

HFR Investment Advisory Services

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March 31, 2014

This Brochure provides information about the qualifications, business practices, and investment philosophy of HFR Investment Advisory Services. It is an important tool to assist prospective and current clients to hire and/or retain us to manage money.



Navigating through market risks, on behalf of clients, for over 18 years

The enclosed information should be reviewed in conjunction with personal discussions with us, to help prospective clients determine if our firm is a good fit to manage their assets. Clients and prospective clients should contact us at (518) 346-8189 or (315) 668-3332 with any questions regarding the contents of this Brochure or our services.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about HFR Investment Advisory Services is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov. HFR Investment Advisory Services is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training.

Item 2

Material Changes

In accordance with disclosure requirements enacted by the U.S. Securities and Exchange Commission, in 2011 Investment Advisors were required to materially change “Brochures”, which are the ADV Part II disclosure and informational documents that reflect the qualifications, business practices and investment philosophy of Investment Advisors. An Advisor’s Brochure is an important document that is required to be given to clients and prospective clients, detailing the firm’s business practices and services offered.

This Brochure also details material changes of services and/or business practices, and is to be given to clients and prospective clients when material changes occur. The Brochure is to be annually offered to clients, and HFR Investment Advisory Services does this in conjunction with our second quarter portfolio report mailings to clients.

This **Material Changes** section of our Brochure is dedicated to highlighting and discussing any material changes that are made to update our annual Brochure, and will include a summary of the changes for our clients.

This Brochure, dated March 31, 2014, contains no material changes from the prior year Brochure, dated March 31, 2013, the date of our last annual update of our Brochure.

Christopher Hurley’s educational background has been updated to reflect, as detailed in the Brochure Supplement – Item 20, that he received a Master of Science degree in 2013.

We will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year (which is the calendar year end). We may further provide other ongoing disclosure information about material changes as necessary, and we will provide clients with a new Brochure as necessary based on changes or new information, or at any time requested by our clients, or prospective clients without charge.

Currently our Brochure may be requested by contacting Herbert F. Reilly III – Owner at (518) 346-8189, or bret@hfrias.com and will be provided free of charge. Our Brochure and additional information about HFR Investment Advisory Services is also available via the SEC’s web site www.advisorinfo.sec.gov. The SEC’s website also provides additional information about our firm and its investment advisor representatives.

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Advisory Business

HFR Investment Advisory Services is a discretionary money management firm, founded in 1995 by Herbert F. Reilly III (Bret). Bret continues to own and run the firm, and has been managing investment portfolios for families, businesses, and charities for more than 25 years.

As of 12/31/2013, HFR Investment Advisory Services managed investment portfolios with assets (all discretionary) totaling \$152,207,000.

We provide a continuous discretionary money management service for individuals, trusts, corporations, charitable organizations, pensions and retirement accounts. Bret Reilly actively manages the accounts, makes the security selections and trading decisions. Our management service is provided on a fee-only basis, according to a fee schedule detailed in an Agreement between a client and our firm.

Educational Background and Business Experience

Herbert F. Reilly III (Bret)

Born 7/17/61

Owner & Portfolio Manager HFR Investment Advisory Services 1995 thru present

VP and Senior Portfolio Manager, PaineWebber Inc. 1995

VP and Senior Portfolio Manager, Kidder, Peabody 1992-1995

Education: Hobart College, BA 1984

Major: Economics, Minor: Mathematics

General Standards for Individuals Giving Investment Advice:

Investment Advisors and Representatives must have a 4-year college degree and 5 years of investment experience.

Client Focus

While we believe that our general portfolio management approach is appropriate for all clients, it must be customized to meet the needs and risk tolerance of each client. We work closely with clients to:

- Understand a potential client's prior investment experience
- To learn of the client's investment goals and objectives
- To quantify client investment risk tolerances (risks of portfolio loss that the client is reasonably willing to potentially accept) through an Investment Policy Statement.

