

**Item 1 – Cover Page**

Form ADV 2A

Brochure

HFR Asset Management, LLC

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Chicago, Illinois 60606

312-327-0430

[www.hfr.com](http://www.hfr.com)

January 1, 2011

This Brochure provides information about the qualifications and business practices of HFR Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 312-924-0408 and/or [compliance@hfr.com](mailto:compliance@hfr.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.

HFR Asset Management, LLC (“HFR”) is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information

about HFR is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This Brochure will be filed with the SEC electronically on the Investment Adviser Registration Depository (IARD) system.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated January 1, 2011, is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide investors with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to investors on at least an annual basis. 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 John M. Klimek, Managing Director, Legal, and Chief Compliance Officer at 312-924-0408 or [compliance@hfr.com](mailto:compliance@hfr.com).

Additional information about HFR 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 HFR.

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#### Item 4 – Advisory Business

HFR is the investment manager of separately managed transparent single manager and multiple manager hedge funds on the “HFR Platform”, and provides daily risk management, ongoing due diligence, fund administration, and standardized reporting in connection therewith for investment vehicles, highly sophisticated investors and their financial intermediaries.

HFR’s assets under management and total number of accounts (December 1, 2010):

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) \$ 2,808,433,260	(d) 65
Non-Discretionary:	(b) \$ 0.00	(e) 0
Total:	(c) \$ 2,808,433,260	(f) 65

HFR may provide certain clients and investors different terms based on the nature of the account. Different terms may be negotiated without sending notice, or receiving consent from existing investors. These differences may include higher, lower, or no management fee or incentive allocation, different liquidity terms, or transparency. Additional examples of the different terms can be found in the funds’ Confidential Offering Memorandum.

#### HFR Platform:

The foundation of the HFR Platform is a diversified group of approximately sixty five Single Manager Trusts that cover a broad range of hedge fund sub-strategies including equity hedge, convertible arbitrage, merger arbitrage, event driven, macro, relative value arbitrage, equity market neutral, and distressed securities. A separate independent third-party hedge fund manager (“Trading Manager”) manages each Single Manager Trust pursuant to the terms of a trading manager agreement. All Single Manager Trusts operate under an independent custodian that strictly controls the flow of investment capital. The custodial structure ensures transparency and mitigates the risk of manager fraud and losses due to style drift. The Single Manager Trusts serve as the building blocks for the construction of multiple manager hedge fund of funds portfolios. HFR offers asset allocation opportunities by providing investors with style verification, monthly liquidity, in some cases weekly liquidity, and daily performance estimates and exposure information

such as leverage, hedge ratios, and concentrations. The HFR Platform offers monthly liquidity with no lock-up, generally upon fifteen (15) business days' prior written notice to the administrator with up to sixty (60) days' notice for certain less liquid strategies. Certain funds also provide weekly liquidity, as set forth in the applicable Offering Memorandum of the particular Single Manager Trust. Certain fund of hedge fund portfolios, in addition to investing in Single Manager Trusts, may invest directly in security positions.

## **Item 5 – Fees and Compensation**

### Single Manager Trust Fees:

The management fee charged to a Single Manager Trust is generally between 1% and 3.5%, on an annual basis, accrued each Valuation Day and payable quarterly. A portion of the management fee is retained by HFR and the balance paid to the Trading Manager of the Single Manager Trust according to each written agreement with the Trading Manager. The administrative fee charged to each Single Manager Trust by an affiliate of HFR is 0.25% on an annual basis, accrued monthly and payable quarterly. HFR, as investment manager to the Single Manager Trusts, reserves the right to retain Trading Managers where the fees charged by the Single Manager Trust will be in excess of those described herein.

### Funds of Hedge Funds Fees:

HFR's annual management fee ranges, for funds of funds it manages on the HFR Platform, from 0% to 2.5% of the Net Asset Value of the client's fund interests. HFR may also receive an incentive fee that ranges from 0% to 20% of Net New Appreciation of the client's fund interests. Such incentive fees could create an incentive for HFR to choose riskier or more speculative underlying Single Manager Trusts than would otherwise be selected. HFR may pay all or a portion of such management and incentive fees to the sub-advisor of the fund of hedge funds portfolio.

