

***OxFORD Asset Management***  
***Form ADV 2***

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This brochure provides information about the qualifications and business practices of OxFORD Asset Management LLP (“OxFORD”). If you have any questions about the contents of this brochure, please contact OxFORD. 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 OxFORD is available on the Internet at <http://www.adviserinfo.sec.gov> and at <http://www.fsa.gov.uk/register/firmRefSearch.do>.

OxFORD is an SEC registered investment adviser and is authorised and regulated by the Financial Services Authority in the United Kingdom. Please note that these registrations do not imply or guarantee a certain level of skill or training.

OxFORD’s executive management team has longstanding experience working within the investment management industry. This document contains information about our team’s educational and employment backgrounds.

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## **Material Changes**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring mandatory revisions to the content and organisation of a firm's "brochure". The new requirements included providing information in a "plain English" narrative format. At that time, we revised our Form ADV Part II "brochure" to reflect the new requirements.

The Material Changes section of this brochure will be updated whenever material changes are made to this brochure since its last release. This "summary" of changes will be made available to clients at least annually.

The following changes have been made in this edition of Form ADV Part 2:

- Update to the level of Assets under Management
- Update to the level of portfolio risk currently accounted for by futures strategies.

If you would like to receive a complete copy of the Form ADV Part 2, you may obtain it by contacting us by telephone at: +44 1865 258137 or by email at [information@oxam.com](mailto:information@oxam.com).

Additional information about OxFORD is available on the Internet at <http://www.adviserinfo.sec.gov>.

You can search this site by a unique identifying number, known as a CRD number. The CRD number for OxFORD is 136937. Please contact Steve Huyton, Chief Compliance Officer, if you have any questions about the contents of this brochure.

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## **Advisory Business**

### **The Adviser**

OxFORD provides investment advice to OxAM Quant Fund Limited (“the Fund”), an open-ended investment company incorporated under the laws of the Cayman Islands. The Fund was launched in 2004. OxFORD was authorised by the Financial Services Authority in the United Kingdom in 2006, and took over the advisory mandate to the Fund from its predecessor, The Oxford Asset Management Company Limited. OxFORD’s principal owners are its founder partners: Dr Andre Stern, Mr Stephen Mobbs and Dr Steven Kurlander.

*Andre Stern, Founder & Principal:* Dr. Stern is the Founding Partner of OxFORD Asset Management and has been developing mathematical models for use in financial markets since 1996. Dr. Stern has been active in the alternative investment sector since 1989 advising on portfolio investments including hedge funds. He holds a D.Phil. in Mathematical Sciences from the University of Oxford. Dr. Stern is a non-executive director of three funds of hedge funds, is on the investment committee of a charitable foundation and serves on the MIT Sloan Finance Group Advisory Board.

*Stephen Mobbs, Principal:* Mr. Mobbs is a mathematician and economist with more than 25 years financial market experience. He was principal and chief executive officer at Medici Capital Ltd; managing director (arbitrage trading) at Deutsche Bank AG; director (arbitrage trading and bond research) at Credit Suisse First Boston Ltd and economist and bond analyst at Bank of America. He holds an M.A. in Mathematics from the University of Cambridge and an M.Phil. in Economics from the University of Oxford.

*Steven Kurlander, Principal:* Dr. Kurlander carried out research in computer science at the University of Wisconsin and has published several academic research papers. Since leaving Wisconsin in 1996, he has been engaged in the research and development of financial investment strategies. He holds a B.A. in Mathematics and Computer Science, and a Ph.D. in Computer Science.

### **The Services**

OxFORD provides discretionary asset management advice to the Fund which is its single client. Its investment objective is to achieve capital appreciation by employing various investment strategies based on quantitative and/or qualitative analysis. The quantitative investment strategies employed are generated by or derived from computer models of financial instruments and markets. These models are designed to assess features of financial instruments and markets for the purpose of predicting future prices of financial instruments based on analysis of historical prices, returns and other financial information.

### **The Client**

OxFORD’s advisory services are entirely focused on the requirements of the Fund and its investors. The details of the advisory mandate are set out in an Investment Advisory Agreement which sets out any agreed restrictions. The Board of Directors of the Fund reviews these restrictions on a regular basis.

### **Wrap Fee Programs**

OxFORD does not participate in wrap fee programs.

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**Assets under Management**

OxFORD managed assets totalling \$2,715 million calculated as at April 1st, 2012.

**Fees and Compensation**

**Compensation for Advisory Services**

OxFORD charges the Fund management fees on a monthly basis. In addition, OxFORD charges an incentive fee calculated on the basis of net capital appreciation subject to a high water mark mechanism. Investors in the Fund pay two per cent per annum on a monthly basis and an incentive fee of twenty percent of net capital appreciation. These fees have been agreed and are not negotiable and are described in full in the Fund's Information Memorandum.

