

Item 1 – Cover Page

Hammer Asset Management, LLC



December 31, 2011

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www.HammerAsset.com

This Brochure provides information about the qualifications and business practices of Hammer Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (603) 527-0033 or HammerAsset@aol.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.

Hammer Asset Management, LLC 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 Hammer Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since March 21, 2011, the date of the filing of the previous version of Form ADV, Part II document with the U.S. Securities and Exchange Commission (“SEC”), we have modified the SEC Disclosure Document, also called the Form ADV, Part II narrative (and herein referred to as the “brochure.”) Only the material changes since the last update of this brochure are set forth on this page. These material changes include:

- 1) Assets under Management: The amount of our Assets under Management has changed since our last Brochure filing.
- 2) Change of Address: Hammer Asset Management, LLC has a new main office and mailing address. It has changed from 36 Country Club Road, Suite 812 - Gilford, New Hampshire, 03249 to 133 Oak Ridge Road - Bethlehem, New Hampshire, 03574.

Pursuant to new 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.

Currently, our Brochure may be requested by contacting Cindy Quiggin/Chief Compliance Officer at 603.527.0033 or HammerAsset@aol.com.

Additional information about Hammer Asset Management, LLC 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 Hammer Asset Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Hammer Asset Management, LLC.

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Item 4 – Advisory Business

Hammer Asset Management, LLC was established in 1990 by principal owner, David A. Hammer, Sr.

Hammer Asset Management, LLC is an active quantitative manager of investment accounts, taxable and non-taxable, under the authority of a Limited Power of Attorney granted us by the client and in accordance with an Advisory Agreement between the client and us. Our service involves the selection of high-quality stocks, bonds, and money market funds, the amounts of each to be bought or sold, and the execution of such transactions through an outside broker and custodian.

Hammer Asset Management, LLC believes a portfolio's asset allocation (the percentage invested in equities versus bonds or cash) is a major determinant of both performance and risk (volatility). Therefore, each of Hammer Asset Management, LLC's clients has his or her own particular asset mix, depending on the investor's particular time-horizon, risk profile, and investment objective. Hammer Asset Management, LLC offers a proprietary method of asset allocation whereby the portfolio's asset mix is periodically adjusted to reflect the current probabilities of stocks, bonds, and cash outperforming each other over the client's time-horizon. A second method of asset allocation is one where the client specifies a minimum required return (with a specific probability) over a specific time-horizon.

Hammer Asset Management, LLC equities selection process is a value-oriented, state-of-the-art, quantitative/fundamental/technical system. It includes several fundamental valuation methods, as well as technical and fundamental factor analysis, evaluation of actual earnings momentum and estimated earnings momentum, the use of tools to relate sector positioning to current economic factors and a cross-correlation program to maximize diversification. Generally, Hammer Asset Management, LLC owns high quality stocks that are good values (including growth stocks) and have improving fundamentals. Hammer Asset Management, LLC's bond selection system is driven by a proprietary forward-rate model that utilizes only factual data inputs. Hammer Asset Management, LLC invests principally in the U.S. government and agency issues along with some A-rated (or better) corporate debt. Bond selection is a function of expected return relative to expected risk (including reinvestment risk).

Hammer Asset Management, LLC believes discipline is the key to superior performance and meeting the clients' goals and objectives within the appropriate risk parameters. Hammer Asset Management, LLC maintains a strong buy/sell discipline and are not influenced by fads or the prevalent market sentiment. Hammer Asset Management, LLC is long-term

investors, who believe by owning securities and classes of securities, which offer well above-average expected returns relative to their respective risk factors that the short-term performance will take care of itself.

