



Quants

PROVEN SMART BETA SOLUTIONS

www.quals.com

COMPANY

Quants Inc (“Quants”) is a financial technology and asset management company in Los Angeles, California since 2010.

- **Over a decade of research and experience to achieve better risk-adjusted returns with derivative overlays**
- Offering unique risk management platforms and alternative investment products in smart beta investing
- Team with decades of experience in software development, risk management and marketing of securities
- Targets to streamline the sophisticated risk management with new investment indices and exchange traded funds
- Promotes financial literacy in risk management with an online automated platform for any investor
- Registered Investment Advisor (California DBO) and Commodity Pool Operator (National Futures Association)

PRODUCTS



- **Quants Smart Beta Index™** is a proprietary smart beta portfolio that consists of traditional index investments and smart beta performance optimizations with derivative overlays. The index can potentially yield better risk-adjusted returns compared to the benchmark indices such as S&P 500 Index® by hedging the risk optimally and trading off the excess returns in derivatives.

- **Quants Fund™** is a liquid alternative smart beta fund tracking Quants Smart Beta Index™, targeting twice of the typical index portfolio returns by enhancing with the derivative overlays after all fees and expenses, launched in Q2'17. The fund uses up to 1.5 times leverage.

- **Quants Smart Beta Indices and Overlays™** will be published to standardize the smart beta portfolio construction for easier risk management. The indices continuously measure the metrics of Quants Smart Beta Overlays™ on S&P Dow Jones® major market and sector Indices. The index calculations are driven by the standardized index and sector derivatives contracts trading on the public derivatives exchanges such as CME and CBOE.

- **Quants Exchange-Traded Funds™ (ETFs)** are twelve new building block ETFs that will be bundling Quants Smart Beta Overlays™ to eliminate the cost and complexities of derivatives trading. The ETFs make risk and return optimization easier in the investment portfolios to streamline and democratize the smart beta investing in any investment account.

DISTRIBUTION

- **Wealth Management Market:** Quants markets its products to RIAs, family offices and syndicates with a network of FINRA broker-dealers. Quants contracts to the advisory service providers and reaches out to significant level of relationships with high net worth individuals, family offices, funds-of-funds and banks.

- **Quants.com™ Online SaaS Platform (Robo-Advisor):** Quants is building an online wealth management platform to accelerate AUM growth. QuantsPlus™ is a turnkey Software-as-a-Service (SaaS) that will streamline the construction of smart beta portfolios with proprietary indices and ETFs. The platform will support and meet the needs of a range of financial institutions including small and large broker-dealers, banks, insurers, 401(k) platforms, and other advisory firms looking for a digital wealth management platform to increase customer loyalty and grow advisory assets.



MARKET

- Smart beta investing is now the fastest growing investment style attracting about 20% of new investments by AUM in wealth management industry.
- Robo-Advisors are the fastest growing distribution model in the wealth management industry and are projected to grow over 100 times to \$6 trillion in AUM over the next decade.

EXECUTIVE SUMMARY



Quants, Inc (Quants), a California Corporation, develops, markets and operates financial technology platforms and alternative investment products offering sophisticated risk management since 2010. The Company has primarily sharpened its focus with derivative overlays for smart beta investing over the past decade and delivered outstanding investment returns. This quantitative process can achieve better risk-adjusted returns intended to outperform industry benchmarks for institutional and high net worth investors.

Quants is entering emerging “Robo-Advisor” marketplace to streamline and democratize the portfolio optimization process with Exchange Traded Funds (ETFs). The elimination of the development costs and complexities associated with derivative overlays will allow investors to optimize their portfolios easier and mitigate the adverse effects of market declines.

The Company’s investment team has decades of combined experience in financial software development in risk management, institutional securities and derivatives advisory, and fund management and marketing. Quants currently has these four subsidiaries:

