Quants

Alternative Funds

QuantsPlus™

Smart Beta ETFs

OPTIMAL RISK MANAGEMENT TECHNOLOGY

4/25/2016

Revolutionary Technology for Optimal Risk Management

The purpose of this document is to describe an investment opportunity in a innovative, financial technology driven, wealth management company that has developed a solution to a problem facing many investors seeking better portfolio risk management.

The company is solving the problem by building the first turnkey alternative investment platform with proprietary risk management software that potentially generates better risk-adjusted returns. The online experience will be used by advisors, institutions and individual investors seeking to reduce risk and optimize ROI.

Problem Definition:

Many experts agree that the shift from human to science-based, model-driven advice is long overdue given that currently the investor landscape is severely exposed to costly human error and sub-optimal decisions risking portfolios to underperform and failing to beat the overall market. While institutional clients have access to sophisticated yet expensive risk management products and technology, retail clients are bound with limited set of options offered by their financial advisors. Investors lack visibility into their risk positions, leading to poor control and sub-optimal decisions.

Solution:

The QuantsPlus™ investment platform will democratize sophisticated risk management for investors from Millennials to Baby Boomers and promote the financial literary in investing. All investors will have access to advanced risk management and financial decision making without having to worry about the financial engineering. Investors will have a simple and exciting user interface into robust risk management.

- QuantsPlus™ is an online alternative investment platform offering complete sophisticated quantitative risk analysis hedging technology that until now has only been available to investment banks and hedge funds due to the development costs and technological expertise required.
- There are many investment platforms in the digital wealth management industry but QuantsPlus™ is the first patent-pending SaaS investment platform to streamline and democratize smart-beta alternative portfolio construction and investing that simplifies risk management and return optimization with derivatives.
- QuantsPlus™ is going to pioneer the idea of quantitative personalized finance with the QPF™ experience that will be the future of online investing personalized according to the needs and risk tolerance of active investors, traders and institutions.

Quants

COMPANY PROFILE
Quants Corporation, Inc.
www.quants.com www.quantsplus.com

MANAGEMENT & DIRECTORS
Gokhan Kisacikoglu, Founder & CEO
Brad Turner, CMO, President, QuantsPlus
Cenk Aydin, Institutional Partner, Director
Khris Thetsy, Interim CFO
David L. Mau, Adviser Investment Banking
Murat Buyuran, Online Operations
Greg McAndrews, Financial PR
David Kuff, Corporate PR
Sammer Fam, Software Development
Ron Komen, P.E, Director, Investor

INDUSTRY
Category: Asset Management and Software-as-a-Service (SaaS)
Sub-Category: Alternative Funds, Automated Investment Platform, ETF, FinTech, Wealth Management

FUNDING TO DATE
Closed on $5 million line of credit with TCA Global Master Credit Fund
Raised $1.35 million new debt in 2015.

AMOUNT OF FINANCING
$5 million

USE OF FUNDS
QuantsPlus development, marketing
Develop three ETFs
Raise AUM for funds

ACCOUNTING
Comprehensive Financial Solutions, Inc.

BANKS
Citibank

LAW FIRM
Ragghianti and Freitas LLP

CORPORATE STRUCTURE
Common Shares: 1,000,000
Amount of Financing: $5,000,000
Share Price: $5.00
Pre-Money Valuation: $
Current Capital Structure:
Fully Diluted Shares:

OFFICES
Quants Corporation
400 Continental Blvd., 6th Floor,
El Segundo, CA 90245

INVESTOR RELATIONS
Brad Turner (310) 663-1434

Quants

Founder and Chief Investment Officer

Quants was founded by CEO and Chief Investment Officer Gokhan Kisacikoglu who is a Quantitative Analyst and has been developing IP-related quantitative portfolio investment products for active traders, institutional clients, global partners and high-net-worth individuals since 1998.

Gokhan has been applying advanced mathematics to develop visualization software since the age of 14. His career has included more than 25 years designing visualization software for global infrastructure projects for Tubitak, Turkey's leading Scientific and Technological Research Council and managing the development of visual effects for 19 feature length films in Hollywood that have grossed billions in revenues. Gokhan along with his colleagues from Sony and DreamWorks have been awarded six advanced visualization and special effects software patents.

Company Background

Quants is an investment software and wealth management advisory company that specializes in the quantitative alternative investments with risk modeling in derivatives. The company develops investment products with proprietary quantitative risk and return analysis and optimization software in US derivatives named Quants Investment Technology - QIT™. Quants develops complete portfolio solutions with real-time risk scenarios in quantitative platforms and is dedicated to offering strategic alternative products for Investors, Traders and Fund Managers.

The company has been collaborating with the portfolio managers and developing the intellectual properties in the quantitative risk analysis and portfolio management for over a decade, and has been providing services to institutional and high net-worth clients. The investment portfolios consist of the major index investments in stocks and bonds with their risk management structured in the financial derivatives products. These alternative investment models historically outperform the traditional mutual funds. Quants has generated up to 74% annual returns in its managed accounts in 2012-2013 with its derivatives only volatility arbitrage models.

Quants has been profitable four consecutive years generating revenues from customer advisory fees, brokerage commissions and royalties on software licensing contracts, with revenues doubling sequentially for three years from 2012 to 2014.

Quants is a Registered Investment Advisor (RIA), Commodity Pool Operator (CPO) and member of National Futures Association[1] since May 2010 with headquarters in Los Angeles and offices in New York, London and Istanbul.

To gain the technological expertise and competitive advantage in the digital wealth management market, Quants has invested more than $6.5 million and 10 years of research and testing proprietary quantitative risk modeling in US derivatives. Quants was awarded the Best Enterprise Solution at the 2015 Benzinga FinTech Awards for their revolutionary alternative investment platform.

[1] FINRA CRD Id # 153124, NFA Registration Id # 0418577.

A Unique Digital Wealth Management Opportunity

Quants is a unique hybrid company operating in different industry sectors. The main categories are Asset Management and SaaS (SaaS / Software - Data Management & Analysis). The industry sub-categories are Alternative Funds, Digital Wealth Management, ETF Exchange Traded Funds and FinTech.

- The Digital Wealth Management market, that is also referred to as Robo-advisors (list), automated investment platforms (comparison), and digital advice platforms (infographic), is estimated to be above $10 trillion in investable assets and 45 million investors, if we combine mass affluent, mass market and tech-savvy millennial and baby boomers (Ernst &Young Digital advice report).
- The Digital Wealth Management market is driven by innovative software engineers and finance academics, these companies are registered investment advisors (RIAs) seeking to provide simplified financial solutions through sophisticated online platforms, eliminating or reducing the need for face-to-face interaction. Robo-advisers are comprised of Advisor-assisted online platforms and fully automated online investment platforms, and use algorithms to determine asset allocations and provide automated rebalancing for investors.

- The 2015 Advisor Authority Study, conducted by Jefferson National and Harris Poll, found that advisors who managed the most assets and who earned the most personal income are the most tech-obsessed. They are far more likely to leverage robos, spend more on technology overall, and adopt technology into their practice at twice the rate of the typical advisor. For these advisors using technology is key to enhance the client experience on the front end, and create a more efficient and scalable practice on the back end.
- A recent article in the *Chicago Tribune* reported "Younger investors, particularly those born in the early 1980s to late 1990s known as millennials, are increasingly adopting apps and what are known as robo-advisers to make their retirement decisions for them. In the last year Betterment, Wealthfront, Acorns and others have brought in several billions of dollars in assets that used to be handled by traditional brokerages or wealth advisers. In Betterment's case, the largest of the robo-advisers, the company went from $1.1 billion in assets under management at the beginning of last year to $3.5 billion this year."

