ADVISORSHARES®
Actively Managed ETFs

CWS /NYSE Arca

Manager's Review

April 2018

The following commentary provides a monthly review of the ETF's performance and investment approach as well as other timely insights and observations from the portfolio manager.

The month of April started off with a shocking event. For the first time in nearly two years, the S&P 500 closed below its 200-day moving average. To be honest, this event wasn't a complete surprise, since the S&P 500 has been spinning its wheels below the all-time high reached in late January.

However, the stock market did eventually stabilize during much of April. Most of the month was dominated by first-quarter earnings season. From many companies, we got our first evidence of the impact of tax reform. Overall, Q1 was a good quarter for Wall Street.

The **AdvisorShares Focused Equity ETF** (NYSE Arca: CWS) mostly kept pace with the rest of the market during April. The Net Asset Value of CWS fell 0.67% in April, which is close to the rest of the market. Our performance was driven by some key earnings reports. Let's run through some of the highlights.

We'll start with **Wabtec** (WAB), which was our big winner during April. The rail-services company reported Q1 earnings of 92 cents per share, which beat estimates by two cents per share. The good news is that Wabtec reaffirmed its full-year guidance. They expect revenue of $4.1 billion and earnings of "about" $3.80 per share, excluding restructuring costs. By the way, I like to hear companies reaffirm their estimates. Many investors don't see this as news, but it's good to hear from a good source that the year is going according to plan.

Wabtec's CEO said, "Our first-quarter results exceeded our expectations slightly and represent a solid start to the year. With a record backlog and the positive indicators we're seeing in our core markets, we are well positioned to meet our financial targets in 2018."

That's very good news. It's now an open secret on Wall Street that GE may sell its transportation business to WAB. This would be a huge deal. GE is in a world of trouble, so it makes sense for them to ditch some of their businesses. Expect more details soon. After the earnings report, shares of WAB gapped up to a nine-month high. Wabtec rose more than 9% during April.

Another big winner for us was **Stryker** (SYK). This company tends to be so consistent that I think people lose sight of strong they really are. For Q1, Stryker earned $1.68 per share, which was eight cents above the Street. Previously, the company had given a forecast range of $1.57 to $1.62 per share.

CEO Kevin Lobo said, "We had an excellent start to 2018 with strong organic sales growth, operating margin and adjusted EPS in the first quarter." For Q1, their quarterly operating margin was 25%. That's very good.

Stryker also raised its full-year forecast. Their initial range was $7.07 to $7.17 per share. Now they see 2018 coming in between $7.18 and $7.25 per share. It seems they're basically adjusting for the eight-cent beat. For Q2, Stryker expects $1.70 to $1.75 per share. Wall Street had been expecting $1.70 per share. The shares rose 5.3% during April.

I also wanted to mention **Danaher** (DHR) because they also had a very good report for Q1. The company made 99 cents per share. They initially provided Q1 guidance of 90 to 93 cents per share. DHR later said they'll beat that thanks to strong results from their Life Sciences and Diagnostics platforms, "specifically at Cepheid."

CWS Performance History (%) as of 03.31.2018

	NAV	Market Price Return
1 Month	-1.73	-1.72
3 Months	-0.86	-1.34
YTD	-0.86	-1.34
1 Year	12.00	11.71
Since Inception (09.20.2016)	15.24	15.11

Performance data quoted represents past performance and is no guarantee of future results. *Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. For the fund's most recent month end performance, please visit www.advisorshares.com.*

As stated in the Prospectus, the total annual operating expenses are 2.04%. The Fund's net expense ratio and base management fee is 0.75%, which will increase or decrease based on the trailing 12-month net returns of CWS compared to its benchmark. *The Advisor has contractually agreed to reduce its fees and/or reimburse expenses to keep net expenses from exceeding a percentage of the Fund's average daily net assets equal to the annual rate of the management fee, which can range from 0.65% to 0.85%, for at least one year from the date of the Prospectus. See the Prospectus for information.*

For Q2, Danaher sees earnings of $1.07 to $1.10 per share. Wall Street had been expecting $1.08 per share, but the best news is that Danaher raised its full-year guidance. The old range was $4.25 to $4.35 per share. The new range is $4.38 to $4.45. For comparison, DHR made $4.03 per share last year. The shares gained about 2.5% during April.

Unfortunately, we didn't have all winners in April. Our problem child for the month was **Signature Bank** (SBNY). The New York-based bank reported Q1 earnings of $2.69 per share, which was two cents better than estimates. The problem is that Signature's results for Q1 were a bit distorted because they took a big write-down for their taxi-medallion loans.

Let's look at some metrics. Deposits rose 4.1% to $34.82 billion. Net interest margin was 3.01%. Thanks to the medallion loans, Signature's efficiency ratio rose to 42.2%. This measures a bank's net interest expense as a share of its total income. The lower, the better.

