



ALT AIR | A D V I S E R S

Altair Advisers LLC

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12/31/2011

This Brochure provides information about the qualifications and business practices of Altair Advisers LLC [“Altair”]. If you have any questions about the contents of this Brochure, please contact us at (312) 429-3000 or info@altairadvisers.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.

Altair Advisers 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 which you may use to determine to hire or retain an Adviser.

Additional information about Altair Advisers LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Altair Advisers LLC (“Altair” and/or “Altair Advisers”) provide to clients as required by SEC Rules. This Brochure dated December 31, 2011 is an update to the document prepared according to the SEC’s new requirements and rules.

The date of our update is 12/31/11. Summary of changes: No material changes have been made since our last brochure annual update dated December 31, 2010.

In the past we have offered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures by March 31st of each year. From time to time, we may provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Richard Black, Chief Compliance Officer or Claire Browne, Manager of Investment Operations and Compliance at (312) 429-3000. Our Brochure is also available on our website www.altairadvisers.com.

Additional information about Altair is also available via the SEC’s website www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with Altair who are registered, or are required to be registered, as investment adviser representatives of Altair.

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Brochure Supplement(s)

Altair provides objective, discretionary and non-discretionary investment advisory and financial planning services for wealthy individuals, families and foundations.

History and Ownership

In the summer of 2002, Altair Advisers was founded to help guide our clients through a complex financial world. Altair's principals formerly led the Investment Advisory Services practice of Arthur Andersen's Chicago office. Altair is employee-owned and committed to building long-term successful relationships by providing responsive and highly personal service. We currently serve a nationwide client base who have entrusted us with nearly \$3 billion.

The employee group participates broadly in Altair's ownership. The firm's largest owner, at 33.78%, is PHRM Investments LLC – an entity controlled by a client who helped fund the firm at its inception.

What We Do

SERVICES FOR INVESTMENT ADVISORY CLIENTS

Altair first works with the client to develop an overall investment strategy. This phase of the process includes an analysis of financial goals, which may include advice regarding capital sufficiency and cash flow, retirement planning, income tax planning, education funding, corporate benefit decisions and consideration of estate planning. The result of this overall analysis serves as the foundation for a client's strategic investment plan, which includes investment education, portfolio design and preparation of an investment policy statement.

After developing an overall strategy documented in a written Investment Policy Statement, for discretionary clients, Altair will be directly responsible for making investment decisions on behalf of those clients. For non-discretionary clients, Altair will obtain a client's consent before making an investment decision on behalf of those clients.

For both discretionary and non-discretionary clients, the client's assets will be invested with various third party investment managers, mutual funds, ETFs, private investments and derivatives. For assets where there is not a predetermined list of investment options (e.g. inside a client's 401(k) plan), Altair will only utilize those third party managers, mutual funds, ETFs, private investments or derivatives after it has conducted extensive due diligence on each recommendation for investment ("Altair Assets"). For client assets that have pre-determined investment choices, Altair will assist the client with regard to those investment choices, to the extent permitted and practicable ("Outside Assets").

Altair does not provide investment services related to specific securities or sectors, other than to recommend various third party investment managers, mutual funds, ETFs, private investments and derivatives. Altair will be responsible for effecting, or arranging for, the execution of the investment decision for its discretionary clients. For its non-discretionary clients, Altair will effect, or arrange for, the execution of the investment decision only after it receives

authorization to do so from the client. Clients can impose restrictions with respect to specific securities or types of securities in the accounts managed by third party investment managers.

ITEM 4 – ADVISORY BUSINESS

In addition, Altair will provide administrative services to both its discretionary and non-discretionary clients, including transferring assets between a client's accounts. For a small number of clients who have invested their assets in private investment vehicles that may make additional capital calls, Altair may have limited discretion for those clients to permit Altair to respond directly to such capital calls without the need to first seek client authorization. Specifically, Altair will fund the capital call by transferring assets to the investment vehicle directly from the client's account. Further, should a client's account not have sufficient cash to fund the capital call, Altair's limited discretion would give it the ability to dispose of holdings/investments in the client's account sufficient to meet the capital call.

