Scarecrow Tactical Growth

Performance Research Report

Strategy Description

Scarecrow Tactical Growth is a long/inverse/neutral strategy that rotates between the Nasdaq 100 and money market funds. Using multiple tactical sub-models, the strategy is broken up into several unique components. The underlying algorithms analyze an assortment of indicators including: price & trend momentum, key price levels, overbought/oversold readings, sentiment, monetary, economic data and market cycles. The model maintains the ability to adjust daily depending on market action.

After analyzing the signals associated with all of the tactical sub-programs, the model uses a proprietary consolidation system to determine the final signal. Scarecrow Tactical Growth generally moves in increments and trades frequently, averaging around 60-100 trades per year. Instances of direct exchanges from a long to inverse position or vice versa may occur as market dynamics change. Funds designed to track the performance of the Nasdaq 100 Index are used. Inverse equity funds are expected to be used approximately 10% of the time.

Q3 Risk Gauge

	Q3 Risk Score
Total Bond	23.4
STG	63.4
S&P 500	57.5

The Q3 Risk Gauge is a proprietary measure which incorporates downside risk, volatility and drawdown of an investment.

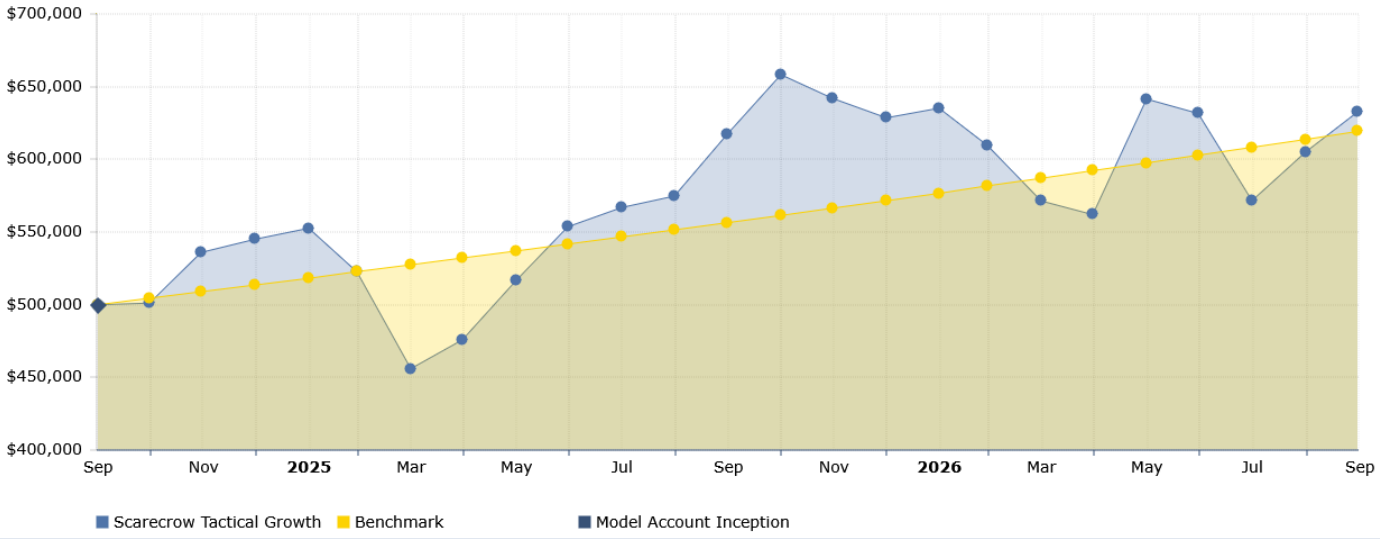
Strategy Highlights

- Compiles data from dozens of algorithms across several unique tactical systems
- Signals generated daily and may be short- term in nature. Invested in equities, at least partially, roughly 75-90% of the time
- When the model is invested, it holds Nasdaq 100 Index funds
- May utilize leverage up to 1.5x on equity holdings, including inverse positions which are expected approximately 10% of the time

