Quants

Proven Financial Technology Solutions to Achieve Better Risk-Adjusted Returns

Smart Beta Investing Technologies & Investment Products * Robo-Advisor SaaS Platform

June 2017

www.quants.com

Highlights

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Registered Investment Advisor with Smart Beta FinTech Since 2010

2008-2012
$7M Invested over 10 Years in Technology & Product Development

2012
POC: Increased AUM From $1.4M to $14.2M over 2 Years

2013
Outstanding Returns with Derivative Overlays

2014
Award Winning Innovations in Enterprise Software

2015
Profitable 4 out of Last 5 Years at 70% Margin, **Smart Beta Indexes**

2016
Over $4M Licensing Revs, **Quants Fund Formation**

2017…
About $100M in AUM Interest Received for Quants Fund

Team Experience

Gokhan Kisacikoglu, CEO & CIO
Technologist, Founder Quantitative Development, Risk Management with Derivatives and Smart Beta Investing

- Serial entrepreneur in quantitative finance since 2006
- Active investment and trading experience since 1998:
  - Risk modeling with derivatives in US markets since 2004
  - Volatility arbitrage strategies since 2008
  - Institutional risk management and trading since 2011
  - Fund management experience since 2012
- Big data analysis and computer simulations since 1991 in various applied mathematics fields, 6 patents

Samer Kanafani
Advisor,
Quants Capital

Aaron Soderberg
Advisor,
Quants Capital

David L. Mau
Advisor,
Quants Capital

Sammer Fam
Technology
Advisor

George Mottel
Corporate
Development

Khris Thetsy
Corporate
Advisor

Brad Turner
Marketing
Advisor

Greg McAndrews
Public Relations

David Kuff
Communications

Ron Komen P.E.
Board Member

Cenk Aydin
Board Member

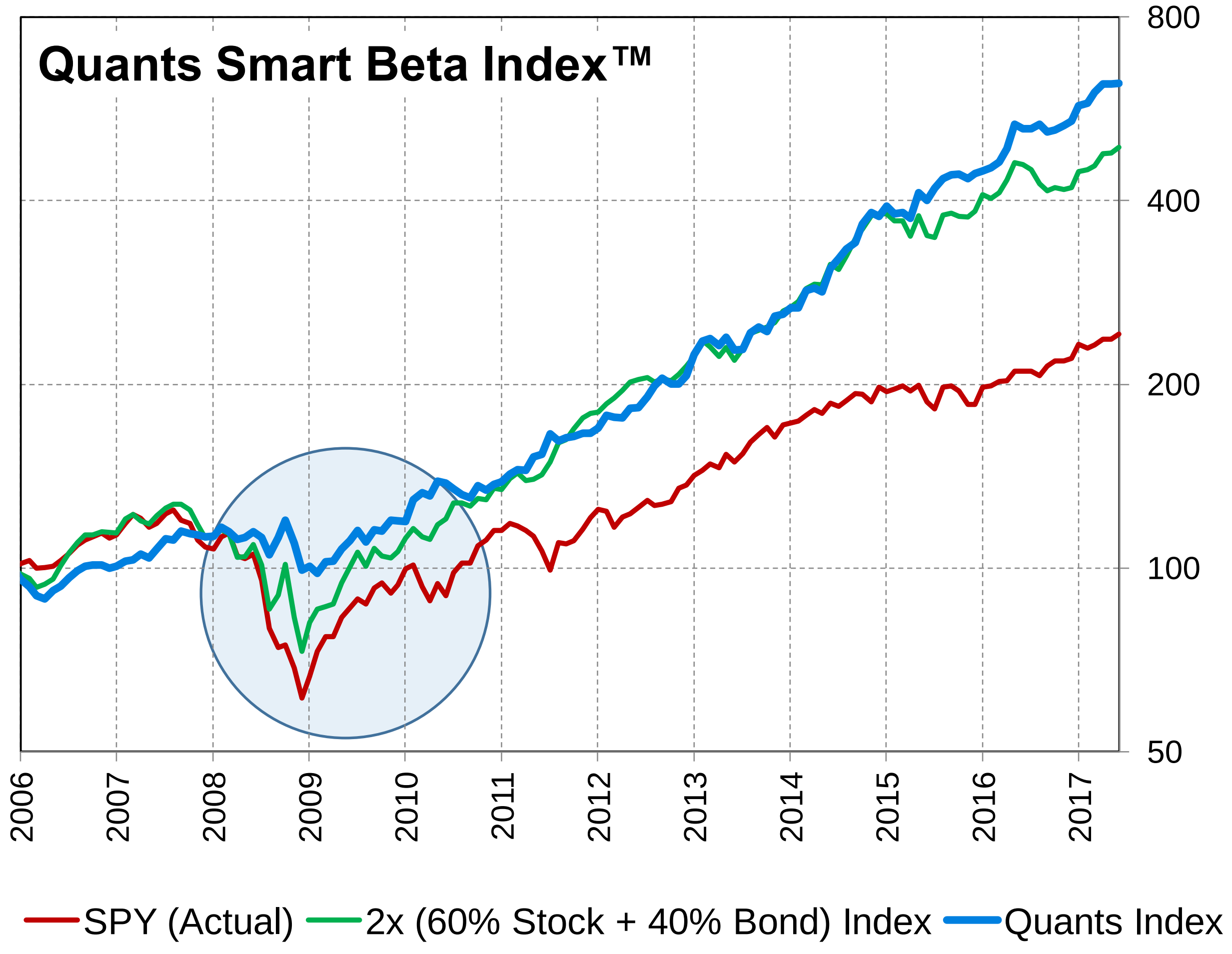
- Senior banking relationships with high net worth individuals, family offices, RIAs, funds-of-funds, FINRA broker-dealers and banks
- Top software development team with Fortune 500 experience
- Over 100 years of consumer and investor lead generation, marketing & sales experience
- Digital Marketing, strategic planning advertising, direct response, brand strategy, corporate PR and media buying, social media
- Raised over $2 billion in private equity capital over 200 securities engagements

