

Part 2A

Item 1 – Cover Page

OPTIMAL ASSET MANAGEMENT, LLC

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This Brochure provides information about the qualifications and business practices of Optimal Asset Management, LLC (the "Adviser"). If you have any questions about the contents of this Brochure, please contact the Adviser at the telephone number shown above. The information in this Brochure has not been approved by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

Optimal Asset Management, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provides you with information with which you can determine whether to hire or retain an adviser.

Additional information about the Adviser is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is the Adviser's initial filing on Form ADV. In the future, this Item 2 will discuss specific material changes that are made to this Brochure and provide you with a summary of the changes. It will also reference the date of our last annual update of our Brochure.

We will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days after the close of our fiscal year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Vijay Vaidyanathan at the telephone number on the cover page or vijay@returnmetrics.com.

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Brochure Supplement(s) on FORM ADV Part 2B

Vijay Vaidyanathan

Item 1. Advisory Business

A. Description of the Company

Optimal Asset Management, LLC is a Delaware limited liability company. The firm was founded in June 2012 by Vijay Vaidyanathan. We provide sub-advisory and investment advisory services to investment managers, select individual clients, as well as trusts, qualified retirement plan sponsors and other business entities. We are a fee-only firm and we recognize a fiduciary duty to each of our clients to act in their best interests at all times.

B. Types of Investment and Advisory Services Offered

We offer two advisory platforms:

1. Separately managed accounts;
2. Private investment funds (i.e., hedge funds), the first of which is Prism Quant Fund I, LP (see description below).

Both the Partnership and the SMAs are managed simultaneously by Optimal Asset Management, LLC. Each SMA generally will have its own investment objectives and the trading strategy will differ accordingly. However, for those certain clients who are unable or unwilling to subscribe for interest partnership interests in the Partnership for any reason, we offer an SMA version of the Partnership's trading strategy.

C. Scope of Services

Separately Managed Accounts

In contrast to the Partnership, which is driven by a proprietary quantitative model, for the most part SMAs are tailored to meet the specific needs of individual clients. SMA clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by SMA clients with respect to leverage, concentration, risk, etc.

Prism Quant Fund I, LP

Optimal Asset Management, LLC also serves as the general partner of Prism Quant Fund I, LP (the "Partnership"), a private investment limited partnership. The Partnership's investment is driven by a proprietary quantitative model, with the GP vested with the discretion to adapt the strategy. Briefly, the model scores various equities' risk and return characteristics across a range of factors with the objective of constructing and holding portfolios of securities that are likely to provide better statistical risk-return properties than equity indices.

Interests in the Partnership are only suitable for "qualified clients" – generally, investors with investments with a value of at least \$2,000,000.

An investment in the Partnership is speculative and involves substantial risks, several of which are described in its Offering Memorandum. Prospective investors should satisfy themselves that an investment in the Partnership is suitable for them and should carefully examine its Offering Memorandum before making an investment decision.

We manage the assets of the Partnership in accordance with investment guidelines set forth in the Offering Memorandum under the powers conferred upon us by a subscription agreement and the Partnership's constitutional documents. Each prospective investor in a Partnership receives a complete set of offering documents prior to investing.

D. Wrap fee programs

We do not offer wrap fee programs.

E. Assets Under Management

The Advisor is a newly-formed investment advisory firm. It expects to commence its business in January upon the effectiveness of its registration with the SEC. As of December 31, 2012, we have no regulatory assets under management. Within 120 days after the effective date of our registration we expect to have more than \$100 million in assets under management.

Item 5 – Fees and Compensation

A. Types of Compensation

Separately Managed Accounts

The fees for the separately managed accounts (SMA's) have not been finalized yet, but will be a certain fixed percentage of AUM (with a minimum fee), possibly on a sliding scale and subject to negotiation/customization to each client.

Prism Quant Fund I, LP

The Partnership's Limited Partner's pay no management fee. The Adviser's sole compensation is a performance fee equal to twenty-five percent (25%) per annum of the net "new" profits allocated to the limited partners ("new" profits are those net profits exceed net losses previously allocated to the limited partner that have not been recovered).

The performance fee is debited from the capital account of each limited partner as of the end of each fiscal year (or upon the date of a permitted or required withdrawal) and allocated to the capital account of the general partner in accordance with the terms of the Partnership Agreement.

B. Method of billing - Separately Managed Accounts

Fees are calculated quarterly and paid quarterly in advance based on the market value of the account at the end of the previous quarter. Exceptions may be made to the published fee schedule under certain circumstances pursuant to a negotiated fee agreement with the client.

