ADVISORSHARES®
Actively Managed ETFs

QPX

EQUITY

How the Q Dynamic Growth ETF Works

The **AdvisorShares Q Dynamic Growth ETF** (Ticker: **QPX**) is an actively managed ETF that seeks long-term growth by targeting equity market upside while tactically managing downside risk during abnormal market volatility. Using ETFs, QPX may invest in a broad variety of equities across market cap, style or sectors and will use various fixed income categories and commodities to manage risk. QPX applies a proprietary risk management program, Q Methodology™, to optimally allocate the fund's assets against a given level of risk. Normally, QPX seeks to provide broad-market equity-like returns and re-optimizes the portfolio monthly. However, during periods of high market volatility, QPX can allocate to a more defensive portfolio and seek short-term fixed income returns. QPX'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 QPX's portfolio based on changing risk/reward characteristics.

Q Methodology™ is a modern quantitative approach 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 in an effort to identify the asset allocation offering the greatest return for a given level of risk.

Q Implied Volatility Index™ (QIX) is a proprietary indicator designed to tactically and unemotionally identify market volatility and to help reduce drawdowns. When QIX indicates normal volatility, QPX will have long equity exposure; when QIX is high, QPX moves to varying levels of varying levels of fixed income / cash until a move back into equity is signaled.

Key Attributes

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

Optimized Risk/Reward Portfolio – QPX targets historical expected drawdown periods of a typical broad market equity fund and optimizes its portfolio using Q Methodology to identify the best risk/reward characteristics

Operational & Tax Efficiency – QPX'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, QPX'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

Portfolio Strategist: Ron Piccinini
Fund Inception: 12.28.2020
Symbol: QPX
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: QPX.IV
Net Asset Value: QPX.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y 438

Why Invest in QPX?

Greater Computing Power: Better Risk Models – 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 aims to uncover the allocation 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 QPX Fit in a Traditional Portfolio?

QPX can be used as a core equity position.

QPX

The AdvisorShares Q Dynamic Growth ETF

About the Portfolio Strategist

Ron Piccinini, Ph.D, Straven, LLC

Mr. Piccinini has developed a set of quantitative models, which serve as the basis for the holdings selection and allocation of the fund. The model consists of two parts: (i) a risk/reward optimization routine based on heavy-tail risk models, and (ii) a tactical overlay based on the level and co-movement implied volatility of major asset classes (aka the QIX index). He is responsible for running, maintaining, and updating these models. Prior to serving as strategist, Mr. Piccinini was a co-founder and Chief investment Officer of the Q Consulting Group, a consultancy founded to bring heavy-tail risk management techniques to the advisory public. 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.

***Tail risk** is the risk that an investment's return will move significantly beyond expectation.*