

Oxeye Capital Management Limited

Investment Strategies

Producing Absolute Returns From Volatile Markets

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Oxeye Capital Management Limited

Close Gate House
47 High Street
Salisbury
SP1 2PB

www.oxeye.co.uk

Tel: 01722 336388

Email: info@oxeye.co.uk

About Oxeye

- Independent fund manager
- FSA authorised since 2002
- Options and Futures specialists
- Volatility arbitrage strategy
- Primarily writing FTSE100 options
- Assets under management: \$21 million

Features

- Proven profitability in all market conditions
- Fast recovery after loss
- Highly liquid
- All Clearing House - no OTC
- Daily valuations

Features (continued)

- Tight risk control
- Controlled leverage
- Fully transparent
- Non correlated
- Security of Assets – JP Morgan Chase/ADM segregated accounts

Managed Account or Fund?

Principal Managed Account Strategies:

OPS : Systematic, unprotected; high risk/reward profile

- Minimum investment : £250k
- 2.5x leverage

OVS : Value based, protected, resilient even in adverse environments

- Minimum investment : £150k
- Choice of leverage

Oxeye Growth Fund (OGF)

- Cayman domiciled OEIC
- Same strategy as OVS since February 2008
- Minimum investment : \$100k

Rolling Performance

	OPS	OVS	OGF \$	FTSE	Barclays Hedge Fund Index
5Yr	65.71%	-3.42%	-11.98%	10.07%	33.67%
3Yr	63.01%	19.95%	-3.01%	-16.90%	6.05%
1Yr	13.02%	-4.78%	-8.82%	-12.92%	-3.17%
YTD	21.72%	-6.19%	-8.16%	10.69%	16.51%

OPS Methodology

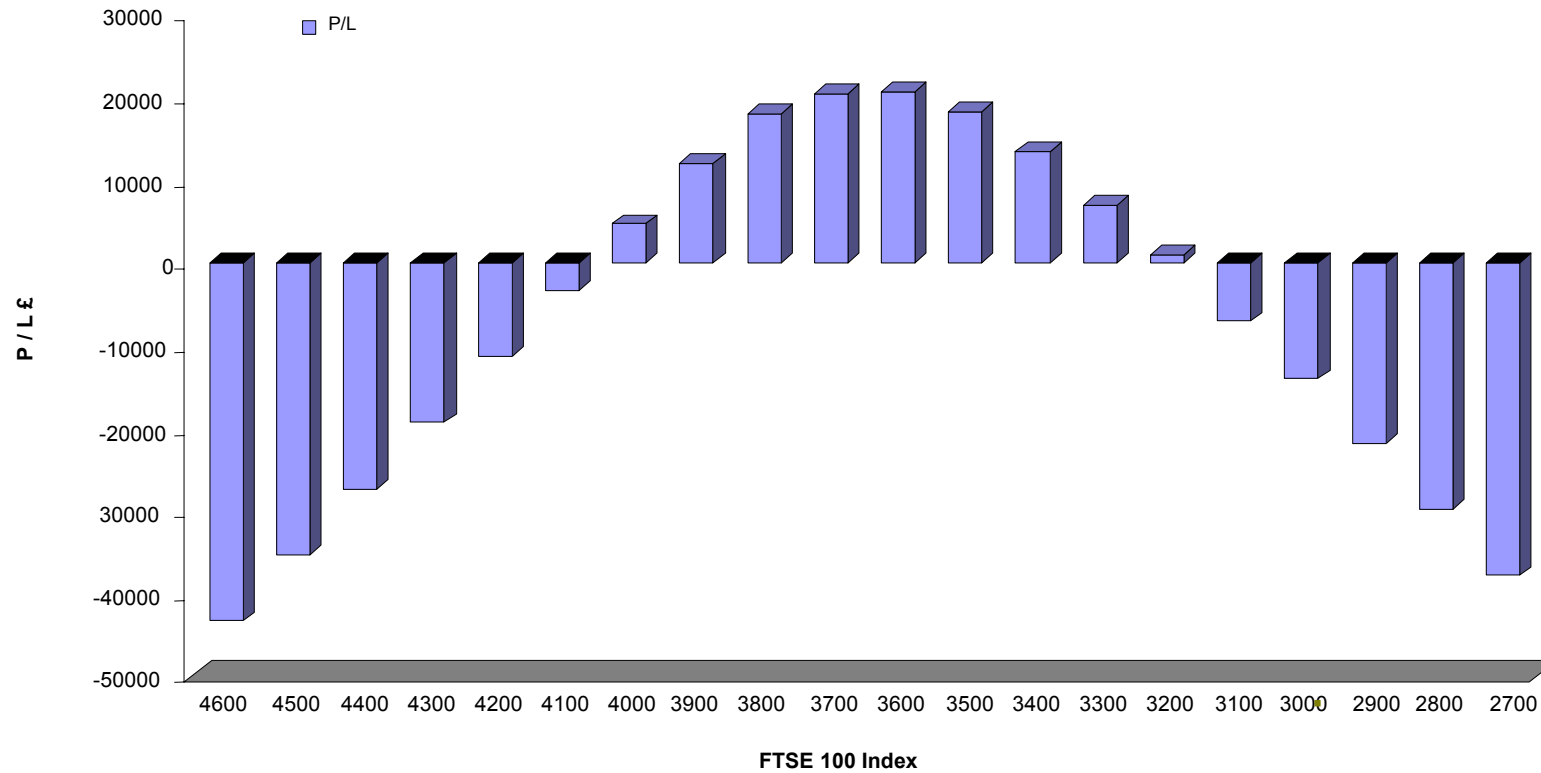
- Market mostly trades in a predictable range
- Write options on both sides of range i.e. buy bottom, sell top
- Only one side at risk
- Maximum 3 month duration