Certain funds of funds are open to investment by all qualified investors, while others are developed specifically for a client. HFR may charge a one-time set-up fee ("fixed fee") for structuring and organizing a customized fund or fund of hedge funds for institutional clients. Certain funds of hedge funds may also charge an annual administrative fee of 0.05%. HFR may waive or adjust the management fee, incentive fee or fund expenses charged to any client.

Fees and Compensation are discussed in Item 4 above.

This Brochure is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

### **Item 6 – Performance-based Fees and Side-by-Side Management**

HFR, in its capacity as the investment manager of each Single Manager Trust, will receive an allocation (an “Incentive Allocation”) from each Single Manager Trust or Fund of Hedge Fund portfolio to its capital account in such trust. This amount will equal a percentage of any Net New Profits. “Net New Profits” means, for any Performance Period, the amount by which the net asset value of a particular series of units of a Single Manager Trust as of the last day of such period exceeds the “high water mark” for those units.

The incentive allocation would be allocable to the associated investment in such Single Manager Trust or Funds of Hedge Fund portfolio during the Performance Period. Generally, “Performance Period” is based on a calendar year, commencing on the later of January 1 of the year for which the Performance Period is being determined or the date of the initial subscription for the units. The allocation is determined after all fees and expenses, but prior to the accrual of the Incentive Allocation itself. The percentage used in calculating the Incentive Allocation varies, but generally is 20%. HFR pays an amount equal to all or a substantial portion of the Incentive Allocation to the Trading Manager of such Trust. The amount paid to a Trading Manager in any given period may be less than the Incentive Allocation made to HFR due to differences in the amount, method of calculation, or timing of the Trading Manager’s performance-based fee.

The Incentive Allocation will be calculated on a “high water mark” basis so that any losses from prior periods must be recouped before Net New Profits can again be generated. Any Incentive Allocation previously made will not reduce Net New Profits. If an Incentive Allocation is made, and a net loss is subsequently incurred, the prior Incentive Allocation will be retained by HFR.

Any accrued incentive fee shall also be paid to HFR upon redemption, which shall be deemed to occur at the end of a calendar period for these purposes. HFR may waive or adjust the management fee or the incentive allocation charged to any client, and HFR may

waive or adjust the proportion of expenses borne by one or more of a particular Trust's series of units with the agreement of all of the affected holders of that series.

HFR reserves the right to increase or decrease the fees charged to a Single Manager Trust or Fund of Hedge Funds portfolio after giving sufficient notice to the affected Unit-holders to provide them the opportunity to redeem their units before any increase in such percentage is to be effective.

Fees based on the performance of a portfolio could create an incentive for the Trading Manager of a Single Manager Trust to choose riskier or more speculative underlying investments than would otherwise be selected.

### **Item 7 – Types of Clients**

HFR provides investment advisory and investment management services, primarily on a discretionary basis, to approximately seventy separate hedge fund vehicles structured as exempt investment companies under section 3(c)(7) of the Investment Company Act of 1940.

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

HFR conducts a two-step process in the selection of Trading Managers to be included in the HFR Platform. First, it reviews the Trading Managers based on many characteristics including: (i) size and efficiency of assets managed; (ii) performance relative to its peer group; (iii) continued favorable outlook for the strategy employed; (iv) Trading Manager's reputation; (v) acceptable compensation plans, including appropriate incentives; (vi) transparency of position information; (vii) liquidity for redemptions provided; (viii) availability of Trading Manager for strategy review sessions; and (ix) degree to which the Trading Manager complements and balances the portfolio. Second, HFR conducts a more extensive due diligence review on each Trading Manager and evaluates, among other things, qualitative and quantitative factors indicative of stability and representative performance for the relevant investment approach. Quantitative factors assessed and reviewed include a Trading Manager's rate of return, standard deviation of return, risk adjusted returns, correlation with various market indices and with other Trading

Managers, performance compared to its peer group, worst period of loss, proprietary style analysis, fees, and assets under management. Qualitative factors assessed and reviewed include a Trading Manager's investment process, integrity, sources of investment ideas, talent, research methodology, dedication, valuation methodology, risk management techniques, personal investment, method of operation, organization and staff, background, and liquidity. Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the trusts investment objectives, risks, charges and expenses carefully before investing. The confidential Offering Memorandum contains this and other information about the trusts.

