

# Oxford Creek Capital Management, LLC

One Ward Parkway, Suite 350  
Kansas City, MO 64112

816-303-2365  
[www.oxfordcreekcapital.com](http://www.oxfordcreekcapital.com)

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**This brochure provides information about the qualifications and business practices of Oxford Creek Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 816-303-2365. 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 Creek Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## Material Changes

**03/28/11 Changes:** Oxford Creek Capital has changed its executing broker/independent custodian from Goldman Sachs Execution & Clearing to Fidelity Capital Markets Group.

**4/28/11 Changes:** Oxford Creek Capital has added three new investment strategies:

All Cap Growth Quantitative  
Large Cap Growth Quantitative  
Small Cap Growth Quantitative

**5/25/11 Changes:** Oxford Creek has amended its fee schedule for each of the above listed strategies.

**8/25/11 Changes:** Sheila Davis, an Oxford Creek Portfolio Manager left the Firm. Additionally, Oxford Creek has added a Mid Cap Growth Strategy.

**03/30/12 Changes:** The investment analysis sections have been updated to incorporate changes to the methodology of the management of the All, Large, Mid and Small Cap Strategies. The primary portfolio manager has changed for the All, Large, Mid and Small Cap Strategies. The Assets Under Management information has been updated.

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## Advisory Business

Oxford Creek Capital Management, LLC (the "Firm") is an investment adviser providing investment management services (the "Services") to individuals and institutions. The Firm, depending upon the engagement, offers its services on a fee basis which is charged based upon assets under management. Prior to engaging the Firm to provide any of the foregoing Services, the client will be required to enter into one or more written agreements setting forth the terms and conditions under which the Firm shall render its Services (collectively the "Agreement").

The Firm's operations began in December of 2008. Its principal owners are Oxford Companies, LLC (a company owned by the Firm's Chairman and CEO, James E. Stowers, III)

The Firm offers portfolio management based on individual advice to individual and institutional clients. The Firm offers advice on the following types of investments:

- Exchange Listed Securities
- Securities Traded Over the Counter
- Foreign Issuers
- Mutual Fund Shares
- United States Government Securities
- Futures Contracts
- Exchange Traded Funds

However, the Firm intends to primarily allocate its client's investment management assets, on a discretionary basis among individual debt and equity securities and/or options, mutual funds, and exchange traded funds in accordance with the investment objectives of the client.

The client may make additions to and withdrawals from the account at any time, subject to the Firm's right to terminate an account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives. For the initial month of investment management services, the first month's fees shall be calculated on a *pro rata* basis. The Agreement between the Firm and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. The Firm's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Firm may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

The Firm's clients are advised to promptly notify the Firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm's management services. Neither the Registrant nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of the Firm shall not be considered an assignment. A copy of the Firm's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or contemporaneously with the execution of the Agreement. Any client who has not received a copy of this document at least forty eight (48) hours prior to executing the Agreement shall have five (5) business days subsequent to executing the agreement to terminate the Services without penalty.

As of 12/31/2011, the Firm's discretionary assets under management were: \$21,189,690.93.

## Fees and Compensation

In the event the client determines to engage the Firm to provide investment management services, the Firm shall do so on a fee basis. If engaged, the Firm shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Firm. The Firm's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, the Firm shall not receive any portion of these commissions, fees, and costs. The Firm's annual fee shall be prorated and charged monthly, in arrears, based upon the average balance for the preceding month. The annual fee shall generally vary (between 0.65% and 1.30%) depending upon the market value of the assets under management as follows:

### **LARGE CAP PORTFOLIOS**

Up to \$10,000,000.....	0.90%
\$10,000,000.01 - \$25,000,000.....	0.85%
\$25,000,000.01 - \$50,000,000.....	0.80%
\$50,000,000.01 - \$75,000,000.....	0.75%
\$75,000,000.01 - \$100,000,000.....	0.70%
Over \$100,000,000.....	0.65%

### **ALL CAP PORTFOLIOS**

Up to \$10,000,000.....	1.10%
\$10,000,000.01 - \$25,000,000.....	1.05%
\$25,000,000.01 - \$50,000,000.....	1.00%
\$50,000,000.01 - \$75,000,000.....	0.95%
\$75,000,000.01 - \$100,000,000.....	0.90%
Over \$100,000,000.....	0.85%