Smart Beta Investing – Introduction

Factoring & Risk Mitigation for Better Risk-Adjusted Returns

- **Portfolio Approach**
  - Reduce the risk exposure, or Beta
  - Potentially gain in performance, or Alpha
- **Invests Like Passive Investing**
  - Diversified, Indexing, Rebalancing
- **Alternative Rules**
  - Volatility, factoring, weights, valuation
- **Overcomes Diversification Issues**
  - When correlations fail
  - Market efficiency changes

__SPY__ is S&P 500 Index ETF adjusted for dividends. __2x Index__ is 2 times leveraged 60% Large Cap Stock and 40% Govt Bond Index Portfolio. Returns are based on $100 million in AUM after all fees and expenses.
PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.



Derivative Overlays – Portfolio Optimization

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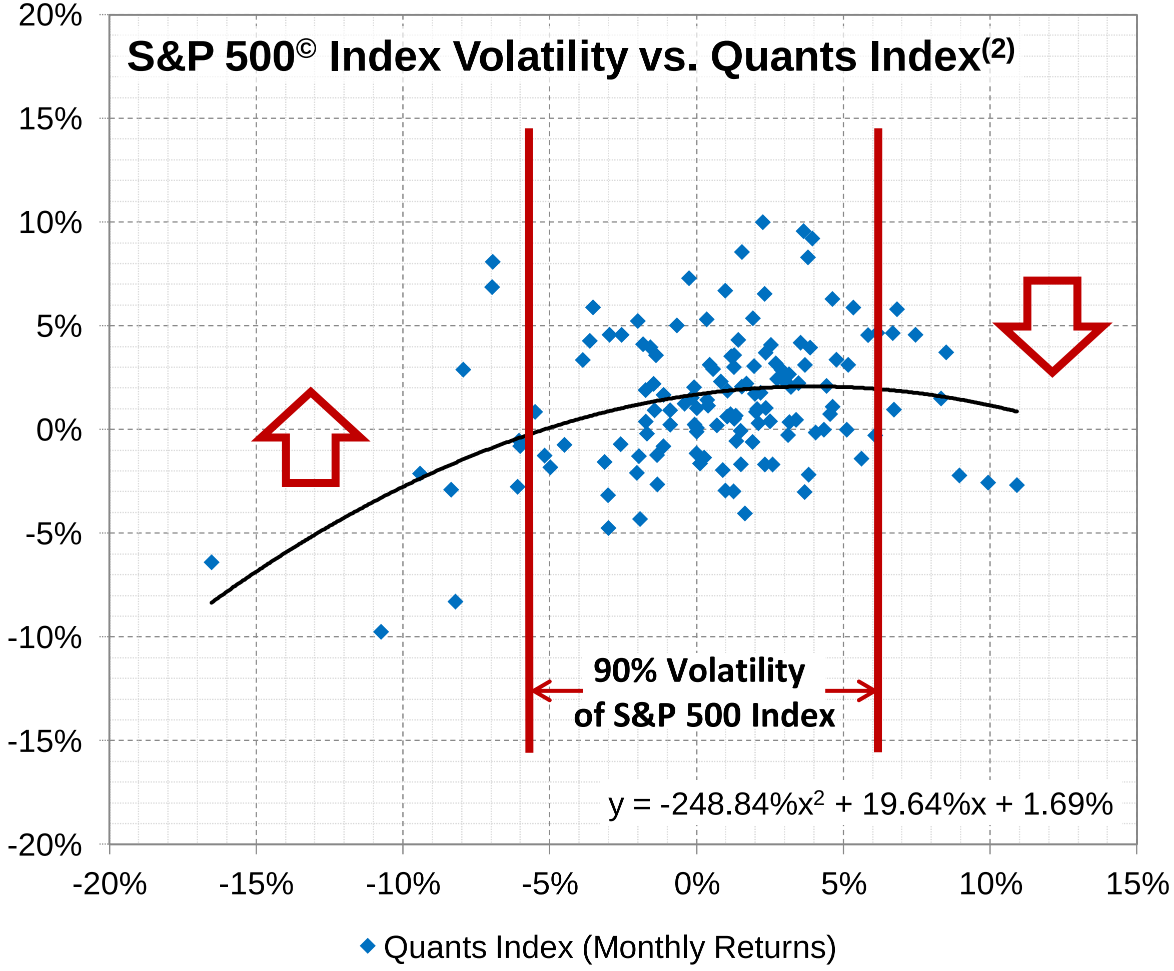
Institutional Technology to Improve Portfolio Efficiency

Stock and Bond Portfolio Analysis

Exchange Traded Fund Selection

Volatility Analysis

Derivative Overlay(s) Selection



Highest Industry Growth Areas Reflect Client Needs

- **Smart Beta Investing – Style**
  - Not Passive, Not Active, Hybrid.
  - AUM Growth at 11% y-o-y
  - Projected Growth to $2.4T in AUM
- **Exchange Traded Funds (ETFs) – Vehicles**
  - Lowest Fees, Liquid Building Blocks