### **Item 9 – Disciplinary Information**

HFR has no information applicable to this Item.

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

HFR serves as investment manager to approximately seventy separate Single Manager Trusts formed as Bermuda Unit Trusts and Irish Unit Trusts. It is anticipated that HFR may establish funds in different forms and in different jurisdictions in the future. Interests in such trusts are sold on a private placement basis, and then only to qualified purchasers, as explained in the funds Offering Memorandum.

HFR is affiliated with HFR Asset Management U.K., Ltd., a UK private limited company registered with the Financial Services Authority, which offers services to European institutional investors and their financial intermediaries who invest in investment vehicles for which HFR acts as the investment manager. HFR is registered as a non-discretionary investment advisor with the Kanto Local Finance Bureau, a division of the Ministry of Finance, in Japan. HFR's managing member is HFR Group, LLC, a Delaware limited liability company whose managing member is Joseph G. Nicholas. HFR Group, LLC also controls HFR Asset Management U.K., Ltd.

The managing member of HFR Group, LLC owns 100% of Hedge Fund Research, Inc. Hedge Fund Research, Inc. is a research firm specializing in the aggregation, dissemination and analysis of alternative investment information. Hedge Fund Research, Inc. produces a

database of hedge fund performance and also produces and distributes the HFRX Indices and HFRI Monthly Performance Indices, industry benchmarks of hedge fund performance. Trading managers on the HFR Platform may purchase subscriptions to the Hedge Fund Research, Inc. database and may also purchase industry reports and newsletters. Fund Solutions, LLC, an affiliate of HFR, offers fund administration and investment services including daily risk management, ongoing due diligence, fund administration, and standardized reporting in connection therewith for highly sophisticated investors and their financial intermediaries. In addition, a principal of HFR owns a security investment company.

HFR's fund of hedge funds division formed a new company, Riverside Portfolio Management, LLC ("Riverside"), and registered with the U.S. Securities and Exchange Commission as an investment adviser. Riverside manages custom funds of hedge funds on the HFR Platform. Riverside is a Delaware limited liability company and is 90% owned by HFR Group, LLC and 10% owned by CMS/Mullin Hedge Fund Strategies.

#### **Item 11 – Code of Ethics**

HFR has adopted a Code of Ethics policy (the "Code") that addresses an employee's standard of conduct, personal trading, and giving and accepting of gifts and entertainment.

HFR's standard of conduct requires, among other things, that employees place the interests of HFR clients and the shareholders of each trust first, avoid any actual or potential conflicts of interest, and comply with applicable provisions of the federal securities laws and the policies and procedures established by HFR.

HFR restricts the ability of personnel to engage in personal trading activities. Only certain specifically enumerated instruments are generally allowed for trading including Non-Reportable Securities (as defined in the Advisers Act), Private Placements, and ETFs. As a general matter, all other securities, derivatives and/or futures products not specifically listed under The Code as permitted are prohibited. This stringent personal trading policy is intended to mitigate the potential for conflicts of interest.

In the event HFR or a related person is a general partner, member or managing member, appropriate disclosures will be made to the prospective investor regarding the financial

interest of HFR and its affiliates therein. In addition, senior management at HFR may own personal interests in the trusts.

HFR does not engage in “principal” trading for its own account and does not “agency cross trade” between funds advised by the Adviser. However, HFR may authorize a Trading Manager to engage in regular cross trades between the trust and a Trading Manager’s flagship fund or other managed account(s). Typically, HFR will make this accommodation to allow the Trading Manager to rebalance the trust in an effort to maintain *pari passu* with the Trading Manager’s other hedge fund(s). HFR requires prior notice from the Trading Manager before any cross trade. In addition, HFR may require regular cross trades to be independently priced, and to receive evidence of the closing valuation.