General Investment Management Philosophy

We manage stock and bond portfolios according to the Prudent Investor Rule, the time tested diversified investment philosophy required of fiduciaries.

Our stock portfolios typically include 35 – 40 stocks of financially strong, well established companies, that are very “liquid”, or sellable, and trade frequently on major market exchanges. Stock holdings are diversified across market “sectors”, or broad industry categories. Generally our clients will hold the same stocks as held in our Model Portfolio, though the exact weightings will differ depending on account size, tax considerations, and potential specific client needs or concerns.

While many money management approaches attempt to “beat The Market” over the short-term through a myriad of formulas and trend strategies, we believe that a short-term focus will often increase portfolio volatility and exposure to speculative trends. Rather than pursuing or adding to stock holdings in strongly performing market sectors, (quantifiable by increased monthly trading activity), we typically look to pare back on stock exposure in apparent momentum driven areas, to the extent that any of our holdings are participating in speculative growth phases.

We do not have multiple stock portfolio strategies, nor do we over-concentrate portfolios with higher risk, “beta”, holdings to suit aggressive investors.

For clients desiring less risk than a fully invested equity portfolio, we will typically include investment grade bonds and money market instruments. We use mutual funds for smaller client accounts when we believe that sufficient diversification can’t be practically and economically reached using individual securities.

Investment Policy Statements

We use Investment Policy Statements to establish account maximum stock market exposures for our clients. The stock holdings reflect the portion of accounts with a capital appreciation objective, where a higher level of risk is accepted to attempt to achieve a long-term growth objective. For the portion of client accounts with an income and/or capital preservation objective, we generally invest in money market funds and investment grade short to intermediate term bonds. With interest rates near historic lows, we have very little exposure in bonds, whose value would be at risk of decrease, as interest rates rise.

Clients may adjust their Investment Policy Statements at any time to reflect changes in risk tolerance, cash flow needs, or investment goals.

Occasionally clients will ask us to continue to hold assets that they have purchased, and/or they will have us work to reduce such holdings to minimize taxable consequences. We do help them achieve such goals, and will assist clients in opening separate non-managed custodial accounts to hold such securities that a client wants to self-manage.

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Fees & Compensation

Our Investment Advisory Fees

HFR Investment Advisory Services is a “fee only” investment management firm, and we charge clients an annual fee, based on percentage of assets under management with each client. We have a written Agreement with each client that includes a Fee Schedule detailing our advisory fees. Our fees are typically paid quarterly in advance, and charged at a rate of $\frac{1}{4}$ of the annual fee, based on the value of client account assets at the end of each calendar quarter. Clients may elect to be billed directly for portfolio management fees, though typically clients authorize their custodian, typically Charles Schwab & Co., Inc. to allow us to our directly charge our advisory fees from client accounts. Clients receive copies of bills or receipts, detailing fee calculations and notices of payment. Our standard fee schedule is as follows:

HFR Investment Advisory Services Annual Fee Schedule

<u>Value of Account Assets</u>	<u>Annual Fee</u>	<u>General Minimums</u>
On the first \$500,000	1.00%	Account Size \$250,000
On the next \$500,000	0.80%	Quarterly Fee \$625
On the next \$1,000,000	0.60%	
On assets over \$2,000,000	0.50%	

Account size minimums & fees are negotiable subject to the discretion of HFR Investment Advisory Services. Terms for negotiations would include a fee schedule encompassing multiple accounts.

The initial billing for a new client account is calculated on a pro-rata basis for the remainder of the current calendar quarter, based upon the market value of the account (provided buy the account custodian) either when the assets are transferred in to establish the new account, or when an existing Schwab account is linked to the our computer systems. The terms of the specific account management fees are detailed in clients Agreements. Quarterly fees are due on the first business day of each calendar quarter, and may be charged by us at any time during that quarter.