Fees are automatically deducted from the account. We follow the following process for our clients' protection:

- Each client account is separately held by a "qualified custodian;"
- The custodian sends statements no less frequently than quarterly showing all disbursements from the account, including the amount of the advisory fee; and
- Each client provides written authorizations for us to be directly paid on these terms.

Either the client or Optimal Asset Management may terminate the investment advisory agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five days of signing our investment advisory agreement. After five business days, clients will receive a pro-rata refund.

C. Other Fees and Costs

In addition to the management fee set forth above, separately managed account clients may pay some or all of the following costs and expenses:

Custodial Fees: All custody costs and expenses are charged by the custodian to the account.

Trading Costs: Separately-managed account clients pay transaction fees (ticket charges) which generally are charged by the custodian on a transaction-by-transaction basis.

Transaction costs: Separately-managed account clients pay all commissions, bid-ask spreads, mark-up's and similar transaction costs which may be incurred in connection with the purchase and sale of individual securities.

D. Return of Unearned Management Fees

When an investment advisory agreement commences or terminates between an account's regular valuation dates, a pro rata adjustment is made with respect to the management fee for the partial period. Upon termination of any account, any prepaid, unearned fees are promptly refunded.

E. Compensation From the Sale of Investment Products

We do not accept compensation or commissions for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-by-Side Management

As set forth above, clients who invest in the Partnership generally pay an annual performance fee of twenty-five (25) percent per annum of the Partnership's new profits. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client like the Partnership).

Performance based fee arrangements may create an incentive for us to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not

charged performance-based fees. We manage both types of accounts-the Partnership is charged a performance-based fee; the separately-managed accounts generally are not.

Item 7 -Types of Clients

We provide investment services to individual and institutional investors including, for example, other investment managers, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments.

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

Our investment strategies rely largely, but not solely, on a proprietary and quantitative model utilizing Prism Single Stock Scores licensed from Return Metrics Inc., an affiliate of the General Partner (the "Model"). In brief, the Model scores various equities' risk and return characteristics across a range of factors, and generates portfolios of stocks that the Model identifies as likely to provide better statistical risk-return properties than equity indices.

The Model was developed through years of refinement by experts with extensive experience in both computer science and finance. The Model utilizes a range of stock metrics including accounting variables, sector information, and price and return data to invest primarily in stocks with a long bias.

It is important to note that the performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by, Optimal Asset Management or our portfolio managers. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or within specific industries or companies.

Item 9—Disciplinary Information

We have no legal or disciplinary events to report involving Optimal Asset Management or Mr. Vaidyanathan.

Item 10—Other Financial Industry Activities and Affiliation

Our principal, Vijay Vaidyanathan, is the manager of the Partnership and chief executive officer of Return Metrics, Inc., located in Los Altos (Silicon Valley), California. Return Metrics, Inc. owns the Model referred described in Item 8 hereto. The General Partner of the Partnership utilizes the Model under a separate licensing agreement between Return Metrics, Inc. and the Partnership.

Item 11—Code of Ethics

We have adopted a code of ethics ("Code of Ethics") describing our high standard of business conduct and fiduciary duties to our clients. As a fiduciary, we have a responsibility to act solely in the best interest of each of our clients at all times. This fiduciary duty is considered the core principle for our Code of Ethics.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Subject to satisfying the Code of Ethics and applicable laws, our officers and employees may trade for their own accounts in securities which are purchased for our clients. Among other things, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in our clients' best interest and (ii) implementing the decisions while, at the same time, allowing employees to invest for their own accounts. Because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit inadvertently from market activity by a client in a security held by an employee.

You may request a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

Item 12—Brokerage Practices

"Best Execution" and "Soft Dollars"

Federal law requires us to deal fairly and honestly with clients. This means that, among many other things, we have a fiduciary obligation to seek "best execution" for transactions executed on behalf of our client accounts. When determining whether we have obtained best execution, we are guided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Safe Harbor"). Under certain circumstances, the Safe Harbor presumptively reduces or eliminates our liability to clients when we use client brokerage to pay for research and other services that we might otherwise have to pay for ourselves.

Many investment advisers have arrangements with brokerage firms that provide for the use of client brokerage to pay for research and other services. They are said to be "paying up." In effect, they are agreeing to pay a broker or dealer more than the lowest available commission rate to compensate the broker for the broker's research products and services. The difference between the "unbundled" commission rate (i.e., the lowest available commission that would be paid solely for basic execution services) and the "bundled" commission rate (i.e., the slightly higher commission rate paid by advisers that are also receiving research services) is referred to as a "soft dollar" credit. To the extent we enter into soft dollar arrangements, we would only enter into such arrangements after determining that the value of the research and brokerage services we obtain with soft dollars is reasonable in relation to its cost.