A copy of the HFR’s Code of Ethics is available to clients or prospective clients upon request or, to send a complaint, write to HFR Asset Management, LLC, Attention: Compliance Department, 10 South Riverside Plaza, Suite 700, Chicago, IL 60606.

## **Item 12 – Brokerage Practices**

HFR acts as investment manager for each Single Manager Trust. Pursuant to a written agreement with the Trading Manager of each Single Manager Trust, trading discretion for such Trust is delegated by HFR to the Trading Manager. However, HFR retains the right to make trading decisions and to remove the Trading Manager. HFR, in its capacity as investment manager for its funds of hedge funds, generally selects the Single Manager Trusts in which each fund of hedge funds invests. Certain fund of hedge funds portfolios, in addition to investing in Single Manager Trusts, may invest directly in security positions. Securities transactions are executed by brokers selected by HFR in its sole discretion, therefore, HFR exercises discretion at the funds of hedge funds level. The Trading Managers select executing broker-dealers used for transactions in securities bought and sold on behalf of the Single Manager Trusts and also may negotiate commission rates for such transactions pursuant to the authority granted under the Trading Manager Agreements. Each trust is a segregated account and any cash or securities movement is authorized by HFR and the custodian or trustee. Trading Managers may pay a higher commission to an executing broker than otherwise may be obtainable from other brokers in return for services only if a good faith determination is made that the commission is reasonable in relation to the services provided. HFR maintains an approved prime broker list and each Trading Manager is required to carry a Single Manager Trust trading account

at one of the firms on this approved list. Senior management at HFR may own personal interests in the trusts.

HFR does not enter, or direct Trading Managers to enter, into any directed brokerage agreements under which securities transactions for the Trusts are directed to a broker-dealer in consideration for the promotion or sale of units issued by the Trust.

HFR does not have any soft dollar arrangements with broker-dealers. However, the Trading Managers hired by HFR to make trading decisions for the Single Manager Trusts may have arrangements with broker-dealers. A direct “soft dollar” arrangement is an arrangement under which products and/or services, other than execution of transactions, are obtained from or through a broker-dealer in exchange for the transactions being effected through such broker-dealer. Each Trading Manager may enter into “soft dollar” arrangements with broker-dealers through which the relevant Trust conducts its trading activities. The investment information and soft dollar benefits received from brokers may be used by the Trading Manager in servicing other accounts, and not all such information and soft dollar benefits may be used by the Trading Manager for the benefit of the Trust. The Trading Manager may derive substantial direct or indirect benefit to the extent the Trading Manager uses “soft dollars” to pay for expenses which the Trading Manager would otherwise have been required to pay.

A portion of each Trading Manager’s expenses may be funded through credits given by securities brokers in “soft dollar” brokerage transactions directed to the broker. Each Trading Manager is authorized to direct brokerage to firms which furnish or pay for research, research-related services, and other services within the “safe harbor” provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, or in compliance with the laws or rules of the regulatory authority having jurisdiction over the Trading Manager and/or brokerage firm.

As set forth in each applicable Trading Manager Agreement, certain Trading Managers may be allowed to receive certain products or services from brokerage firms which are outside the “safe harbor” of Section 28(e). Typically, the Investment Manager will make this accommodation to allow the Trading Manager to trade the Trust’s assets in the same manner as the Trading Manager’s other hedge fund(s).

In negotiating commission rates, the Trading Manager may take into account the financial stability and reputation of the broker, the quality of the investment research, special execution capabilities, clearance, settlement, custody, recordkeeping and other services

provided by such broker. The Trading Managers are not required to allocate either a stated dollar or stated percentage of their brokerage business to any broker for any minimum time period, and the Trading Managers will review such relationships from time to time.

### **Item 13 – Review of Accounts**

Accounts are reviewed daily to ensure compliance with a predefined set of investment parameters, to monitor conformance to investment goals, and to ensure compliance within fiduciary guidelines. HFR reviews accounts and reports that are sent to clients. Because the accounts are under daily supervision, there are no specific factors which trigger reviews.

Unaudited customized reports are furnished to clients by HFR on a daily basis. Unaudited monthly reports are provided by the Trust's administrator, Butterfield Fulcrum Group (Bermuda) Limited, which provides HFR's clients with monthly statements of the net asset value of client's fund interests. In addition, annual audited financial reports are provided to the investors and clients by HFR.

