SAGE | INVEST WITH WISDOM

ADVISORSHARES®
Actively Managed ETFs

HOLD/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.

Performance

- During the month of April, the AdvisorShares Core Reserves ETF (NYSE Arca: HOLD) returned 24 basis-points vs. 14 basis-points on the Bloomberg Barclays US Treasury Bill 1-3 Month Index.
- HOLD paid out income of 14.24 cents per share, indicating a yield of 1.72%.
- The Bloomberg Barclays US Corporate 1-3 Year average option adjusted spread (OAS) was 9 basis-points tighter on the month, ending at 0.58%.

Attribution

- The best performing sector in the fund was Financials, which returned 34 basis-points. The sector, which represents nearly 30% of the fund, rebounded after underperforming last month. Some of the better performing positions included the Capital One 2023's, Sumitomo Financial Group 2021's, and International Lease Finance Corp, returning 99, 73, and 49 basis-points. The worst performing position within the Financial sector was ERP Operating 2019's, which returned -10 basis-points.
- Industrials, also representing nearly 30% of the fund, returned 23 basis-points. Some of the better performing positions within that sector include the AT&T 2021's, Dow Chemical 2019's, and Mattel Inc 2019's, returning 44, 43, and 41 basis-points. The AT&T's performed well in the wake of them calling a large portion of their debt. Nearly all the industrials had similar returns, with very few underperforming outliers.
- Asset-backed securities had a fairly solid month as well, returning 15 basis-points. Spreads in the sector tightened after the large new issuance calendar passed earlier in the month. There were only a few outliers to the downside. These securities had flat returns on the month, due in part to their slightly longer duration and increasing rates.
- Credit risk transfer securities also performed well, returning nearly 20 basis-points.

Looking Ahead:

- The most recent jobs report that was released the first part of May came with mixed results. However, the economy still seems on track for two and possibly even three more rate hikes later this year. Whether or not they hike three more times may, in part, depend on the steepness of the curve rather than the health of the economy. However, as the Fed rolls off the Treasuries from their balance sheet, the increased supply should, all else equal, cause rates to rise. Were this to happen, this would make the December rate hike a much easier decision for the Fed.
- During the month of April inflation expectations increased dramatically, due in part to the 8.8% increase in oil. The 10-year inflation breakeven increased 12 basis-points on the month, ending at 2.18%, yet another positive marker for the Fed, and certainly above their 2% inflation target. This will, no doubt, have some impact on the Fed as they contemplate more rate hikes in 2018.

HOLD Performance History (%) as of 03.31.2018

	NAV	Market Price Return
1 Month	0.06	0.07
3 Months	0.15	0.15
YTD	0.15	0.15
1 Year	1.08	1.06
3 Years	0.91	0.90
Since Inception (01.14.2014)	0.66	0.65

***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 0.51%. The net expense ratio is 0.36%.** The Advisor has contractually agreed to keep net expenses from exceeding 0.35% of the Fund's average daily net assets for at least a year from the date of the Prospectus and for an indefinite period thereafter subject to annual reapproval of the agreement by the Board of Trustees.*

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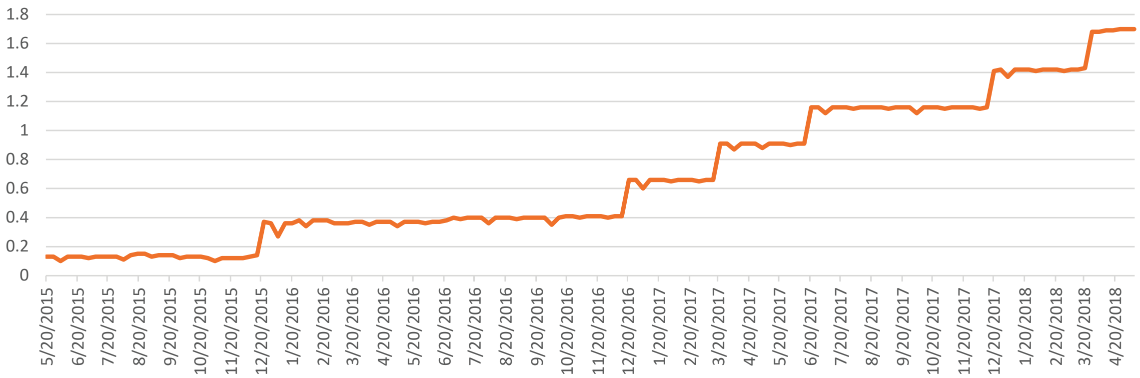
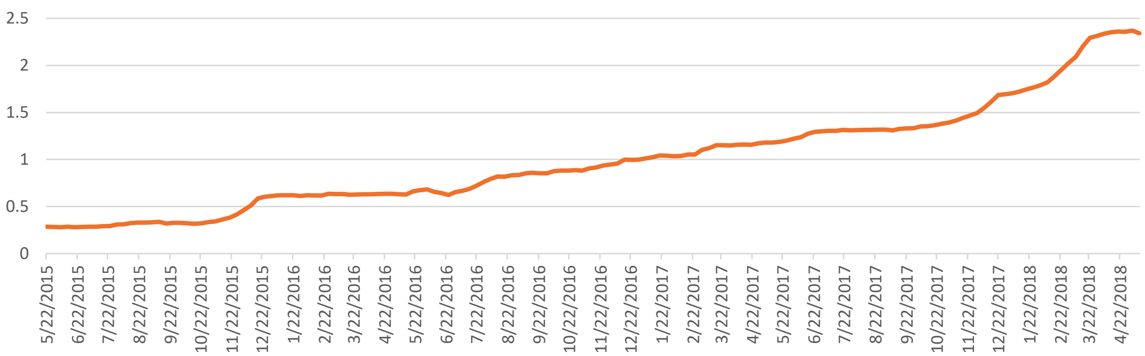
US Federal Funds Effective Rate