Altair may also provide objective consulting and investment advisory services to retirement plans, trusts, estates, charitable organizations, corporations or other business entities. Typical services provided to these clients are consistent with the process described above.

SERVICES FOR LIMITED FINANCIAL PLANNING CLIENTS

Altair provides objective financial planning services in addition to investment advisory services. Financial planning services include an analysis of financial goals, which may include advice regarding capital sufficiency and cash flow, retirement planning, income tax planning, education funding, corporate benefit decisions and consideration of estate plan.

Altair may be retained by a corporation to provide these financial counseling services to key officers and executives of the corporation. Altair may also be retained by a corporation to provide financial planning seminars and other educational services to groups of employees.

SERVICES FOR REGISTERED INVESTMENT ADVISER CLIENTS

Altair also sells the compilation of its due diligence and affects performance reporting services for selected registered investment advisers for a negotiated fee on behalf of such firms' clients.

ASSETS UNDER ADVISEMENT

As of December 31, 2011, Altair had total assets under advisement of \$2,833,814,353. Of this total \$404,254,499 were managed on a discretionary basis and \$2,429,559,854 were managed on a non-discretionary basis.

Fees for Altair's services are documented in a written engagement contract at the inception of each engagement. Altair's fees are subject to client specific negotiations based on factors such as the overall complexity of the client's financial affairs, the number of investing entities, whether any client is part of a larger relationship with the firm, etc.

Fees for Investment Advisory Clients

In the case of investment advisory services clients (i.e. for both Altair Assets and Outside Assets), there may be fees for the first phase of services, which includes developing a strategic investment plan. These fees are determined based on the complexity of the client's situation and the scope of the work involved. If there is a fee for this phase it is generally billed as a one-time project fee.

Fees for the second phase of services, including implementation and on-going portfolio review, are generally calculated based on a percentage of client assets under advisement. Assets under advisement include those mutually determined and agreed upon with the client and Altair. Under our current fee schedule, the asset based fee generally ranges from 0.10% to 1.0%, with a minimum annual fee of \$30,000 (except under certain limited circumstances, the minimum fee may be as low as \$10,000). Existing clients may be "grandfathered" under a prior fee arrangement.

Fees to Altair do not include any fees due to various third party investment managers, mutual funds, ETFs, private investments and derivatives, any fees due to brokers or to custodians of those assets or the fees associated with Outside Assets (e.g. 401(k) fund fees). Such charges, fees and commissions are exclusive of and in addition to Altair's fee.

Neither Altair nor any of its Supervised Persons receive any portion of the commissions or fees clients pay to any recommended investment manager, mutual fund, ETF, private investment or derivative broker or custodian.

Clients may be able to obtain access to these same investment managers, mutual funds, ETFs, private investments and derivatives directly without going through Altair. However, in order to do so, they may have to invest at substantially higher minimum investment and/or pay higher management fees associated with such investments.

Fees for ongoing investment advisory services are generally payable quarterly in advance. Fees charged on assets under advisement are generally deducted automatically from a client's investment accounts as authorized and designated by the client. Other financial planning-related projects are billed in a manner agreed upon by Altair and the client. Accounts initiated or terminated during a calendar quarter are charged a prorated fee. Upon termination of any account, any prepaid, unearned fees are refunded to the client.

Fees for Limited Financial Planning Clients

As described in Item 4, Altair may also provide financial planning services. When we are retained by a corporation to provide financial counseling services to key officers and executives of the corporation, fees are generally charged to the corporation based on a fixed-fee entitlement arrangement for each executive dependent on the scope and complexity of the services being performed. Altair's fees generally range from \$5,000 to \$30,000 per executive participant. When we are retained by a corporation to provide financial planning seminars and other educational services to groups of employees, fees for these services are based on fixed fee arrangements as negotiated with the corporation.

Fees for Registered Investment Adviser Clients

Altair also sells to selected registered investment advisers the compilation of the due diligence it performs on various third party investment managers, mutual funds, ETFs, private investments and derivatives and effects performance reporting services for unaffiliated investment advisers on behalf of such firms' clients. Fees are based on the scope and detail of the services we provide.

