizes intermediate maturity holdings and de-emphasizes market timing to control risk.

The Fixed Income Team analyzes individual securities to evaluate inherent risk characteristics, such as call risk or indenture provisions and incorporates forward-looking assessment of the risks involved. This strategy may also be applied via Exchange Traded Funds to maximize account efficiencies. Significant variation in sector returns substantiates the capacity to add value through active management and sector rotation.

### **Municipal Fixed Income**

The municipal fixed income strategy is designed to enhance after-tax returns while preserving capital and income.

The selection of individual bonds in the municipal bond market is determined by analysis of multiple factors such as:

- credit strength of the issuer
- strength of the bondholder's claim on the revenues
- call and other redemption provisions
- yield curve analysis of the increased reward for maturity extension

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear and there is no guarantee that any investment strategy will meet its objective. Depending on the types of securities you invest in, you may face the following investment risks:

- Market Risk. Stock markets can be volatile. In other words, the prices of stocks can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. Investments may decline in value if the stock markets perform poorly. There is also a risk that the investments will underperform either the securities markets generally or particular segments of the securities markets.
- Foreign Risk. Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.
- Portfolio Turnover Risk. Portfolio turnover refers to the rate at which investments are replaced. The higher the rate, the higher the transactional and brokerage costs associated with the turnover which may reduce the return, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase your realized capital gains or losses, which may affect the taxes you pay.

- Interest Rate Risk. Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Liquidity Risk. When consistent with a Client's investment objectives, guidelines, restrictions, and risk tolerances, the firm may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict Client's ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities.
- Business Risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Financial Risk. Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Fixed Income Risks. Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.
- Small/Mid Cap Risk. Stocks of small or small, emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.
- Mutual Fund & Exchange Traded Fund Risk. There are specific risks involved in the management of mutual funds and Exchange Traded Funds which are described in detail in their prospectus. In general, ETFs and Mutual funds expose the investor to the strategy specific risk of the fund.

#### **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 Haverford Financial or the integrity of Haverford Financial's management. Haverford Financial has no information applicable to this Item.

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

The owner of Haverford Financial, Drexel Morgan is a financial holding company and federally registered investment adviser. In addition to Haverford Financial, Drexel Morgan owns The Haverford Trust Company ("Haverford Trust"), a Pennsylvania state chartered trust company and a bank registered with the Federal Reserve System. Haverford Trust is the parent company of Haverford Trust Securities, Inc. (Haverford Trust Securities), a broker-dealer. Haverford Financial does not anticipate any conflict of interest with Drexel Morgan or Haverford Trust Securities as the Firm does not anticipate recommending clients to any of these companies or sharing clients.

Haverford Financial and Haverford Trust share personnel and various services such as investment research, accounting and operational services in addition to corporate offices. Haverford Financial investment philosophies and decisions are the same as Haverford Trust and come from the same Investment Selection Committee.



Individuals affiliated with Haverford Financial may also be registered representatives of Haverford Trust Securities. The Firm does not anticipate that this will be a conflict of interest as no Haverford Financial client transactions will be effected through the broker-dealer.

Haverford Financial is the General Partner of, and investment adviser to, Continuum Partners, L.P., a Regulation D private placement. As such, the Firm may receive a management fee as described in Item 5. Information regarding Continuum Partners, L.P., including a description of the partnership and its expenses, is available in the Continuum Partners Private Placement Memorandum.

Haverford Financial is the investment adviser for the Haverford Quality Growth Stock Fund, a separate series of The Advisors' Inner Circle Fund, a mutual fund family that offers separate investment portfolios. The Fund is distributed by SEI Investments Distribution Co., which is not affiliated with Haverford Financial. The Firm may recommend that clients invest in shares of this Fund which Haverford Financial advises and from which Haverford Financial may receive advisory, administrative and/or distribution fees. In such cases, Haverford Financial will not assess an advisory fee as contemplated in Item 5 against that portion of client assets invested in the Haverford Quality Growth Stock Fund.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

Drexel Morgan and the companies affiliated with it including (as previously described in Item 10) Haverford Financial, Haverford Trust, and Haverford Trust Securities have adopted a Code of Ethics which deals with the following areas of the Firms' business: procedures for personal securities transactions of directors, officers and employees; and initial public offerings and private offerings. Each employee is required to certify annually that he or she has read and understands the Code of Ethics. The Code of Ethics is available in its entirety to clients or prospects upon request.