OPS Methodology (cont.)

- Monthly premium income
- Volatility falling or moving sideways most of time
- Volatility spikes are rare
- Majority of options bought expire worthless

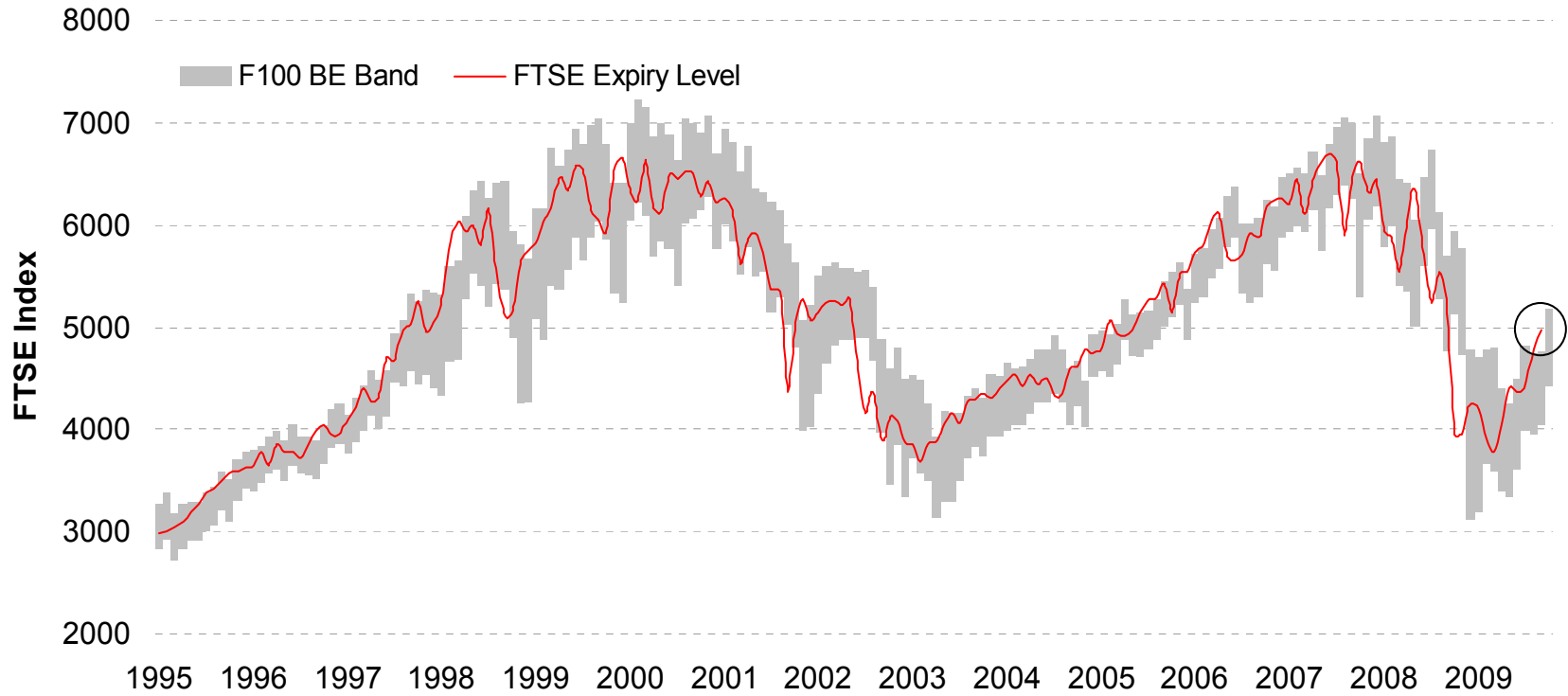
OPS Profit /Loss Profile

P&L Profile at various FTSE levels on expiry (1 Lot)