  - AUM Growth at 12% y-o-y
  - Projected Growth to $16T in AUM
- **Digital / Robo Advice – Platform**
  - Online, Easy Setup, Low Cost
  - AUM Growth at 80-100% y-o-y
  - Projected Growth to $6T in AUM

Investors Prefer:

- Better Risk Management
- Lower Fees
- Streamlined Access

Optimal Portfolio Solutions

AUM (Assets Under Management) metrics are as of 2016. All projections are for 10 years.

Advisor Infrastructure – Vertical Integration

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Technology → Products → Distribution

Technology

QIT™ QUANTS INVESTMENT TECHNOLOGY

✓ Risk and return analysis and optimization technology with derivative overlays

Quants INDICES

✓ Risk indices to make construction of smart beta portfolios easier

Products

Quants LIQUID ALT SMART BETA INDEX FUNDS

✓ Ready to achieve better risk-adjusted returns

Quants EXCHANGE TRADED FUNDS

S&P Dow Jones index and sector coverage for easier portfolio optimization (2017)

Distribution

Quants.com

– Online automated platform for smart beta investing (2017) : **Robo-Advisor**

– Offering Quants smart beta technologies and investment products

– SaaS (Software-as-a-Service) for automation with ETFs

– In development, patent-pending

Vertical Integration is an arrangement in which the supply chain of a company is owned by that company.