"Prime Brokerage"

We obtain certain services, including such services as custodial, recordkeeping, clearing and related services, through what is known as a "prime brokerage" relationship. Under this relationship, a single brokerage firm that we select maintains custody of our clients' assets (including the assets of the Partnership), provides margin credit, locates securities to borrow to facilitate short sales and provides related services, but allows us to use other brokers to execute transactions. This permits us to seek valuable research and to compare execution quality and commission rates, while maintaining only one custodial relationship. By using a brokerage firm, we also may avoid paying custodial fees that banks charge other institutional investors. The prime broker is compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. Under this arrangement, the prime broker, among other things, arranges for the delivery of securities bought, sold, borrowed and loaned, (ii) makes and receives payments for securities, (iii) maintains custody of cash and securities (either itself or through another brokerage firm with whom the prime broker has an "introducing" relationship) and (iv) provides detailed trading, portfolio and related reports.

The Partnership's obligations to the prime broker (and its affiliates) may be secured by way of a first priority perfected security interest over all of the Partnership's

assets held in custody. The prime broker (and its affiliates) may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes.

Item 13-Review of Accounts

Vijay Vaidyanathan reviews our securities transactions and portfolios on a continuous basis.

We provide quarterly reports to each client which include a performance report and a consolidated inventory of the investments upon which we exercise investment discretion. Monthly or quarterly statements from the account custodian(s) are sent to each separate account client directly from the corresponding brokers, banks, mutual funds, etc., which hold the client's investments. These statements disclose the assets in the custodian's custody.

The Partnership is audited annually and its limited partners receive copies of such audit and the accompanying financial statements within 120 days after the end of each fiscal year.

We strongly encourage you to review the monthly or quarterly account statements you receive from custodians.

Item 14– Client Referrals and Other Compensation

Client Referrals

We may engage the services of independent solicitors in the future. If a client is referred to us by a solicitor, this practice will be disclosed to the client in writing by the solicitor. In these cases, we would pay the solicitor out of our own funds - specifically, we would generally pay the solicitor a portion of the fees we earn for managing the capital of the client or investor that was referred.

The Advisor does not receive any other compensation for its services that is not disclosed herein.

Item 15–Custody

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The SEC and the State of California have rules and regulations which are designed to safeguard client assets. We follow the rules of the SEC, which require us to follow the following procedures:

Custody: Separately Managed Accounts

Maintain Accounts with Qualified Custodians: We have all client funds and securities, except shares of mutual funds, maintained by a "qualified custodian" (i.e., a bank, registered broker-dealer) in separate accounts for each client. Although we may recommend a custodian, and generally do, the client may choose its own. Shares of mutual funds and exchange traded funds are held by the fund's transfer agent.

Periodic Account Statements: We require each custodian to furnish account statements to our clients no less frequently than quarterly. We also require that this statement, at a minimum, identifies the amount of funds and of each security in the account at the end of the quarter and all transactions in the account during the quarter.

Custody: Prism Quant Fund /, LP

As the general partner of the Partnership, we are deemed to have custody of its assets. The SEC has rules and regulations which are designed to safeguard Partnership assets. These rules require us to hold the Partnership's assets with a "qualified custodian" and have its accounts audited at least annually. In addition, we are required to deliver to each limited partner a copy of the Partnership's audited financial statements within 120 days after the end of its fiscal year.

Item 16–Investment Discretion

We manage separate accounts on a discretionary basis and generally allow for limitations to be placed on our investment authority unless provided they are contained in the signed investment advisory agreement.

In accordance with the term of its Partnership Agreement, as the Partnership's general partner we have sole responsibility for the management of the Partnership's assets.

Item 17 – Voting Client Securities

When our separate account clients grant us authority to vote proxies, we decide whether to vote proxies on a case by case basis after considering whether the proposal will have a material effect on the client(s) asset. This analysis may lead us to determine not to vote proxies on a client's behalf. In making that determination, we consider a number of factors, including the economic effect the proposal would have on shareholder value, the threat the proposal poses to existing rights of shareholders, the dilution of existing shares that would result from the proposal, the effect of the proposal on management or director accountability to shareholders, and, if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

You can obtain a copy of our proxy voting policy and a record of votes cast by us on behalf of clients by contacting us at the address on the cover page.

Item 18-Financial Information

Optimal Asset Management, LLC has no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients, and we have not been the subject of a bankruptcy proceeding.