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

As noted in Item 10, above, Haverford Financial is the investment adviser to Continuum Partners, L.P. Additionally, it is the investment adviser to the Haverford Quality Growth Stock Fund, a separate series of The Advisors' Inner Circle Fund, a mutual fund family that offers separate investment portfolios and is distributed by SEI Investments Distribution Co. SEI Investments Distribution Co. is not affiliated with Haverford Financial. Should a client choose to purchase interests in either of these, Haverford Financial will not assess an advisory fee as contemplated in Item 5 against that portion of client assets invested in such product.

The officers, employees, and directors of Haverford Financial ("Related Persons") will be permitted to invest in securities that are also recommended to clients, with the requirement that all client transactions shall receive priority. Haverford Financial and its Related Persons may take investment actions that differ from the advice given or the timing or nature of action with respect to any one client account. Subject to the aforementioned restrictions, the Firm and its employees may at any time hold, acquire, increase, decrease, dispose of, or otherwise deal with positions in investments in which a client account may have an interest from time to time. Haverford Financial has no obligation to acquire for a client account a position in any investment which it, acting on behalf of another client, or a Related Person, may acquire, and the client accounts shall not have first refusal, co-investment or other rights in respect of any such investment.

In the case of new client accounts, uninvested cash in existing client accounts, or a change in investment objective of an existing client account, the fact that Related Persons hold positions in specific securities shall not preclude the purchase of such securities for such client accounts. New clients will be advised that significant portions of their account will be invested in securities presently held by Related Persons, if such is the case.

## **Item 12 – Brokerage Practices**

While it has not entered into any formal arrangement(s), Haverford Financial may receive research in connection with its allocation of portfolio transactions to certain brokers. In doing so, Haverford Financial

receives a benefit because the firm does not have to produce or pay for the research. Therefore, Haverford Financial may have an incentive to select or recommend a broker based on our interest in receiving the research, rather than on the client's interest in receiving the best execution. The research services received aid Haverford Financial in fulfilling its investment decision making responsibilities and may include research reports or oral advice from brokers and dealers regarding particular companies, industries or general economic conditions. The reports and analyses may relate to particular securities, classes of securities and securities markets. The soft dollar benefits are not limited to those clients who may have generated a particular benefit.

When a client selects a particular brokerage firm, the commissions to be paid by the client through such brokerage account may be negotiated by the client directly with the broker, or Haverford Financial will negotiate the commission rates if requested. If multiple clients select the same brokerage firm or custodian bank, Haverford Financial will attempt to aggregate trades for multiple accounts.

A client who directs Haverford Financial to use a particular broker-dealer, including a client who directs use of a broker-dealer as custodian of the client's assets, should consider whether such a designation may result in certain costs or disadvantages to the client. The client may pay higher commissions than they would if the client had not directed brokerage and may not receive best execution. Accordingly, the client should satisfy itself that the broker-dealer can provide adequate price and execution of most transactions. A client who directs the use of a broker-dealer may also be subject to certain disadvantages regarding aggregation of orders. Clients directing the use of a particular broker-dealer may be disadvantaged in batched transactions by incurring materially different commission charges when batched transactions are allocated to client accounts held by the directed broker-dealer.

Haverford Financial will suggest brokers or dealers to clients only at the client's request. In recommending a broker or dealer, or directing client transactions, Haverford Financial will suggest only those firms that it believes provide quality execution and reasonable commissions. As previously noted, Haverford Financial may also recommend firm's that have the ability to provide research that may help Haverford Financial in providing investment management to its clients. However, no client is under any obligation to affect trades through any recommended broker. All clients are free to select any broker or dealer of his or her choice.