Investment Team:

Name/Year of Birth	Degree(s)	Title/Responsibility	Years in Industry
David A. Hammer, Sr., CFA Firm founder and author of <i>Dynamic Asset Allocation</i> , born 1946	B.A. (Economics)	Chief Investment Officer/Principal Owner	40+
Mark Billings, Born 1950	B.B.A (Economics)	Chief Strategist/Client Relations	30+
Susan Kiser, CFA, Born 1957	B.S. (Finance) B.S. (Accounting) M.B.A	Director of Research/Portfolio Manager	20+
David Hammer, Jr., Born 1975	A.S. (Economics/ Finance)	Portfolio Manager/Head Trader	13
Cynthia Hammer Quiggin Born 1982	B.S. (Economics/ Finance) A.S. (Business Administration)	Analyst/Accounting Manager/Chief Compliance Officer	9
Karen Hammer Born 1954		Administration	13

Assets under Management as of December 31, 2011:

Discretionary: \$105,000,000

Non-Discretionary: \$368,000,000

Total: \$473,000,000

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Hammer Asset Management, LLC is established in a client’s written management agreement with Hammer Asset Management, LLC. Hammer Asset Management, LLC will bill its fees on a quarterly basis in each calendar quarter. In signing our management agreement, the client authorizes their chosen custodian to directly debit fees from their portfolio accounts. Clients may also elect to be billed directly for fees. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees

based on the period beginning 30-days following notification through the end of the period for which fees were prepaid in accordance with our management agreement will be promptly refunded, and any earned, unpaid fees will be due and payable.

Hammer Asset Management, LLC'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, 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 Hammer Asset Management LLC's fee, and Hammer Asset Management, LLC shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Hammer Asset Management, LLC considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Fee Schedule: In consideration of the services to be rendered by Adviser, Client (or custodian) shall pay to Adviser quarterly, in advance, one-fourth of the following annual rates:

Account Value	Annual Fee
\$300,000 - \$499,000	1.50%
\$500,000 - \$999,999	1.25%
\$1 - \$2 million	1.00%
Over \$2 million	0.75%

An annual discount of up to 0.25% may be negotiated for particular reasons such as multiple accounts. Should the clients assets grow appreciably over time, a reduction in the fee rate may be negotiated. Fee rates for accounts over \$5 million *at inception* can be negotiated. Accounts with assets under \$300,000 may be charged a flat annual fee of \$4,500 (\$1,125 per quarter). Bond-only accounts will be charged 60 percent of the normal fees listed above or such fees may be negotiated.

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

Hammer Asset Management, LLC 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). Our fee rate is a FLAT (versus graduated) rate applicable to every dollar of assets and is determined by fair market value of the assets at inception. Calculation of the assets at inception and quarterly thereafter shall be based upon the fair market value of the portfolio (including cash or its equivalents) as determined by Adviser. Valuations on equities shall be the last sale price or, if no sale occurred on the last day of the quarter, then the mean between the bidding and asking price. Valuations on listed bonds shall be the bidding price. Unlisted securities will be valued at the bidding price and cash (including its equivalents) at principal amount. Securities that do not have a public market price shall be valued at cost.

Item 7 – Types of Clients

Hammer Asset Management, LLC provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, and endowments.

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

Asset Allocation Process:

The client's investment time-horizon is jointly determined with the clients and/or their financial planner. Hammer Asset Management, LLC then computes the expected (most likely) returns for stocks, bonds, and money markets over that time-horizon, usually one to ten years. Expected returns are arrived at by first computing the most likely levels of future interest rates, corporate normalized profitability, and equity risk-premiums. The existing Treasury yields curve as well as current and projected levels of investor confidence are important determinants of expected returns --something that makes our asset allocation model distinct.

Hammer Asset Management, LLC combines the expected returns along with the expected volatility of each asset class to produce a distribution of possible future returns. Using the

calculus, Hammer Asset Management, LLC computes the probabilities of stocks, bonds, and money markets outperforming each other over the client's time-horizon. The client's asset allocation is set in proportion to these probabilities. Adjustments to the asset mix are made whenever there is a significant change in the probabilities or the client's circumstances.

Generally, the longer the clients' time-horizon the more equities they will own because as the time-horizon increases the greater the probability that stocks will outperform both bonds and cash. So therefore, even when the market is overvalued, long-term investors will still own a significant proportion of equities. Therefore, their accounts will be more volatile than accounts with short time-horizons, but the latter will not return as much over the years.