**Billing of Compensation for Advisory Services**

Fees payable are deducted from the assets of the Fund at the end of the month or quarter as applicable. They are not billed separately. Fees are always paid by the client in arrear.

**Other Expenses**

The Fund bears its own costs including brokerage, interest and stock loan fees. It also bears its own expenses such as professional fees, fund administration fees and insurance. The Fund may pay for datasets or information where this is expected to be used in connection with the development or execution of investment strategies or possible investment strategies to further the investment objective and where such payment is in the best interests of the Fund.

**Advance Payment of Fees**

OxFORD does not charge any fees in advance.

**Compensation for Other Investment Products**

OxFORD does not receive any income from the sale of investment products to clients. Its advisory income is derived entirely from the advisory fees and incentive fees referred to above. No commissions are charged by OxFORD.

**Performance-Based Fees and Side-By-Side Management**

OxFORD charges a performance based fee to the Fund. This fee is borne by investors in the Fund. OxFORD currently has a single client, the Fund, and does not carry out any other investment advisory services.

**Types of Clients**

OxFORD's client, the Fund, is an open-ended investment company incorporated under the laws of the Cayman Islands. The Fund offers shares to both Non-U.S. Persons and U.S. Persons. With respect to U.S. Persons, shares may only be purchased by shareholders that qualify as: (i) "accredited investors" as defined under Regulation D of the 1933 Act, and (ii) "qualified purchasers" as defined under Section 2(a)(51) of the Company Act. Shareholders must also meet other suitability requirements. Investors in the Fund may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

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## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Strategies**

OxFORD's investment approach is to achieve capital appreciation for the Fund by employing various investment strategies based on quantitative and/or qualitative analysis. The quantitative strategies employed will be generated by, and/or derived from, computer models of financial instruments and markets. The models are designed to assess features of financial instruments and markets for the purposes of predicting future prices of financial instruments, based on analysis of historical prices and returns, associated information, and other information and datasets procured from research organisations, news providers or aggregators, brokers or other persons. The computer models may take a variety of different approaches. For example, they may take a linear factor based approach or an adaptive agent based approach, some combination of the two or some other approach. For example, OxFORD's linear factor based approach covers established investment theories using econometric, fundamental and other data inputs. The non-linear based approach identifies key strategies driving the current market regime. OxFORD's other strategies include: event based strategies, alpha-capture, fixed income related strategies and index rebalances. OxFORD's higher turnover strategies use a range of data to identify supply and demand imbalances that contribute to short term price discovery. A futures instrument portfolio component, currently accounting for up to 25% of portfolio risk, is managed in the context of the overall portfolio.

On behalf of the Fund, OxFORD takes long and short positions in financial instruments based on the information analysed and from signals generated by the computer models. The analysis and forecasts computed may be tempered by the exercise of qualitative discretionary judgment. In addition, consideration will be given to the costs of implementing strategies and trades.

OxFORD will also adopt more qualitative arbitrage strategies. These strategies aim to exploit apparent anomalies in the relative pricing of different financial instruments either relative to each other or relative to an objective model of the value of a financial instrument.

A key component of OxFORD's strategy implementation is risk management.

### **Risk Factors**

OxFORD draws attention to the following statement in the Fund's Information Memorandum:

**“An investment in [OxAM Quant Fund] involves a high degree of risk, including the entire loss of an investment, is suitable only for sophisticated investors and is not suitable for investors who may wish to realise their investment at short notice. Prospective investors should consider carefully all the information in this Information Memorandum, the advice they receive from their own legal, tax, financial and other advisers and the risk factors set out in the section of this Information Memorandum headed “Certain Risk Factors”.”**

*Leverage:* in implementing its investment strategies on behalf of the Fund, OxFORD utilises leverage. This may be implemented on a collateralised basis (in which case, the assets of the Company may be used as security) or on an uncollateralised basis. Leverage may take the form of trading on margin, using derivative instruments that are inherently leveraged and other forms of direct and indirect borrowing. Leverage enables larger positions to be taken than would be the case if leverage were not utilised and entails a high degree of risk. The use of leverage can mean

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that a relatively small adverse price movement in an underlying security may result in a greater loss than would be the case if leverage were not utilised. The parties that are expected to provide leverage are, generally, entitled to receive margin or other collateral to secure such leverage and these parties may have discretion to increase the collateral requirements for the leverage they provide, potentially on very little notice. At any particular time, there may be insufficient funds to meet additional collateral requirements and it may be necessary to liquidate positions in order to meet these requirements on terms which are not favourable.