Additional Custodial and Brokerage Services Fees and Charges

Our advisory fees are exclusive of custodial and brokerage fees that are in addition to HFR Investment Advisory Services’ annual portfolio management fee. Clients pay transactional commissions to their broker/dealer and/or custodian for the purchase and sale

of securities, plus mutual fund management fees for mutual funds (including money market funds). The typical brokerage commission rate that our clients currently pay their custodian to execute trades is less than \$10 per trade. Our typical annual stock portfolio turnover is less than 25%, meaning that less than a quarter of a client's stock positions will change each year. We are at least as likely to modify (add to or pare down) existing holdings, as we are to replace securities with new ones. So once a portfolio has been fully invested, the ongoing stock trading costs of managing client accounts could be reasonably anticipated to be in the \$200 -\$300 range for a managed account. Mutual fund fees are disclosed in the funds' prospectuses, which we can provide. There may be additional brokerage and custodial service charges, fees and taxes.

Generally, we purchase common stocks and investment grade bonds for portfolios. We minimize the use of mutual funds (though we do use money market funds), except with respect to smaller accounts where it is impractical and difficult to achieve cost effective significant diversification with a portfolio of individual stocks and bonds.

HFR Investment Advisory Services receives no share of any commissions generated through portfolio trading for any clients, nor does it receive any portion of mutual fund fees or other custodial or trading charges.

All of our Agreements with our clients may be terminated at any time, by either us or by our client, via written notification. Clients can alternatively notify their custodian, who will promptly notify us that our management services have ended. In case of any termination of our services, clients will only be charged for the pro-rated portion of the quarterly fee of management, and will be refunded the pro-rata portion of the quarterly fee not used, within 10 business days of notification. Such refund will be calculated from the day following notification through the remainder of the calendar quarter. If a client terminates an Advisory Agreement within five business days of the execution of the Agreement, the client is entitled to a full refund of any Advisory fees paid to us.

Referral Fees

We participate in a formal client referral program with Charles Schwab & Co., Inc., called the Schwab Advisor Network™ referral program. Through this program, we compensate "Schwab" a percentage of our firm's management fees for those clients referred by Schwab's Financial Consultants. Such referred clients are not charged more than our standard fee schedule, and referred clients sign specific investor acknowledgment forms regarding the details of the referral relationship.

Our referral relationship Schwab is discussed further under "Brokerage Practices" in Item 12.

Item 6

Performance Based Fees & Compensation

HFR Investment Advisory Services does not charge any “performance based” fees. Our management fees are calculated as a percentage of the value of client accounts, and taken quarterly in accordance with the fee schedule in the Agreements with our clients. As our client accounts increase or decrease over time, our fees will change accordingly.

Performance based fees typically would be management fees that are in addition to a base “percentage of assets” fee, allowing a portfolio manager to sharing in the capital gains, profits, or appreciation of client accounts. Again, we do not manage or participate in any pooled funds, hedge funds, or other investment vehicles whereby performance based advisory fees may typically be charged to client accounts.

Item 7

Types of Clients

HFR Investment Advisory Services provides portfolio management services for individuals, high net worth individuals, corporations, pension and profit sharing plans, as well as charitable organizations and foundations.

Item 8

Methods of Analysis, Investment Strategies & Risks of Loss

Investment Style & Philosophy:

We agree with the philosophy of famed investor Ben Graham, who believed that the farther one deviated from owning strong companies with established earnings histories, the more one would need to diversify. As noted in our earlier discussion of our general investment philosophy, we manage portfolios according to the Prudent Investor Rule, with our equity portfolios typically include 35 – 40 stocks of financially strong companies, as assessed by major rating companies.

Risks of Loss:

While stock markets have had long periods of strong appreciation, they have also experience times of devastating losses. It is important that our client’s understand the risks of loss when owning securities, and our Investment Policy Statement offers historic examples of significant periods of losses to provide realistic risk contexts of investing in stocks. For example, the NASDAQ index fell by over 75%, from early 2000 through late 2002, and the Dow Jones Industrial Average lost more than 50% from mid 2007 through early 2009.