Liquid Alternative Funds – Complete Products

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Smart Beta Index Investing with Volatility Optimization in Derivatives

Risk Characteristics and Comparisons

Index Performance (After All Fees & Expenses) [1]

	S&P 500®	**2x Index**	**Quants**
Annualized Net Return	7.98%	14.81%	**17.25%**
Standard Deviation	14.40%	15.30%	**11.67%**
Sharpe Ratio	0.50	0.92	**1.41**
Beta (S&P 500®) [2]	100.0%	70.15%	**28.27%**
Correlation (S&P 500®) [3]	100.0%	69.50%	**29.23%**
Maximum Drawdown	-16.52%	-18.22%	**-9.75%**[2]
% Profitable	65.22%	67.39%	**74.25%**
Maximum Leverage	100%	200%	**150%**

Product Availability	Delaware Fund, Class C Shares
Fees and Expenses	1.94%
Fund SEC CIK[4]	1562555

Index Holdings

S&P 500® US Large Cap Stock Index (Long)	42.4 ± 2.4%
Barclays® US 20+ Yr. Govt. Bond Idx (Long)	30.3 ± 1.7%
Deutsche Bank IQ® Commodity Idx (Short)	6.1 ± 0.3%
Quants™ Smart Beta Overlay (Long/Short)	**12.1 ± 0.7%**
Cash (For Margin Maintenance)	9.1%

(1) Annualized risk characteristics from March, 2006 to June 2016.

(2) Less is better. (3) January 2009. (4) Please inquire for more information.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

Building Block ETFs – Optimal Overlays

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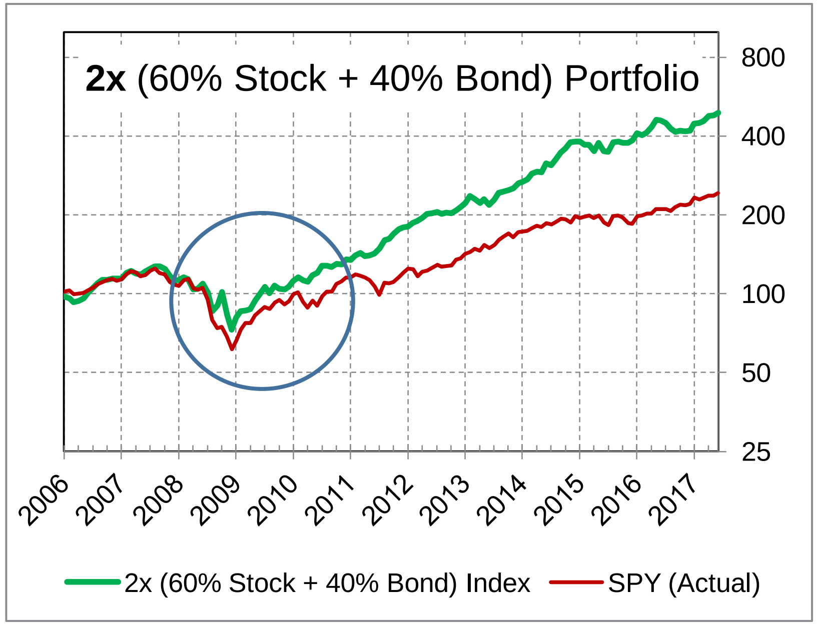
Simple ETFs To Reduce Volatility in Any Investment Portfolio Easier

Before

Portfolio with no protection from market volatility.



