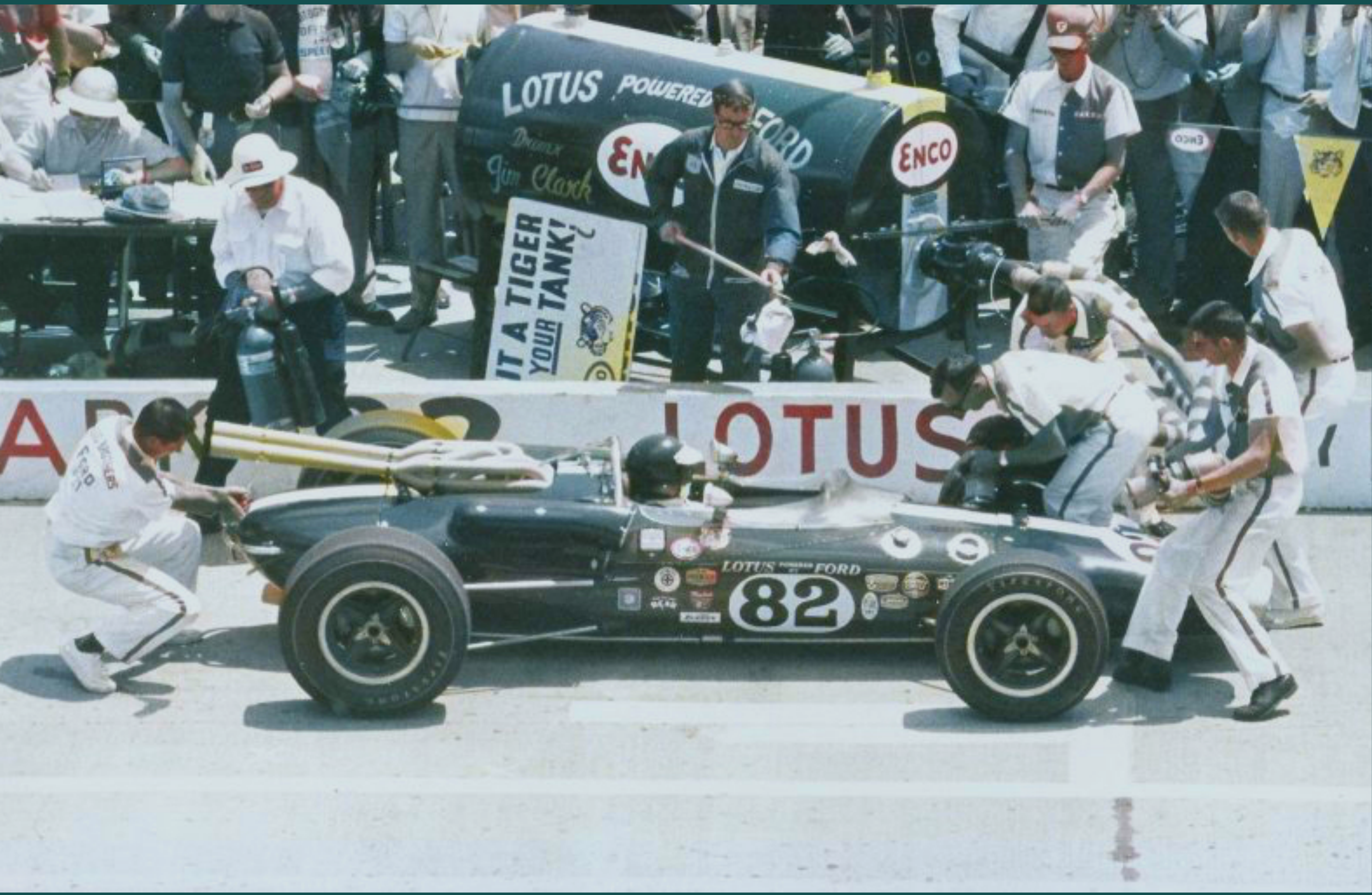
QUANTS COMPETE

Investment Advisory and Portfolio Solutions



A crew to make
you look good...

Real Good.

The Quantitative Advantage
Equities, Fixed Income & Derivatives
2025 Edition: Rev. A

Our Services…

Quants Compete offers active management for the following account types:

401K | IRA | Roth | Individual

Ask us how we can help you…

- Roll-over a 401K from a previous employer
- Create an IRA or Roth IRA
- Setup an individual (cash) account
- Manage your businesses' cash & cash equivalents (CCE)

Active Management & Hedging

Many advisors only have one tool in their toolbox: **Portfolio Rebalancing.** This is a strategy that adjusts the weightings of a portfolio in order to maintain a desired level of risk and return. While it's a valid strategy, many advisors choose it to avoid managing client accounts beyond an occasional checkup! To us, this is unacceptably passive.

