

Tradeworx, Inc

PART 2A OF FORM ADV: FIRM BROCHURE

This brochure provides information about the qualifications and business practices of Tradeworx, Inc. (“Tradeworx”). If you have any questions about the contents of this brochure, please contact Christopher Ray, Chief Compliance Officer, at 732-450-7464 or at chris@tradeworx.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Tradeworx is an investment adviser registered with the SEC. Registration as an investment adviser with the SEC does not imply a certain level of skill or training for Tradeworx or its personnel.

Additional information about Tradeworx, Inc. is also available on the SEC’s website at www.adviserinfo@sec.gov.

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March 31, 2014

Item 2 — Material changes

This brochure dated March 31, 2014 has been prepared by Tradeworx as an annual amendment to its prior brochure prepared on March 31, 2013. There have been no material changes since the March 2013 annual update.

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Item 4 — Advisory Business

- A. Tradeworx, Inc. (“Tradeworx”) is a Securities and Exchange Commission (“SEC”)-registered investment adviser located in Red Bank, New Jersey. The Firm was incorporated in the state of Delaware in 1999.

Tradeworx provides discretionary investment advisory services to pooled investment vehicles (the “Funds”) that are offered only to investors who are both “accredited investors” and “qualified purchasers,” as those terms are defined in the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. Tradeworx also provides investment advisory services to separately managed accounts (“Managed Accounts”, collectively, the Funds and Managed Accounts are referred to herein as ‘Clients’). The largest owner of Tradeworx is Manoj Narang, with an ownership position of almost 25% as of March 2014. Mr. Narang is the Chief Executive Officer and Chairman of Tradeworx, and a founder of the Firm.

- B. Tradeworx is a quantitative investment management Firm with expertise in automated trading tools, infrastructure, and strategies. The Firm’s proprietary trading platform and other trading tools are used in the management of the Clients’ assets. These tools can also be licensed for use by other trading firms.

Tradeworx buys and sells National Market System (“NMS”) securities and futures contracts. Certain Clients have access to Ultra Select, a medium-term equity market-neutral statistical arbitrage strategy that can hold positions for days or weeks. Tradeworx also offers high-frequency trading strategies which have very high turnover and no overnight positions.

- C. In general, Tradeworx is granted full discretion in the management of its Clients’ investment accounts. Tradeworx will, however, tailor its investment activities to the specific needs of its Clients. For instance, Managed Accounts may impose restrictions on trading in certain securities.
- D. Tradeworx does not participate in wrap fee programs.
- E. At December 31, 2013, Tradeworx managed, on a discretionary basis, approximately \$527,855,569. Tradeworx will only accept Clients on a discretionary basis.

Item 5 — Fees and Compensation

- A. The Clients pay a management fee (the “Management Fee”) to Tradeworx. The Management Fee is accrued monthly and may be payable monthly or quarterly in advance or in arrears. The Management Fee is based on the market value of the assets under management as of the first business day of each current calendar month. Fees are prorated for investments that are made subsequent to the start of a calendar month, or to account for withdrawals during the month. The applicable Management Fee schedule for each investor is described in each Client’s offering memorandum or investment management agreement.

Additionally, all Clients are subject to performance-based fees, as described in Item 6. One Client also pays a fixed monthly fee to Tradeworx as it is primarily a proprietary vehicle.

- B. Tradeworx deducts fees from Clients' assets. Specifically, Clients pay Tradeworx a Management Fee by debiting the capital account of each investor on a monthly or quarterly basis.
- C. Each Client generally pays its own trading, brokerage, legal, compliance, audit and accounting and other operating expenses such as, but not limited to, clearing costs and fees, administrator fees and research fees.

Please refer to each Client's offering documents for a complete understanding of how fees are calculated and deducted. The information contained herein is a summary only and is qualified in its entirety by the Client's offering documents.