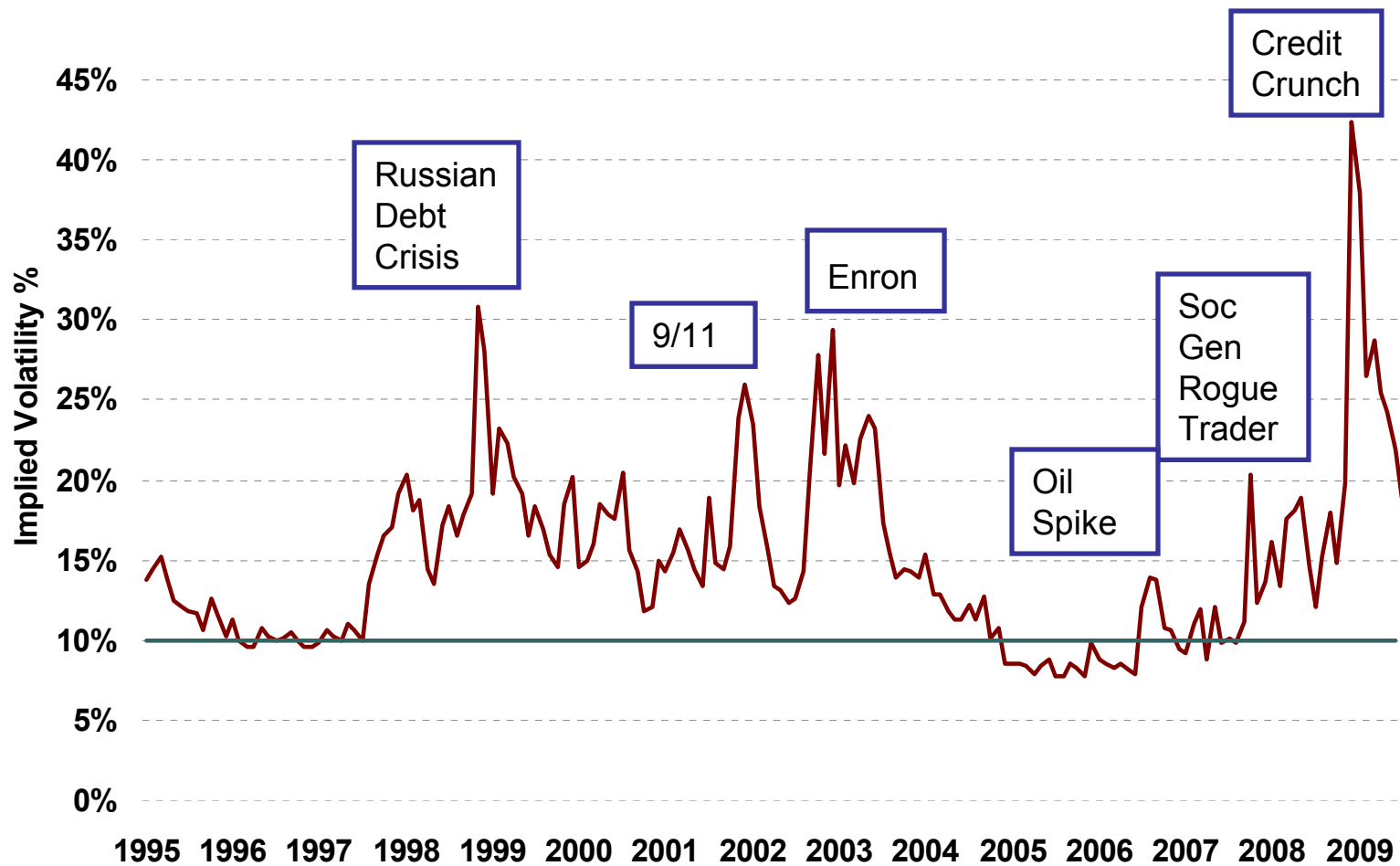


Source: Oxeye Capital Management Ltd: April 2009

OPS Breakeven Bands at Expiry



FTSE100 Implied Volatility Index



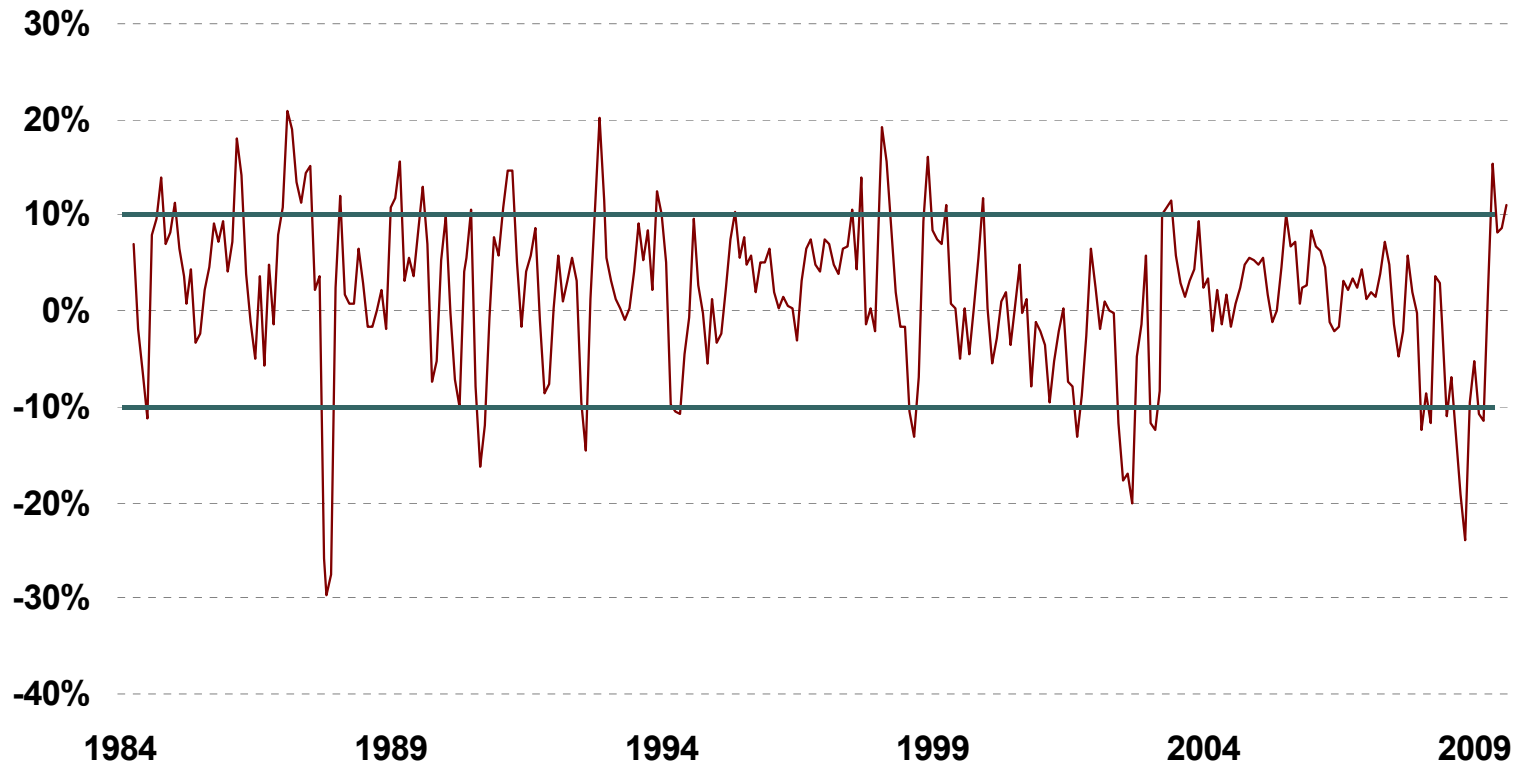
OPS history following volatility spike

Event	Date	IV% Move	Draw Down	9 Month Performance post Vol spike
Russian Debt Crisis	Aug'98	121%	5%	58%
9/11	Sep'01	98%	27%	53%
Enron	Jul'02	129%	39%	79%
Oil Spike	May'06	77%	9%	27%
Soc Gen Rogue Trader	Aug'07	85%	7%	37%
Credit Crunch	Oct'08	285%	30%	91%