Example: If a portfolio was initially constructed with 60% in equities and 40% in bonds but due to market movements, the equities now constitute 70% of the portfolio, rebalancing would involve selling some equities or buying more bonds to return to the intended 60/40 allocation.

By contrast, our Firm engages in **active management** and **hedging**. The goal of hedging is to reduce the risk of a position while also generating some returns; and we prefer to monitor your portfolio daily, whether we place a trade for you on that day or not.

Example: If a portfolio contains shares of stock that rise in value, the stock may represent a greater percentage of the overall portfolio than initially intended. Rather than rebalance the portfolio (by selling some of the stock), our Firm may instead opt to write a covered call. In addition to providing some downside protection, the collected premium can be used to rebalance the portfolio.

Our Firm's Advisory Fee is a competitive 0.95% (annualized), based on the assets under management, billed monthly in arrears. See Form CRS for details.

Setting a Winning Pace…

John C. Bogle, founder of *Vanguard Group* and author of “**Common Sense Investing**” contends that the majority of actively managed funds fail to outperform the market due to high fees, trading costs, and human error.

We face these challenges head on, offering you a competitive advisory fee, a buy & hold approach and a reliance on quantitative analysis.

1.

Competitive Fees

High management fees and frequent trading erodes returns. We combat this by offering clients a competitive fee structure.

2.

Long Time Horizon

Rather than chasing short-term gains, we prefer to hold portfolio investments for longer. This helps us capitalize on compounding returns.

3.

Staying Disciplined

Emotions like fear and greed can derail an investment strategy. Ergo, we rely on quantitative analysis to make our investment decisions.

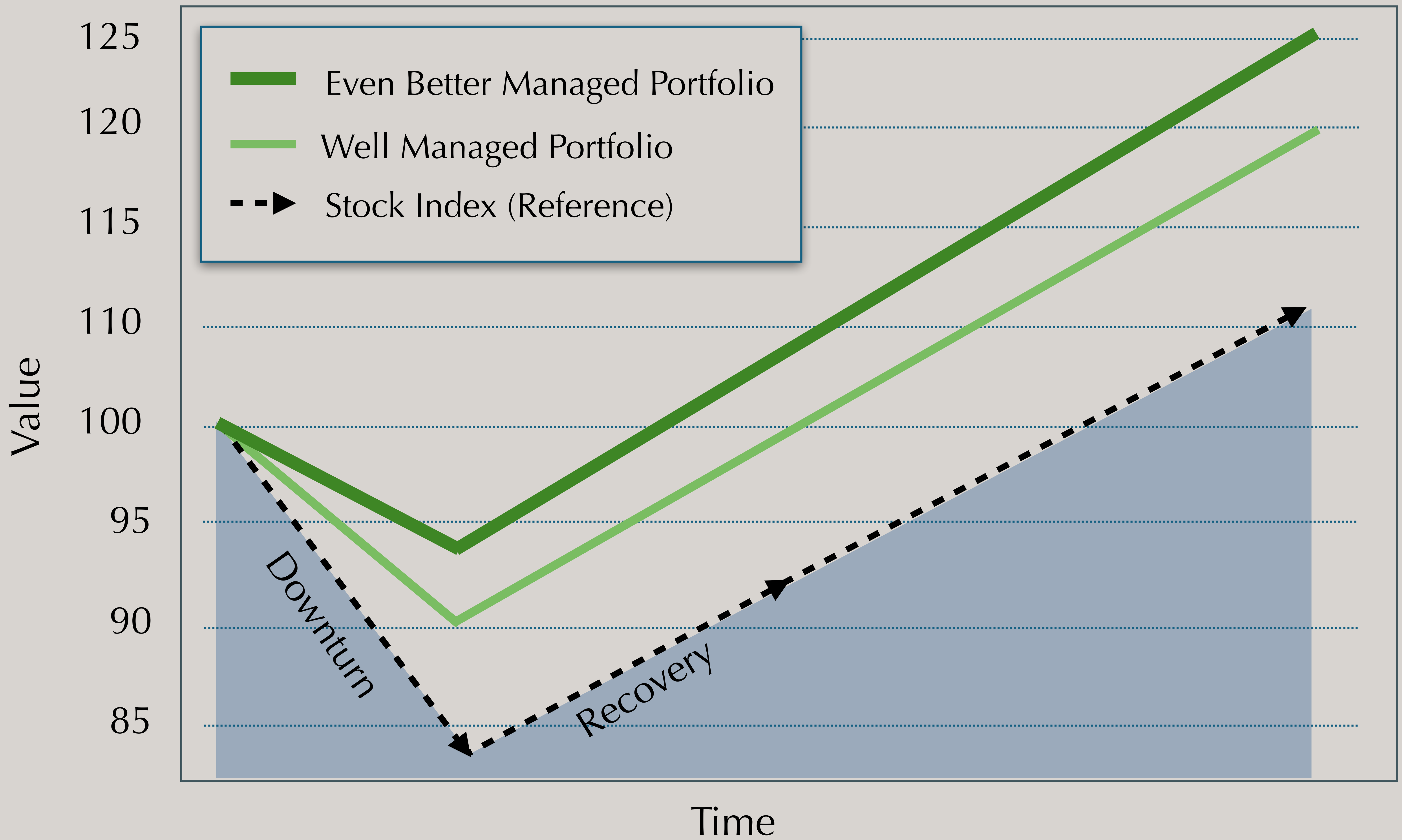
Past performance is not indicative of future results. The figures, projections, and performance metrics presented in this document are for informational purposes only and do not guarantee future performance or investment outcomes. All investments involve risk, including the possible loss of principal, and there is no assurance that any investment strategy will achieve its objectives. Prospective clients are encouraged to carefully review all materials and consult with their financial, tax, and legal advisors before making any investment decisions.