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Here's how I'll describe it: Excluding the medallion loans, Signature is doing just fine. The problem for the last few quarters was that that's a hard thing to exclude. Fortunately, SBNY is moving beyond that. I still think SBNY can earn $11 per share this year. The shares lost more than 10% in April, but I think the future is bright for Signature Bank.

Portfolio Attribution

Here's how all 25 positions performed during the month of April:

Table 1

Company	Symbol	29-Mar	30-Apr	Gain/Loss
Wabtec	WAB	$81.40	88.81	9.10%
Becton, Dickinson	BDX	$216.70	231.87	7.00%
Hormel Foods	HRL	$34.32	36.25	5.62%
Stryker	SYK	$160.92	169.42	5.28%
AFLAC	AFL	$43.76	45.57	4.14%
Ross Stores	ROST	$77.98	80.85	3.68%
Torchmark	TMK	$84.17	86.74	3.05%
Danaher	DHR	$97.91	100.32	2.46%
Cognizant Technology	CTSH	$80.50	81.82	1.64%
RPM International	RPM	$47.67	48.3	1.32%
Moody's	MCO	$161.30	162.2	0.56%
Cerner	CERN	$58.00	58.25	0.43%
Intercont Exchange	ICE	$72.52	72.46	-0.08%
Fiserv	FISV	$71.31	70.86	-0.63%
Snap-on	SNA	$147.54	145.25	-1.55%
Continent Building Pr	CBPX	$28.55	28.1	-1.58%
Check Point Software	CHKP	$99.34	96.51	-2.85%
Alliance Data Systems	ADS	$212.86	203.05	-4.61%
FactSet Research Sys	FDS	$199.42	189.11	-5.17%
Carriage	CSV	$27.66	26.03	-5.89%
Ingredion	INGR	$128.92	121.09	-6.07%
Sherwin-Williams	SHW	$392.12	367.66	-6.24%
JM Smucker	SJM	$124.01	114.08	-8.01%
Church & Dwight	CHD	$50.36	46.2	-8.26%
Signature Bank	SBNY	$141.95	127.15	-10.43%

Source: Yahoo Finance

Portfolio Changes

The philosophy of the AdvisorShares Focused Equity ETF is to make portfolio changes just once a year. At the end of the year, we add five stocks and delete five. We made our changes in December, so there were no changes to make in April.

Respectfully,

Eddy Elfenbein

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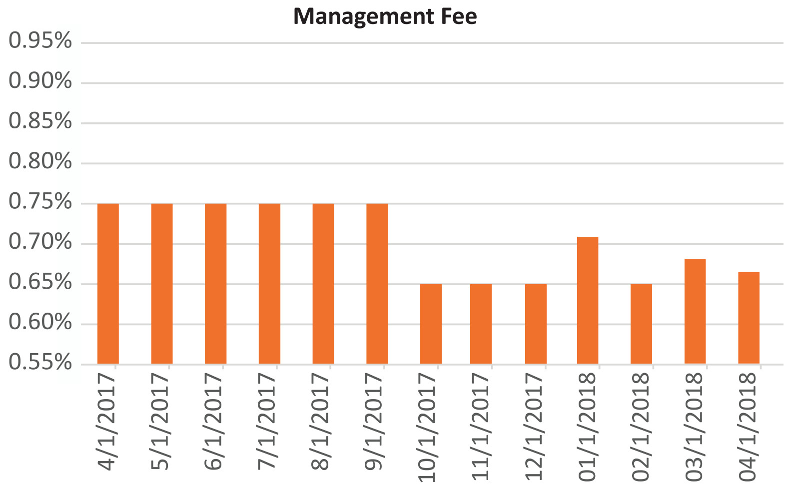

In a first for the ETF industry, the portfolio manager of CWS has "skin in the game." The manager's compensation is directly tied to portfolio's performance. Stronger outperformance is rewarded with a larger management fee while weaker or underperformance is penalized with a smaller management fee. The CWS fulcrum fee was 0.67% during April 2018. After the Fund's March performance, the CWS fulcrum fee will decrease to 0.65% in May 2018.

Top 10 Holdings as of 04.30.2018

Company	*Symbol*	*Weight*
Cognizant Tech Sol	CTSH	4.65%
Moody's	MCO	4.49%
Fiserv	FISV	4.39%
Wabtec	WAB	4.39%
Stryker	SYK	4.39%
Danaher	DHR	4.38%
Becton, Dickinson	BDX	4.32%
Intercontin Exchge	ICE	4.19%
AFLAC	AFL	4.15%
Carriage Services	CSV	4.10%

Holdings are subject to change.

Definition:

*The **S&P 500 Index** is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. One cannot invest directly in an index.*