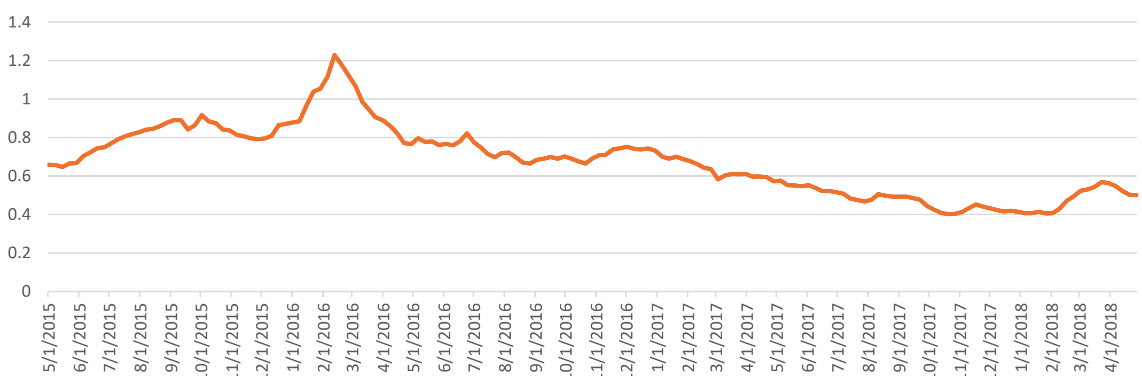
As of 04.30.2018

ICE LIBOR USD 3 Month



As of 04.30.2018

OAS



As of 04.30.2018

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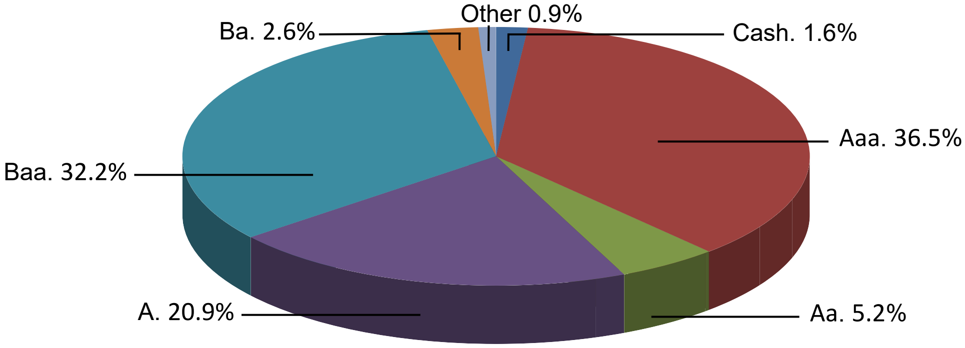
Portfolio Characteristics	Yield to Worst	Coupon	Maturity (Yrs)	Duration (Yrs)	30 Day Unsubsidized SEC Yield	30 Day Subsidized SEC Yield
	2.800	2.557	2.690	0.420	1.76%	1.35%

As of 04.30.2018



Credit quality ratings are primarily sourced from Moody's but in the event that Moody's has not assigned a rating the Fund will use Standard & Poor's (the "S&P"). If these ratings are in conflict the most conservative rating will be used. If none of the major rating agencies have assigned a rating the Fund will assign a rating of NR (nonrated security). The ratings represent their (Moody's and S &P) opinions as to the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality

The credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates the bond issue's ability to meet debt obligations. The highest rating is Aaa, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade.

