RANGER

ADVISORSHARES®
Actively Managed ETFs

HDGE/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.

For the month of April, the AdvisorShares Ranger Equity Bear ETF (NYSE Arca: HDGE) gained 1.58% while the S&P 500 added 0.38%.

Historically, stocks enter their worst six-month period beginning May through October. The old refrain, "sell in May and go away" may sound trite, but it is backed by data. This chart, from SentimenTrader, shows the S&P returns gained from two hypothetical investors. The one that invested in November through April gained far more than the one who invested only in May through October.

In addition, when the year-to-date (YTD) April returns are negative, the following six months are weaker than normal. When YTD April returns are negative, stocks have average returns of -2.9% over the following period.

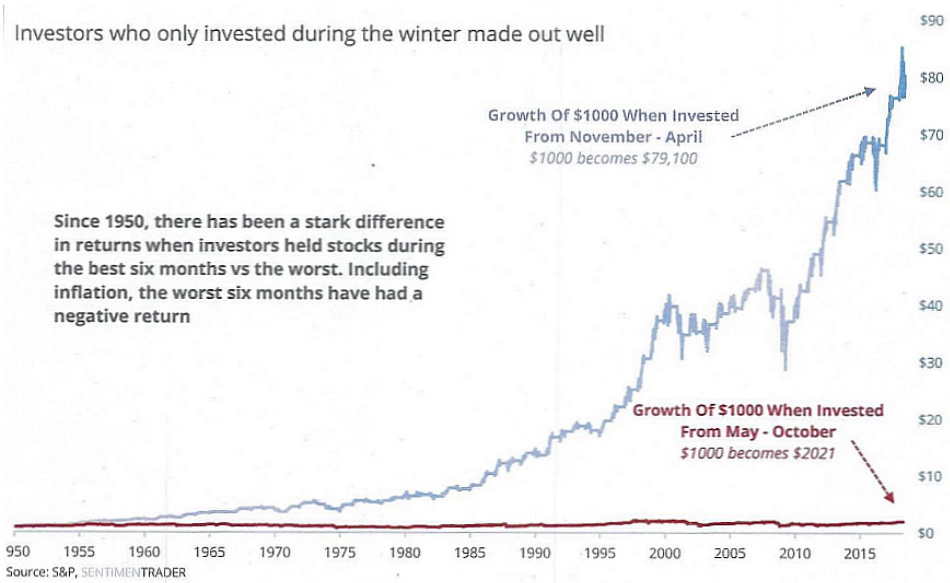

Exhibit 1: © Copyright 2018, SENTIMENTTRADER. Further distribution prohibited without prior permission. All Rights Reserved. One cannot invest directly in an index. The chart data is from January 1, 1950 through December 29, 2017.

HDGE Performance History (%) as of 03.31.2018

	NAV	Market Price Return
1 Month	1.40	1.23
3 Month	5.00	5.23
YTD	5.00	5.23
1 Year	-6.11	-6.25
3 Years	-9.33	-9.39
5 Years	-14.30	-14.34
Since Inception (01.26.2011, Annualized)	-14.30	-14.32

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 2.86% *(includes 0.19% acquired fund fees).*

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The month of April showed investors' blind willingness to embrace risk and dispense with caution. The following chart, from Two River Analytics, shows investors bidding up shares in unprofitable companies. Unprofitable companies fall under one of two categories, either companies that were previously profitable and have undergone a setback or young companies that are investing in their future with the expectation of making a profit at some point. They tend to be riskier than companies that have proven their ability to earn money. Investor preference for money-losers is troubling, especially when stock market valuations are high, as they are now.

Unprofitable company stocks gained

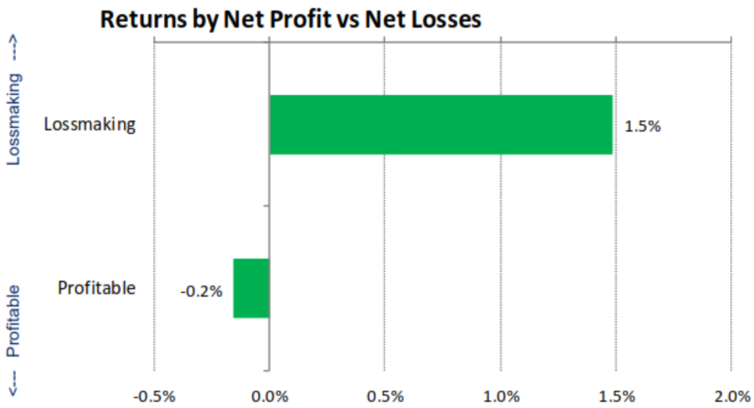

Exhibit 2: Stocks were grouped and ranked by the relevant factor as of the end of the prior month and the returns computed for the month just ended. Stocks chosen were based on Two Rivers Analytics' universe of stocks. © Copyright 2018. All Rights Reserved Two Rivers Analytics. Further Distribution Prohibited without prior permission.

Another way to see this is to monitor the percentiles of our selected risk factors.[1] In this chart, the average performance of each of our risk factors is rising fast, meaning investors are embracing risk.[2] Risk appetites run through cycles and we expect a reversal where speculative company stocks (and, often, the broader market) retreat.