Project Fees

Fees may also be charged based on hourly rates, which vary from \$200 to \$500 in advance per hour. Alternatively, fees may be charged on a project basis. Project fees may apply to all types of clients and will be negotiated for each unique engagement in advance of beginning project work.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Altair does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

ITEM 7 – TYPES OF CLIENTS

As described in Items 4 and 5, Altair provides portfolio management services to high net worth individuals, corporate pension and profit-sharing plans, charitable organizations, foundations and endowments. Altair has full investment advisory clients, limited financial planning clients and Registered Investment Adviser firm clients.

As described in Item 5, Altair does not impose a minimum dollar value of assets or other conditions for starting or maintaining an account. However, Altair imposes a minimum fee of \$30,000 (except under certain limited circumstances, this minimum fee may be as low as \$10,000) for on-going investment advisory services. Various third party investment managers, mutual funds, ETFs, private investments and derivatives may impose investment minimums that may impact the client's investment selection process.

Methods of Analysis

Rather than selecting individual stocks and bonds, for Altair Assets our focus is solely on finding best-in-class investment managers. The process of selecting investment managers and funds for investment is described below.

PROCESS FOR ALTAIR ASSETS (WHERE INVESTMENT CHOICES ARE NOT PRE-DETERMINED (E.G. CLIENT DIRECTED OR LIMITED OPTIONS WITHIN A 401(K) OR OTHER PLAN)

SETTING AN AGENDA

Altair's Investment Committee begins by identifying and approving research projects for new or existing asset classes, oversees full reviews of our currently recommended investment managers, mutual funds, ETFs and private investments (a full review of each asset class is done regularly, generally every 12-18 months).

QUANTITATIVE SCREENS

Once a particular search is initiated, we pre-screen third-party databases (eVestment Alliance for investment managers; Morningstar for mutual funds and ETFs and HedgeFund.net for private investments) to examine those products that meet basic quantitative requirements, including a sufficient track record (we have a strong preference for investment managers, mutual funds, ETFs and private investments with at least five years of return history, depending on the asset class).

Next a proprietary multi-factor performance model is used to objectively rank the investment managers, mutual funds, ETFs or private investments that meet the criteria of a particular search with an emphasis on consistency and long-term performance. Each is compared to an appropriate benchmark and peer group universe. We also utilize multiple statistical measures in order to examine the performance record of each in greater detail. Our proprietary process involves examining up to thirteen unique statistics for each. After calculating each of these, we compare and rank the managers, mutual funds or private investments that meet the criteria based on a single composite score for each.

QUALITATIVE SCREENING

We focus our efforts during this stage on the investment managers, mutual funds or private investments which ranked in the top quartile in the quantitative screening for a particular search. We then seek to remove those that have undesirable attributes such as holding too many securities in their composite portfolio, excessive turnover or insufficient total firm assets under management.

Those that pass the general qualitative screens are then examined more thoroughly. We review the growth of the firm's total assets over time and the fundamentals of the portfolio. These vary based on asset class. For example, when examining an equity product, these include P/E, P/B and weighted-average market cap. A rolling returns-based style analysis is used to eliminate investment managers, mutual funds, ETFs or private investments that have style-drifted over time. Then a detailed questionnaire is sent to potential candidates in order to gather more

information. We also conduct a very detailed review of any filings of the firm with the Securities and Exchange Commission.

After reviewing all data and information, The Investment Committee selects the candidate firms which they believe merit an onsite visit conducted by at least two Altair investment professionals. Ultimately, Altair's Investment Committee will be presented with finalists to be considered for potential inclusion on our recommended list.

In addition to the above, when evaluating private investments we will review the legal structure of the investment and funding and withdrawal provisions. We also use First Advantage, an industry leader in the field of investigative due diligence, to delve into the background of the principals of the private investment firm. We also may rely on consultants, appraisers, accountants, lawyers, and industry sources as needed.