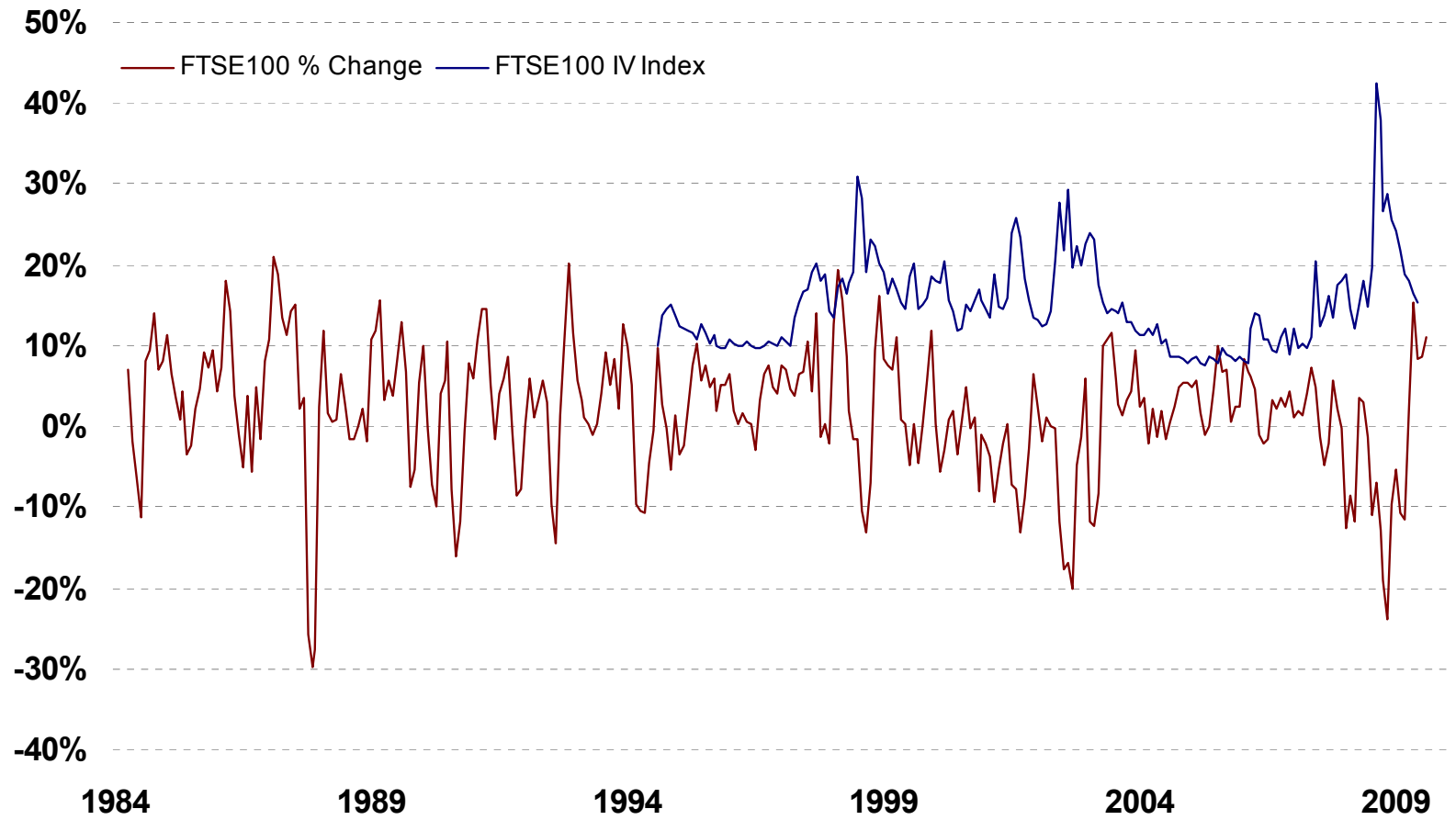
OVS & Fund (OGF) Methodology

- FTSE100 trading range statistically forecast
- Write or buy option combinations depending on value
- Sell options outside range if good value
- Buy options within range if cheap
- Long, out-of-the-money puts to protect against volatility spikes (Vega)
- Manage Delta - market neutral
- Monitor sensitivity (Gamma & Theta)

FTSE100 Quarterly % Change



FTSE100 Quarterly % Change vs Implied Volatility



Summary

- 12 year profitable track record
- Volatility – more friend than foe
- Rapid return to profit after loss
- Premiums at attractive levels
- Choice of risk exposure

Action

Managed Account :

- Sign Oxeye Investment Management Agreement
- Sign ADM account opening documents
- Send money to ADM / JP Morgan

Fund :

- Sign Private Placement Memorandum
- Send money to custodian

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