Preservation of Compound Annual Growth Rate (CAGR)…

Reaching your financial goals depends on one critical factor: avoiding big losses. Effective risk management is about protecting you against major market downturns that can wipe out years of progress. Long-term financial success comes from steady, consistent growth. Our firm's goal is to shield your portfolio from significant drawdowns, thereby preserving your **Compound Annual Growth Rate** (CAGR).

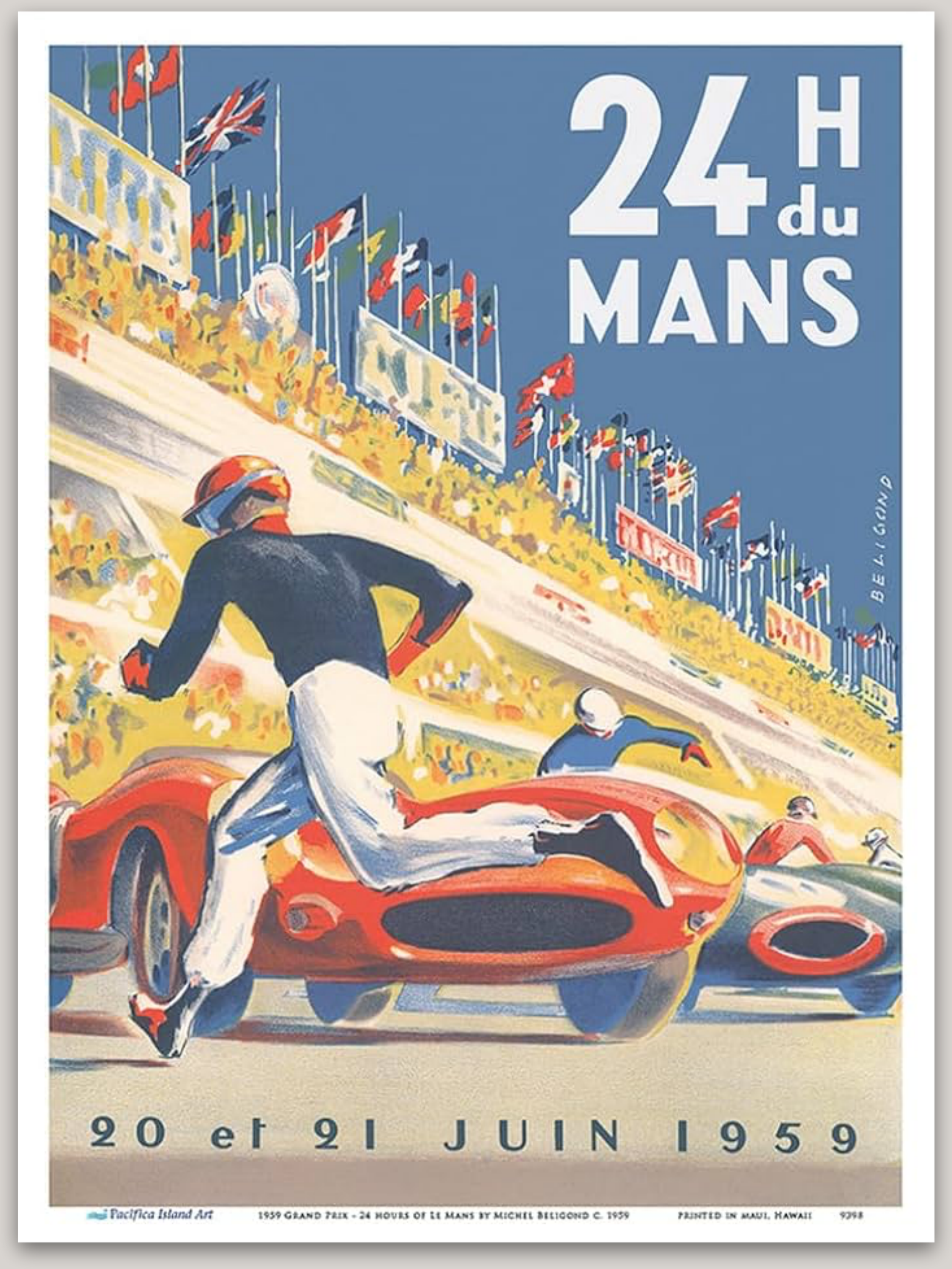
> "Big losses are essentially ALL that matter to your ability to grow wealth over time. They literally destroy your geometric returns and equivalently, your wealth."
>
> *—Mark Spitznagel, Universa Investments*