PROCESS FOR OUTSIDE ASSETS (WHERE INVESTMENT CHOICES ARE PRE-DETERMINED (E.G. CLIENT DIRECTION OR LIMITED OPTIONS WITHIN A 401(K) OR OTHER PLAN)

We will assist clients with selection of investment options where predetermined choices are provided as follows:

- We recommend any fund which is already subject to extensive due diligence as described just above in "Process for Altair Assets (where investment choices are not pre-determined (e.g. client directed or limited options within a 401(k) or other plan)".
- If no investment choices exist which fulfill this requirement, then we will recommend index funds which complement a client's asset allocation.
- If no investment choices exist which fulfill this requirement, we will the investment options and make a recommendation based on fit within the client's overall asset allocation strategy, historical performance and information known at the time about the fund.

We do not do extensive and ongoing due diligence on the universe of predetermined options for each plan where we assist our clients by making an investment recommendation. We rely on the client to provide updated information on the list of predetermined investment options from time to time. We include these Outside Assets in a client's performance report when a client agrees that these assets should be part of our engagement. We will recommend a change to a different option within the allowable investment choices when appropriate.

Investment Strategies

Altair believes it is crucial that we first listen to our clients and understand their goals and objectives. We then create an investment portfolio designed to achieve those goals and objectives in a risk-controlled manner. When recommending a portfolio strategy, we recognize the importance of asset allocation and diversification but also consider the principles of behavioral finance and investor psychology. As recent economic events demonstrate so vividly, it is imperative to understand the relationship between risk and return and to be certain of the degree to which portfolio declines can be tolerated.

Our investment process can be described as a strategic asset allocation approach with a tactical overlay. We will create and implement a long-term strategic investment plan that is appropriate for the client's financial objectives, risk preference, and constraints. However, on an ongoing basis we will recommend overweights and underweights to certain asset classes based on our proprietary research and valuation methodology. In other words, while we believe strategic asset allocation works best over long periods of time, we also believe allocation modifications are warranted under certain circumstances, based on current valuation metrics. Altair's Investment Committee is responsible for all investment recommendations with regard to both asset allocation and investment Managers. The Investment Committee currently consists of six members, all of whom hold the Chartered Financial Analyst[®] (CFA[®]) designation and three who have the additional Chartered Alternative Investment Analyst[®] (CAIA[®]) designation. They have, on average, over 17 years of investment experience.

Risk of Loss

Any investing involves risk of loss that clients should be prepared to bear.

The use of exchange traded derivatives for a client account might create additional investment risk if the instrument does not correlate well with the S&P 500 Index or Altair's view of the market is incorrect. In addition, the use of derivatives might expose the client to leverage risk, which might magnify or otherwise increase the risk of investment losses.

Altair has no events or information applicable to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

On occasion, Altair may receive a referral of a prospective client from an investment manager that Altair may recommend to its clients. Altair will not recommend that clients invest with such an investment manager because it may receive such referrals. Altair's recommendations are solely based upon its objective evaluation of that manager.

ITEM 11 – CODE OF ETHICS

Altair does not purchase any securities for its own account. Employees may invest with the third party investment managers, mutual funds, ETFs, private investments and derivatives which are also recommended to clients. Our recommendations are not time sensitive and are intended to be durable in nature. We will recommend that clients who implement portfolios at different times invest with similar investment managers, mutual funds, ETFs and private investments. We are not concerned with when an investment is made as we view each recommended investment as beneficial to the portfolio over the long-term. Thus, the timing of an investment is not central to our recommendations or investment strategies. Though we will recommend underweighting and overweighting various asset classes from time to time, the underlying recommendation of investment managers, mutual funds, ETFs and private investments is relatively consistent across time.

Altair has adopted a written Code of Ethics that governs the personal securities transactions of employees and officers. The Code of Ethics permits Altair's employees to engage in other securities transactions. Thus, employees may purchase individual securities, which may also be purchased by the independent, third party investment managers retained by Altair's clients. Since, as discussed above, our advice is not time sensitive, but intended to be durable and long-term in nature, Altair employees may purchase or sell any securities for their own accounts prior to, simultaneously with or subsequent to any action taken in a client portfolio or in an investment manager account. Since we are not portfolio managers in the traditional sense of buying and selling individual securities for client accounts, we do not believe that the personal investing activities of our officers and employees create a conflict of interest with our clients. Altair's Code of Ethics requires individuals to report their personal securities transactions on a quarterly basis to Altair's compliance personnel, who review such reports to ensure compliance with the Code of Ethics.