*Short Sales:* in implementing its investment strategies on behalf of the Fund, OxFORD engages in short selling. This involves selling securities which may not be owned by the Fund. Theoretically, a short sale creates the risk of an unlimited loss. This is because the price of the underlying security could increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Trading Costs:* the investment strategies implemented by OxFORD involve a high level of trading and turnover of the portfolio which generate substantial transaction costs which are borne by the Fund.

*Currency risk:* in implementing its investment strategies on behalf of the Fund, OxFORD invests in securities and financial instruments denominated in, or the price of which is calculated by reference to, a range of currencies. Accordingly, the value of the portfolio may fluctuate relative to the currency of investment.

*Hedging:* in implementing its investment strategies on behalf of the Fund, OxFORD utilises various hedging techniques and a variety of financial instruments for risk management purposes. There can be no assurance that these hedging techniques will be successful and OxFORD may not be able to hedge all risks to which the portfolio is exposed.

*Derivatives transactions:* in implementing its investment strategies on behalf of the Fund, OxFORD uses a wide range of derivative instruments, which can be highly speculative and involve numerous significant risks. These can result from, amongst other things, a high degree of leverage, illiquidity, volatility and counterparty risk.

*Investments in emerging markets:* in implementing its investment strategies on behalf of the Fund, OxFORD invests in securities of entities based in emerging markets. Investing in these securities involves certain considerations not usually associated with investing in securities of entities based in developed markets.

*Small capitalised companies and newly formed companies:* in implementing its investment strategies on behalf of the Fund, OxFORD invests in securities of small capitalised companies and newly formed companies. These may involve higher risks than investments in larger capitalised companies and companies with a longer operating history.

*Concentration of investments:* in implementing its investment strategies on behalf of the Fund, OxFORD may invest in a number of relatively large positions in certain markets, sectors, regions and/or types of investment securities. Consequently, an adverse price movement in respect of any such position could result in significant losses.

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*Custody and prime broker risks:* a substantial portion of the portfolio will be held by prime brokers and custodians. Assets comprised in the portfolio may be available to the creditors of the Prime Brokers (and any other person acting as custodian of part of the Company's portfolio) in the event of the insolvency of the Prime Brokers.

*Counterparty risk:* transactions entered into by OxFORD on behalf of the Fund are subject to the risk of the inability of any counterparty (including the Prime Brokers and custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

*Reliance on technology:* OxFORD uses investment strategies that are dependent upon various forms of technology. Performance could be materially adversely affected if, for any reason, the technology relied upon ceases to be available to the Investment Adviser or if the technology fails to perform in the manner expected (including because of power, systems or telecommunications failures, acts of terrorism and other events).

**Risks of Securities Recommended**

The investments made by OxFORD on behalf of the Fund are subject to the risks inherent in investing in financial instruments and markets. All investments could be lost entirely. Accordingly, all investments made by investors in the Fund could be lost entirely.

**Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management.

**Criminal or Civil Actions**

Neither OxFORD itself nor any of its management persons has been convicted of any felony or misdemeanour, named subject of a criminal proceeding or found to have been involved in a violation of an investment related statute. Furthermore, neither OxFORD nor any of its management persons has been made the subject of an order limiting its investment activity.

**Regulatory Actions**

Neither OxFORD nor any of its management persons has been involved in any regulatory proceeding before the SEC, the FSA or any other regulatory body.

**Self Regulatory Proceedings**

Neither OxFORD nor any of its management persons has caused an investment related business to lose its authorisation to do business or has been found in violation of an SRO's rules.

**Other Financial Industry Activities and Affiliations**

**Broker Dealer**

Neither OxFORD nor any of its management persons is registered or has applied to register as a broker dealer.

**Futures Activity**

Neither OxFORD nor any of its management persons is registered or has applied to register as a futures commission merchant, a commodity pool operator or a commodity trading adviser.



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**Affiliations**

Neither OxFORD nor any of its management persons has a relationship with any other financial services firm which is in any way material to its advisory business or to its client.

**Selection of Investment Advisers**

OxFORD does not recommend any other investment advisers to clients and consequently receives no benefit of any nature as a result.

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**Code of Ethics**

Pursuant to Rule 204A-1 of the Investment Advisers Act, OxFORD has adopted a written Code of Ethics based on the principle that the interests of the Fund must come before the interests of the individual. This requires all staff to act honestly and fairly in their dealings with clients and to adhere to all relevant laws and regulations. The Code of Ethics is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners and employees of OxFORD. It contains provisions designed to prevent improper personal trading and to identify and resolve any conflicts of interest. All personal trades entered into by members of staff are subject to advance approval by the Chief Executive Officer or one of the other founder partners.