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

HFR has direct or indirect referral arrangements whereby HFR pays a portion of its fees to a third party in exchange for services and client introductions.

### **Item 15 – Custody**

HFR does not have custody of any client assets and does not have the ability to withdraw assets from client accounts. The HFR Platform has been designed so that an independent trustee is the legal owner and custodian of client assets.

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

HFR acts as investment manager for numerous separate funded Bermuda Unit Trusts and Irish Unit Trusts (each a “Single Manager Trust” or “SMT”) each of which has been appointed to an HFR Umbrella Trust as part of an umbrella structure. Pursuant to a written agreement with the unaffiliated Trading Manager (“Trading Manager”) of each SMT, trading discretion for such trust is delegated by HFR to the Trading Manager, although HFR retains the right to make trading decisions and to remove the Trading Manager.

Each SMT maintains a different portfolio of assets, managed according to a specific trading strategy and investment objectives for the particular SMT.

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

As a general matter, HFR does not vote any proxies with respect to equity securities. Although it has discretionary authority with respect to each Single Manager Trust, HFR generally delegates the trading authority, including the responsibility of voting proxies, to the Trading Manager of each Single Manager Trust.

Each Trading Manager that is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, is required to comply with Rule 206(4)-6 which addresses an adviser’s fiduciary responsibilities in connection with proxies. They include the following:

1. adopt written policies and procedures reasonably designed to ensure that it votes in the best interests of its clients
2. disclose the policies and procedures to its clients
3. notify its clients on how they may obtain information on how the adviser voted
4. maintain certain books and records in connection with the voting of proxies

Generally, Trading Managers will vote proxies in a manner that maximizes shareholder value or in a manner that is otherwise in the best interest of its clients.

Upon request, HFR will use its best efforts to obtain proxy votes with respect to a third party Trading Manager.

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

Registered investment advisers are required to provide investors with certain financial information or disclosures about their financial condition. HFR 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.

### **Class Action Lawsuit Policy**

From time to time, HFR, in its capacity as investment manager to a Trust or fund of hedge fund, receives notification of a possible claim by such trust or fund of hedge fund to participate in a class action lawsuit (“Lawsuit”). The determination whether to participate in the Lawsuit will be made by management of HFR in consultation with HFR’s legal department taking into consideration all factors, including, but not limited to, whether, at the time of the Lawsuit, the applicable Trust or fund of hedge fund is then in existence and the availability of appropriate documentation to support a claim.

If the determination is made by HFR to file a claim to participate in the Lawsuit as a member of the class, the following shall be applicable with respect to any proceeds received as a result of the Trust’s participation in the Lawsuit:

- (i) if the Trust is in existence when such proceeds are distributed, such proceeds will be added to the assets of the Trust; and,
- (ii) if the Trust is not in existence when such proceeds are distributed, such proceeds will be retained by HFR.

### **Error Correction Disclosure**

Errors for transactions executed on behalf of the Trusts for which HFR acts as investment manager or for other HFR clients may occasionally occur. Errors can result from a variety of situations and include (1) selling or buying the wrong asset (2) selling or buying the incorrect amount (3) selling or buying for the wrong account (4) selling or buying an asset or the amount of an asset which results in the violation of a client or regulatory restriction. Errors may result in a loss or a gain. Errors do not include intentional acts, errors related to the investment selection decision, or errors that are detected and corrected prior to settlement.

To the extent an error is caused by the counterparty or broker, HFR will attempt to recover any losses due to such error from such party, and to the extent that the entire loss is not recovered from the counterparty or broker, HFR will not make up the deficiency. To the extent that HFR determines that it is responsible for an error, HFR will seek to resolve the error on a fair and equitable basis with the client and other related parties. This may include payment by HFR to the client. A client will be notified of any material errors that occur in its account.