A copy of the Code of Ethics will be furnished to any client or prospective client upon request.

For clients that have provided Altair with trading authorization, we generally effect transactions for the sale and/or purchase of securities and other investments in the client's account solely through the client's custodian. Under these circumstances, Altair does not have any obligation to seek better execution services or prices from other possible brokers or dealer. Altair does not aggregate client transactions for execution, which might cause the client to incur higher fees than they may have incurred if the trade had been affected in aggregation with other clients.

Principals of the firm may recommend custodians or brokers that have agreed to preferred pricing arrangements for Altair clients such that all negotiated terms directly benefit the client through enhanced services or reduced fees. Recommended brokers or custodians are not necessarily the lowest cost provider, but are believed to be competitively priced for the level of service provided. However, a client is free to retain any custodian or broker dealer they choose. Recommended brokers or custodians are selected based on Altair's consideration of the broker or custodian's general reputation, level of services provided, competitiveness of fees or special expertise.

Altair does not receive any cash compensation or research (typically referred to as "soft dollar" payments) from brokers it recommends to clients. Altair may occasionally receive complimentary admittance for its employees to attend seminars and conferences sponsored by the brokers it recommends. We do not receive travel or reimbursement for other expenses related to attending these conferences.

Altair generally recommends brokers to clients that have demonstrated the ability to provide our clients with discounted transaction charges, preferred access to certain mutual funds, including lower sales charges than for direct purchases and lower minimum purchase amounts, and the ability to custody and safeguard derivative investments. These same benefits are made available to Altair's principals and employees. The benefits to Altair and its principals and employees are not a material factor in determining which brokers to recommend. The primary considerations are the services provided to the client. Altair does not expect that clients will pay commissions to brokers we recommend that are higher than those obtainable from other brokers for comparable client services, although there can be no assurance that clients will pay the lowest possible commissions available.

Principals of Altair are responsible for reviewing the strategic investment plan, the client's overall financial situation and the performance of the client's portfolio. The number of clients assigned to each principal varies according to the complexities of each individual client account.

Accounts are reviewed on a quarterly basis, which includes the delivery of written performance reports to clients. These reports provide a review of the client's investment portfolio, including a review of asset allocation, performance comparisons for the client's investment managers and commentary on general market conditions.

Generally, each account is reviewed with the client at least semi-annually.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Clients may from time to time need services that are outside the scope of services provided by Altair (e.g., legal counsel, accounting advice and broker dealer services). Altair may refer clients to such third parties. These same firms to which Altair may refer clients may make referrals to Altair when clients need services such as Altair provides.

In addition, from time to time, Altair may provide a client who has requested Altair's views on other business questions, with information and/or contact information of an appropriate person to facilitate that business activity. Altair does not charge clients for such advice and does not view this advice as part of its business, but merely as satisfying client needs as part of the everyday courtesy of business life. Altair may receive client referrals from the individual or entity about whom it provided information.

Clients receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains each client's investment assets. Altair urges clients to carefully review such statements and compare such official custodial records to the reports that we provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, trade/settlement dates or valuation methodologies of certain securities.

ITEM 16 – INVESTMENT DISCRETION

At the inception of the client engagement, Altair documents its discretionary authority in a written engagement contract for those clients who choose to give it investment discretion. After developing an overall strategy documented in a written Investment Policy Statement, signed by the client, that includes investment guidelines and restrictions, for discretionary clients, Altair is directly responsible for making investment decisions on behalf of those clients. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

ITEM 17 – VOTING CLIENT SECURITIES

Altair does not vote proxies for securities on behalf of our clients.

ITEM 18 – FINANCIAL INFORMATION

Altair 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.