We strive to invest in financially strong, profitable companies in businesses that have significant barriers to competitive entry. The firms should have strong managements, and generally have their stocks’ monthly trading activity be within their historic normal range. If stock trading volume significantly accelerates, the likelihood increases that stock ownership has moved materially from the hands of long-term investors, to those of speculators, potentially increasing future volatility.

We study the stock recommendations and ratings of other analysts and investment services as much as we analyze a company's financials directly. Often a change in how the market perceives a company's valuation is a reflection of a change in the prospects of the company, and sometimes it is a reflection of a greater appreciation of the already known prospects. In the first case, the P/E change appears to be a reflection of a likely change in a company's prospects, and in the second case, it appears to be a reflection of a greater appreciation for the existing understanding of a company's prospects... the "herd" mentality. We will look to buy or sell based on the first case, and add or subtract based on the second.

Trading Strategy

As earlier discussed in the context of trading commissions, our typical annual stock portfolio turnover is less than 25%, meaning that less than a quarter of the client stock positions will change each year. We are as likely to add to, or pare down on existing holdings, as we are to change securities. We do not establish trading ranges or targets for our stock holdings, and **if a company has a strong history and a bright future, we will not likely trade out of it unless significant micro or macro events change the firm's outlook, or if another company within the same industry or general area of business "sector" becomes more compelling over the long term.**

Item 9

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events regarding firm Principals and Supervised Persons providing investment advice that would be material to your evaluation of each. No information is applicable to this Item, with respect to Herbert Reilly or any employee of HFR Investment Advisory Services.

Item 10

Other Financial Industry Activities and Affiliations

No Principal or employee of our firm is engaged in any other financial business activity, nor has any financial industry affiliations.

We do participate in a formal client referral program with Charles Schwab & Co., Inc. That relationship, including potential and actual conflicts of interests, is disclosed and discussed in Item 12, Brokerage Practices.

We do not have any reciprocal business referral arrangements with lawyers, accountants, or any other professionals or firms, other than with Charles Schwab & Co., Inc.

Item 11

Code of Ethics

HFR Investment Advisory Services invests in the long-term best interest of clients according to the Prudent Investor Rule fiduciary standard.

Conduct:

Our employees shall demonstrate the highest standards of ethical business conduct and diligence with respect to communication with our clients, management of their assets, and protection of their personal and financial information.

Integrity & Objectivity:

All services provided by employees of HFR Investment Advisory Services shall be rendered with the highest level of integrity and objectivity. **We will provide written disclosures regarding any potential conflicts of interest (for example being an Advisor in the Schwab Advisor Network™ program),** and we will not accept special compensation or service benefits (such as “Soft Dollar” commissions) from any vendor, trader, or custodian. The financial benefits that our firm receives from the custodian relationship that we have with Charles Schwab, including research, industry and compliance updates, trading and client interface technology, and operational client support are in many ways important aspects of providing us the efficiency to best focus on the investment management needs of our clients, and are within standards of the industry.

Confidentiality:

All employees will take great care to protect and maintain all confidential client documents and other information and communication in accordance with applicable laws. Further details are available in our Privacy Policy. It is sent annually to clients and is available upon request.

Principal & Employee Investing:

Our principal (owner) and employees will not embark on any investing activity that could conflict with or compromise the investing interests of our clients. Employees have delegated investment discretion management authority for retirement related IRAs, and must get pre-approval of the firm’s Chief Compliance Officer before establishing any new investment accounts and prior to placing personal stock security transaction trades in investment accounts. Principals and employees must report investment holdings and trading activity quarterly.

Regulatory Compliance:

All employees will fully comply with the appropriate Investment Advisory laws and regulations, as well as our internal firm rules with respect to serving Clients.