All segments of the wealth management and financial investment industry are poised for continued growth with 6% a year achieving $100 trillion. The past few years have seen unprecedented venture capital and private equity investments, mergers and acquisitions, investment portfolio platform start-ups, and growth in ETFs, hedge funds, financial technology, quantitative investment software, and assets under management (AUM). Here are some market highlights:

- **Advisors:** A *Nasdaq* articlte reports thathe market for Robo- Advisor platforms used by financial advisors is projected to reach $500 billion by 2020, with only 5% of financial advisor market penetration in 2015.
- **Alternative Funds:** *Citibank* reports fund industry AUM at $3.08 trillion. *Morningstar* reports "smart -beta products" represented AUM of $510B.
- **Automated Investment Platform (Robo-Advisers):** Digital Advice Market estimated at US$10 trillion in investable assets in *Ernst & Young* report. Projected to reach $2.2 trillion AUM by 2024, according report from *A.T. Kearney*. The investment management and financial technology industries represent over $200 billion dollars in revenues

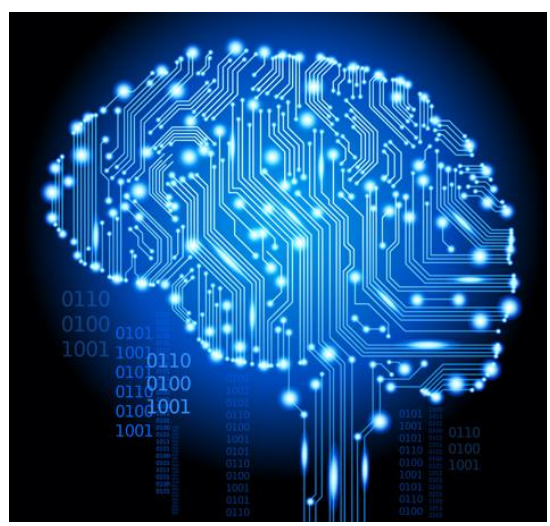
annually. Successul pioneers in automated investment services are Betterment and Wealthfront which launched in 2008. Betterment recently raised a Series E funding round of $100M based on a new $700 million valuation. The company counts $3.9 billion in AUM and 150,000 retail clients.There is already M&A activity happening in the Robo-adviser space. BlackRock, Inc. (NYSE: BLK) acquired FutureAdvisor, a leader in digital wealth management for $152 million in 2015. Learnvest, a six year old digital advice company was purchased by Northwest Mutual in 2015 for $250 million.

- **Exchange Traded Products (ETFs):** $1 in every $5 moving into ETFs is earmarked for smart beta funds. Global ETF/ETP AUM is projected to reach $15.5 trillion by 2024. The ETF instruments are widely used by the investors since their introduction about two decades ago as they enable the efficient diversification or complex trades which would otherwise be impossible to construct for most investors. The ETF market is expected to grow and currently represent about 30% of the daily retail trading in the major financial markets of United States. The ETF assets are expected to grow from $2 trillion in 2015 to $15.5 trillion by 2024.

- **FinTech:** *Goldman Sachs* estimates Fintech upstarts could steal up to $4.7 trillion from established financial services companies, or about $470 billion in profits
- **Investment Management:** Investment management and financial technology industries represent over $200 billion dollars in revenues annually in the United States.
- **Robo-Advisor:** Robo-Advisor market currently represents about $50 billion AUM and is expected to grow to $285 billion AUM by 2017, and over $2.2 trillion in AUM by 2024.
- SaaS: according to *Forbes* SaaS software revenues are forecasted to reach $106B in 2016. Fintech SaaS Vertical B2b is where CRM was 10 years ago.
- **Wealth Management:** *PWC* projects total global Wealth Management AUM will reach $100 trillion by 2020.

Quants Technological Expertise and Competitive Advantage

Quants has gained the technological expertise and competitive advantage to be successful as they enter the Digital Wealth Management market with the first software-as-a service alternative investment platform. The combination of technology, investment products, and growth strategy are built to rapidly capture a portion of the $75 Million wealth management AUM. Quants has developed a unique business model by investing more than $6.5 million and 10 years of research and testing proprietary quantitative risk modeling in US derivatives, and generated up to 74% annual returns for institutional clients in derivatives portfolios. Quants technology has been recognized and was awarded the Best Enterprise Solution at the 2015 Benzinga FinTech Awards for their revolutionary alternative investment platform.



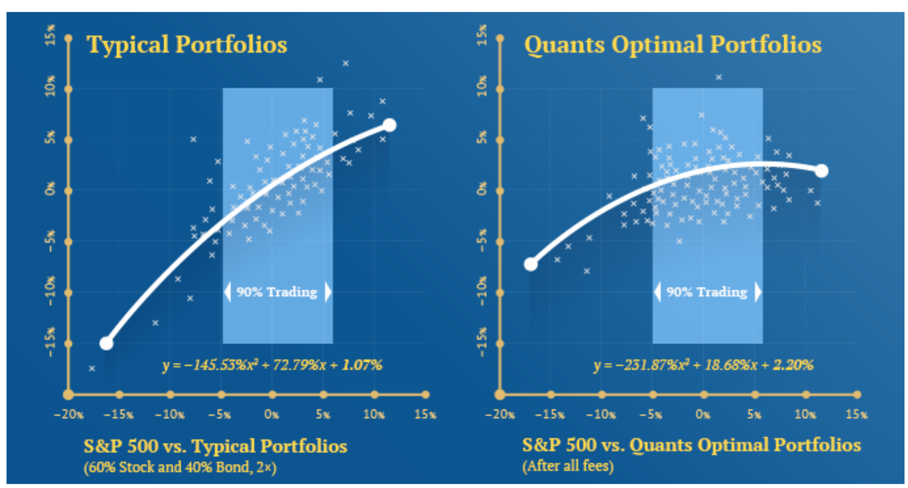
Obstacle and Barriers to Competitor Entry

Following are list of barriers to entry that exist and obstacles that prevent new competitors.

- Technological expertise and capital required to develop proprietary risk and return analysis and optimization hedging technology.
- Technological and marketing expertise and capital required to develop and market Alternative Funds.
- Technological expertise and capital required to abstract the complexities related to the derivatives trading and develop building block ETFs.
- Technological and marketing expertise and capital required to develop Exchange Traded Fund products ("ETFs") and use them as the building blocks of its diversified index.
- Technological and marketing expertise and capital required to develop, launch and operate a Software-as-a-Service alternative investment platform that will offer investors access to proprietary quantitative software that will analyze and optimize portfolios and also rebalance automatically, proprietary Smart Beta Funds, proprietary ETFs and professional marketplace for advisors and institutions and provide portfolios that will be similar to the other Robo-advisor offerings, however provide consistent and better returns while enabling greater control over the risk management.
- Technological and marketing expertise and capital required to structure risk indices used in hedge funds and apply them as building blocks as Exchange Traded Funds and then get them published by the major index publishers such as Bloomberg, CME, and FTSE and contract to the market makers and list its ETFs on American Stock Exchange ("AMEX") where most ETFs are publicly traded.

Quants Competitive Advantage

- Multiple revenue streams: Advisory fees, brokerage commissions, licensing royalties
- QuantsPlus revenue AUM model generates 5.5% fees compared to other Robo Advisors industry range that is between .15%. to .50%.
- Founder has Quantitative Analyst and computer software skills and built derivative indices since 1998.
- To gain the technology expertise and competitive advantage in wealth management, Quants has invested more than $6.5 million and 10 years of research and testing proprietary quantitative risk modeling in US derivatives, and generated up to 74% annual returns for institutional clients in derivatives portfolios.



- Quants was awarded the Best Enterprise Solution at the 2015 Benzinga FinTech Awards for their revolutionary alternative investment platform
- Invested more than $6.5 million and 10 years developing and testing the proprietary QIT™ software.
- Created derivatives only volatility arbitrage models with QIT™ that have generated up to 74% annual returns in institutional managed accounts in 2012-2013.

- Proprietary Technology – QVT™ - Quants Investment Technology, QVT™ - Quants Visualization Technology
- Patent Pending Online Investment Platform - QuantsPlus™
- QuantsPlus platform is generally for quantitative risk modeling rather than for tactical trading or market timing.
- Technology expertise and competitive advantage in wealth management.
- Quants ETFs will abstract the complexities related to the derivatives trading. Hence, the portfolio offerings with the ETFs will acquire significant new AUM through the online distribution channel. The portfolios will be also rebalanced automatically similar to the other robo-adviser offerings, however provide consistent and better returns while enabling greater control over the risk management.
- Quants will structure its risk indices used in its hedge funds into the building blocks as Exchange Traded Funds ("ETFs") in 2016. The indices will be published by the major index publishers such as Bloomberg, CME, and FTSE and Quants will contract to the market makers and list its ETFs on American Stock Exchange ("AMEX") where most ETFs are publicly traded. Quants hedge funds will create the initial liquidity or the creation units of the ETFs and continue to operate as usual.