### **SMALL & MID CAP PORTFOLIOS**

Up to \$10,000,000.....	1.30%
\$10,000,000.01 - \$25,000,000.....	1.25%
\$25,000,000.01 - \$50,000,000.....	1.20%
\$50,000,000.01 - \$75,000,000.....	1.15%
\$75,000,000.01 - \$100,000,000.....	1.10%
Over \$100,000,000.....	1.05%

The Firm, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

The Firm may only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Prime Broker, any other broker-dealer recommended by the Firm, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institution(s)"). Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund

expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to the Firm's fee

The Firm's Agreement and/or the separate agreement with the Financial Institution(s) may authorize the Firm through the Financial Institution(s) to debit the client's account for the amount of the Firm's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules. The Financial Institution(s) recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Firm.

Additionally, clients may choose to pay their fees from the monthly bill sent directly to them.

The Firm does not charge fees in advance.

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

At this time, the Firm does not have any accounts paying performance based fees, however, such fees for qualified clients may be negotiated in accordance with SEC requirements and at the Firm's sole discretion. The Firm does not currently have side-by-side management conflicts.

#### **Types of Clients**

The Firm provides services to high net worth retail investors and various institutional clients.

The Firm's minimum account size for individuals is \$5 million and \$10 million for institutions. The Firm in its sole discretion reserves the right to negotiate lower account minimums.

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

The Firm has provided a brief description below outlining our Investment Philosophy, Investment Process, Key Elements of our process and risk factors for each of our strategies.

#### **ALL CAP GROWTH STRATEGY/LARGE CAP GROWTH / MID CAP GROWTH / SMALL CAP GROWTH**

Our objective is to consistently provide superior returns with market like volatility and lower correlation to the broad equity indices over most rolling 36 month periods. To accomplish this, we build portfolios of companies experiencing material, unexpected, sustainable improvement in growth and which have already established a pattern of superior returns.

#### **Investment Philosophy**

We believe that in order to earn consistently superior returns an investor must own a different portfolio, which results from distinctive beliefs, strategy, insights and processes. In the words of Sir John Templeton, "If you want to have a better performance than the crowd, you must do things differently from the crowd."

There is little reward for knowing what everyone else knows. Our investment team believes that excess returns arise from information that is generally unknown, misunderstood, or unexpected. Facts are better than forecasts, and evidence is better than an estimate.

Markets are least efficient where uncertainty is greatest. Change increases the difficulty of forecasting and the probability of errors (mispricing), and thereby improves the potential profit for those who correctly interpret and anticipate it. This is where good fundamental analysis is most rewarded.

We believe that the *change* in a company's rate of growth is often more significant than the actual *rate* of growth, because it may convey important information about future earnings which may not yet be reflected in current share prices. Material, unexpected improvement in earnings growth over several periods can lead to rising future earnings forecasts, higher price/earnings multiples, and opportunities for management to gain or extend competitive advantage.

Strong intermediate term price momentum (over six to twelve months) is significantly correlated with subsequent outperformance. Price leadership is a sign of improving investor sentiment, and when coupled with fundamental progress it increases the probability of a virtuous cycle of improving results driving rising valuations.

Money follows earnings. Early recognition of strengthening business fundamentals coupled with improving share price momentum helps identify attractive stocks that are more likely to generate excess returns.

### Investment Process

Our investable universe is defined broadly in terms of market capitalization, liquidity, domicile, and exchange – not by benchmarks.

Our investment team screens this broad universe for companies showing evidence of accelerating earnings growth. All stocks are also ranked on several measures of price momentum. Companies demonstrating both accelerating growth and strong price momentum (typically 5% to 10% of a given universe) are candidates for further fundamental scrutiny.

