

QPT

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 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.

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.

Fund Basics

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

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.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information are in the prospectus, a copy of which may be obtained by visiting the Fund's website at www.AdvisorShares.com. Please read the prospectus carefully before you invest. Foreside Fund Services, LLC, Distributor.

Investing Involves Risk Including possible loss of principal. There is no guarantee the Advisors investment strategy will be successful. When models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Fund to potential risks. In addition, the use of predictive models has inherent risk. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. The Fund's particular allocations may have a significant effect on the Fund's performance. Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. For a list of the asset class specific risks, please see the prospectus.

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