Comparison Revenue Chart: $35,000 Deposit

	QuantsPlus™	Betterment	Charles Schwab	Vanguard	Wealthfront
SaaS-as-a-Service Subscriber					
Robo-Advisor Expense Ratio		0.25%	0.00%	NA	0.25%
Average ETF Expense Ratio		0.15%	0.23%	NA	0.14%
Robo-Advisor Annual Fee		$87.59	$0.00	NA	$50.00
Total Annual Fee		$140.51	**$78.72**	NA	$100.30

Investment Opportunity

Quants corporate structure, proven track record and experienced management team offer a unique and potentially highly-rewarding investment opportunity. Quants is projected to generate a compound annual growth rate (CAGR) of over 50% for 5 years.

Quants is seeking $5 million in growth capital from individual and institutional investors. The capital will allow the company to rapidly launch in 2016 the QuantsPlus™patent pending Software-as-a-Service alternative investment platform, structure three Exchange Traded Funds ("ETFs"), and increase the growth of assets under management in Quants' funds and will accelerate the company growth within the next 4 years with projections of $100 million annual revenue and return up to 200% in dividends to investors within 3 years.

Quants is currently offering institutional and individual investors two options to invest in the company:

- Option "A" : Equity investment in common shares of stock in current $5 million Series-A Private Placement offering:
  - 13.27% Equity for the first half of 2016
  - $5.00 per Share - $32.5 million Pre-valuation
  - Maximum offering - 1,000,000 Shares of Common Stock
  - Minimum Investment - $60,000 (12,000 Shares of Common Stock)
- **Option "B":** 10 % Convertible Promissory Notes Convertible into Shares of Common Stock, in the aggregate principal amount of up to $1,000,000
  - Minimum Investment $50,000
  - Note Consists of Quarterly Payments, Convertibility option to Purchase Shares in private offering at 25% discount of share offering price, One Warrant to Purchase an Additional Share

Investment Objectives

- Raise the $5 per share price to $150 per share
- Return up to 200% in dividends to investors within 3 years
- Generate $100 million in revenues by 2020
- Grow $32 million valuation to over $1 billion

Exit Strategies

- Target $24M EBITDA by year 2 with dividend payments of ~$3.2M to investors.
- Target $100M EBITDA by year 3 with dividend payments of ~$13.3M to investors.
- Potential capital gains through public listing or M&A with projected 30 times growth.

Use of Funds

Stage-1 in Q1’2016 - Q4’2016

- QuantsPlus™
  - Launched the development of QuantsPlus; the online Robo-adviser interface of quantitative proprietary risk and return analysis and optimization technology.
- Quants Funds
  - Fundraising for $100 million in AUM. Each fund is structured to accept one hundred investors and generate $10 million revenues in 2016.
  - The alternative liquid fund strategy will enable development of ETFs in stage-2 and provide sufficient liquidity to the company and pay dividends to the corporate investors.

Stage-2 in Q4’2016 - Q1’2017

- Launch building block indices and ETFs.
- Launch Beta-testing program of QuantsPlus platform, stimulate interest for early adopters, fine-tune operations and technology.

Stage-3 in Q1’2017 - Q4’2017

- Launch of QuantsPlus platform
- Ramp-up marketing for customer acquisition.
- Partnerships for the portfolio marketplace.

Valuation

Quants is a unique hybrid company operating in the following industries;

- Main Categories: Asset Management and Software-as-a-Service (SaaS).
- Sub-Categories: Alternative Funds, Automated Investment Platform, ETF, Fintech, Wealth Management.

As of December 2015, the valuation of the Quants shares was increased from $1.67 to $5 because of the AUM committed for the Quants Funds in US and foreign investors offshore. The company executed a 3-for-1 forward split of their stock.

The Quants valuation analysis was a combination of the Business Software & Services Industry (SaaS / Software - Data Management & Analysis) and Asset Management Industry.

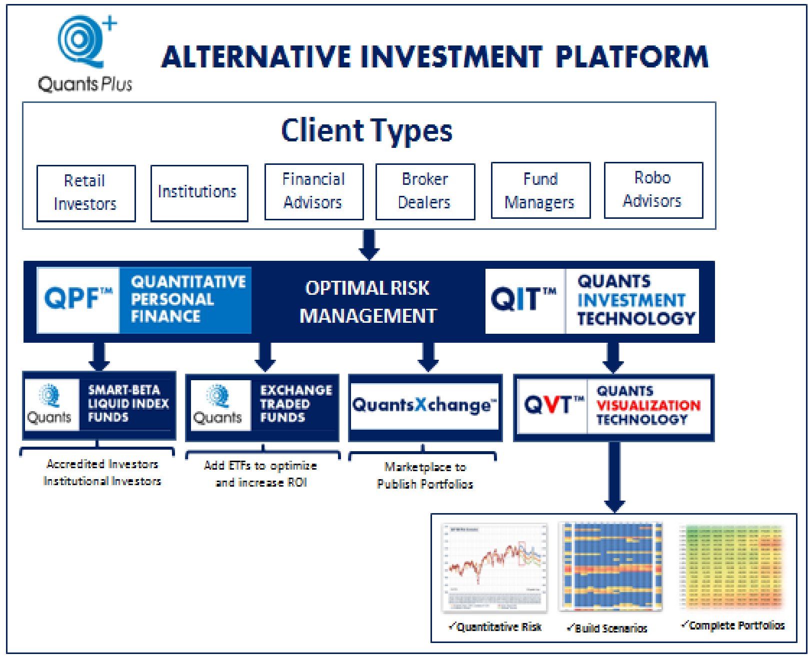
Potential valuations according to the projected earnings for 2016-2018 (in thousands);

Tax Year	Share Price	Shareholders’ Equity	Market Cap (Company Value)	P/E Ratio	Potential Return	Shareholders Ownership
2016	$ 64.09	$ 64,682,665	$ 184,874,049	10	475%	34.99%
2017	$ 231.24	$ 233,380,321	$ 722,183,350	10	1672%	32.32%
2018	$ 456.03	$ 460,244,037	$ 1,532,947,138	10	2755%	30.02%

QuantsPlus Alternative Investment Platform

QuantsPlus™ is a patent-pending Software-as-a-Service alternative investment platform offering the following:

- QuantsPlus™ for Advisors and Institutions
- QuantsPlus™ for investors
- QIT™ - Quants Investment Technology
- QPF™ - Quantitative Personal Finance
- QVT™ - Quants Visualization Technology
- QuantsXchange™ Marketplace
- Smart-Beta Exchange Traded Funds
- Alternative Smart Beta Liquid Index Funds
- Tools for financial literacy to create positive social impact



Step 1

- Build new portfolios
- Anaylze current portfolios connect with API to brokerage account

Step 2

- Risk scenarios of portfolio are generated with a collection of algorithms to generate real time Visualization Portfolio.
- Financial Big Data APIs Bloomberg, CME, and FTSE

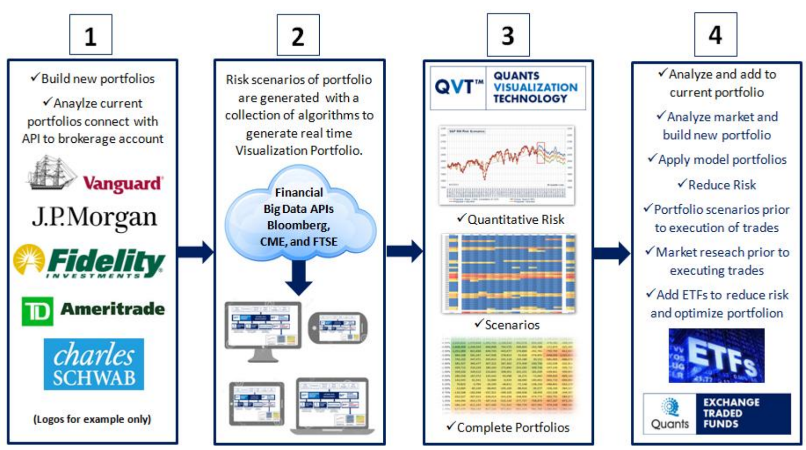
Step 3

- QVT™- Quants Visualization Technology
- Risk scenarios of portfolio are generated with a collection of algorithms to generate real time visualization portfolio.

