ThinkBetter Q

ADVISORSHARES®
Actively Managed ETFs

# QPT

EQUITY

## How the Q Portfolio Blended Allocation ETF Works

The **AdvisorShares Q Portfolio Blended Allocation ETF** (Ticker: **QPT**) is an actively managed asset allocation ETF seeking to outperform traditional balanced funds by investing in a variety of asset classes across market cap, duration, maturity, or credit quality. Using ETFs, QPT may invest in domestic, foreign, broad-market, and sector equities; government, municipal, and corporate fixed income; and gold, real-estate, or other commodities. QPT applies ThinkBetter's Q Methodology™ proprietary risk management program to optimally allocate the fund's assets against a given level of risk. Normally, QPT seeks to provide balanced fund-like returns with and an equity/fixed income allocation, re-optimizing the portfolio monthly. However, during periods of high market volatility, QPT can allocate to a more defensive portfolio and seek short-term fixed income returns. QPT's market volatility indicator, the Q Implied Volatility Index™ (QIX), is reviewed daily which may result in mid-month allocation changes. Asset classes may be added or removed from QPT's portfolio based on changing risk/reward characteristics.

**Q Methodology™** is a modern quantitative approach from ThinkBetter that assesses risk/reward and optimizes investment portfolios. The methodology is based on heavy-tail distribution mathematical analysis and focuses on estimating the downside of a portfolio (expected drawdown) under extreme but plausible stress (tail risk). Using high performance computing power, Q Methodology generates tens of thousands of portfolio simulations to identify the asset allocation offering the greatest return for a given level of risk. Simply put, we believe Q Methodology is "better math" for better investment management.

**Q Implied Volatility Index™** (QIX) is a proprietary indicator designed to tactically and unemotionally identify market volatility and to help avoid drawdowns. When QIX indicates normal volatility, QPT has a balanced portfolio with equity and fixed income exposure; when QIX is high, QPT moves to a more defensive fixed income portfolio.

*Effective 8/4/2021, the fund's strategy was changed to incorporate a defensive allocation trigger, measured by the QIX index. See prospectus for details.*

## Key Attributes

**Quantitative Management Process** – QPT removes the emotion from the investment process by using a disciplined, repeatable quantitative process, Q Methodology, to manage the portfolio.

**Optimized Risk/Reward Portfolio** – QPT targets historical expected drawdown periods of a typical balanced fund and optimizes its portfolio using Q Methodology to identify the best risk/reward characteristics.

**Operational & Tax Efficiency** – QPT's ETF structure allows for diverse asset class and security exposure in a single trade, as well as operational and tax efficiencies.

**Defense Trigger** – When triggered, QPT's portfolio will tactically allocate to a more defensive portfolio and seek short-term fixed income returns until market volatility returns to normal.

## Fund Basics

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| Portfolio Manager: ThinkBetter |
| Fund Inception: 12.28.2020 |
| Symbol: QPT |
| Exchange: NYSE Arca |
| Options: No |
| Dividend Frequency: Annual |
| Indicative Value: QPT.IV |
| Net Asset Value: QPT.NV |
| Fund Type: Actively-Managed ETF |
| CUSIP: 00768Y 446 |

## Why Invest in QPT?

**Better Math: Better Management** – Recognizing the flaws in Modern Portfolio Theory and other bell curve or Gaussian-based analysis, Q Methodology focuses on heavy-tail risk models in an effort to more accurately represent the frequency and impact of more severe losses in financial markets and to optimize risk accordingly.

**Potential Risk Solution** – Q Methodology uses modern financial theory and computing power to analyze tens of thousands of potential portfolio simulations and uncover which offers the highest expected return based on a pre-determined level of risk.

**Flexible Unconstrained Portfolio** – Utilizes a broad range of asset classes to optimally balance and avoid risk concentration in the portfolio.

## Where Does QPT Fit in a Traditional Portfolio?

QPT can be used as a balanced core investment.

# The AdvisorShares Q Portfolio Blended Allocation ETF

## About the Portfolio Manager

**Ron Piccinini, Ph.D, Chief Investment Officer of ThinkBetter, LLC**

Mr. Piccinini's expertise is in quantitative analysis and business strategy. He wrote his dissertation on heavy-tailed distributions using neural networks in 2004. Mr. Piccinini developed and refined the Q Methodology, a proprietary heavy tails risk analysis program used in the construction and ongoing management of QPT. He is also the author of the Q Implied Volatility Index™ (QIX), which is used to measure market volatility and indicate trigger points for defensive portfolio positioning. He co-founded Prairie Smarts, LLC in 2012, a cloud-based risk analytics company that was eventually acquired in 2017 by Covisum. Mr. Piccinini earned a master's degree from Strasbourg University and holds a Doctorate in Finance from the University of Nebraska-Lincoln. He has worked in various positions related to risk estimation and financial management systems since 2005, including at TD Ameritrade and First National Nebraska, Inc.

## About ThinkBetter

ThinkBetter is a registered investment advisory firm based in Sarasota, Florida. Using a proprietary quantitative analysis process (Q Methodology) to make investment management decisions, ThinkBetter's goal is to provide investors with a means to better understand and manage risk, with the objectives of maximizing returns.