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Quants Process

QIT™ QUANTS INVESTMENT TECHNOLOGY

Quants INDICES

Quants EXCHANGE TRADED FUNDS

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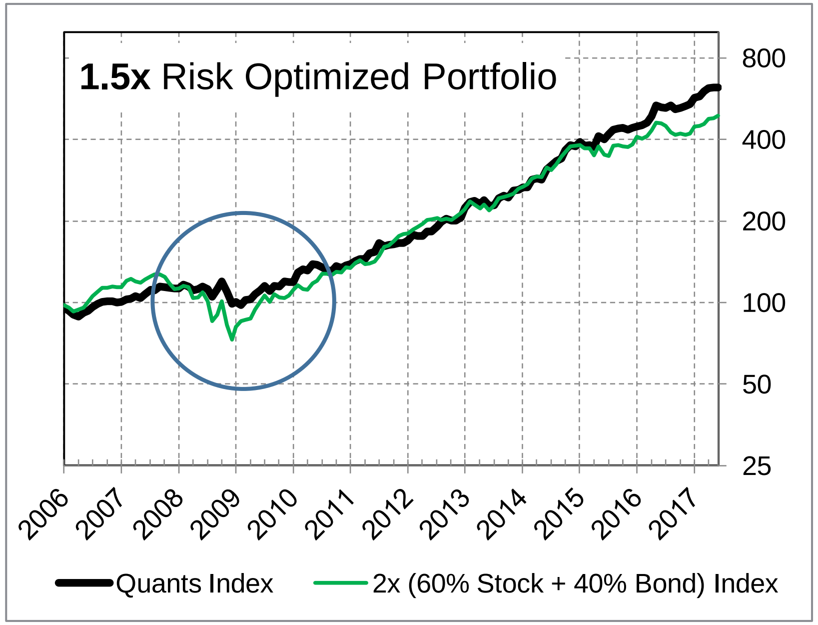
After

Portfolio achieves better risk-adjusted returns.



Quants Smart Beta Index after all fees and expenses. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**

Online SaaS Platform – Smart Beta Robo Advisor

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Quants.com

A web platform where investors, advisors and institutions can automate portfolio optimization process in stock and bond investments to:

Analyze Risk in Portfolios	Manage Risk Easier	Achieve Better Risk-Adjusted Returns

Quants.com – Fastest Growing Distribution

Plan * Invest * Publish

CLOUD-BASED PLATFORM
Available 24/7

PROVEN RESULTS
Proven ROI, Stands up to the best

ROBO ADVISORS
100% Year/Year Growth
$6 trillion AUM in 10 Years

Competition, Potential Partners and Clients

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Wealth Management

BlackRock

Goldman Sachs

Vanguard

Fidelity Investments

Robo-Advisors

Betterment

V

charles SCHWAB | INTELLIGENT PORTFOLIOS

PERSONAL CAPITAL

FutureAdvisor

wealthfront

SIGFIG

Bloomberg

REUTERS

WSJ

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

HedgeCoVest
Real Time Hedge Fund Replication

Financial Services

UBS

Merrill Lynch

WELLS FARGO ADVISORS

Morgan Stanley
PRIVATE WEALTH MANAGEMENT

Financial Advisors

200,000 Advisors

13 million Accredited Investors in U.S.

75 million Millennials, 75 million Baby Boomers

Targeting 100k Investors

Competitive Advantage

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✓ **Quants Investment Technology™** simplifies risk management and return optimization with derivative overlays.

✓ **Unique Risk Indices with Derivative Overlays** that have only been available to liquid alternatives due to the technological development costs and operating expertise required.

✓ **Optimal Derivative ETFs** that will bundle derivative overlays for smart beta investing to mitigate the adverse effects of market decline easier.

✓ **Robo-Advisor to Streamline and Democratize Smart Beta Portfolio Construction** is not offered currently and current derivative ETFs are only suitable for speculation.