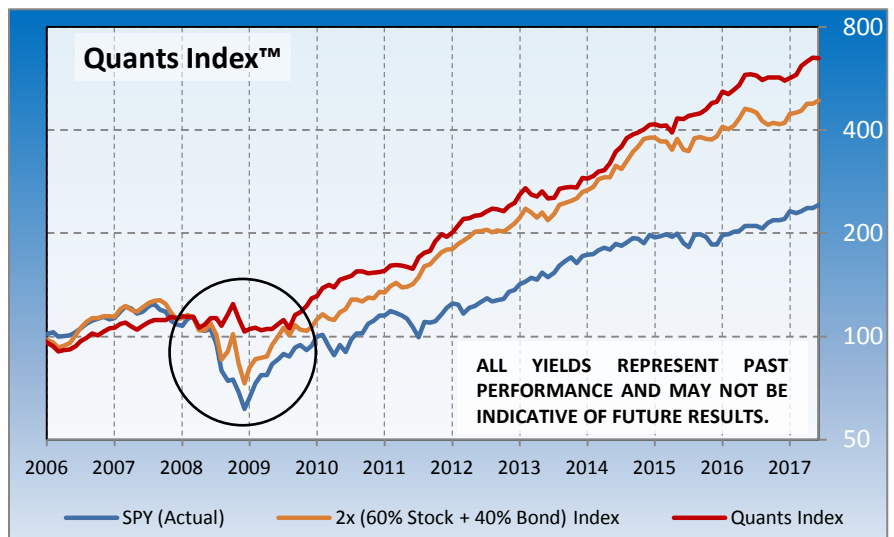
- **Quants Investment Technologies™, Inc** is for the core quantitative investment research and software development.
- **Quants Capital Management™, Inc** develops, markets through partnerships and operates the fund products.
- **QuantsPlus™, Inc** is the online platform for the marketing and distribution of the investment technologies and products.
- **Quants Clearing™, Inc** is planned to perform the trading desk operations for the structured and derivatives portfolios.

Quants is vertically integrated and leveraging on its smart beta investing technologies, products and platform to generate multiple sources of revenues from investment advisory fees, performance and arbitrage royalties, derivatives commissions and portfolio clearing commissions, and online SaaS subscriptions.

Quants Capital obtained the FINRA (Financial Industry Regulatory Authority) licenses and registered as an investment advisor (RIA) with California Department of Business Oversight and a commodity pool operator with National Futures Association for alternative funds since May 2010.

HIGHLIGHTS

- Achieved 74% annualized returns in leveraged index portfolios for 2 years with a Sharpe ratio of 2.0
- Developed Quants Smart Beta Index™ using derivative overlays from 2012 to 2015
- A tracker liquid alternative fund, Quants Fund, launched in 2017 currently targeting 17.5% annual net returns
- Targeted to raise over \$100 million in Assets Under Management (AUM) and closing with these investors
- Estimated investable capacity over \$8 billion Generated over \$4 million total licensing and service revenues with a 70% operating margin until 2016



INTELLECTUAL PROPERTY

Quants has invested more than \$7 million and over 10 years in developing, testing and marketing proprietary quantitative risk models and fund products with derivative overlays. The Company introduced Quants Investment Technology (QIT™) which has been licensed successfully since 2011 to the institutional and high net worth clients. The institutional assets under management (AUM) licensing Quants portfolio products increased from \$1.4 million to \$14.2 million over 2012-2013 generating up to 74% annual return after all fees and expenses.

QIT™ is a proprietary risk and return analysis technology for portfolio optimization in US derivatives. The algorithm is designed to match the publicly traded standardized derivatives contracts to derivative overlays for smart beta investing. QIT™ has a number crunching engine that is comprised of algorithms and a database connected to the data feeds from the public exchanges (NYSE, CME, CBOE). The engine is deployed and maintained in secure server environments.

GROWTH PLAN

- Publish new risk indices for S&P 500 Dow Jones® major market and sector indices for optimal portfolios
- Launch new tracker Exchange Traded Funds (ETFs) to streamline Quants Smart Beta Overlays™
- Develop an online automated investment platform (Robo-Advisor) for investors, advisors and institutions to distribute the smart beta investing technologies and investment products
- Target \$3B AUM and \$100 million in revenues at 70% operating margin over the next 5 years

FUND AND CORPORATE OFFERINGS

Quants is looking for investors and partners for the following opportunities:

- *Quants Fund*, a liquid alternative fund tracking Quants Smart Beta Index™
- *Corporate Investment* for \$5.5M Series-A Offerings:
 - Common Stock for 15% equity
 - Preferred Stock with 8.5% accrued dividends
- *Quants Smart Beta Indices™ and Exchange Traded Funds* licensing, market making and distribution partners.

Please inquire for details.

Revision Date: September 30, 2017