- D. The Management Fees for certain Clients are payable monthly in advance by the investor. The applicable Management Fee schedule for each investor is detailed in each Client's offering memorandum or investment management agreement.
- E. Tradeworx and its supervised persons do not receive compensation for the sale of securities or other investment products.

Item 6 — Performance Based Fees and Side-By-Side Accounts

As described in Item 5, Tradeworx's fee structure may include incentive (performance) and fixed fees. Performance fee arrangements are subject to Section 205(a)(1) and Rule 205-3 of the Investment Advisers Act, and Clients must be "qualified clients" per the stipulation of the Rule. Performance-based fees are based on both realized and unrealized capital gains and losses. These fees can be as high as 50% of the gains in a Client's portfolio. Performance fees are calculated at the end of each calendar month, quarter, or year and are invoiced or deducted from Clients' accounts.

Tradeworx does not advise Clients that are not charged a performance-based fee.

Fixed fees only apply currently to one Client, primarily a proprietary vehicle, the details of which are outlined in the Client's investment management agreement.

Item 7 — Types of Clients

Tradeworx's Clients are financially sophisticated institutional investors, mainly hedge funds, and other pooled accounts and private funds. The Funds are exempt from registration under the Investment Company Act of 1940, as amended.

The minimum initial investment in the Clients may vary, but is typically \$1,000,000. However, this is subject to the discretion of Tradeworx and may be waived for any investor.

Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss

- A. The Firm's quantitative proprietary trading platform and other trading tools are used in the management of its Client's assets. Tradeworx's trading methods, via the proprietary trading platforms, are based on mathematical analysis of certain technical data. Through this analysis, Tradeworx buys and sells National Market System ("NMS") securities and futures contracts.
- B. In general, investing in securities involves risk of loss that Clients must be prepared to bear. As noted in each Client's offering documents, these risks include, but are not limited to: dependence on the Chief Executive Officer and Chief Investment Officer; credit risk; risks related to short selling; interest rate risk; effects of leverage; and investments with limited or no liquidity in the event a Client takes positions in particular securities which are relatively large compared to their trading volume.

Investors should also note that the Clients invest in equities whose value generally varies with the performance of the issuer and movements in the equity markets. Finally, the Firm employs high and medium-frequency trading strategies which are generally considered significantly riskier than traditional buy-and-hold strategies, due to the relatively high turnover in Clients' accounts during each trading day. Frequent trading can affect investment performance and is only appropriate for highly sophisticated investors. High-frequency trading can result in increased brokerage and other transaction costs and taxes.

- C. Within the universe of NMS and futures, Tradeworx does not recommend a particular type of security to its Clients.

Item 9 — Disciplinary Information

There have been no legal or disciplinary events involving either Tradeworx or its management persons that are material to Tradeworx's advisory business.

Item 10 — Other Financial Industry Activities and Affiliations

- A. Manoj Narang and Christopher Ray are registered representatives with Tradeworx's broker-dealer affiliate, Tradeworx Securities, LLC. (See below in this item)
- B. Neither Tradeworx nor any of its management persons are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

- C. Tradeworx owns 81% of Thesys Technologies, LLC (“Thesys”), which is the infrastructure affiliate of Tradeworx. Thesys was founded in 2009 to serve the high-performance technology needs of all market participants, including institutional investors, professional traders, brokerage firms, exchanges, and regulatory agencies. Thesys offers fast and comprehensive front-to-back trading solutions, designed to put investors and traders on a level playing field with the world's top-tier high-frequency trading firms. Thesys manages infrastructure and data costs for Tradeworx in return for a licensing fee. Arzhang Kamarei, Thesys’ Managing Partner and co-founder, is also the President of Tradeworx. Thesys is located at 770 Broadway, New York, NY 10003. Thesys is also the sole owner of Tradeworx Securities, LLC, as detailed below.