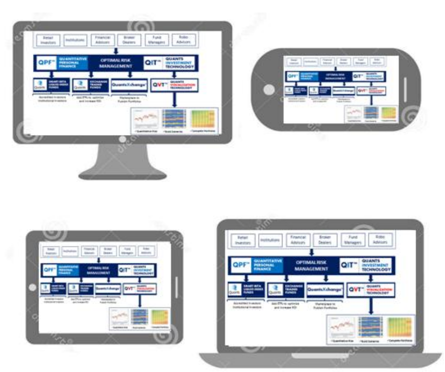
Step 4

- Analyze and add to current portfolio
- Analyze market and build new portfolio
- Apply model portfolios
- Reduce Risk
- Portfolio scenarios prior to execution of trades
- Market reseach prior to executing trades
- Add ETFs to reduce risk and optimize portfolios

4 Steps to Portfolio Optimization



Easy to Use!



First-Mover Alternative Investment Platform

- QuantsPlus™ is a turnkey digital advice platform to streamline and democratize smart-beta alternative portfolio construction and investing that simplifies risk management and return optimization with derivatives.
- The user will have a QPF™ - Quantitative Personal Finance experience that will be the future of online investing personalized according to the needs and risk tolerance of active investors, traders and institutions, such as hedge funds, pension funds and private equity funds.
- The platform automates the process of alternative investing and will analyze portfolios and determine the appropriate allocation of Quants Smart-Beta ETFs for an optimal portfolio and rebalance them automatically over time to potentially generate better risk-adjusted investment returns..
- Easy to integrate, Advisor branded embeddable widgets will help Advisors and institutional partners to accelerate alternative investment client growth, retention, and analyze and optimize portfolios ROI.

Quants Intellectual Properties Includes:

- QIT™, Quants Investment Technology, proprietary quantitative opteimal risk management technology
- QuantsPlus™, a patent-pending, Software-as-a-Service alternative investment platform
- QVT™, Quants Visualization Technology, real time portfolio analysis about the potential risk scenarios with.

QuantsPlus™ Competitive Advantage

- First patent-pending SaaS investment platform to streamline and democratize smart-beta alternative portfolio construction and investing that simplifies risk management and return optimization with derivatives.
- Access to affordable proprietary quantitative optimal risk technology that until now has only been available to investment banks and hedge funds due to the development costs and technological expertise required.
- Multiple revenue streams: Advisory fees, brokerage commissions, licensing royalties
- QuantsPlus AUM generates 5.5% fees compared to industry range.15 to .50%
- Built Risk indices that will potentially deliver two times better monthly returns without tactical trading.
- Quants ETFs will abstract the complexities related to the derivatives trading. Hence, the portfolio offerings with the ETFs will acquire significant new AUM through the online distribution channel.
- Extensive technology suite includes tools to analyze portfolios and determine the appropriate allocation of smart-beta ETFs for an optimal portfolio and rebalance them automatically over time.
- Advisor branded embeddable widgets to access QIT™ to analyze and optimize portfolios and accelerate client growth, retention, and better portfolio ROI.
- The firm will introduce new investment models in other major world markets and partner with analysts, portfolio managers, and developers in the QuantXchange™ portfolio marketplace.
- QuantsPlus modules will be embedded to other institutional partners. This market strategy will significantly grow subscribers, revenues and AUM.
- The quantitative risk views and portfolio offerings can be embedded to other institutional websites by site-licensing; hence will significantly accelerate the potential subscriptions and AUM growth in the ETFs.
- The cloud-based platform will have an open format to enable collaboration with all major broker/dealers. Quants is pursuing a patent application for its online system.

Quants Technology & Products

QIT™ - Quants Investment Technology provides real time risk and return analysis and optimization for portfolios. Quants has Invested more than $6.5 million and 10 years of research on developing and testing the QIT™ - Quants Investment Technology, a proprietary risk and return analysis and optimization technology for investing in U.S. derivatives.

The QPF™ - Quantitative Personal Finance experience will be the future of online investing personalized according to the needs and risk tolerance of active investors, traders and institutions.

Step 1 - Research and analyze new target markets, receive risk scenarios relevant to current market conditions.

Step 2 - Enter your current portfolio with a simple and safe API from your brokerage account, Visually see the current risk you are carrying, Portfolios have the risk scenarios embedded in them and the platform can indicate the imminent risk and return potential of your account.

Step 3 - Subscribers can visually evaluate the historical performance of model portfolios and customize the allocations according to their risk and return objectives.

Users will be able to have a unique experience with this first-of-its-kind portfolio risk analysis and building technology that up to now has only been available to institutional and high net worth investors. The visualization process called QVT™ (Quants Visualization Technology) allows the investors and their advisors to experience the risk and return analysis in real-time in an interactive manner. QuantsPlus™ will aggregate all details of investments from banking to brokerage accounts.

Quants Risk Indices are used in constructing smart-beta securities portfolios to potentially generate better risk-adjusted returns. Quants Risk Indices continuously measure the potential risk and return metrics of securities portfolios according to the pricing of the standardized index and sector derivatives contracts trading on the public derivatives exchanges.

Quants has three Smart-Beta Exchange Traded Funds - ETFs to simplify risk management for both institutional and retail investors. These building blocks will address the potential volatility in the investment portfolios for better risk management and optimal returns.

- **Quants Tail Risk (QTR) ETF** - hedges continuously against excessive volatility risk such as crashes.
- **Quants Trade Off (QTO) ETF** - provides trading off of the excess return in the index portfolios with call credit spreads.
- **Quants Cost Optimization (QCO) ETF** - optimizes the portfolio hedging costs with put credit spreads.

Launched in Q4'2015 the Quants domestic and offshore Alternative Smart-Beta Liquid Index Fund is built to outperform the benchmark equity indices. The smart-beta portfolio consists of the right combination of asset allocation and risk management strategies. The Quants Fund has the characteristics of an alternative liquid fund because it uses risk mitigation techniques through the use of derivatives instruments with its equity portfolios. The strategy focuses on the alternative US index investing built with the proprietary quantitative risk and return analysis and optimization technology.

The QuantsXchange™ is a portfolio marketplace for the financial service providers with the appropriate compliance at site. The professional subscribers of the platform such as the registered financial advisers, fund managers and brokers will be able to publish their own investment portfolios with the embeddable risk views and optimizations to generate exposure and new investors.

Revenue Growth Plan

Quants has developed a comprehensive strategy and growth plan to capture a share of offline and online wealth management AUM and targets to grow to about $4 billion in AUM, similar to competitors, and grow over $100 million in revenues from asset management fees, commissions and 100,000 subscribers within three years.

Quants plan to optimize revenues is built around the multiple products that can be developed with the QIT™ - Quants Investment Technology. The growth plan includes the Q4'2015 launch of the Alternative Smart Beta Liquid Index Funds and AUM capital raising marketing plan targeted at $100 million AUM by Q4'2016, development and launch of QuantsPlus™ in Q4'2016 and the development and launch of the Smart Smart-Beta Exchange Traded Funds in Q4'2016.

A successful launch of the online platform, portfolios and ETFs will allow the company to grow about 50 times from the current revenue levels over the next 5 years projecting to generate $100M in revenue by 2019. Quants plans to generate about 200% return in dividends to its investors and grow its market capitalization from currently $32 million dollars over a billion dollars within 3 years and increase share price from $5 per share to $400 per share.

The ETFs will abstract the complexities related to the derivatives trading. Hence, the portfolio offerings with the ETFs will acquire significant new AUM through the online distribution channel. The portfolios will be also rebalanced automatically similar to the other robo-adviser offerings, however provide consistent and better returns while enabling greater control over the risk management.

The ETF instruments are widely used by the investors since their introduction about two decades ago as they enable the efficient diversification or complex trades which would otherwise be impossible to construct for most investors. The ETF market is expected to grow and currently represent about 30% of the daily retail trading in the major financial markets of United States. The ETF assets are expected to grow from $2 trillion in 2015 to $15.5 trillion by 2024.

Alternative Smart Beta Liquid Index Funds

- Alternative Smart Beta Liquid Index Funds launched in Q4'2015
    - Launched in Q4'2015 the Quants domestic and offshore Alternative Smart-Beta Liquid Index Fund is built to outperform the benchmark equity indices. The Quants Fund has the characteristics of an alternative liquid fund because it uses risk mitigation techniques through the use of derivatives instruments with its equity portfolios. The funds target about 24% return with a Sharpe Ratio of 2.0 after all fees and expenses with an estimated capacity of $2 billion assets under management ("AUM").
- Quants has launched their Quants Funds domestic and offshore hedge fund products in Q4'2015 for US and foreign investors. The funds' strategy focuses on the alternative US index investing with the proprietary volatility **risk BT?** optimizations in US derivatives.
- Targeted Quants Funds AUM 2016
    - Raised $11M AUM Q1'2016,
    - Target $30M AUM Q2'2016
    - $100M by Q4'2016.
- Marketing strategy has included the engagement of two senior level investment management executives and the hiring of two investment management companies to provide the following services:
    - Hired senior level financial industry executive with experience working at JP Morgan, Bank of America EMEA and Citigroup where he undersigned major deals totaling up to USD100bn.

