



FNG /NYSE Arca

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.

Manager's Review

April 2018

April was another crazy and volatile month for the markets, and for high tech in particular. Earnings reports for Netflix (NASDAQ: NFLX), Twitter (NYSE: TWTR), Microsoft (NASDAQ: MSFT), Alphabet (NASDAQ: GOOG) and Amazon Inc (NASDAQ: AMZN) all came out towards the end of April, and every single one was a beat, with NFLX continuing its strong international subscriber growth and Amazon turning in what was arguably the greatest earnings report the street has seen. Only Amazon and Netflix had strong gains immediately following their reports, but this speaks to the volatility for the month and the fact that the monthly numbers are not at all indicative of the daily or weekly trends for the indices or FNG.

There were five securities with gains of over 5% for the FNG ETF in April, two of which were core "FANG" names, with the top five performers being:

AMZN – Had a 7.85% gain on the back of a phenomenal earnings report and forward guidance.

ETSY Inc (NASDAQ: ETSY) – Had a 6.7% gain on the backs of two price upgrades, some short covering and run up to earnings on May 1.

Fireye (NASDAQ:FEYE) – Had an impressive 6.6% run up, and unveiled a SmartVision Edition to detect "stealthy malicious traffic inside networks." FEYE also saw some short covering in a run up to their earnings announcement on May 1.

NFLX – Ran up 5.8% on a few raised price targets and a significant earnings beat.

Qualys Inc (NASDAQ: QLYS) – QLYS announced two new services for web application security and a price target raise to \$95 by Needham.

There were three names within the FNG portfolio that had double digit drops and hurt performance for April:

GTT Communications (NYSE: GTT) – GTT saw a few price target raises this month, but still saw the stock slide by 15.26%, mostly attributed to profit taking as it had seen a substantial run up in previous months.

Micron Technologies (NASDAQ: MU) – MU was off 11.81% for the month of April, mostly on worries of softening semi-conductor prices.

ON Semiconductor (NASDAQ: ON) – ON dropped an even 10% for the month of April, however it was dead flat for most of the month after making 52-week highs in March. The drop came at the end of April when their earnings were announced. While they showed in line earnings per share (EPS) numbers, there was concern on the revenue and growth side that led to an immediate sell-off in the stock.

The story of April was continued volatility within FANG and high tech as well as the beginning of earnings season. The story seems to be earnings beats and a sell-off in the stock in the near term. FNG's investment committee continues to buy securities in the portfolio that we feel are oversold, and we are proactively lowering average holding prices in a few of the higher percentage holdings in the portfolio.

May continues earnings season for names in the FNG portfolio.

Respectfully,

The FNG Portfolio Management Team

FNG Performance History (%) as of 03.31.2018

	NAV	Market Price Return
1 Month	-6.07	-6.27
3 Months	-2.90	-3.17
YTD	-2.90	-3.17
Since Inception (07.11.2017)	4.08	3.85

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 0.94%. The net expenses are 0.85%. The Advisor has contractually agreed to reduce its fees and/or reimburse expenses to keep net expenses from exceeding 0.85% of the Fund's average daily net assets for at least one year from the date of the Prospectus. This agreement is limited to the Fund's direct operating expenses and, therefore, does not apply to "Acquired Fund Fees and Expenses."



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Top 10 Holdings

Company	Symbol	% Weighting
Square	SQ	9.51%
Amazon	AMZN	7.48%
Alphabet	GOOG	6.43%
Alibaba	BABA	5.92%
GTT Communications	GTT	5.62%
Nvidia	NVDA	5.56%
Netflix	NFLX	5.52%
Fireeye	FEYE	4.69%
Twitter	TWTR	4.69%
Zebra Technologies	ZBRA	4.65%

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

There is no guarantee that the Fund will achieve its investment objective. An investment in the Fund is subject to risk, including the possible loss of principal amount invested. When the Fund focuses its investments in a particular industry or sector, financial, economic, business, and other developments affecting issuers in that industry, market, or economic sector will have a greater effect on the Fund than if it had not done so. Market or economic factors impacting technology companies and companies that rely heavily on technological advances could have a major effect on the value of the Fund's investments. Shares of the Fund may trade above or below their net asset value ("NAV"). The trading price of the Fund's shares may deviate significantly from their NAV during periods of market volatility. There can be no assurance that an active trading market for the Fund's shares will develop or be maintained. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time. Other Fund risks include market risk, liquidity risk, large cap, mid cap, and small cap risk. Please see prospectus for details regarding risk.

Shares are bought and sold at market price (closing price) not NAV and are not individually redeemed from the Fund. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined), and do not represent the return you would receive if you traded at other times. Holdings and allocations are subject to risks and to change.

The views in this commentary are those of the portfolio manager and may not reflect his views on the date this material is distributed or anytime thereafter. These views are intended to assist shareholders in understanding their investments and do not constitute investment advice.

Definitions:

*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.*

*The **Nasdaq Composite Index** is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange.*

For more information, call AdvisorShares at 1.877.843.3831 or visit www.advisorshares.com.