Our fundamental analysis is focused on identifying and understanding the catalysts responsible for the observed acceleration in growth rates. Unlike most managers who seek to know as much as possible about a company, we are most concerned with understanding the dynamics of change, where we believe we are most likely to find an information advantage. Once we have determined the underlying reasons for the improvement in growth, we frame our analysis along five key questions:

- (1) Is the acceleration *material* relative to historic trends and volatility, revenue, and share price?
- (2) Was the acceleration *unanticipated* by most investors?
- (3) Is the acceleration *sustainable*, and for how long?
- (4) Is this change underappreciated and overlooked?
- (5) Do stock price trends suggest continued outperformance?

Risk management is an integral feature of our process, not a separate function. We consider factors including earnings quality, competition, pricing power, product life cycles, resource constraints, management depth and experience, and macroeconomic factors. Valuation and volatility are also factors that influence position size and pain tolerance, rising in importance as a business or cycle matures.

### Portfolio Construction

Our objective is to build concentrated portfolios of high potential stocks while managing company specific risks. Our goal would be for each portfolio to outperform its benchmark, not to track it, while providing superior diversification. Expected beta and expected total volatility should suggest a market-like risk profile.

Guidelines for portfolios include:

- From 25 to 35 roughly equally weighted positions (All cap: 50 to 60 positions)

- At least 90% of equity exposure from US companies and US-listed ADRs
- Market caps within the range of the benchmark
- No sector greater than 40% of assets
- No position greater than
  - (a) 5% of a company's shares outstanding;
  - (b) twice the 50 day average trading volume;
  - (c) one standard deviation above the average trading volume
- Cash management:
  - (Active) Cash varies from 0% to 25% based upon our assessment of the market's primary trend, volatility and risk of loss
  - (Passive) Remains fully invested with cash below 5%

In these concentrated portfolios, positions are selected based upon our opinion of profit opportunity, risk assessment, and conviction. Accelerating earnings growth and relative price strength dictate holdings and sector weights. We are committed to style box fidelity but our primary mandate is performance.

#### Sell Discipline

We strive to sell losing positions quickly, before they do greater damage, while holding on to our winners. We do not establish price targets, believing that it is unproductive to try to predict either future earnings or valuations. Sales are triggered for either technical reasons (deteriorating relative strength) or fundamental concerns (decelerating growth, diminished prospects, or increasing risk).

#### Expected Performance Contour

While returns may be expected to diverge from benchmarks or from the market as a whole, relative performance of this discipline has historically benefitted from certain equity market conditions:

- Strong factor returns to earnings momentum and price momentum
- Persistent trends in market leadership and direction
- Wide or widening dispersion of returns
- Moderate or stable market volatility expectations

### **ALL CAP GROWTH QUANTITATIVE / LARGE CAP GROWTH QUANTITATIVE / SMALL CAP GROWTH QUANTITATIVE STRATEGIES**

#### Investment Philosophy

**Revenue and Earnings Growth.** We believe long term, revenue and earnings growth are two of the principal factors in determining future common stock prices. We believe companies showing sustained and accelerating revenue and earnings growth, Price/Earnings multiples can expand, dividends may rise, and book values can increase. Although we monitor other factors, we use accelerating revenues and earnings growth rates as our primary fundamental criteria for identifying common stock candidates.

**Technical Trends and the Psychology of the Marketplace.** We constantly evaluate the technical trends of each security in our database. Proprietary tools are used to identify attractive trend characteristics and relative factor rankings and ultimately optimal buy/sell points. By emphasizing the recognition of both favorable fundamental trends and technical indicators, we strive to identify companies early in their price moves.

#### Investment Process

Our Buy decisions are primarily determined by the results of the multi factor proprietary model that scores each security every day (and through the day) based on the following.



- Acceleration of Revenues and Earnings Growth
- Sustainability of the acceleration of revenue and earnings growth
- Trends of revenue and Earnings estimates revisions
- Revenue and Earnings Surprise
- Trends in Margin

#### Weekly Portfolio Review:

The investment process is Sell Driven. Always fully invested a security must be sold to buy a new security. Each portfolio is evaluated for sell candidates weekly. A security is a sell candidate when it falls below a Financial Score (output of the multi factor proprietary model) of a 5.

Once on the sell list any of the following conditions can be met that makes the security a sell.