### **Block Trading Policy**

HFR does not engage in block trading. HFR delegates trading authority to Trading Managers and these trading managers may use block trading if they believe the purchase or sale of a security is in the best interest of the Single Manager Trust. Trading Managers are required to ensure that (i) the Trust receives substantially similar treatment as the Trading Manager's other accounts including commission rates and cost of margin, (ii) investment opportunities are allocated equitably between the Trust and the Trading Manager's other accounts in order to ensure that the Trust and the Trading Manager's other fund have equal access to the same quality and quantity of investment opportunities, and (iii) trades are allocated on a basis which is fair and equitable, with neither the Trust nor the Trading Manager's other fund receiving preferential treatment over the other or being disadvantaged by the aggregation, placement or allocation of trades. The Trust is governed by the principle of fair allocation of investment opportunities.

### **Privacy Policy**

This notice is being provided to clients in accordance with the U.S. Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). HFR has implemented the following privacy policies and procedures to safeguard nonpublic confidential information.

### **Information HFR May Collect**

HFR must collect certain personally identifiable financial information about its clients to ensure that it offers the highest quality financial services and products, and to perform certain functions including anti-money laundering requirements. The personally identifiable financial information which HFR gathers during the normal course of doing business with clients may include:

1. account application, and other forms, which may include name, address, tax payer identification numbers, date of birth, and other identifying documents about a client.
2. information on subscriptions or other forms; and
3. information about clients' transactions, statements, confirmations, and account balances with HFR, its affiliates, or others.

### **Information HFR May Disclose**

HFR does not disclose any nonpublic personal information about its clients or former clients to anyone, except as permitted by law or as disclosed herein. HFR may disclose all of the information it collects to certain third parties such as attorneys, accountants, auditors, trustees, administrators and persons or entities who need to know in order to assist HFR in fulfilling its obligations to its clients. Generally, HFR enters into contractual agreements with third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which HFR discloses the information. HFR may disclose any of the information it collects to its affiliates in connection with the servicing of accounts or to inform clients of financial products or services that might be of interest.

### **Confidentiality and Security**

HFR restricts access to nonpublic personal information about its clients to those employees who need to know in order to provide financial products or services to its clients. HFR maintains physical, electronic, and procedural safeguards that comply with federal standards to guard its clients' nonpublic personal information.

### **Opt-Out Provisions**

You may limit our affiliates in the HFR group of companies from marketing their products or services to you based on the information that we collect and share with them. Your choice to limit marketing offers from our affiliates will apply until you tell us to change your choice. If you have already made a choice to limit marketing offers from our affiliates, you do not need to act again until you receive the renewal notice. To limit marketing offers, contact us by mail at the address below.

HFR provides notice of its Privacy Policy annually to its investors. A copy of HFR's Privacy Notice is available at [www.hfr.com](http://www.hfr.com). Investors or prospective investors can request a copy by writing to HFR Asset Management, LLC, Attention: Compliance Department, 10 South Riverside Plaza, Suite 700, Chicago, IL 60606.

**Item 1- Cover Page**

**Form ADV 2B**  
**Brochure Supplement**

**Joseph G. Nicholas**

**HFR Asset Management, LLC**

**10 South Riverside Plaza, Suite 700**

**Chicago, Illinois 60606**

**Phone: 312-327-0430**

**January 1, 2011**

**This Brochure Supplement provides information about *Joseph G. Nicholas* that supplements the HFR Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact John M. Klimek, Managing Director Legal, and Chief Compliance Officer at 312-924-0408 if you did not receive HFR Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2- Educational Background and Business Experience**

Joseph G. Nicholas (Born 1959): Chairman and founder.

### Education Background:

Northwestern University School of Law, J.D., 1987

De Paul University, B.S. – Finance, 1982

### Business Background:

HFR Asset Management, LLC (1999 – Present): Chairman and founder

Riverside Portfolio Management, LLC (2009 – Present): Chairman, Chief Investment Officer, and founder

Fund Solutions, LLC (2008 – Present): Chairman and founder

HFR Group, LLC (2000 – Present): Managing Member

HFR Europe, LLC (2005 – Present): Chairman of the Board

HFR Asset Management U.K. Ltd. (2005 – Present): Chairman of the Board and Director

Hedge Fund Research, Inc. (1993 – Present): CEO, Treasurer, Secretary and Director

HFR Europe, Ltd. (2001 – 2007): Chairman of the Board

Akros HFR Alternative Investments SGR S.p.A. (2000 – 2007): Director

## **Item 3- Disciplinary Information**

There is no disciplinary history to report.