Preserving CAGR During a Hypothetical Crash and Recovery



When the hypothetical stock index (above) experiences a downturn and subsequent recovery, it forms what looks like a valley. Obviously, we don't want anyone's portfolio to follow the index to the bottom of the valley. Rather, we want to reduce exposure to the decline using risk management. The less we fall into the valley, the better we preserve CAGR over the long-term.

Making the Best Use of Your Time…



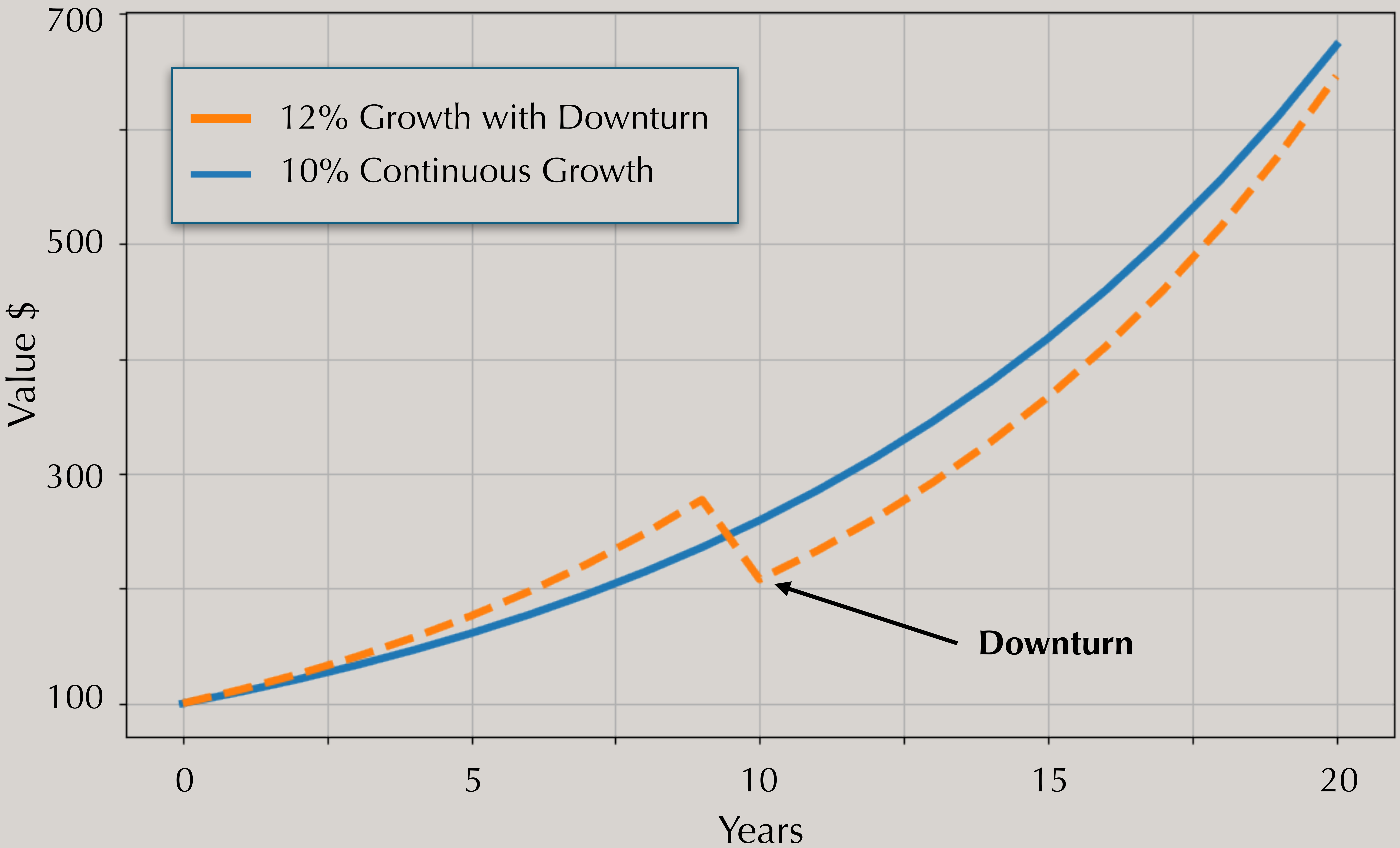
Managing various risk-types over time is an essential component to CAGR preservation. To see this in action, let's take a look at two hypothetical investment portfolios:

The first portfolio (**blue curve**) generates a steady 10% annualized return, while the second portfolio (**orange curve**) generates 12% annualized return.