- Low relative strength
- No Q0 Acceleration Code (ACC) for Rev or Earnings
- Negative Financial Score

In addition to the weekly review, a security will be sold any day of the week if it was acquired.

**Pig in the Trough.** Using the “Pig in the Trough” analogy, as new, more attractive ideas are identified, less attractive investments are pushed out. We continually monitor each holding with particular emphasis on any change in the factors that created the initial buy signal.

#### New Buys

Once the number of securities that will be sold is determined (the pigs that are no longer hungry enough to fight to stay at the feeding trough) we turn our attention to the buys (the pigs that are now fighting their way to the trough.) Starting at the highest scoring not owned security each is evaluated on validity of data, relative strength and technical chart analysis. The new buys are always out of the top scoring.

#### Key Elements of the Process

**Acceleration is core** - We start with a pool of securities that provide above average rates of acceleration.

**Free Range Investing** - No restrictions on Growth v. Value or Large Cap v. Small Cap (i.e. no style box constraints), and cash is a choice.

**Exploit opportunities** - Where the marketplace is anchored and/or overconfident.

**Behavioral Finance** – by working through a quantitative process many behavior finance behaviors are avoided – no falling in love, no fear of being wrong, holding on too long to losers, selling winners too early, less anchoring and more reframing.

#### **A note on quantitative investing.**

This is not black box. The model has been created from years and years of experience and back testing for factors that work and what don't work, we have taken that knowledge and created a model to tell the computer what we want to reward and what we want to punish. It is then up to the portfolio manager to follow through on the process and listen and act on the output of the computer.

### What differentiates the Q process?

Qs don't wait – regardless of next report date, if the price has just spiked up (or spiked down), or if the portfolio is being rebalanced and a security has found its way to the top it is a candidate to buy.

Will they own the exact same securities? No, but they can. If bought (or sold) on the same day each portfolio will receive the same average price. If transaction occurs on different days then the price will be different.

Will securities be sold at the same time? No, but they can. If bought (or sold) on the same day each portfolio will receive the same average price. If transaction occurs on different days then the price will be different. It would be a rare occasion that one might be buying and the other selling because they are based in the same fundamental data but it could happen.

Will they produce the same return? No, but it will be correlated. Both portfolios are looking for companies that are growing revenues and earnings at an accelerating rate, this tends to be found in smaller companies.

The Quantitative Portfolios will be fully invested. Once established, none should hold more cash than needed to buy a full position in the portfolio.

**\*\*\*\* THE MAJORITY OF THE INVESTMENT RECOMMENDATIONS MADE BY THE FIRM INVOLVE RISK, INCLUDING LOSS OF PRINCIPAL RISK. CLIENTS SHOULD BE PREPARED TO BEAR THE RISK OF LOSS WHEN INVESTING \*\*\*\***

### Disciplinary Information

The Firm and its principals have no disciplinary history to report.

### Education and Business Standards

The Firm requires those involved in determining or providing investment advice to client to meet certain general standards of education and business experience. With respect to persons who are involved in the Firm's portfolio management, we require all such individuals to have a college degree in an applicable area and/or equivalent industry experience. Additionally, we require successful completion of applicable regulatory examinations for those individuals required to hold such registrations.

### Education and Business Background (BROCHURE SUPPLEMENT INFORMATION)

1. **Jim Stowers.** Born 1959. Jim is the Chairman and founder of Oxford Creek Capital Management, LLC. He serves as the Chief Investment Officer for all investment disciplines. He served as the Portfolio Manager of the All Cap Growth, Large Cap and Small Cap portfolios as well as the Quantitative portfolios until 11/16/2011. Prior to founding Oxford Companies, LLC, Jim spent 25 years with American Century Investments from 1981 to 2007. He was most recently Chairman of American Century from 2005 to 2007. He was also Chief Investment Officer, US Growth Equity and a Portfolio Manager on the teams that managed American Century's Large Cap Aggressive Growth and All Cap Systematic Growth strategies. Jim holds a Bachelor of Science degree in Finance from Arizona State University.