- Services include expanding Quants' international and US network focusing on capital growth, Quant Funds' AUM, and Institutional Relationships,
- Engaged seasoned institutional marketing professional to provide investment management services,
  - Services include helping Quants obtain GIPS (Global Investment Portfolio Standards) compliance and institutionalize Quants Funds and expand network with diverse clientele including state retirement systems, municipal pension funds, endowments, family offices, RIAs and high net worth investors including bank and UMA wealth management platforms.
- Hired business advisory and private equity firm to assist with raising AUM capital and debt financing.

The QuantsPlus™ Solution For Rapid AUM Growth

The company views the QuantsPlus™ platform as a significant channel to generate AUM because the software can be initially distributed and offered for free through advisor and institution channels with an embeddable widget and a direct to consumers on the website. Once the users experience the visual experience and optimization of increased portfolio modeling they will have the option to purchase the ETFs, portfolios or Quants Funds.

- Current Activity 2016
  - Hired top software development executive with Fortune 500 and Startup experience that has created a lean business model to push startups for more innovation, and has built and profitably exited two companies.

Milestones and Traction

- **Awards**
  - Quants was Awarded Best Enterprise Solution at Benzinga FinTech Awards in 2015.
  - Quants was Awarded first runner up at the Los Angeles Funding Post Los Startup pitch competition.
- **Branding**
  - Acquired Quants.com URL, designed and launched new Corporate Website.
  - Developed product and technology names and logos.
- **Corporate Finance**
  - Engaged Greg McAndrews to assist with Corporate Finance strategy and documentation. develop corporate finance strategy Greg has been financial public relations counselor to more than 250 public and private companies. He has personally created more than 300 annual reports; established dozens of investor relations programs and successfully set up strategic plans for raising $2.17 billion in 234 securities engagements.
  - Hired business advisory and private equity firm to assist with debt financing.
  - Hired iCFO Capital to assist with raising equity and debt capital and to expand our network with a wide range of accredited Investors such as high net-worth Individuals, VC firms, private equity funds, non-profit foundations, and top investment entities such as Morgan Stanley, Oppenheimer & Company, Silicon Valley Bank, Oracle Capital. Quants has presented at the iCFO Investment Conferences and successfully raised capital through these events.
- **Derivatives**
  - **Developing for over 10 years**
- Quants has experience trading over $500 million in Quants-driven derivatives on the Chicago Mercantile Exchange, increasing institutional AUM of $5 million to $17 million within 18 months generating a 74% annual return
- **Development**
  - Investment Products

- Developed derivatives only volatility arbitrage models that have generated up to 74% annual returns in its intuitional managed accounts in 2012-2013.
- Quants Alternative Smart-Beta Liquid Index Funds - Developed and launched domestic and offshore Smart Beta Funds in Q4' 2015
- Quants ETFs – Started development to initially introduce three Exchange Traded Fund products ("ETFs") in 2016 and use them as the building blocks of its diversified index investments with risk management in derivatives. Over the next three years, Quants plans to launch 18 additional smart-beta building block ETFs to the market.

- Investment Platform
  - QuantsPlus Started development of SaaS (software-as-Service) online investment platform to distribute the QIT™ Software and investment products.
- Technology
  - The company has invested over $6.5 millon and 10 year of research developing the proprietary quantitative risk management software,

- **Events**
  - Attended 50 technology and marketing events and conferences developing new business partners and investors over the past 14 months.
  - Attended ALTSLA and Smart Beta Alternative Investment Conferences.
- **Financing**
  - Quants closed on $5 million line of credit with TCA Global Master Credit Fund in Q1'2016. The TCA Fund is one of the first alternative funds focused solely on short-term, senior-secured debt transactions and associated advisory services, primarily for listed SME's website
  - Quants raised $1.35 million new debt in 2015 and paid back $400k.
- **Marketing**
  - Developed and designed revised business plan.
  - Designed and launched new Corporate Website at www.quants.com .
- **QuantsPlus™**
  - Hired top software development executive with Fortune 500 and Startup experience that has created a lean business model to push startups for more innovation, and has built and profitably exited two companies.
- **Quants Funds AUM Growth Strategies**
  - Hired senior level financial industry executive , with experience working at JP Morgan, Bank of America EMEA and Citigroup where he undersigned major deals totaling up to USD100bn, to expand Quants' international and US network focusing on capital growth, Quant Funds' AUM, and Institutional Relationships,
  - Engaged seasoned institutional marketing professional to provide investment management services, obtain GIPS (Global Investment Portfolio Standards) compliance and institutionalize Quants Funds and expand network with diverse clientele including state retirement systems, municipal pension funds, endowments, family offices, RIAs and high net worth investors including bank and UMA wealth management platforms.
  - Hired investment management company Belmont Acquisitions to raised Quants Funds AUM.
  - Portfolio sales in Europe and Middle East. New introductions in US.
  - Collaborated with wealth management firms to increase Quants Funds' AUM.
- **Customer Acquisition – Advisors, Institutions, Individual Investors**

- Hired senior corporate finance and marketing executive with 35 years of experience in Fortune 1000 and startup business development, financial services lead generation and multi-channel online and offline investor lead generation.
- Engaged Senior Level Corporate Communications with experience with Fortune 500 and startup experience to develop public relations strategy, media distribution and speaking engagements.

ETF | FINTECH | FUNDS | ROBO ADVISOR | SaaS | WEALTH MANAGEMENT

Market Analysis

Quants Corporation is a Wealth Management and investment software firm that operates in the business software and services and asset management industries. Quants has investment products and service offerings for the pension funds, mutual funds, alternative funds, and private equity funds.

Industry Category: Asset Management and Software-as-a-Service (SaaS). Sub-Category: Alternative Funds, Automated Investment Platform, ETF, Fintech, Wealth Management.

Quants business model covers the following markets;

- Advisors
- Alternative Investment Funds
- Automated Investment Platform (Robo-Advisers)
- Digital Wealth Management
- Exchange Traded Products (ETFs)
- Fintech
- SaaS
- Wealth Management
- The $75 Trillion Market:

Global wealth management represents over $75 trillion assets under management (AUM) and is expected to exceed $100 trillion by 2020 with nearly 50 percent residing in North America. All segments of the wealth management and financial investment industry are poised for continued growth. The past few years have seen unprecedented venture capital and private equity investments, mergers and acquisitions, investment portfolio platform start-ups, and growth in ETFs, hedge funds, financial technology, quantitative investment software, and assets under management (AUM).

- The US$10 Trillion Digital Wealth Management Market:

In the United States the current opportunity for digital investment advice is estimated to be above US$10 trillion in investable assets and 45 million investors, if we combine mass affluent, mass market and tech-savvy millennial and baby boomers, according to a report by the Wealth & Asset Management Practice of Ernst & Young Advisory, LLP.

Advisors

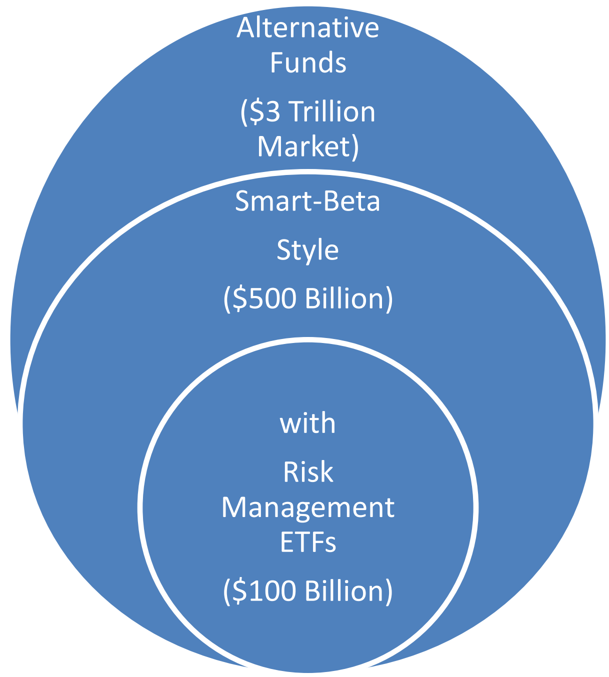
The 2015 Advisor Authority Study, conducted by Jefferson National and Harris Poll, found that advisors who managed the most assets and who earned the most personal income are the most tech-obsessed. They are far more likely to leverage robos, spend more on technology overall, and adopt technology into their practice at twice the rate of the typical advisor. For these advisors using technology is key to enhance the client experience on the front end, and create a more efficient and scalable practice on the back end.