Hammer Asset Management, LLC's asset allocation work allows us to satisfy a variety of client objectives and levels of risk aversion. For example, assume a client wants to maximize return, but with no more than a 10% probability of loss over the next three years. Hammer Asset Management, LLC knows the percentages of equities and bonds that person can own at a particular point in time to meet those criteria. Another example would be Hammer Asset Management, LLC's ability to satisfy the objectives of a client who wants to minimize the chances of the portfolio producing less than an 8% annualized return over the next five years. Conversely, Hammer Asset Management, LLC can provide an asset allocation that simply maximizes expected return over the next ten years, with no regard to risk or minimum return.

Many investment advisors spend the bulk of their time analyzing individual company fundamentals, which, in turn, may account for only 5-15% of a portfolio's return and volatility risk. Therefore, in addition to following the company fundamentals very closely, Hammer Asset Management, LLC spends a significant part of our time computing the relative attractiveness of the overall market, and analyzing the economic, industry, and stock market conditions that are the main factors affecting any security. The same is true with bond analysis. Many managers spend too much time selecting the company or agency to invest in without enough regard to the prospects for interest rates and the probabilities of different future yield curves. Hammer Asset Management, LLC believes it is far more important to know how much to invest in bonds in general, and in which maturity and quality segments to invest, than it is to know which specific bond provides the best return relative to its quality.

Equities Selection Screen Process:

Hammer Asset Management, LLC maintains databases, which encompass approximately 1,700 stocks. Most of the stocks, which are selected from that universe for our “Buy list”, are well known companies with above-average stability and financial strength and below-average price/earnings ratios. Generally, 50 percent of our stocks are in the S&P 500 and no more than 15 percent are smaller, emerging, growth stocks.

Hammer Asset Management, LLC begins by analyzing all companies where the stock price is substantially below the present value of the expected dividend stream and below the present value of the company's future cash flow after long-term debt repayment. We use three, time-tested methods of projecting dividends and cash flow. The screened list consists mainly of stocks with reasonable P/E ratios relative to growth prospects.

Next, Hammer Asset Management, LLC screens for companies where, based on our fundamental analysis, there is a greater likelihood of an upside earnings surprise than of a disappointing earnings announcement. We strongly believe that, over the years, stocks with low P/E ratios have provided substantially better performance following better-than-expected earnings reports than high P/E stocks. Also, they do not tend to be affected severely by poorer than expected earnings, whereas high P/E stocks can fall apart after a negative earnings surprise. Most of the time, our portfolios tend to have average P/E ratios and price/book ratios somewhat below average but an overall Return-on-Equity that are somewhat above average.

Then, Hammer Asset Management, LLC computes a five-year expected return (based on expected, fair P/E ratios computed using proprietary, quantitative methods) for each of the stocks that have passed through the above screens and select those where the return is commensurate with the stock's risk. Specifically, the expected return must be proportional to the historical variance of the stock's price.

From those companies, Hammer Asset Management, LLC selects companies where the earnings estimates are rising. The final screen finds companies where the year-to-year, quarterly earnings growth rate is improving also, and is expected to improve further. We favor stocks where the earnings growth rate is above average and is accelerating, or where a negative growth rate is turning positive.

Before assembling our final Buy list, Hammer Asset Management, LLC employs a proprietary program to determine, in light of several current economic factors, whether growth stocks or low price/book value stocks are most likely to outperform over the next 12 months. We then skew our normal 50/50 growth/value mix accordingly.

After finding securities that are the most likely to perform well in the short, intermediate and long term, Hammer Asset Management, LLC then completes the portfolio management process by analyzing the cross-correlation of returns between the final Buy list candidates. The goal is to assemble a group of sixteen to twenty-four stocks that all have excellent expected returns, but do not always move in the same direction, simultaneously, thereby, reducing short-term volatility of return (risk). We utilize proprietary technical analysis to assist us in the precise timing of individual stock purchases.

Sell Discipline:

When a stock appreciates, or the fundamentals deteriorate, to a point where the stock's five-year expected return is no longer commensurate with its volatility (risk), it becomes a sale candidate. Then, we sell the stock when its price loses upside momentum, or when it becomes overbought relative to its intermediate price trend. Our average holding period for individual equities is over two years.