Let's assume that in year 10, the second portfolio experiences a 25% loss, while the first portfolio is shielded from the downturn.

Holding all else constant, the value of the first portfolio ends-up exceeding the second all the way to year 20. In the context of risk management, this is a big deal! In order for the second portfolio to catch-up to the first (by year 20), it has to run at a higher level of risk. To prevent this scenario from happening to your account, our firm focuses on reducing exposure to large downturns that can otherwise negatively impact your CAGR.

Growth Over Time (Hypothetical)



Tuning Your Portfolios and Shaving Costs…

Equities & ETFs

Our portfolio construction strategy focuses on individual stocks rather than ETFs. This approach eliminates the expense ratios that are typically charged by ETF fund managers, which reduce overall returns. By building a tailored and diversified portfolio of individual stocks, we avoid these costs, potentially enhancing compound annual growth rate (CAGR).

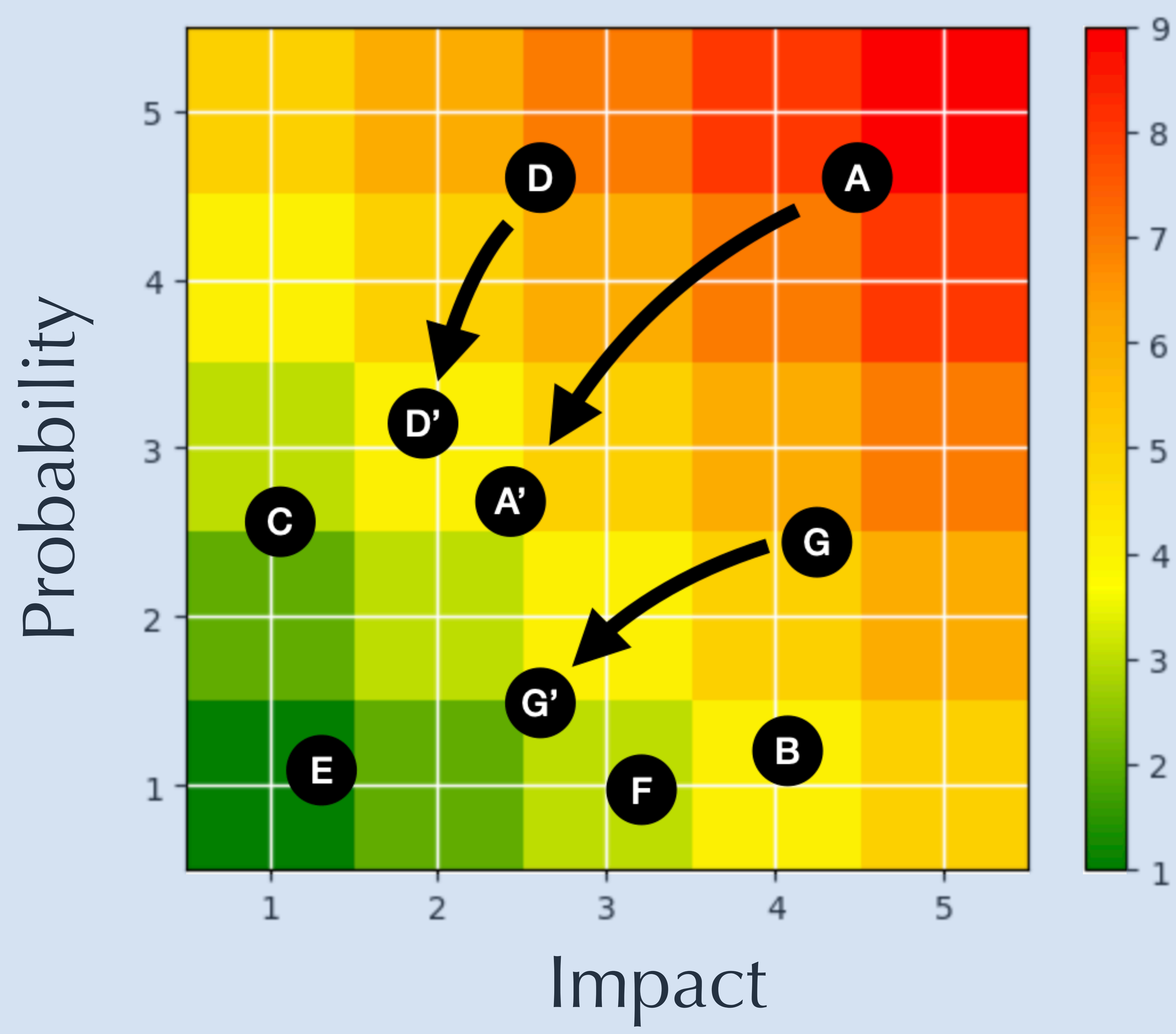
However, there may be instances when it makes sense to incorporate ETFs into a portfolio. If the size of an account is too small to purchase a diverse basket of individual stocks, then we may use ETFs to provide the diversification needed to achieve your financial goals. In this case, the net benefit from diversification may justify the expense ratio.