Three Segments of Successful Advisor

The High Earning Advisor:	Most High Earning Advisors are marketing innovators and forward-thinkers regarding technology and robo-advisors
The Advisor with High AUM:	Those who individually manage a total AUM of $250 million or more. Advisors with High AUM are also more tech savvy than the typical advisor.
The Tech Innovator:	Those advisors who will integrate new technology in the next 12 months, use 7+ software applications, have a strategy to enhance integration/consolidation of tech and software and spend over $50,000 annually on technology

Alternative Fund Market

Quants generates revenues from the AUM based management and performance fees.



Quants Fund has the characteristics of an alternative liquid fund because it uses risk mitigation techniques through the use of derivatives instruments with its equity portfolios.

Alternative and hedge fund capital rose to $2.90 trillion globally in Q4'15, an increase of $22.8 billion over the prior quarter. The performance asset gain offset a small investor net capital outflow of $1.52 billion in Q4'15, the first quarterly net outflow since Q4'11. The assets are expected grow by quarter of a trillion by summer of 2016.

– *Citibank* reports total hedge fund industry AUM now stands at $3.08 trillion, and *PWC* projects total global Wealth Management AUM will reach $100 trillion by 2020.
– *Morningstar* reports "smart beta products" represented $510 billion in assets in 2015 and there were more than 450 U.S.-listed smart beta products representing approximately $510 billion in assets.

Automated Investment Platform (Robo-Advisers)

The Digital Wealth Management market is driven by innovative software engineers and finance academics, these companies are registered investment advisors (RIAs) seeking to provide simplified financial solutions through sophisticated online platforms, eliminating or reducing the need for face-to-face interaction. Robo-advisers are comprised of Advisor-assisted

online platforms and fully automated online investment platforms, and use algorithms to determine asset allocations and provide automated rebalancing for investors.

The rise of robo-advice is shaking up the global wealth management sector with AUM (Assets Under Management) of $75 trillion. The prospect of low-cost, automated, on-demand capabilities are transforming service models and client expectations. As robo-advisors gain a greater industry foothold, their low cost, technology-rich offering is expected to put increasing pressure on conventional wealth managers' fees and service capabilities.

Robo-advisers offer Financial Advisors an opportunity to connect with millennial investors for customer acquisition and retention of current clients. The market currently represents about $50 billion AUM and is expected to grow to $285 billion by 2017, according to research firm **Tiburon** Strategic Advisors. It is projected to surge to over $2.2 trillion in assets by 2024, according to a recent research report from A.T. Kearney.

Over the past year, the top three independent robo advisors by AUM — Betterment, Wealthfront and Personal Capital — more than doubled their combined assets from roughly $3.8 billion at the end of 2014, to roughly $7.9 billion at the end of 2015. An impressive growth rate for a business model predicated on building a broad base of clients with relatively low balance accounts. Interestingly, the 2015 Advisor Authority Study found that advisors who use robo-advice are employing the tools for older, wealthier clients — contrary to popular belief.

Top Robo-adviser platforms by AUM are shown in the following table;

Advisor	2016 YTD	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	Accounts	Min. to Open	Valuation
Vanguard Personal Advisor	NA	$31B	$26B	21B	$17B	N/A	NA		NA
Schwab Intelligent	NA	5.3B	4.1B	3B	.8B	N/A	N/A	$5,000	N/A
Betterment (robo)	4.0 B	3.3B	2.6B	2.3B	1.7B	1.1B	115,000	$0	$700M
Wealthfront (robo)	3B	2.8B	2.8B	2.4B	2.1B	1.7B	43,000	$500	$500M
Personal Capital (hybrid)	2B	1.8B	1.5	1.4	1.2B	.98B	850,000	$0	N/A
FutureAdvisor (hybrid)	NA	$600M	NA	NA	NA	NA	320,000	$10,000	N/A

Robo-adviser News

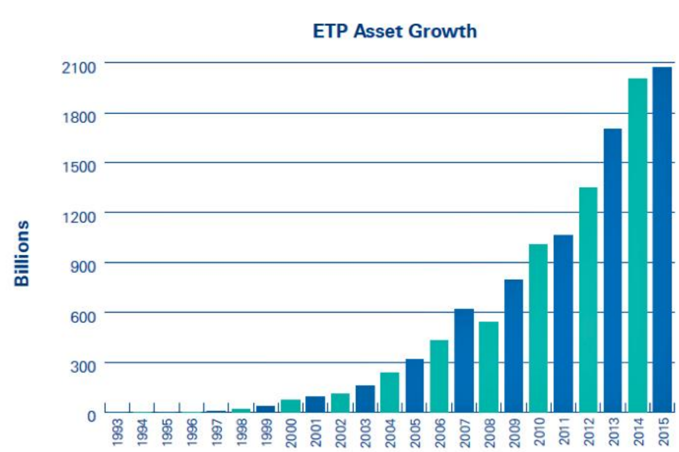
The market for robo platforms used by advisors could reach close to $500 billion by 2020, according to a report by Cerulli Associates. And the prospects are plentiful: only 5% of advisors have made the decision to launch a digital advisor service, according to an Aite survey taken last fall.

- BlackRock made its $152 million deal for the Silicon Valley-based startup last August. Since then, its robo client roster has expanded. In February, RBC Wealth Management partnered with BlackRock to add robo tools for its 1,900 advisors. In early January, BlackRock and FutureAdvisor inked a deal to provide digital advice capabilities to BBVA Compass.

- *Investment News* reported that Ally Financial, an online financial services firm for automotive financing, banking and insurance, has acquired TradeKing Group, a brokerage and direct-to-consumer robo-adviser, for approximately $275 million, TradeKing Group has $4.5 billion in client assets, including approximately $1.1 billion of cash and cash investments and 260,000 funded accounts.
- *Forbes* reported that *Goldman Sachs* has made a move into the fast-growing world of “robo” investment, buying Honest Dollar
- Robo-advisor” automated investment platforms managing $50 billion in assets will grow 68% annually and attract $2.2 trillion AUM by 2020, reports *A.T. Kearney.*
- *Betterment* recently raised a Series E funding round of $100M based on a new $700 million valuation in 2016. The company counts $4.0 billion in AUM and 150,000 retail clients, and operates three business lines: retail, Betterment for Business for 401(k) plans and Betterment Institutional.
- *Vanguard*, the biggest U.S. mutual fund company, and brokerage *Charles Schwab* started automated investment platforms in 2015.
- *Fidelity Investments* announced in November 2015 that they are building an automated portfolio management service called *Fidelity Go*, for individual investors, joining a growing group of money and brokers that have bought or designed such Robo-advisors.
- *BlackRock, Inc*. (NYSE: BLK) acquired FutureAdvisor, a leader in digital wealth management for $152 million in 2015. FutureAdvisor will operate as a business within BlackRock Solutions (BRS), the firm’s world-class investment and risk management platform.
- *LearnVest* a six-year-old company was acquired by Northwestern Mutual for $250 million.
- *Blackrock* (NYSE: BLK) acquired *Future Advisor*, a digital advice wealth management advisory firm for $150 million in August, 2015.
- *LearnVest* financial advisory firm was acquired by *Northwestern Mutual* (NYSE: NEW) for $250 million in 2015.
- *Vanguard’s* (NYSE: AVD) *Personal Advisor Services* “hybrid robo” advisory added $4 billion in a recent three-month period, totaling $31 billion AUM.
- *Charles Schwab Corp's* (NYSE: SCHW) *Schwab Intelligent Portfolios* automated investment service grew some 29% percent to $5.3 billion by the end of 2015.
- *Personal Capital* reports some 900,000 customers now use its hybrid robo-advisory platform to track some $200 billion in personal finance investment portfolios.