## **Item 4- Other Business Activities**

HFR Asset Management, LLC's managing member is HFR Group, LLC, a Delaware limited liability company whose managing member is Joseph G. Nicholas. HFR Group, LLC controls the following companies:

HFR Asset Management, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission and Kanto Local Finance Bureau, offers transparent hedge fund investing on a managed account platform. Joseph G. Nicholas serves as Chairman and founder.

HFR Asset Management U.K., Ltd., a UK private limited company registered with the U.K. Financial Services Authority, offers services to European institutional investors and their financial intermediaries who invest in investment vehicles for which HFR Asset Management, LLC acts as the investment manager. Joseph G. Nicholas serves as Chairman and Director.

Riverside Portfolio Management, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission, manages custom funds of hedge funds investing in managed accounts on the HFR Platform. Joseph G. Nicholas serves as Chairman, Chief Investment Officer, and founder.

Fund Solutions, LLC an affiliate of HFR Asset Management, LLC, offers fund administration and investment services including daily risk management, ongoing due diligence, fund administration, and standardized reporting in connection therewith for highly sophisticated investors and their financial intermediaries. Joseph G. Nicholas serves as Chairman and founder.

Joseph G. Nicholas owns 100% of Hedge Fund Research, Inc. Hedge Fund Research, Inc. is a research firm specializing in the aggregation, dissemination and analysis of alternative investment information. Hedge Fund Research, Inc. produces a database of hedge fund performance and also produces and distributes the HFRX Indices and HFRI Monthly Performance Indices – industry benchmarks of hedge fund performance. Joseph G. Nicholas serves as Chief Executive Officer, Treasurer, Secretary, and Director.

Mr. Nicholas receives compensation including salary and bonus for the companies noted above.

Joseph G. Nicholas owns Parcae, LLC, a security investment company, by which Mr. Nicholas directs his personal investments.

## **Item 5- Additional Compensation**

There is no additional compensation to report.

## **Item 6 - Supervision**

HFR has adopted a compliance program and Code of Ethics that governs all employees. Each company officer and employee affirms in writing that he or she has received, read, and understands the Code of Ethics and Compliance Manual. HFR's Chief Compliance Officer is responsible for supervising and applying the Code of Ethics taking appropriate action to investigate any potential violations.

John M. Klimek, Managing Director Legal, and Chief Compliance Officer, can be contacted at 312-924-0408.

**Item 1- Cover Page**

John M. Klimek

HFR Asset Management, LLC

10 South Riverside Plaza, Suite 700

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## **Item 2- Educational Background and Business Experience**

John M. Klimek (Born 1959): Managing Director, Legal and Chief Compliance Officer.

### Education Background:

University of Illinois, Urbana-Champaign, J.D., 1984

University of Illinois, Urbana-Champaign, B.S. – Accounting, 1981

### Business Background:

HFR Asset Management, LLC (July 2004 – Present): Managing Director, Legal;

(2007-Present): Chief Compliance Officer

Riverside Portfolio Management, LLC (2009 – Present): Managing Director, Legal and Chief Compliance Officer

Merrick and Klimek, PC (1999 – 2004): Principal

Fishman and Merrick, PC (1984 – 1999): Principal

### Professional Licenses:

Bar and Court Admissions – Illinois Supreme Court (1984)

Certified Public Accountant, Illinois (1981)

## **Item 3- Disciplinary Information**

There is no disciplinary history to report.

## **Item 4- Other Business Activities**

Mr. Klimek is the Managing Director, Legal and Chief Compliance Officer for HFR Asset Management, LLC and Riverside Portfolio Management, LLC.

HFR Asset Management, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission and Kanto Local Finance Bureau and offers transparent hedge fund investing on a managed account platform.

Riverside Portfolio Management, LLC is a registered investment adviser with the U.S. Securities and Exchange Commission and manages custom funds of hedge funds investing in managed accounts on the HFR Platform.