### **Item 13 – Review of Accounts**

Accounts will be reviewed on a regular basis, but not less frequently than annually, by Haverford Financial. Such review will include comparison of the assets in the account with account objectives and guidelines, style and asset type guidelines.

Haverford Financial generally will not provide clients with any reporting on accounts unless requested by the client. Client should receive statements from their account's custodian no less than quarterly. Clients of wrap fee programs may receive reports directly from the wrap fee sponsor.

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

Please refer to Item 12, *Brokerage Practices*, for disclosures on research Haverford Financial may receive resulting from various trading relationships.

Haverford Financial does not currently compensate consultants, individuals, and/or entities (Solicitors) for client referrals.

### **Item 15 – Custody**

Clients should receive monthly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains Client investment assets. Haverford Financial urges clients to carefully review all statements and compare the official custodial records to the account statements that Haverford Financial and others may provide to clients. Haverford Financial's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Non-wrap accounts that are individually managed by Haverford Financial may, upon request, receive reports directly from us. These written reports may include details of client's trades, account balances, portfolio performance, dividends, contributions and withdrawals, and fees and charges. While these reports will differ in presentation and type of information presented from the reports sent directly by the custodian of the accounts, they should be consistent in regard to assets, contributions and withdrawals. Clients should always check to ensure that the reports received from clients' custodian are consistent with the reports received from Haverford Financial. Clients should contact the Chief Compliance Officer of Haverford Financial immediately in the event of material inconsistencies in the report.

Continuum Partners, L.P. is subject to an annual audit due to Haverford Financial's relationship as the General Partner of the fund. The fund's annual financial statements are prepared by the third-party administrator and then audited by a qualified independent auditor who is registered and inspected by the Public Company Accounting Oversight Board. Audited financial statements are distributed to investors of the fund within 180 days of the funds' fiscal year-end as required under the Investment Advisers Act of 1940. While Clients invested in Continuum Partners do not receive statements from the custodian, Clients will receive monthly statements from the third-party fund administrator in addition to the audited financial statements received by June 30th annually. The assets of Continuum Partners are held by a qualified custodian.

#### **Item 16 – Investment Discretion**

Haverford Financial typically receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such authority is generally documented in the client agreement. In all cases, 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, Haverford Financial observes the investment policies, limitations and restrictions of the clients for which it advises.

For registered investment companies, Haverford Financial's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Haverford Financial in writing.

#### **Item 17 – Voting Client Securities**

Haverford Financial has adopted policies and procedures to ensure that it votes client proxies in the best interest of clients who have delegated their proxy voting responsibility to Haverford Financial. Haverford Financial utilizes the Firm's Investment Selection Committee to make voting decisions and has retained Egan-Jones Ratings Co. ("Egan-Jones") to act as an independent voting agent to provide mechanical voting procedures and document those procedures. Egan-Jones provides Haverford Financial with all proxies, provides research reports on issues to be voted upon, and subject to the Investment Selection Committee's approval, submits votes.

Haverford Financial bases its final voting decisions on a pre-established set of policy guidelines and on the recommendations of Egan-Jones, an independent third party. Egan-Jones makes its recommendations based on its independent, objective analysis of the economic interests of shareholders. This process helps ensure that proxies are voted in the best interests of clients and minimizes conflicts of interest in voting decisions. Haverford Financial relies on the recommendations of Egan-Jones, but Haverford Financial ultimately retains the responsibility for the votes and has the ability to override Egan-Jones vote recommendations. The Investment Selection Committee will only do so, however, if it believes that a different vote is in the best interest of clients. Additionally, when a material conflict of interest may affect Haverford Financial's ability to vote proxies in the clients' best interest, Haverford Financial will follow the voting recommendations of Egan-Jones.

For a complete copy of the Firm's proxy voting policies and procedures, or to obtain specific information regarding how proxies were voted on a specific client account, please contact Haverford Financial's Chief Compliance Officer at 610-995-8741.

#### **Item 18 – Financial Information**

In this Item, registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Haverford Financial 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.