By creating a diversified portfolio that is comprised of individual stocks, rather than ETFs, we save our client from CAGR-eroding expense ratios.

—Matthew P. Jones, Ph.D.

Balancing Risk and Return…

Fixed Income & Money Market



Fixed income plays a crucial role in a diversified portfolio. It can provide stability and reduce overall volatility, particularly as an investor's time horizon shortens. Depending on your specific goals and timeline, we may allocate more heavily toward fixed income to align with your risk tolerance and income needs.

Note: The classic 60-40 portfolio—60% equities and 40% fixed income—was developed as a foundational approach to achieve an optimal balance of risk and return, often referred to as the "efficient frontier." To get closer to the efficient frontier, we use a risk matrix (see Figure) to identify and address various risks, whether through elimination, mitigation, or acceptance. This disciplined approach allows us to build a portfolio that is tailored to you, while aiming for the best possible tradeoff between risk and return.

About the Figure

The figure above represents a "risk matrix." Here's how it works at a high-level… We numerically rank each investment in our portfolio. The rank considers both the potential impact the investment might make and its probability of occurrence. For example, security ***A*** has both high impact *and* high probability. This places it in the red region of the risk-matrix and makes it a good candidate for risk mitigation.

We may attempt a hedge, to reduce the overall rank from ***A*** to ***A′*** . But, if no suitable hedge is to be found, our firm may decide to remove the security from the portfolio entirely, re-investing the capital into something more suitable. Alternatively, security ***F*** indicates only moderate impact to the portfolio with a low probability of occurrence. So we may accept this risk as-is, again assuming that it aligns with the client's suitability.

Shift Your Portfolio into Another Gear…

Derivatives & Options

Depending on suitability, we may use option contracts to shift your portfolio into another gear. Specifically, we can use options to generate income, safeguard unrealized profits, and/or speculate on market directionality or volatility.

Income Generation

A **covered call** strategy generates income, which can augment returns in flat or moderately bullish markets while offering a cushion against minor price declines.

Speculation/Leverage

Long calls and **long puts** leverage directional moves in an underlying stock. They may also used to hedge risks.

Trading on Volatility

Volatility trading through techniques like **dynamic delta hedging** can help manage risks in markets that have under-estimated future volatility.