Financial Model

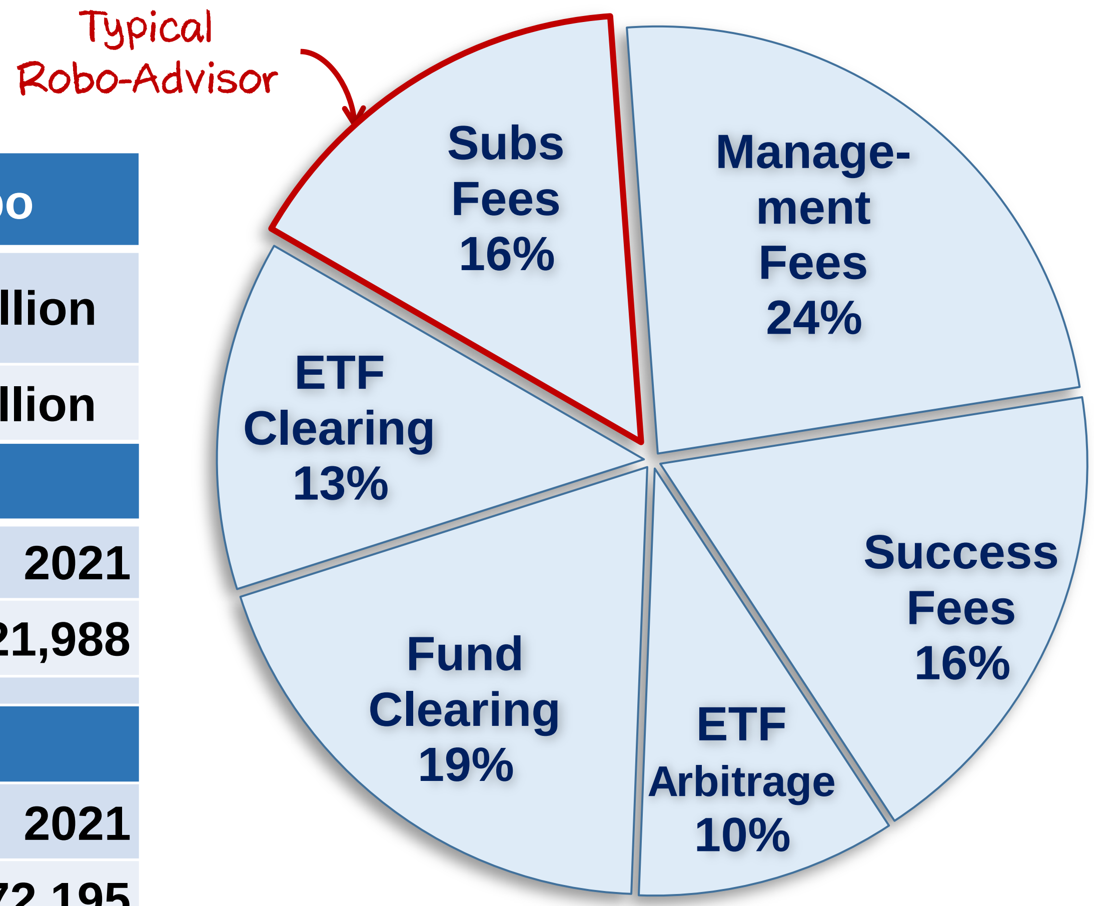
Targeting $3 billion in AUM and $72 million in EBIDTA in 5 years

Total Revenues at 3.5 – 4.0% of AUM
Operating Margin at 60%

Metrics	Liquid Alts	ETFs	Robo
Target AUM	$1.5 billion	$0.5 billion	$1.0 billion
Revenues	$66 million	$40 million	$16 million

Revenue Targets (in thousands)				
2017	2018	2019	2020	2021
$ 107	3,828	16,535	40,497	121,988

Operating Income Targets (in thousands)				
2017	2018	2019	2020	2021
$ (359)	578	4,585	16,469	72,195



Distribution of Revenues

Corporate Investment Opportunity

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Request

Series-A Equity Offering
$5.5 million

15% Equity at $5 per Share

$30.8 million pre-valuation

Maximum offering
1,100,000 Shares of Common Stock

Minimum Investment
$50,000 (10,000 Shares)

Objectives

$100 million
in annual revenues
IRR: 11-15% for 5 years

Grow valuation over $500M
CAGR: 64-74% for 5 years
(12x P/E)

Exit Strategy

Dividend Payouts
ROI: ~70-100%

10-15 times in potential capital gains via public listing or M&A (12x P/E)

Use of Funds

50% — **AUM over $3 billion** Significantly accelerate smart beta alternative funds and ETFs sales with new marketing channels

30% — **Exchange-Traded Funds (ETFs)** introduce three smart beta building block funds in Q1'2018

20% — **Quants.com™ SaaS** automated investment platform development and launch in Q2'2018

Disclosures

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