Bond Selection - Optimization Method:

The goal is to outperform the Merrill Lynch U.S. Treasury/Agency Master Bond Index with less volatility (variance of periodic return) than the index. Hammer Asset Management, LLC utilizes Treasury, Government Agency and high-quality corporate bonds, whereby securities selection is primarily a function of the shape of the yield curve and the level of investor confidence (as measured by our proprietary model).

First, Hammer Asset Management, LLC analyzes the slope of the yield curve at all maturity points and determine how much of the slope is due to the level of investor confidence and how much to interest rate anticipation. Once we have determined the most likely future yield curves, we calculate future returns for the various maturities based upon our forward rate expectations. Using the calculus, we compute the probability of each of the maturities outperforming T-bills over the next one-to-five years. To choose the ideal duration (average maturity of the present value of future interest and principal payments) for a portfolio, we compare these probabilities to the risk (volatility) of each maturity. We concentrate on that portion of the yield curve that offers the greatest expected return relative to risk.

After deciding on the ideal portfolio duration, Hammer Asset Management, LLC then computes whether the duration should be achieved by concentrating in one particular maturity range, or by barbell the maturities (some long and some short), or by laddering the maturities. This decision is arrived at by comparing the reward-risk ratios of possible combinations of securities that produce the desired average duration. The resulting

portfolio (which is periodically readjusted) will have duration longer or shorter than the index (depending on our market-derived future yield-curve projections) and will have the maximum possible reward-risk ratio for that particular portfolio duration.

Bond Selection – Immunization Method:

Whereas the "OPTIMIZATION" method revolves around selecting the appropriate portfolio duration, under the optional "IMMUNIZATION" method, the duration is predetermined by the client's time-horizon or liability duration. The goal is to provide maximum return over that time-horizon, with no regard for short-term volatility, but with 99% assurance that the principal will remain intact and at the end of the time-horizon will achieve the anticipated return. The immunization process is, simply, one of matching the average duration of the portfolio to the average duration of the client's liabilities or to the length of the client's time-horizon. (Duration is the average maturity of the present values of a series of cash flows). Assets that have the same duration as the liabilities they are funding offer virtually risk-free funding. The investment technique involved here is periodically adjusting the portfolio duration as the liability duration (or time-horizon) shrinks with the passage of time. Once the required portfolio duration is periodically (usually quarterly) recomputed, then Hammer Asset Management, LLC will determine whether it is best to attain the required duration using a bullet, barbell or ladder maturity structure in order to achieve the greatest possible return. The OPTIMIZATION and the IMMUNIZATION methods differ in the sense that under the first method, Hammer Asset Management, LLC selects (and varies) the average duration based upon our interest rate anticipation work, whereas under the second method, the client's circumstance determines the duration. Both techniques involve active management and an optimal reward-risk relationship.

Balanced Portfolio Strategies:

Hammer Asset Management, LLC recognizes investors have different risk tolerances and therefore offers five levels of risk, ranging from very conservative to moderately aggressive. Portfolios at each risk level have a strategic asset allocation between stocks, bonds and cash.

Balanced Portfolio Types	Types of Investments	Typical Equity Allocation	Risk (est. STD DEV of Return)
A – Income Oriented	Overweighting of quality securities that provide above-average income.	35%	7%
B – Risk-Averse	Overweighting of stocks and bonds that have low price volatility.	45%	8%

C – Conservative	Stocks and bonds with high risk-adjusted returns.	60%	10%
D – Growth + Income	Overweighting of stocks with above average expected earnings growth, ROE, and ROI, plus bonds with above-average risk-adjusted returns.	75%	12%
E – Equity Oriented	Mainly equities, plus a portion of fixed income securities calculated to optimize the portfolio/risk ratio.	85%	14%

Note: The securities in which Hammer Asset Management, LLC invests, even U.S. Treasury Bonds, all bear some degree of risk because of the periodic variance in market price.
Investing in securities involves risk of loss that clients should be prepared to bear.