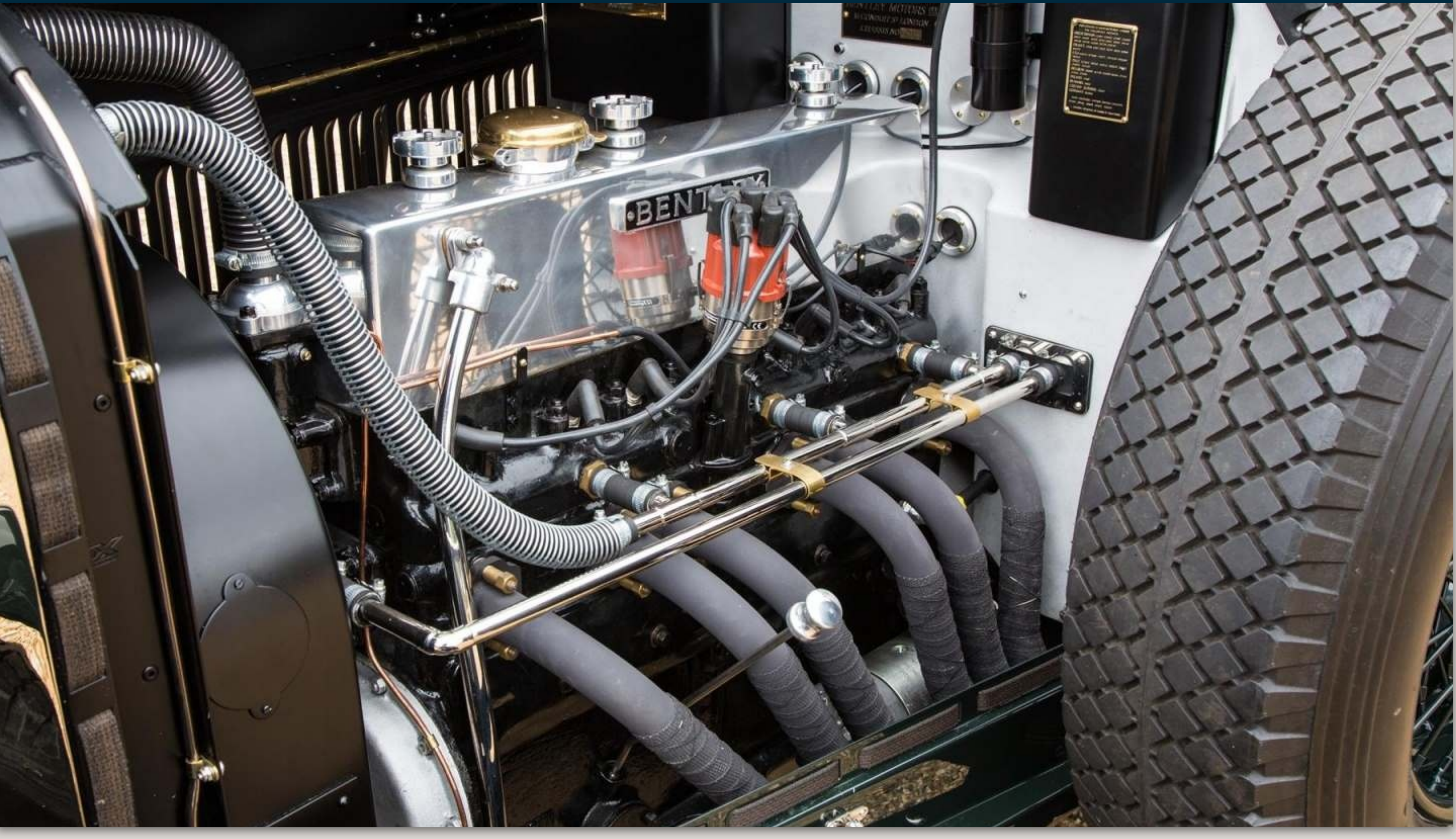
Strategic implementation of derivatives can lead to a more robust portfolio, offering enhanced growth potential and improved risk management.

The Engine of Financial Success…

The Client Relationship

The engine of financial success runs on trust, transparency and understanding. We take a client-first approach, dedicating time to understanding our clients' unique financial situation and goals. Crafting customized investment solutions, we aim to keep your financial engine running smoothly, meeting today's needs while preparing for the opportunities of tomorrow.

"The client-advisor relationship is more than a professional partnership—it's a collaborative journey we take together." ***—Matthew P. Jones, Ph.D.***