HFR Investment Advisory Services will provide a copy of the firm’s Code Of Ethics to any client or prospective client upon request.

Item 12

Brokerage Practices

Custodial and Brokerage Services & Our Discretion to Choose Such Services

At HFR Investment Advisory Services we do not actually hold client assets. An Advisor is deemed to have custody of client assets if given the authority by clients to withdraw assets from client accounts. **Our clients authorize us to directly debit our quarterly portfolio management fees, in accordance with the terms in client Agreements.** This is the only withdrawal authority we have regarding client accounts. We have not been given and do not accept the authority to otherwise withdraw assets from client accounts. Additional discussion of Custody is discussed in item 15.

Brokerage & Custodial Discretion

We have an arrangement with Schwab Institutional, a division of Charles Schwab & Co., Inc., a registered broker-dealer, Member SIPC/NYSE, to maintain custody of our client assets. **HFR Investment Advisory Services is independently owned and operated and is not affiliated with Charles Schwab & Co., Inc.**

Charles Schwab & Co., Inc., has been a leader in the brokerage industry, providing individuals and institutions with brokerage, custodial, and trading and support services. We continually monitor Charles Schwab & Co., Inc., particularly Schwab Institutional, to insure that our clients are receiving very high quality custodial services that complement our Advisory services.

Schwab Institutional provides monthly reporting services for us and for our clients. Schwab executes trades for our client accounts, and provides us research and electronic web-based account services. Schwab also provides us with operational services, at no charge, which are typically not available to Schwab retail clients. These services are generally available to independent investment advisors on an unsolicited basis at no charge to them so long as a total of at least \$10 million of the Advisor's clients' account assets are maintained at Schwab Institutional, and the services are not otherwise contingent upon us committing to Schwab any specific amount of business.

Additional services that Schwab Institutional provides us include research, access to mutual funds, software and technology to provide us with the ability to effectively manage our advisory firm, pricing information and other market data, client account data links, back-office support, record keeping, client reporting, and access to performance analysis systems. Schwab Institutional provides us with access to such benefits consistent with the benefits generally offered to Schwab Institutional clients, and these benefits are considered a proprietary soft dollar arrangement. We do not participate in any "third party" soft dollar compensation or benefit arrangements tied to trading activity with any custodian. Generally client trading will be done through Schwab Institutional Services at negotiated commission rates. We do not receive any part of transactional commissions or brokerage fees.

Schwab also makes available to HFR Investment Advisory Services other products and services that benefit us but may not directly benefit our clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to HFR Investment Advisory Services other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

In addition, Schwab may make available, arrange and/or pay for these types of services rendered to HFR Investment Advisory Services by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. As a fiduciary, HFR Investment Advisory Services endeavors to act in its clients' best interests. However, our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services, and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

The use of Schwab Institutional as custodian and trade broker for HFR Investment Advisory services is based on an ongoing assessment that Schwab Institutional's services are in the best interest of Advisor's practice management on behalf of clients. Schwab Institutional is a leader of custodial services for investment advisors, and continues to offer attractive administrative, custodial, reporting and security trading services as well as very competitive commission rates. We are under no contractual requirement to use Schwab Institutional as the custodian or trader for our clients.

We may (and currently do) invest in the stock of Charles Schwab & Co., Inc. on behalf of clients whose assets are held at Schwab Institutional, and we vote proxies on behalf of clients that have delegated such authority to us. We believe that any investments in securities of Charles Schwab & Co., Inc. are made purely for the benefit of achieving investment returns for our clients and do not impact the business relationship between us and Schwab or our clients.

As detailed in a separate Proxy Voting Policies & Procedures Form, potential conflicts of interest arise from our owning and investing in securities of a firm that we use as custodian for our client accounts, including on matters of proxy voting. We generally vote proxies in accordance with company directors' recommendations.