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 Hammer Asset Management, LLC or the integrity of Hammer Asset Management, LLC's management. Hammer Asset Management has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Hammer Asset Management, LLC and its members/employees do not have any affiliation with a broker-dealer, investment-related institution, or any entity that could be deemed a conflict of interests.

Item 11 – Code of Ethics

Hammer Asset Management, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, 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 Hammer Asset Management, LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

Members and employees of Hammer Asset Management, LLC may trade for their own accounts in securities which are recommended to and/or purchased for Hammer Asset Management, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Hammer Asset Management, LLC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires manager's approval of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics permits 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. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Hammer Asset Management, LLC and its clients.

Hammer Asset Management, LLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Cindy Quiggin.

It is Hammer Asset Management, LLC's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Hammer Asset Management, LLC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

In accordance with Hammer Asset Management, LLC's management agreement, the client may select their own broker or allow our firm to select the broker to execute transactions. If Hammer Asset Management, LLC is allowed to select brokers, the commission rate that we negotiate with the broker will include such factors as: shares being traded, price limits, time limits affecting difficulty of the transaction, research being provided by the broker that benefits the client, portfolio performance-monitoring by the broker and/or financial planning provided to the client by the broker. Therefore, commissions may range from five cents to twenty cents per share for stocks. All bonds (traded net of commissions) are traded on a best available net price basis. Approximately one-third of our assets under management were referred to us by brokers where the client has agreed to allow the broker to receive commissions from his/her account as compensation to the broker for financial planning and/or performance-monitoring services. Hammer Asset Management, LLC makes the client aware that the commission rate that the client pays to such broker may be significantly higher than rates Hammer Asset Management, LLC could obtain elsewhere.

Hammer Asset Management, LLC does not use commissions as soft dollar payments for the benefit of the company to pay for items such as rent, equipment, subscriptions, etc. Hammer Asset Management, LLC receives no percentage of any commissions paid or any upfront or back-end fees from the issuer or manager of any assets we purchase for the client.

Item 13 – Review of Accounts

Up to three of Hammer Asset Management, LLC's portfolio managers review every account at least weekly for compliance with manager's policy regarding asset allocation, sector positioning, and individual weightings. Changes in client's circumstances, asset allocation guidelines, and individual company fundamentals trigger special reviews.

Portfolio managers include:

David A. Hammer, Sr. – Manager: Reviews all accounts

David A. Hammer, Jr. – Portfolio Manager and Trader: Reviews approximately 100 accounts.

Susan Kiser – Portfolio Manager and Director of Research: Reviews approximately 100 accounts.

*Note: Portfolio Managers must hold a college degree in Business or Economics and/or must be a Chartered Financial Analyst and/or have 5 years investment experience.

In addition to monthly reports from the custodian, Hammer Asset Management, LLC provides to clients, on a quarterly basis, a detailed appraisal report of client's holdings and a performance report showing the clients periodic return compared to the appropriate indices.

Item 14 – *Client Referrals and Other Compensation*

Approximately one-third of Hammer Asset Management, LLC's assets under management was referred by other registered investment advisors. As compensation for the referral, Hammer Asset Management, LLC may compensate such Registered Investment Advisors and Investment Advisor Representatives five percent to thirty-three percent of our normal management fee. Fees to the client are no different whether we do, or do not, pay a third-party fee for the client referral. Hammer Asset Management, LLC requires full disclosure to the client of any fee-sharing arrangement; and we maintain Solicitor's Agreements with all such persons.

Item 15 – *Custody*

Hammer Asset Management, LLC does not maintain custody of any client assets. The client chooses the custodian upon execution of our management agreement. In some cases the custodian may charge the client a fee for its services.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Hammer Asset Management, LLC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Hammer Asset Management, LLC's advisory agreement and Power of Attorney allows 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. 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, Hammer Asset Management, LLC observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Hammer Asset Management, LLC'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 Hammer Asset Management, LLC in writing.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, Hammer Asset Management, LLC 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. Hammer Asset Management, LLC may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Hammer Asset Management LLC's financial condition. Hammer Asset Management, LLC 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.