Mr. Klimek receives salary and bonus for the companies noted above.

John M. Klimek also serves as a member of the Board of Directors for Reliv International, Inc. (NASDAQ:RELV).

### **Item 5- Additional Compensation**

There is no additional compensation to report.

### **Item 6 - Supervision**

HFR has adopted a compliance program and Code of Ethics that governs all employees. Each company officer and employee affirms in writing that he or she has received, read, and understands the Code of Ethics and Compliance Manual. HFR's Chief Compliance Officer or his designee is responsible for applying, and supervising the Code of Ethics taking appropriate action to investigate any potential violations.

*John M. Klimek* reports directly to the Chairman and founder of HFR Asset Management, LLC. Joseph G. Nicholas can be contacted at 312-327-0430.

**Item 1- Cover Page**

Barry A. Higgins

HFR Asset Management, LLC

10 South Riverside Plaza, Suite 700

Chicago, Illinois 60606

Phone: 312-924-0408

January 1, 2011

**This Brochure Supplement provides information about *Barry A. Higgins* that supplements the HFR Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact John M. Klimek, Managing Director Legal, and Chief Compliance Officer at 312-924-0408 if you did not receive HFR Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2- Educational Background and Business Experience**

Barry Higgins (Born 1975): Director, HFR Platform

### Education Background:

DePaul University, Chicago, IL, MBA Finance May 2002

Northeast Louisiana University (now the University of Louisiana at Monroe), Monroe, LA, BA – Economics 1997

### Business Background:

HFR Asset Management, LLC (2010 - Present): Director, HFR Platform

Alternative Consulting, Inc. (2009 - 2010): Founder and President

Ranger Advisors (2004 - 2008): Partner and Investment Committee Member

## **Item 3- Disciplinary Information**

There is no disciplinary history to report.

## **Item 4- Other Business Activities**

There are no outside business activities to report.

## **Item 5- Additional Compensation**

There is no additional compensation to report.

## **Item 6 - Supervision**

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*Barry A. Higgins* reports to the Chairman and founder of HFR Asset Management, LLC. Joseph G. Nicholas can be contacted at 312-327-0430 or John M. Klimek, Managing Director Legal, and Chief Compliance Officer, can be contacted at 312-924-0408.

**Item 1- Cover Page**

Jeff Banaszak  
HFR Asset Management, LLC  
10 South Riverside Plaza, Suite 700  
Chicago, Illinois 60606  
Phone: 312-924-0408  
January 1, 2011

**This Brochure Supplement provides information about *Jeff Banaszak* that supplements the HFR Asset Management, LLC Brochure. You should have received a copy of that Brochure. Please contact John M. Klimek, Managing Director Legal, and Chief Compliance Officer at 312-924-0408 if you did not receive HFR Asset Management, LLC's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2- Educational Background and Business Experience**

Jeffrey Banaszak (Born 1979): Associate Director

### Education Background:

Purdue University, West Lafayette, IN, B.S. – Economics, 2005, B.S. – Computer Graphics, 2005

### Business Background:

HFR Asset Management, LLC (2011 - Present): Associate Director;

(2010): Senior Analyst, Hedge Funds

(2008-2009): Senior Client Services Representative

JPMorgan (2005-2008): Private Client Services Associate

## **Item 3- Disciplinary Information**

There is no disciplinary history to report.

## **Item 4- Other Business Activities**

There are no outside business activities to report.

## **Item 5- Additional Compensation**

There is no additional compensation to report.

## **Item 6 - Supervision**

HFR has adopted a compliance program and Code of Ethics that governs all employees. Each company officer and employee affirms in writing that he or she has received, read, and understands the Code of Ethics and Compliance Manual. HFR's Chief Compliance Officer or his designee is responsible for applying, and supervising the Code of Ethics taking appropriate action to investigate any potential violations.

*Jeff Banaszak* reports to the Chairman and founder of HFR Asset Management, LLC. Joseph G. Nicholas can be contacted at 312-327-0430 or John M. Klimek, Managing Director Legal, and Chief Compliance Officer, can be contacted at 312-924-0408.