However, as noted in our Proxy Voting Policy & Procedures Form, if a proxy vote matter could pose a significant real conflict between our relationship with Schwab Institutional, and the representation of interests on behalf of our clients (such as merger or tender offer issues), we would present such information to our clients for consent before voting or trading on behalf of them, and offer them the opportunity to undertake the voting responsibility themselves.

Trade Error Policy

From time-to-time, we make errors in submitting trade orders on behalf of clients, or via a block order placed and allocated on behalf of multiple clients. When this occurs, we place correcting trades, or do trade “cancel and re-bill” orders with the clients’ custodian, Schwab Institutional.

A correcting trade might have a gain or loss associated with the transaction. In the event that the correcting trade results in an investment gain, the gain will remain in the impacted client account, unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or we confer with our client and the client decides to forgo the gain (e.g., due to tax reasons). If the gain does not remain in the impacted client account, and Charles Schwab & Co., Inc. (“Schwab”) is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client account) if it is under \$100 to minimize and offset its administrative time and expense. Generally if related trade errors result in both gains and losses in a client account, they will be netted.

Item 13

Review of Accounts

Bret Reilly, firm owner and Portfolio Manager reviews all accounts quarterly, when Portfolio Statements, fee receipts, and Performance Analysis reports are prepared and sent to clients along with our quarterly client newsletter. Chris Hurley generally participates with Bret when reviewing the accounts of clients that Chris has responsibility for.

We perform batch account reconciliations, which are computer programs that are run to compare the client portfolio holdings as recorded on our portfolio management system, with the assets as recorded, and sent directly from the clients’ custodian, Schwab Institutional, a division of Charles Schwab & Co., Inc.

Performance Analysis reports are run and reviewed at the “Portfolio” and “Asset Class” levels for client accounts, so that we can report to the clients how their total portfolio has performed, as well as a comparison of their stock, bond, and mutual fund holdings against major market indices. Portfolio stock, bond, and mutual fund holdings are continuously reviewed as market information warrants, and holdings are cross-referenced to all client accounts before block purchase or sale actions are taken.

Clients receive mailed or e-mailed trade confirmations (depending on client preference) for all trade activity as it occurs, directly from custodian. Clients also receive monthly account statement reports directly from Schwab Institutional, again either by regular or electronic mail.

Our firm has a web-based link to receive copies of all monthly and tax related reports sent to clients from Schwab Institutional. As per our client Agreements, clients with accounts in excess of \$100,000 receive quarterly Portfolio Statements and Portfolio Analysis reports from us. Portfolio Statement reports detail security holdings, and Portfolio Analysis Reports detail account performance compared to major market indices. Taxable accounts receive year-end Capital Gains/Losses Reports and Expense Reports to assist them with their income tax preparation.

Item 14

Client Referrals and Other Compensation

We do not permit principals or employees to receive economic benefits related to providing investment advisory services from any outside person, firm, or entity, that is not a client of the firm, **except for benefits derived from the relationship with custodian Charles Schwab & Co., Inc., including a formal client referral program with Schwab. Details of the relationship, and inherent Conflicts of interest are disclosed in Item 12, Brokerage Practices, of this Brochure.**

We do not permit principals or employees to receive outside compensation or economic benefits related to investment decisions and/or brokerage products. Such potential economic benefits not allowed would include sales awards, prizes, and financial or entertainment related incentives.

Any economic benefit that might be offered by a client, or that might be received from a current or prospective brokerage custodian, via a training conference or business meeting, must approved in advance by firm owner, Bret Reilly.

Item 15

Custody

Under government regulations, we are deemed to have custody of client assets if, for example, a client authorizes both us and the client's custodian to allow us to directly deduct our investment advisory fees from the client's account. All of our clients have indeed authorized their custodian and us to directly debit fees from accounts.

However, while our standard fee arrangement meets the definition of having custody, we do not actually hold client securities in their investment portfolios, nor do we have any other authority to withdraw funds from client accounts. An independent custodian holds all of our client funds and securities.