Exchange Traded Funds (“ETFs”):

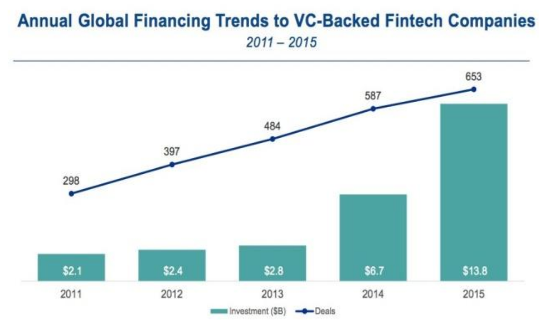
Quants analyzed the effectiveness of developing its own ETF products and how these can be an essential in order to distribute the portfolio solutions efficiently on its online platform.



Smart beta strategies have garnered a lot of attention both in the media and with investors. Approximately $1 in every $5 moving into ETFs is earmarked for smart beta funds. Designed to provide market exposure based on non-price-weighted factors these strategies have been touted to provide risk-adjusted returns in excess of traditional market-cap weighted indexes.

An ETF is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as a stock index or bond index. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features. By 2013, ETFs were the most popular type of exchange-traded product.

The ETF market started in the late 1990s. Assets Under Management (AUM) in ETFs and other exchange traded products (ETPs) grew to more than $1 trillion in 2011 and jumped to more than $2 trillion in 2015. Global ETF/ETP AUM is projected to reach $15.5 trillion by 2024 and will likely be a key contender for marketplace supremacy alongside the reigning champ, mutual funds.



Source: The Pulse of Fintech, 2015 in Review, Global Analysis of Fintech Venture Funding, KPMG International and CB Insights (data provided by CB Insights) March 9th, 2016.

"ETFs are creating dynamic and innovative investment strategies," noted Sean McKee, KPMG's National Practice Leader for Public Investment Management. "And 'actively managed' ETFs represent the next generation of innovation."

With actively managed ETFs, rather than simply assembling a portfolio of indexes on which to base an ETF, managers of these types of ETFs may continually change the underlying index or portfolio allocations, like managers of mutual funds. What's more, investors have a wide variety of choices; they can purchase ETFs holding currencies, commodities, frontier markets, sectors, countries, leveraged vehicles, bank notes, and more.

ETF News

– According to *CNBC*, exchange-traded funds (ETFs) have evolved into a $2 trillion industry segment that everyone is talking about.

Fintech

Investment in financial technology companies around the world rocketed by 106% last year to $13.8 billion according to a new report from KPMG and CB Insights. The global FinTech investment market is forecast to grow at a CAGR of 54.83% during the period 2016-2020. Based on its sustained growth over the past year, the Fintech industry could experience e ven greater growth moving into the coming year. Financial technology targets a number of areas within the financial industry, including payments and wealth management.

Related Fintech News

– *Capital One* joining the growing legions of both Fintech startups and traditional financial firms that see the value in providing automated services as a feature for consumers.
– *Goldman Sachs* estimates financial technology upstarts could steal up to $4.7 trillion from established financial services companies, or about $470 billion in profits.
– *Statista.com* reports U.S. financial technology investments were $3.97 billion in 2014 and are projected to reach $8 billion by 2018.

SaaS News

- Global SaaS software revenues are forecasted to reach $106B in 2016, according to *Forbes.*
- *International Data Corporation (IDC)* is the premier global provider of market intelligence expects cloud software will grow to surpass $112.8 billion by 2019 at a compound annual growth rate (CAGR) of 18.3%. SaaS delivery will significantly outpace traditional software product delivery, growing nearly five times faster than the traditional software market and becoming a significant growth driver to all functional software markets. By 2019, the cloud software model will account for $1 of every $4.59 spent on software.

Growth Strategy Research

- Article from PwC - Why institutionalizing hedge funds creates value for owners and investors
  PricewaterhouseCoopers is a multinational professional services network headquartered in London, United Kingdom. It is the largest professional services firm in the world, and is one of the Big Four auditors, along with Deloitte, EY and KPMG
- Benefits of becoming GIPS Compliant (Global Investment Portfolio Standards) GIPS website
  Benefits of Third-party verification brings additional credibility to your firm's claim of compliance and supports the overall guiding principles of the GIPS standards: fair representation and full disclosure of a firm's investment performance.

Financial Terms and Definitions

Absolute Return	Exchange Traded Funds (ETF)	Liquidity	Registered Investment Advisor
Absolute Return Managers	FinTech	Over-the-counter (OTC)	Risk Management
Alternative Investments	Hedge Fund	Portfolio	Risk Profile
Asset	Hedge Fund Manager	Portfolio Construction	Risk Tolerance
Asset Management	Index or Indices	Profit	Robo-Advisors
Benchmark	Investment Vehicle	Quant	Security
Beta	Market Index	Quantitative Analysts	SaaS
Derivatives	Investing	Quantitative Developer	Sharpe
Digital Wealth Management	Investment Manager	Quants Index	Smart beta
Exchange	Investment Objective	Quants Indices	Volatility

Absolute Return

- The absolute return or simply return is a measure of the gain or loss on an investment portfolio expressed as a percentage of invested capital. The adjective absolute is used to stress the distinction with the relative return measures often used by long-only stock funds that are not allowed to take part in short selling.
- The hedge fund business is defined by absolute returns. Unlike traditional asset managers, who try to track and outperform a benchmark (a reference index such as the Dow Jones and S&P 500), hedge fund managers employ different strategies in order to produce a positive return regardless of the direction and the fluctuations of capital markets.
- This is one reason why hedge funds are referred to as alternative investment vehicles

Absolute Return Managers

Absolute return managers tend to be characterized by their use of short selling, leverage and high turnover in their portfolios.

Alpha

Alpha is used in finance to represent two things:

- A measure of performance on a risk-adjusted basis. Alpha, often considered the active return on an investment, gauges the performance of an investment against a market index used as a benchmark, since they are often considered to represent the market's movement as a whole. The excess returns of a fund relative to the return of a benchmark index is the fund's alpha.
- Alpha is most often used for mutual funds and other similar investment types. It is often represented as a single number (like 3 or -5), but this refers to a percentage measuring how the portfolio or fund performed compared to the benchmark index (i.e. 3% better or 5% worse).
- Alpha is often used with beta, which measures volatility or risk, and is also often referred to as "excess return" or "abnormal rate of return."

Alternative Investments

Alternative investments include hedge funds, managed futures, real estate, commodities and derivatives contracts. Most alternative investment assets are held by institutional investors or accredited, high-net-worth individuals because of their complex nature, limited regulations and relative lack of liquidity.

Asset

An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit. Assets are bought to increase the value of a firm or benefit the firm's operations.

Asset Management

Asset management is a systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. The term is most commonly used in the financial world to describe people and companies that manage investments on behalf of others.

Benchmark

A benchmark is a standard against which the performance of a security, mutual fund or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Beta

Beta measures volatility or risk, and is also often referred to as "excess return" or "abnormal rate of return." Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns.

Derivatives

- Derivatives are purchased on a public exchange Standardized on the public exchange CBOE and CME
- A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes.
- Derivatives either be traded over-the-counter (OTC) or on an exchange. OTC derivatives constitute the greater proportion of derivatives in existence and are unregulated, whereas derivatives traded on exchanges are standardized. OTC derivatives generally have greater risk for the counterparty than do standardized derivatives.

Digital Wealth Management

The Digital Wealth Management market is driven by innovative software engineers and finance academics, these companies are registered investment advisors (RIAs) seeking to provide simplified financial solutions through sophisticated online platforms, eliminating or reducing the need for face-to-face interaction. Robo-advisers are comprised of Advisor-assisted online platforms and fully automated online investment platforms, and use algorithms to determine asset allocations and provide automated rebalancing for investors.

Exchange

- An exchange is a marketplace in which securities, commodities, derivatives and other financial instruments are traded. The core function of an exchange - such as a stock exchange - is to ensure fair and orderly trading, as well as efficient dissemination of price information for any securities trading on that exchange. Exchanges give companies, governments and other groups a platform to sell securities to the investing public.
- An exchange may be a physical location where traders meet to conduct business or an electronic platform.

Exchange Traded Funds (ETF)
An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares, making them an attractive alternative for individual investors.
which measures volatility or risk, and is also often referred to as "excess return" or "abnormal rate of return."