Sector Allocation as of 04.30.2018	Allocation
Governments	4.9%
Mortgage Backed Securities	1.4%
Asset Backed Securities	24.4%
Credit	67.7%
Cash	1.6%
Total	100.0%

Respectfully,

Sage Advisory Services

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Top 10 Holdings as of 04.30.2018

Name	Price	Weight
USB 01/24/22	100.87	2.18%
GS 02/25/21	103.42	2.13%
WFC 2 1/8 04/22/19	99.53	2.10%
COMET 2016-A3 A3	98.54	2.06%
AAPL 02/09/22	101.33	1.70%
AGN 03/12/20	101.12	1.67%
F 2.24 06/15/18	99.96	1.64%
NOC 1 3/4 06/01/18	99.95	1.63%
CVS 1.9 07/20/18	100.00	1.62%
DCENT 2013-A6 A6	100.17	1.62%

Holdings are subject to change.

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. Diversification and sector asset allocation do not guarantee a profit, nor do they eliminate the risk of loss of principal. An investment in the Fund is subject to risk, including the possible loss of principal amount invested. The Fund's investment in fixed income securities will change in value in response to interest rate changes and other factors, such as the perception of the issuer's creditworthiness. Fixed income securities with longer maturities are subject to greater price shifts as a result of interest rate changes than fixed income securities with shorter maturities. The Fund's investments in high-yield securities or "junk bonds" are subject to a greater risk of loss of income and principal than higher grade debt securities. In addition the Fund is subject to leveraging risk which tends to exaggerate the effect of any increase or decrease in the value of the portfolio securities. The Fund is also subject to liquidity risk, issuer risk, foreign currency and investment risk, prepayment risk and trading risk. See prospectus for details regarding specific risks.

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 material were 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.

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Definitions:

*The **2/10 Yield Curve** measures the difference between the 2-year Treasury and the 10-year Treasury giving an indication of the curve's steepness. The curve's flattening or steepening can be used to predict changes in economic output and growth.*
*A **Yield Curve** is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.*
***Credit Spread** is the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.*
***Spread** is the difference between the bid and the ask price of a securtiy or asset.*
***Investment Grade** is a rating that indicates that a municipal or corporate bond has a relatively low risk of default. Bond rating firms, such as Standard & Poor's, use different designations consisting of upper- and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. For example, 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality (speculative), and are commonly referred to as "junk bonds".*
*The **Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. One cannot invest directly in an index.*
***Treasury Inflation-Protected Securities (TIPS)** are Treasury bonds that are adjusted to eliminate the effects of inflation on interest and principal payments, as measured by the Consumer Price Index (CPI).*
***Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.*
*The **Fed Funds rate** is the interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight. The rate may vary from depository institution to depository institution and from day to day.*
***London Interbank Offered Rate (LIBOR)** is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association. The LIBOR is derived from a filtered average of the world's most creditworthy banks' interbank deposit rates for larger loans with maturities between overnight and one full year.*
*The **Option Adjusted Spread (OAS)** is a measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst would use the Treasury securities yield for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond.*
***Coupon** is the interest rate stated on a bond when it's issued. The coupon is typically paid semi-annually.*
***Yield-To-Worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. This metric is used to evaluate the worst-case scenario for yield to help investors manage risks and ensure that specific income requirements will still be met even in the worst scenarios.*
***30–Day SEC Yield (Standardized Yield)** is an annualized yield that is calculated by dividing the investment income earned by the Fund less expenses over the most recent 30-day period by the current maximum offering price.*
***The Subsidized Yield** reflects fee waivers and/or expense reimbursements recorded by the Fund during the period. Without waivers and/or reimbursements, yields would be reduced.*
***The Unsubsidized Yield** does not adjust for any fee waivers and/ or expense reimbursements in effect. If the Fund does not incur any fee waivers and/or expense reimbursements during the period, the 30-Day Subsidized Yield and 30-Day Unsubsidized Yield will be identical.*
***A Mortgage Backed Security** is a type of asset-backed security that is secured by a mortgage, or more commonly a collection ("pool") of sometimes hundreds of mortgages.*