All of our clients hold their assets at Charles Schwab & Co., Inc., a leader in brokerage and custodial services, through Schwab Institutional. Schwab sends client account statements monthly, directly from Schwab. These statements are sent to the e-mail or postal mailing address that the clients have provided to Schwab. It is important for clients to promptly review the statements from Schwab, and compare them to the quarterly Portfolio Statements sent from us.

Item 16

Investment Discretion

Our clients authorize us to manage their investment accounts for them, through our Agreement, and through Limited Power of Attorney forms and/or language in new account forms at Schwab Institutional. **As noted further in Item 5, Fees & Compensation**, our clients can stop our investment discretion over their accounts at any time by written notice.

It is important to draw the distinction between management authority, and portfolio clarity. We believe that a client is best served through portfolio transparency, or the ability for a client to understand exactly what is in a portfolio, with respect to valuation, liquidity, quality, and diversification. Often a client, whether self-managing or delegating management to a money manager, will own products and services that can be very hard to understand, particularly from a risk assessment standpoint. Our client portfolios are comprised of very marketable stock and bond securities of established companies, so that clients can self examine, or further delegate review of what we manage on their behalf. We generally avoid derivative securities and investment products that many use to achieve specific investment objectives, but are often hard to analyze and value.

Item 17

Voting Client Securities

We have a Proxy Voting Policy and Procedure Notice that discusses our firm's voting practices on behalf of our clients. Annually we send our clients a reminder of the opportunity to receive it upon request.

As a discretionary money management firm that buys securities on behalf of our clients, we recommend that our clients authorize us to vote their shares, since typically we have purchased the securities on behalf of their investment interests. **However, it is entirely the client's right to vote on shareholder matters, and/or to receive shareholder material, even if they chosen to have us vote their shares.** Clients can change, or revoke, any "proxy voting authority" authority previously granted to us at any time. A client would send written notification of the change to the custodian. We will assist our clients, and can provide forms for clients to complete and submit to their custodian.

When and if clients decide to vote their own shares, proxy notices will be sent directly to them from either their custodian, or from the company (or its "Transfer Agent").

Clients can change proxy vote elections if made within a reasonable amount of time in advance of a particular company's vote "cut-off" time (to allow for votes to be recorded). Alternatively, clients can typically attend company meetings and vote at that time.

General Annual Meeting Voting Issues

Since we typically invest in large companies with established management track records, we generally vote in accordance with management recommendations. We believe that if sizable opposition to management arises on voting matters, it could have a material impact on the short-term dynamics of stock trading and ownership, and on the long term outlook of company earnings. This could lead us to sell our clients' shares, even if we voted with management recommendations.

Other Potential Voting Issues

Periodically, we are presented with voting issues that can affect corporate governance, including mergers, spin-offs, restructurings, and anti-takeover provisions. After reviewing the proposals and resulting stock trading behavior, we will vote based on the perceived long-term best interest of our clients. Even if we agree with a management recommendation for significant change, we may sell all or some of our client holdings. We do not invest with a short-term investment motivation.

Potential and Actual Conflicts of Interests When Voting on Behalf of Clients

We have investment portfolios that are managed in the same manor as client portfolios, and believe that this helps to align our investment interests with those of our clients. We do not serve on the boards of any publicly traded companies, and our discretionary management and voting authority does not represent a significant percentage of any outstanding shares of any company that we invest in for our clients.

We are part of the Schwab Advisor Network™ referral program, and have a custodial and trading relationship with Charles Schwab & Co., Inc, on behalf of our clients. We hold shares of Charles Schwab & Co., Inc. in our personnel and client accounts, as of 03/31/14, believing that the company is an attractive investment, and that the stock holdings do not impact the business relationship between us and custodian Schwab Institutional, nor does the relationship impact our decision to hold such shares in client accounts. We vote the shares of Charles Schwab & Co., Inc. in accordance with the management's recommendations for routine, non-contentious issues, as is consistent with the our voting policy with respect to all other stock holdings.