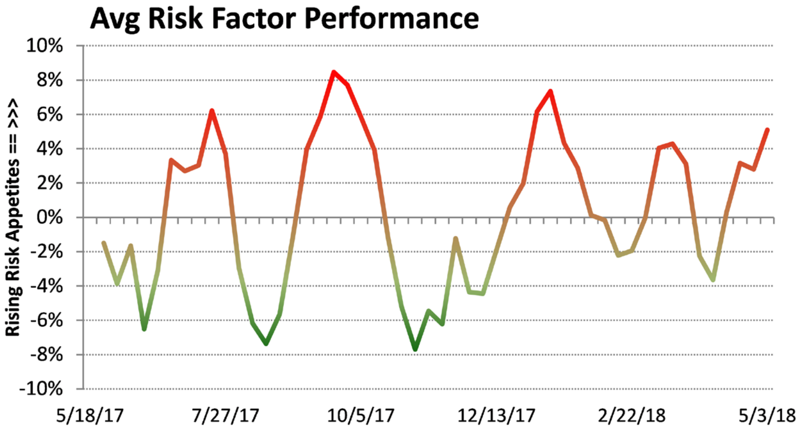

Exhibit 3: © Copyright 2018. All Rights Reserved Two Rivers Analytics. Further distribution prohibited without prior permission. All Rights Reserved.

[1] *Selected risk factors are smaller cap stock vs large caps, cyclicals vs non-cyclicals, low stock price vs high, high debt to EBITDA vs low, unprofitable companies vs profitably ones, high momentum vs low momentum, low ROIC stocks vs high, high days to cover vs low and aggressive industries vs defensives. In each case, from the Two Rivers Analytics stock universe, using deciles to define high and low for each quantitative factor.*

[2] *The average performance of each of our risk factors, relative to the equally-weighted return, is measured against its 18 month range from the Two Rivers Analytics stock universe. The percentile that a given month represents within its historical range is averaged with the same figure for the other factors. Finally, the average is deemed to be high or low based on history.*

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For the month of April 2018, the largest realized and unrealized gains were Cooper Tire & Rubber Company (CTB), Kellogg Company (K), Prestige Brands Holdings, Inc. (PBH) and Healthcare Services Group, Inc. (HCSG).

Cooper Tire & Rubber Company (CTB) stock plunged -16.55% when they announced earnings well below expectations. Weak sales, a weak pricing environment and high levels of inventory hurt their results.

Kellogg stock fell -9.40%. Organic growth has been weak. Any reported growth and modest guidance increases came entirely from acquisition activity. A pension contribution is likely to have provided an unsustainable boost to EPS.

Prestige Brands Holdings stock fell -12.69% on the month. We have had concerns about slowing organic growth, weak cash flows, poor financial disclosures and margin pressures.

Healthcare Services Group dropped -11.15%. The company's allowance for bad debts appears to be too low, in our opinion. Recently, the company took a charge equal to over 20% of earnings for bad debt expense. The resulting drop in earnings triggered a decline in the stock.

The largest realized and unrealized losses were Knowles Corp. (KN), Steven Madden, Ltd. (SHOO) and Telephone and Data Systems, Inc. (TDS).

Knowles Corp. stock rose 1.67%. However, inventory relative to forward sales continues to rise giving us concern about future declines in margins. We are also troubled by the increases in receivables and potentially extended payment terms. Prospective cash flow generation is weak, in our view.

Steven Madden, Ltd. stock rose 9.91%. We remain uncomfortable about the company's receivables quality. The four quarter average days sales outstanding is outside the company's historical norms. Revenue growth has been relatively stagnant in recent years with more challenging comparisons coming in the face of lengthening credit terms.

Respectfully,

Brad Lamensdorf

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Top 10 Holdings as of 04.30.2018

Symbol	Name	Weight
SNA	SNAP-ON INC	-4.86%
K	KELLOGG CO	-3.94%
OSIS	OSI SYSTEMS INC	-3.11%
SPG	SIMON PROPERTY GROUP INC	-2.93%
OMCL	OMNICELL INC	-2.89%
GCP	GCP APPLIED TECHNOLOGIES	-2.88%
UBNT	UBIQUITI NETWORKS INC	-2.86%
KBR	KBR INC	-2.79%
XRAY	DENTSPLY SIRONA INC	-2.70%
ATU	ACTUANT CORP-A	-2.68%

Holdings are subject to change.

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__Definitions:__

The __S&P 500 Index__ is a free-float capitalization-weighted index based on the common stock prices of 500 American companies. It is one of the most commonly followed equity indices and many consider it the best representation of the market and a bellwether for the U.S. economy.
A __Bear Market (Bearish)__ is a market condition in which the prices of securities are falling, and widespread pessimism causes the negative sentiment to be self-sustaining. As investors anticipate losses in a bear market and selling continues, pessimism only grows. Although figures can vary, for many, a downturn of 20% or more in multiple broad market indexes, such as the Dow Jones Industrial Average (DJIA) or Standard & Poor's 500 Index (S&P 500), over at least a two-month period, is considered an entry into a bear market.
__A Bull Market (Bullish)__ is a financial market of a group of securities in which prices are rising or are expected to rise. The term "bull market" is most often used to refer to the stock market, but can be applied to anything that is traded, such as bonds, currencies and commodities.
A __short position__ is the sale of a borrowed investment with the expectation that it will decline in value.