Tradeworx Securities, LLC (“Securities”) is a FINRA-member broker-dealer. Securities shares office facilities with Tradeworx in Red Bank, NJ. Securities receives transaction-based compensation for licensing Tradeworx technology to customers. Securities does not transact trades for Tradeworx or any other affiliated entities. Manoj Narang, Tradeworx’s founder, Chief Executive Officer, and Chairman, is a Vice President and General Securities Principal at Securities. Christopher Ray, Vice President and Chief Compliance Officer for Tradeworx, is the President and Chief Compliance Officer for Securities.

Tradeworx and Manoj Narang are non-managing members of T2AM, LLC (“T2AM”), an SEC-registered investment adviser located at 13323 Washington Blvd Suite 301, Los Angeles, California 90066. T2AM provides investment advice to pool investment vehicles, two of which are feeder fund vehicles that invest into one of the Funds. In addition to its role as an investment adviser, T2AM provides marketing, investor relations, and back office services to Tradeworx, which may include the production of marketing material and direct interaction with Tradeworx’s Clients and investors. Rishi Narang, the brother of Manoj Narang, is the principal owner and managing member of T2AM. Although there is no control relationship between Tradeworx and T2AM in terms of management or owners, Tradeworx and Manoj Narang combined have a significant interest in the management and incentive fees charged by T2AM to certain of T2AM’s advisory clients.

Tradeworx also licenses financial data and analytics products to market participants for trading and regulatory purposes.

- D. None of Tradeworx’s activities or affiliations is likely to create a material conflict of interest in regard to each entity’s respective Clients. There is a deliberate geographical and/or managerial separation between those entities with the most potential to have a conflict. Tradeworx does not recommend or select other investment advisers for any of its Clients, nor does the Firm recommend broker-dealers to its Clients. Additionally, Tradeworx’s Securities affiliate does not transact trades for Tradeworx’s Clients.

Item 11 — Code of Ethics, Conflicts of Interest

- A. Tradeworx has adopted a Code of Ethics (the “Code”) to ensure that the Firm adequately fulfills its role as investment adviser to its Clients. The Code provides guidance and instruction to Tradeworx and its personnel on their ethical obligations in fulfilling the duties of loyalty, fairness, and good faith towards its clients. The Code also contains provisions designed to prevent, among other things, improper trading by Tradeworx employees; to identify conflicts of interest; and, in the event of a conflict, to provide a means to resolution that at all times puts the interests of the Clients first.

The Code includes sections on employees’ personal securities trades; restrictions on private investing activities; and guidance on gifts and business entertainment, treatment of confidential information, privacy of client information, and reporting misconduct.

- B. Neither Tradeworx nor any of its related persons recommends to Clients, or buys and sells for Clients, securities in which the Firm or a related person has a material financial interest.

Neither Tradeworx nor any of its related persons recommends securities to Clients. Trading is conducted via an automated strategy.

- C. Tradeworx and its related persons may own an interest in or buy or sell for their own accounts the same securities that may be purchased or sold in Client accounts. Tradeworx invests in large, well-capitalized stocks, and the size of such holdings by the Firm, its related persons, or its Clients would be small relative to the capitalization of the underlying securities, and would not disadvantage the Clients in any way.
- D. In the event the Firm or a related person recommend securities to Clients, or buys or sells securities for Client accounts, at or about the same time that the Firm or a related person buys or sells the same securities for the Firm’s own (or the related person’s own) account, the Firm will ensure it is done in accordance with the Firm’s Code of Ethics.

Item 12 — Brokerage Practices

- A. In general, broker-dealers are selected by the Firm on the basis of obtaining the best overall terms available considering the needs of the Client and the Firm’s investment strategy. The Firm’s broker selection procedure accounts for a number of factors including but not limited to price, reputation, execution efficiency, and the competitiveness of commission rates. While the Firm considers many factors when selecting brokers, since the Firm employs a high frequency trading strategy, the Firm places particular importance on ensuring Clients are charged competitive rates on execution commissions. To achieve this goal the Firm is currently engaged in an exclusivity arrangement until August 2014 with Bank of America Merrill Lynch (“BAML”), which acts as the prime broker for the Firm’s Clients. Tradeworx has determined that BAML generally provides prompt and reliable executions at favorable

prices, with operational efficiency, and is relatively financially strong and stable. BAML also provides competitive commission rates in comparison with other brokers.