2. **Glenn Fogle, CFA.** Born 1960. Glenn is a Portfolio Manager with responsibility for the Growth equity portfolios and lead manager on all Oxford strategies. Prior to joining Oxford Creek Capital he spent nearly 20 years with American Century Investments, most recently as Chief Investment Officer, US Growth Equity – Mid & Small Cap. In this capacity he supervised four investment teams managing \$7 billion. During his 17 years as a portfolio manager he led teams managing against large, mid, and small cap growth benchmarks. He holds a Bachelor of Business

Administration degree and a Masters of Business Administration from Texas Christian University. Glenn has been a Chartered Financial Analyst since 1990.

#### **Other Financial Industry Activities and Affiliations**

The Firm does not have any financial industry activities or affiliations at this time.

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

The Firm and persons associated with the Firm ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with the Firm's policies and procedures. The Firm has adopted a Code of Ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws. In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its associated persons. The Code of Ethics also requires that certain of the Firm's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain types of investments such as initial public offerings and limited offerings. Additionally, the Firm's Chief Compliance Officer is charged with the responsibility of reviewing all personal securities trades on a monthly basis to mitigate risk and address the associated conflicts of interest.

Clients may contact the Firm to request a copy of its Code of Ethics. Unless specifically permitted in the Firm's Code of Ethics, none of the Firm's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Firm's clients.

#### **Brokerage Practices**

The Firm shall generally recommend that clients utilize the brokerage and clearing services of Fidelity Capital Markets and its affiliates (collectively referred to as "Executing Broker" or "Independent Custodian") for investment management accounts. The factors the Firm considers in selecting and recommending broker dealers for client transactions and custody services are:

- Execution capability
- Speed of execution
- Commission and execution costs
- Financial responsibility
- Other factors as described in our written procedures

At this time, the Firm does NOT engage in soft dollar arrangements.

At this time, the Firm does NOT receive client referrals from a broker/dealer or other third party.

At this time the Firm encourages its clients to execute transactions through its Executing Broker, Fidelity Capital Markets. This practice is encouraged so the Firm may make use of block or aggregated trading for better price and execution. A client is by no means, obligated to execute transactions through our Executing Broker. Should a client request that the Firm direct brokerage outside of our Executing Broker, the client may not receive best execution and may cost more than what the client would otherwise pay. Additionally, if a client chooses to direct brokerage outside the Firm's Executing Broker, the client may receive less favorable prices.

The Firm aggregates the purchase and sale of securities for various client accounts to obtain reduced transaction costs and to receive an average price on the transaction. This is to ensure that each client who purchases or sells as security on the same day shall receive the same price. The Firm has in place aggregation/bunching procedures which are designed to promote fairness among the client accounts managed by the Firm and to conform to applicable regulatory principles. Additionally, the Firm has in place allocation procedures to ensure fairness among client allocations.

#### **Review of Accounts**

For those clients to whom the Registrant provides investment management services, each client's asset allocation is developed in a client interview and after careful consideration of the client's risk tolerance, time horizon, liquidity needs and any social/ethical preferences. The Registrant monitors client portfolios as part of an ongoing process while regular account reviews are conducted on a monthly basis.

Reviews are conducted by the Registrant's compliance staff based on criteria outlined in the Registrant's Policies and Procedures. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Registrant and to keep the Registrant informed of any changes thereto. The Registrant shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Reviews may be documented or undocumented based on the nature of the review.

#### **Payment for Client Referrals**

At this time, the Firm does not compensate anyone who is not an employee for client referrals.

#### **Custody**

The Firm does NOT maintain custody of client assets. All assets are held at qualified custodians, other broker dealers, or mutual fund companies direct.

#### **Investment Discretion**

The Firm does accept authority to exercise discretion over client accounts with regard to purchases and sales of securities as defined in each client's investment management agreement. Each client has full authority to restrict the types of securities or specific securities that the Firm may trade.

#### **Voting Client Securities**

At this time, the Firm does NOT vote client securities.

#### **Financial Information**

At this time, the Firm does not accept prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to disclose its balance sheet. Because the Firm has discretionary authority over client accounts, it is required to disclose ANY financial condition that is reasonably likely to impair the Firm's ability to meet contractual commitments to clients. At this time, the Firm has no such issue.