FinTech
Financial technology, also known as **FinTech**, is an economic industry composed of companies that use technology to make financial services more efficient. Financial technology companies are generally startups founded with the purpose of disrupting incumbent financial systems and corporations that rely less on software.

Hedge Fund
Hedge funds are alternative investments using pooled funds that may use a number of different strategies in order to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark)

Hedge Fund Manager
Unlike traditional asset managers, who try to track and outperform a benchmark (a reference index such as the Dow Jones and S&P 500), hedge fund managers employ different strategies in order to produce a positive return regardless of the direction and the fluctuations of capital markets. This is one reason why hedge funds are referred to as alternative investment vehicles

Index or Indices
An index, when used with respect to financial markets, is a statistical measure of change in a securities market. Indexes, or **indices** (both are correct in American English), are imaginary portfolios of securities (usually stocks) representing a particular market or a portion of it.

Investment Vehicle
An investment vehicle is a product used by investors with the intention of having positive returns. Investment vehicles can be low-risk, such as certificates of deposit (CDs) or bonds, or can carry a greater degree of risk such as with stocks, options and futures. Other types of investment vehicles
include annuities, collectibles (art or coins, for example), mutual funds and exchange-traded funds (ETFs).

Market Index
A market index is an aggregate value produced by combining several stocks or other investment vehicles together and expressing their total values against a base value from a specific date. Market indexes are intended to represent an entire stock market and thus track the market's changes over time. Index values are useful for investors to track changes in market values over long periods of time. For example, the widely used Standard and Poor's 500 Index is computed by combining 500 large-cap U.S. stocks together into one index value. Investors can track changes in the index's value over time and use it as a benchmark against which to compare their own

Investing
Investing is the act of committing money or capital to an endeavor (a business, project, real estate, etc.) with the expectation of obtaining an additional income or profit.

Investing also can include the amount of time you put into the study of a prospective company, especially since time is money.

Investment Manager

An investment manager is a person or organization that makes investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients. An investment manager may be responsible for all activities associated with the management of client portfolios, from buying and selling securities on a day-to-day basis to portfolio monitoring, settlement of transactions, performance measurement, and regulatory and client reporting.

Investment Objective

An investment objective is a client information form used by registered investment advisors and other asset managers that aids in determining the optimal portfolio mix for the client. An investment objective survey may come in the form of a questionnaire, where the investor will be asked things such as:

- Current liquid and net worth
- Risk aversion
- Investing time horizon
- Income levels
- Expense levels
- Planned giving and/or charitable contributions
- Restrictions on security selection

Liquidity

Liquidity describes the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

- Market liquidity refers to the extent to which a market, such as a country's stock market or a city's real estate market, allows assets to be bought and sold at stable prices. Cash is the most liquid asset, while real estate, fine art and collectibles are all relatively illiquid.
- Accounting liquidity measures the ease with which an individual or company can meet their financial obligations with the liquid assets available to them. There are several ratios that express accounting liquidity.

Over-the-counter (OTC)

Over-the-counter (OTC) is a security traded in some context other than on a formal exchange such as the NYSE, TSX, AMEX, etc. The phrase "over-the-counter" can be used to refer to stocks that trade via a dealer network as opposed to on a centralized exchange. It also refers to debt securities and other financial instruments such as derivatives, which are traded through a dealer network.

Portfolio

A portfolio is a grouping of financial assets such as stocks, bonds and cash equivalents, as well as their mutual, exchange-traded and closed-fund counterparts. Portfolios are held directly by investors and/or managed by financial professionals.

Portfolio Construction

Portfolio construction is a disciplined, personalized process. In constructing a portfolio, the individual risk and return characteristics of the underlying investments must be considered along with your unique needs, goals and risk considerations.

Profit

Profit is a financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity. Any profit that is gained goes to the business's owners, who may or may not decide to spend it on the business.

Quants

Quantitative Portfolio Managers utilize analytical and statistical financial models to analyze the securities markets in efforts to find consistently profitable arbitrage trading opportunities. The portfolio models developed by Quants are statistical risk models and they are algorithmically traded. They do not depend upon market timing instincts of individuals.

Quantitative Analysts

Quantitative Analysts develop analytical and statistical financial models to analyze the securities markets.

A quantitative analyst or, in financial jargon, a quant is a person who specializes in the application of mathematical and statistical methods – such as numerical or quantitative techniques – to financial and risk management problems.

Quantitative Developer

Quantitative developers are computer specialists that assist, implement and maintain the quantitative models. They tend to be highly specialized language technicians that bridge the gap between software developer and quantitative analysts.

Quants Index

- Quants Index consists of multiple traditional stock, bond and commodity assets and the hedging of these assets with derivatives to yield the same optimal return within their 90% of trading range as a combined portfolio.
- The securities composition of the allocations consists of the large cap stocks, US government bonds and broad commodities. The portfolio is rebalanced on a monthly basis. The volatility optimizations use Quants Risk Indices to achieve the appropriate risk and return tradeoffs and rebalanced on a weekly basis.

Quants Indices

- Quants actively develops securities and risk indices. Quants Securities Indices are portfolios of securities representing a particular market or a portion of it. Quants has built Risk Indices with the proprietary quantitative risk and return analysis and optimization technology in US Derivatives.
- Quants Risk Indices are used in constructing smart-beta securities portfolios to potentially generate better risk-adjusted returns. Quants Risk Indices continuously measure the potential risk and return metrics of securities portfolios according to the pricing of the standardized index and sector derivatives contracts trading on the public derivatives exchanges.
- Derivatives like futures and options contracts can help the investors protect their investment goals, even if prices of securities move in the wrong direction. The standardized derivatives contracts are listed on the derivatives exchanges such as CME (Chicago Mercantile Exchange), CBOE (Chicago Board Options Exchange), CBOT (Chicago Board of Trade), and CFE (Chicago Futures Exchange).

Registered Investment Advisor

A Registered Investment Advisor (RIA) is an advisor or firm engaged in the investment advisory business and registered either with the Securities and Exchange Commission (SEC) or state securities authorities.

Risk Management

Risk management is the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance. Inadequate risk management can result in severe consequences for companies as well as individuals. For example, the recession that began in 2008 was largely caused by the loose credit risk management of financial firms.

Risk Profile

A risk profile is an evaluation of an individual or organization's willingness to take risks, as well as the threats to which an organization is exposed. A risk profile identifies:

1. The acceptable level of risk an individual or corporation is prepared to accept. A corporation's risk profile attempts to determine how the corporation's willingness to take risk (or aversion to risk) will affect its overall decision-making strategy.

2. The risks and threats faced by an organization. The risk profile may include the probability of resulting negative effects, and an outline of the potential costs and level of disruption for each risk.

Risk Tolerance

Risk tolerance is the degree of variability in investment returns that an individual is willing to withstand. Risk tolerance is an important component in investing. An individual should have a realistic understanding of his or her ability and willingness to stomach large swings in the value of his or her investments. Investors who take on too much risk may panic and sell at the wrong time.

Robo-Advisors

After a person inputs their age, risk preferences, financial information, and other related data, the software spits out a recommended portfolio allocation. Generally, robo advisors use broadly diversified ETFs that own U.S stocks (NYSEARCA:SCHB), international stocks (NYSEARCA:VEA), emerging market stocks (NYSEARCA:VWO), and bonds (NYSEARCA:BND) as portfolio building blocks. While there may be slight variations between the portfolios recommended by different robo advisors, all of them use algorithms based around Modern Portfolio Theory or some hybrid version of it.

Security

Security is a financial instrument that represents an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

SaaS

Software as a Service (SaaS) is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet.

Sharpe

The Sharpe Ratio is a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations. It was developed by Nobel laureate William F. Sharpe. The Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

Smart beta

Smart beta defines a set of investment strategies that emphasize the use of alternative index construction rules to traditional market capitalization based indices. Smart beta emphasizes capturing investment factors or market inefficiencies in a rules-based and transparent way.

Smart beta defines a set of investment strategies that emphasize the use of alternative index construction rules to traditional market capitalization based indices. Smart beta emphasizes capturing investment factors or market inefficiencies in a rules-based and transparent way. The increased popularity of smart beta is linked to a desire for portfolio risk management and diversification along factor dimensions as well as seeking to enhance risk-adjusted returns above cap-weighted indices.

Volatility

Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.