Strategy Details

Start Date:	10-01-2024
End Date:	09-30-2026
Model Account Inception:	October 2024
Evaluation Frequency:	Daily
Invests In:	Mutual Funds
Starting Capital:	$500,000
Fee Rate:	1.20%

Hypothetical Growth of $500,000



Annualized Performance

Strategy	Q3 Style	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Incept.	Incept. Date
Scarecrow Tactical Growth	Tactical	2.5%	N/A	N/A	N/A	12.5%	2024-10-01

Performance Target

Each Q3 Strategy seeks a risk-adjusted return that meets or exceeds a corresponding risk-adjusted return of the S&P 500. We define this value as our Benchmark. In order to calculate the Benchmark, a Target Ratio must be defined.

The Target Ratio is a multiplier that uses Q3's proprietary Risk Score in order to determine a strategy's level of risk relative to the S&P 500. For example, a strategy with a Target Ratio of 60% attempts to achieve an average annual return of greater than 60% of the S&P 500's long-term annualized rate of return, and do so with less risk.

S&P 500 Return*	x	Target Ratio	=	Benchmark
10.2%		110.2%		11.3%

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Reward Statistics

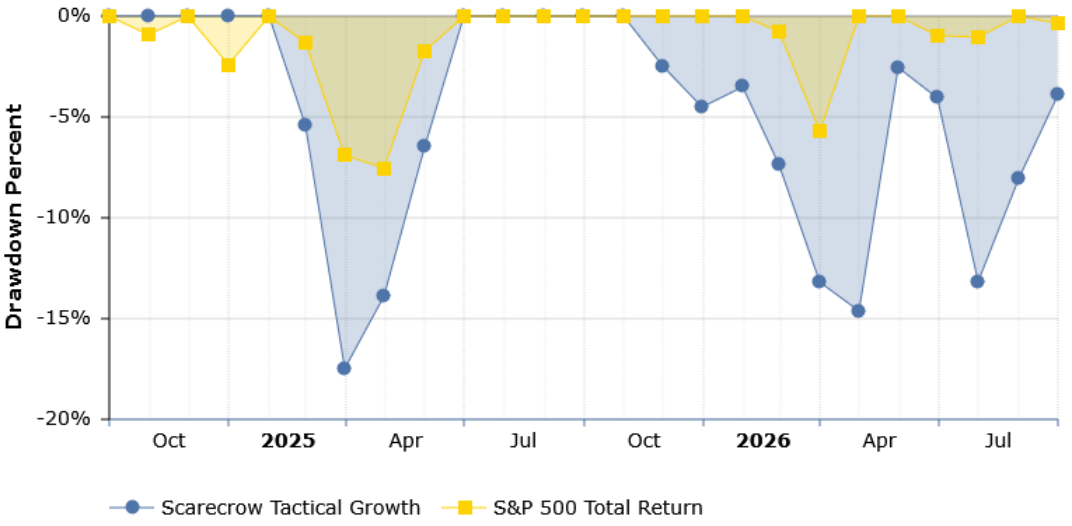
	STG
Return (Ann)	12.5%
% Winning Periods	62.5%
Average Gain	4.9%
Upside Deviation	12.5%
Alpha	-5.0%
Upside Capture	112.9%
Downside Capture	158.3%

Risk Statistics

	Total Bond	STG	S&P 500
Standard Deviation	4.2%	21.0%	12.3%
Downside Deviation	0.0%	12.7%	6.4%
Max Drawdown	-4.5%	-17.5%	-7.5%
Average Loss	-1.8%	-5.1%	-1.4%
Sharpe Ratio*	-0.40	0.50	1.20
Beta	N/A	1.07	1.00

Computations all based on monthly data. Ratios assume 2% as a risk-free rate.