In the event that a proxy vote comes before shareholders whereby our relationship with Charles Schwab & Co., Inc. could be in conflict with the investment decisions made on behalf of our clients (for example a merger or tender offer for the company), we would present such information to our clients for consent before voting on behalf of clients.

Client Information Regarding Votes Cast on Their Behalf

We maintain records of voting decisions made on behalf of clients, and will provide clients with proxy vote decisions upon request.

Item 18**Financial Information**

Not Applicable

Item 19**Requirements for State Registered Advisors**

Not Applicable

BROCHURE SUPPLEMENT(S)

Christopher M. Hurley MBA

569 Little Canada Drive
Central Square, NY 13036
(315) 668-3332

HFR Investment Advisory Services

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Niskayuna, NY 12309
(518) 346-8189

March 31, 2014

This Brochure Supplement provides information about Christopher M. Hurley that supplements the HFR Investment Advisory Services Brochure. This Brochure Supplement is included at the end of the firm's Brochure, and you should receive, and review, the entire Brochure prior to entering into an Agreement with our firm. Please contact Chris Hurley or Bret Reilly if you did not receive the entire HFR Investment Advisory Services Brochure, or if you have any questions about the contents of the Brochure or this Brochure Supplement.

Additional information about Christopher M. Hurley is on the SEC's website at www.adviserinfo.sec.gov

Item 2 Educational Background and Business Experience

Christopher M. Hurley

Date of Birth 7/31/71

Current Position with HFR Investment Advisory services:

Regional Marketing & Relationship Manager Oct. 2003 thru Present

Prior Business Experience:

Investment Consultant, Charles Schwab & Co., Inc. 1999-2003

Financial Consultant, Merrill Lynch, Pierce, Fenner & Smith Inc. 1997-1999

Education:

Boston University – Metropolitan College, MS 2013 Banking & Financial Svcs. Mgt.

University of Phoenix, MBA 2006

Oswego State Univ., BA 1996

Major Communications, Minor Business

Item 3

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 each supervised person providing investment advice. No information is applicable to this Item, with respect to Christopher Hurley, or any employee of HFR Investment Advisory Services.

Item 4

Other Business Activities

Christopher Hurley is not engaged in any investment related business or occupation, other than his work as an employee for HFR Investment Advisory Services. Chris Hurley is a current Commissioned Navy Reserve Officer

Item 5

Additional Compensation

HFR Investment Advisory Services does not permit employees to receive economic benefits related to providing investment advisory services from any outside person, firm, or entity, that is not a client of the firm. Such economic benefits would include sales awards, prizes, and financial or entertainment related incentives. Christopher Hurley is not responsible for determining investments and/or investment products in client accounts.

Any economic benefit that might be offered by a client, or that might be received from a current or prospective brokerage custodian, via a training conference or business meeting, must approved in advance by firm owner, Herbert F. Reilly III.

Item 6

Supervision

Chris Hurley is under the supervision of Herbert Reilly – owner of the firm, who can be reached at the contact information at the top of this Brochure Supplement. Chris is responsible for communicating and meeting with clients and prospective clients. His responsibilities include updating clients and prospects with respect to our firm's view of the investment markets and the economy, reviewing portfolios with clients, discussing Investment Policy Statements with clients, and prospects, and signing up new clients. The written marketing related material (including client newsletters) used by Chris Hurley, is generated by Herbert Reilly.

Herbert Reilly is copied with Chris' substantive written and e-mail communication between Chris and clients and prospective clients, the two are in frequent contact, and Chris is typically involved with quarterly client reviews for clients in his region.

Item 7

Requirements for State-Registered Advisers

Not Applicable, New York does not require registration of Investment Advisory Representatives.