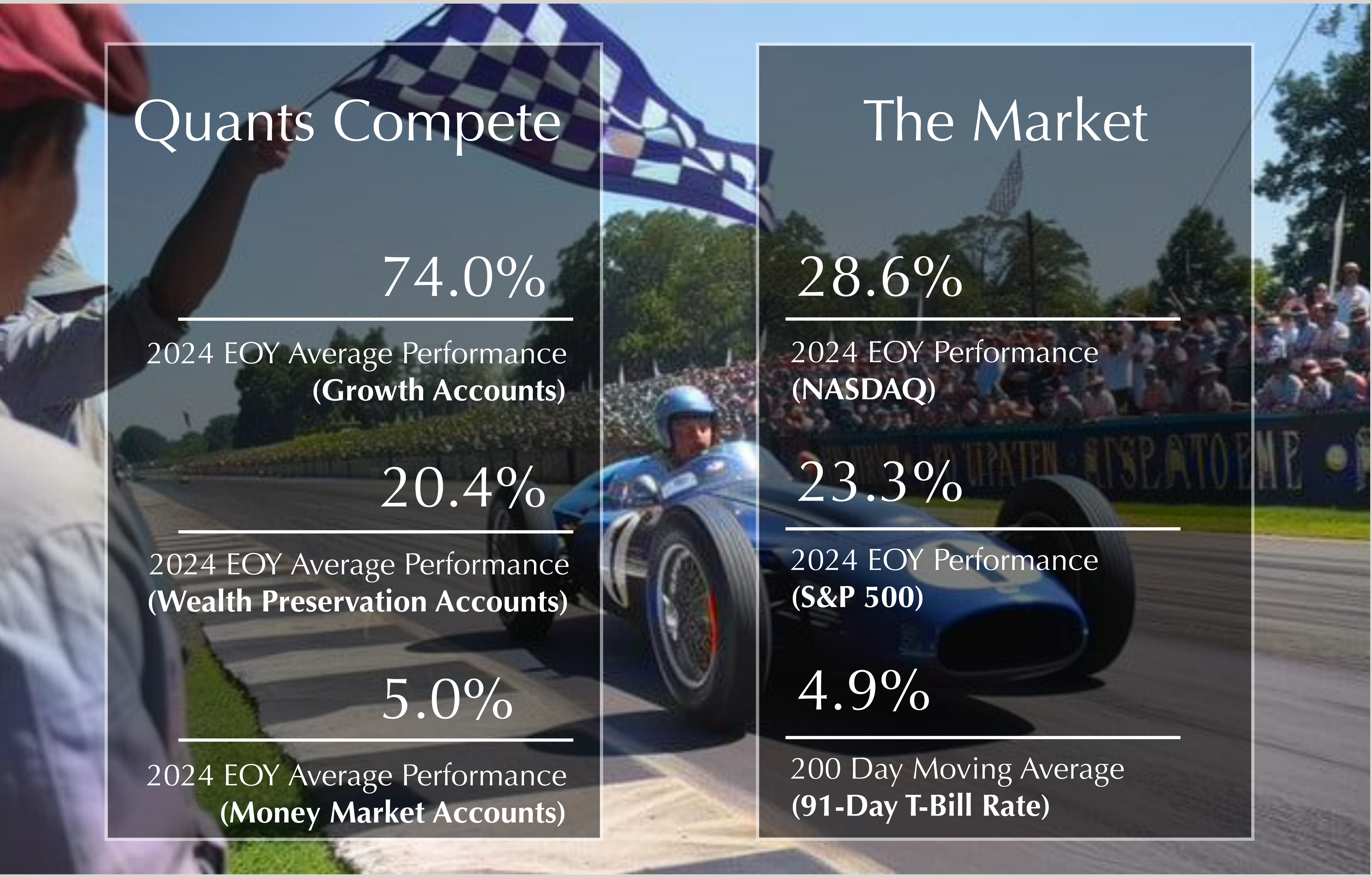


We prioritize regular communication, ensuring that you are informed and confident in your financial plan. Acting as fiduciaries, we are steadfast in our commitment to putting your best interests first. Whether planning for retirement, growing wealth, or protecting a legacy, we work alongside you every step of the way, helping you navigate your financial future with clarity and purpose.

A Winning Record…

Summary of 2024 Client Performance

In 2024, our clients significantly outpaced the broader market. While the S&P 500 delivered a strong 23% return, our growth-oriented clients saw average returns of 74%, depending on their individual risk tolerances—a testament to our strategic investment approach. Even our wealth preservation clients closely rivaled the S&P 500, achieving an impressive 20.4% average return. For clients focused on stability, our money market and small business accounts still performed admirably, averaging a steady 5% return for the year and enjoying penalty-free liquidity.



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The Quantitative Advantage

Since 2020, Quants Compete has helped investors pursue long-term investment success. Our consistent approach - in combination with our quantitative analysis and risk mitigation - has resulted in client satisfaction.

An Alignment with Investor Goals

We prioritize aligning with your financial goals and personal objectives. By carefully considering your risk tolerance and time horizon, we construct customized portfolios designed to meet your needs. Our disciplined approach focuses on optimizing outcomes while minimizing risk, so that your investments may work efficiently toward your financial goals. Your success is our mission.

A Quantitative Approach

Rather than exclusively relying on qualitative information, or simply doing what the next advisor is doing, our Firm takes a quantitative approach. We conduct fundamental analyses in our assessment of companies, and carefully hedge positions (when appropriate) in an effort to achieve our target return. Having control over risk parameters improves our ability to reach our goals.

A Track Record of Client Satisfaction

Our track record reflects a commitment to delivering performance that is aligned with your unique goals and risk profiles. For our growth oriented clients, we try to layer on alpha with respect to the S&P 500 benchmark. For our more risk-averse clients (retirees), we construct portfolios aimed at outpacing CD rates, all the while offering you liquidity (no penalty for early withdraw).

Once you tell us about your financial goals, risk tolerance and time horizon, we can get started crafting a portfolio that's tailored to your unique needs. This allows us to set a clear target return that is aligned with your objectives. By leveraging quantitative tools, we are able to manage your portfolio with a focus on hitting this target return. Our approach optimizes outcomes, while ensuring alignment with your financial suitability.

Biography

Matthew P. Jones, Ph.D. is the CEO and Chief Compliance Officer of Quants Compete. He leads the firm, delivering tailored investment and advisory services to individuals and small businesses. With a keen eye for analyzing economic data, he specializes in managing investment portfolios and implementing advanced risk management and optimization strategies. Combining technical expertise with a client-focused approach, Dr. Jones is dedicated to helping clients navigate complex financial landscapes to achieve their goals.

EDUCATION, CERTIFICATES & LICENSES

Ph.D. Physics - *Auburn University, Auburn, AL | 2011*
M.S., Mechanical Engineering - *Clemson University, Clemson, SC | 2004*
B.S., Mechanical Engineering - *Clemson University, Clemson, SC | 2000*

Project Management Graduate Certificate - *Boston University, Boston, MA | 2020*
Series 65 License | *2020*

To Start You on the Road to Financial Success

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