Drawdown Chart



Monthly Performance Table

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr. Ret
2024										0.2%	7.0%	1.7%	9.0%
2025	1.4%	-5.4%	-12.7%	4.4%	8.6%	7.1%	2.4%	1.4%	7.4%	6.7%	-2.5%	-2.1%	15.3%
2026	1.1%	-4.0%	-6.3%	-1.6%	14.1%	-1.5%	-9.5%	5.9%	4.5%				0.6%

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Disclosures

Performance results are net of advisory fees. As various platforms have different fees, results may vary depending on where the account is custodied. To the extent that a model account holds any of Q3's proprietary funds, the full management fee of the fund(s) is credited back to the account. On any platform for which fee credits do not occur, actual performance results may be slightly lower than what is illustrated in this report. Fees of anything less than Q3's maximum rate may not reflect the impact that fees have on the compounding effect of returns. Additional fees may apply on certain platforms and may impact performance negatively. The actual return may be lower or higher than the performance quoted. Annual returns are compounded monthly. Performance between selected dates may be misleading and may not be able to be achieved in the future. Certain strategies may utilize leveraged or inverse funds which generally seek daily investment results. Holding these securities for longer than one day creates compounding risk, where performance can diverge significantly from the underlying benchmark. In volatile markets, these models may lose value even if the benchmark is flat or moves in the expected direction. Investors should read the fund prospectuses carefully for a full explanation of daily reset risks.

All calculations are based on time-weighted geometrically linked returns. Data for strategies is derived from "model account performance." The selection of "model accounts" is based on the longevity of the account along with identifying those accounts with minimal additions and withdrawals. It is possible that a model account will change based on a number of factors including the termination of the original model account, withdrawals, or a strategy change. For most strategies, model accounts are representative of an account held by a principal of Q3 and custodied at Axos Advisor Services. Q3 may have had a minimal portion of total assets in a particular strategy over certain time periods. Factors that may negatively impact performance expectations include the size of the account, commissions charged and where the account is held. Performance for taxable accounts would be negatively affected had taxes been deducted. As individual account types and tax rates vary, taxes are not considered in the results shown. Multi-Strategy research reports should be reviewed in conjunction with the individual strategy reports for those programs referenced. For illustration purposes, fees are deducted from each quarter end month, while actual advisory fees are deducted approximately two weeks after each quarter end month. Depending on the performance of the model between these two dates, it's possible that the model account achieves a slightly better or worse rate of return, however, such differences are expected to be negligible.

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Definitions

Alpha: Measures the difference between the investment's returns and expected performance given its level of risk (as measured by beta). A positive alpha indicates the investment has performed better than its beta would predict. A negative alpha indicates the investment has underperformed.
Q3 Risk Score: Proprietary measure: (Std Dev + Drawdown) + (2 x Downside Deviation). Data for the S&P 500 and Total Bond goes back to 1989 in order to represent multiple market environments. The risk gauge is capped at 100.
Standard Deviation: Measures the volatility associated with an investment. The higher the figure, the more volatility. If an investment has an annual return of 10% and a standard deviation of 15%, one might conclude the "average range" of the return would be –5% to 25% (10% +/- 15%).
Upside/Downside Deviation: Measures the Standard Deviation of only the up/down periods.
Max Drawdown: Measures the largest negative change in value of an investment, from its highest peak to its lowest valley.
Sharpe Ratio: Also referred to as "risk-adjusted return." It is calculated by subtracting a "risk-free" rate (2%) from the annualized rate of return (of the investment), and then dividing this figure by the standard deviation. The higher the number, the better.
Beta: Measures volatility of an investment in comparison to a benchmark. It can be thought of as the tendency of the investment's returns to respond to swings in the benchmark. A beta of 1 indicates that it should move similar to the benchmark. A positive number less than 1 means it should be less volatile than the benchmark. Greater than 1 means it should be more volatile than the benchmark. A negative beta means that there could be inverse correlation between the investment and the benchmark.
Up/Down Capture Ratio: Measures the relative performance of an investment in up/down periods. For example, an upside ratio of 120% means that the investment returned 120% of the benchmark's return during up periods. Up Ratios of over 100% are desirable, as Down Ratios under 100% are.
Model Account Inception: The date that a model account was first used to generate performance data. In all cases, model account data is reflective of an account held at Axos Advisor Services. For Multi-Strategy Reports, refer to individual strategy reports for Model Account Inception dates.

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