A copy of the Code of Ethics will be made available on request to those investing or interested in investing in the Fund by contacting the Chief Compliance Officer.

**Financial Interest in Securities**

Any securities in which a member of OxFORD has a material financial interest are excluded from the universe of securities in which OxFORD can trade; therefore any potential conflict of interest is avoided.

**Investing in Same Securities**

All personal trades entered into by members of staff are subject to advance approval by the Chief Executive Officer or one of the other founder directors. The volume and nature of the investment approach adopted by OxFORD means that individuals are not typically aware of any orders being placed at the time they request permission to trade in securities on their own account.

**Investing in Recommended Securities**

OxFORD does not recommend securities to clients but rather manages a client portfolio with discretionary authority. OxFORD does not trade for its own account.

**Brokerage Practices**

**Selection of Broker Dealers**

OxFORD may utilise various brokers and dealers to execute securities transactions for its client. OxFORD selects brokers or dealers based on a number of factors, including commission levels and the broker's or dealer's facilities, reliability, financial responsibility, ability to effect transactions and assistance with capital introduction and marketing for the Fund. OxFORD negotiates the commissions for the Fund.

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*Soft Dollars:* OxFORD does not maintain any soft dollar accounts with brokers . Any services received from brokers fall within the safe harbour created by Section 28(e) of the U.S. Securities Exchange Act of 1934.

*Client Referrals:* OxFORD does not receive client referrals from brokers. As mentioned above, however, OXFORD may receive assistance from its selected brokers with respect to capital introduction and marketing of the Fund to investors.

*Directed Brokerage:* The Investment Advisory Agreement entered into between OxFORD and the Fund allows OxFORD to select the brokers it uses in executing the business transacted. The Fund therefore does not direct the choice of broker although all such decisions are ultimately subject to the Fund's approval. The Fund's Board of Directors regularly reviews the performance of its counterparties at their periodic board meetings.

**Aggregation of Orders**

OxFORD currently has a single client account so aggregation is not an issue.

**Review of Accounts**

OxFORD reviews and updates the investment and trading strategies which it develops to manage the Fund's account as well as the risk profile arising as a result of the trades flowing from the application of those models. This review is performed by the partners of OxFORD who collectively form its risk committee.

Investors in the Fund are provided by its independent administrator with written statements on a monthly basis showing activity and valuation of their holdings. Investors in the Fund are also provided with audited annual financial statements.

**Client Referrals and Other Compensation**

Any economic benefits arising as a result of OxFORD's activities (eg commission rebates) are credited to the account of the Fund. No conflict of interest arises in this respect.

No payments are made to third parties in respect of client referrals.

**Custody**

All client assets are held in custody by the unaffiliated Prime Broker(s) appointed by the Fund. Investors in the Fund will not receive statements from the custodian. Daily statements of holdings are provided directly to the independent administrator appointed by the client. Financial statements prepared under U.S. GAAP are sent to all investors and are subject to independent audit performed by an independent public accountant who is registered with, and subject to regular inspection by, the Public Accounting Oversight Board, and the audited financials are distributed to each investor. The audited financial statements are distributed within 120 days of the Fund's fiscal year end. Investors should carefully review these statements and should compare them to any account information provided by OxFORD.

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## **Investment Discretion**

OxFORD has discretionary authority on behalf of the Fund as set out in the Investment Advisory Agreement between the two parties. Under the terms of this agreement, it is open to the Fund to stipulate any investment restrictions which it sees fit. The Fund's Board of Directors regularly reviews the existing restrictions and considers whether they should be amended in any way. The Fund's Board of Directors retains the right to appoint different service providers including banks, custodians and brokers. Certain functions such as cash payments are delegated to OxFORD.

## **Voting Client Securities**

OxFORD has authority to vote its client securities as the Fund has delegated this authority. OxFORD will exercise its right to vote the Fund's securities where the result of the vote may have a significant effect on the value of those securities.

## **Financial Information**

### **Financial Statements**

OxFORD (i) does not require prepayment of any fees, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients and (iii) has not been subject to any bankruptcy proceeding during the past 10 years. Accordingly OxFORD has not appended a copy of its most recent financial statements to this brochure.

### **Financial Condition**

OxFORD has discretionary authority over client assets but is not permitted by the Financial Services Authority in the United Kingdom to hold those assets and accordingly, in this regard, OxFORD's financial condition does not affect its ability to meet its commitments to the Fund.

### **Bankruptcy Petition**

Neither OxFORD nor any of its management persons has ever been the subject of a bankruptcy petition.