Tradeworx does not receive research or products or services other than execution from any broker-dealer or third party in connection with client securities transactions.

Tradeworx does not receive client referrals from broker-dealers and, therefore, does not select or recommend broker-dealers in connection with such referrals.

Apart from the Firm's current relationship with BAML detailed above, Tradeworx does not routinely recommend, request, or require that clients direct it to execute transactions through a specified broker-dealer. Clients are not permitted to direct brokerage.

- B. Tradeworx may aggregate orders for the Clients for trade execution with the same broker. When trades are aggregated, each participating Client will generally be allocated orders on an average price basis.

Item 13 — Review of Accounts

- A. Trading activity in Client accounts is monitored on a daily basis by Manoj Narang, Chief Executive Officer and Chairman, and Lewis Hyatt, Managing Director. Client accounts are reviewed at least quarterly by these supervisors and by the traders assigned to each account. The review consists of a consideration of the account's liquidity, profits and losses, trading errors, and other matters. Special attention is paid to unusual or outsized transactions, purchases of unfamiliar or unlisted securities, and transactions suggestive of concentration, fraud, or manipulative conduct.
- B. Client accounts are reviewed more frequently than quarterly if in Tradeworx's opinion this is warranted.
- C. The Administrator of each Client sends each investor in such Client an unaudited monthly statement detailing the increase or decrease in the net asset value of such investor's account during the preceding month. Additionally, all Fund investors receive its audited annual financial statements no later than 120 days after the end of the applicable Fund's fiscal year end.

Item 14 — Client Referrals and Other Compensation

- A. There is no non-Client person or entity that provides an economic benefit to Tradeworx for providing investment advice or other advisory services to Tradeworx Clients.
- B. Tradeworx currently does not, directly or indirectly, compensate a non-supervised person for Clients referrals.

Item 15 — Custody

While it is Tradeworx's practice not to accept or maintain physical possession of Client assets, the Firm is deemed to have custody of certain Client assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because Tradeworx has the authority to access Clients' funds and deduct fees and expenses from its accounts.

In order to comply with Rule 206(4)-2, the Firm utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold all Client assets. The Firm also ensures that the qualified custodian maintains these assets in an account that contains only Clients' assets, under the Client's name. In accordance with Rule 206(4)-2, Tradeworx also (1) engages an outside auditor to audit applicable Funds at the end of each fiscal year and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the Funds within 120 days after the end of the fiscal year.

Item 16 — Investment Discretion

Tradeworx has discretionary authority to manage securities on behalf of the Clients through the investment management agreements with such Clients. Any limitations with respect to such discretionary authority are outlined in each Client's investment management agreement.

Item 17 — Voting Client Fund Securities

- A. Tradeworx has discretionary trading authority over Clients' accounts, and has proxy voting authority. For Clients participating in the Ultra Select investment methodology, if proxies are voted they are generally voted with the publicly held company's management. This can, however, be changed upon instruction from the Tradeworx Client. The portion (if any) of a Client's portfolio participating in Tradeworx's high-frequency trading strategy starts and ends each day with no securities positions, and proxy voting is not an option.

Clients may direct the voting by written request to Tradeworx. A copy of Tradeworx's Code of Ethics, which includes the Firm's proxy voting policy, is available upon request.

- B. Not applicable.

Item 18 — Financial Information

- A. Tradeworx does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

- B. Tradeworx does not have any financial commitments that impair its ability to meet contractual and fiduciary commitments to its Clients.
- C. Tradeworx has not been the subject of a bankruptcy or insolvency proceeding.

Item 19 — Requirements for State-Registered Advisers

Not applicable – Tradeworx is not registered with any state.