



*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

May 2018

The AdvisorShares Wilshire Buyback ETF (NYSE Arca: TTFS) seeks to generate long-term returns in excess of the total return of the Wilshire US Large-Cap Index<sup>SM</sup>. The Fund seeks to achieve this objective by investing in stocks that are currently reducing the amount of floated shares through share buybacks while meeting specific debt and free cash flow criteria. For the month of May 2018, TTFS returned 0.37%, meaningfully underperforming the benchmark Wilshire US Large-Cap Index<sup>SM</sup>, which returned 2.43%. In May, we saw the underperformance of value vs. growth stocks, as the Wilshire US Large Cap Value Index returned 1.49%, while the Wilshire US Large Cap Growth Index returned 3.49%. While the Fund's value bias weighed on performance for the month, most of the underperformance was due to security selection and sector exposures in the Fund.

During the month of May, the Fund underperformed primarily due to an underweight to Information Technology. The funds lack of exposure to Apple (AAPL) alone represented a significant proportion of underperformance for the month, as the stock rallied more than 13.5% during the month. Other companies which the fund lacks exposure to, including Facebook (FB), Microsoft (MSFT), Alphabet (GOOG), and Intel (INTC) also hurt performance, as the entire sector rallied during the month. The fund's meaningful underweight to this sector (8.5% vs. 25.7%) continues to be the largest drag on performance, as these companies typically not engaging in meaningful share buybacks, and/or do not meet other criteria in our investment process.

As we noted last month, we completed our quarterly rebalance in April, which resulted in a further reduction in the Information Technology sector. At the same time, this resulted in an increase in the fund's Financials and Energy exposure, which only further deepens its value orientation in this environment. The fund's bias continues to be towards cyclically sensitive sectors such as Industrials, Consumer Discretionary, and Financials, where we have been witnessing meaningful share buyback activity. Buyback activity has clearly not been rewarded by the market over the past year, and as we have noted in the past, companies, which engage in share buybacks, are typically more attractively valued. We believe that this value bias has been among the largest negative contributors to relative underperformance over the past year. The last time that we witnessed this type of outperformance of growth vs. value stocks was leading into the technology bubble of the late 1990's. We observe an excessive amount of optimism in growth oriented stocks today, namely Information Technology, and in this environment, we take comfort in knowing that the fund currently trades at a meaningfully cheaper valuation than the Index (a representation of the broader equity market), with a forward P/E of 13.8 vs. 16.9 for the Index. On a cash flow basis, the fund's price-free-cash-flow (P/FCF) is 14.2 vs. 23.4, substantially cheaper than the Index. Given this dispersion in valuations, we believe that value stocks are well positioned to outperform in the coming environment.

While our investment process is purely rules-based from our quantitative model, on a fundamental basis, we continue to believe that this positioning will prove to be beneficial as technology stocks are priced with too much optimism. Given the recent tax reform, we expect that the likely increase in buyback activity combined with economic optimism will be beneficial to the fund's positioning. We remain confident in our investment process; we will continue to keep you apprised with insights on our portfolio and results. In the interim, we encourage you to reach out to us with questions.

### TTFS Performance History (%) as of 03.31.2018

|  | NAV   | Market Price Return |
|--|-------|---------------------|
| 1 Month                                  | -2.20 | -2.26               |
| 3 Months                                 | -3.77 | -3.92               |
| YTD                                      | -3.77 | -3.92               |
| 1 Year                                   | 5.72  | 5.70                |
| 3 Years                                  | 7.05  | 7.01                |
| 5 Years                                  | 12.64 | 12.62               |
| Since Inception (10.04.2011, Annualized) | 16.78 | 16.77               |

*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](http://www.advisorshares.com).*

*As stated in the Prospectus, the total annual operating expenses are 1.07%. The net expense ratio is 0.90%. The Advisor has contractually agreed to reduce its fees and/ or reimburse expense in order to keep net expenses from exceeding 0.90% of the Fund's average daily net assets until at least a year from the date of the Prospectus.*

*The performance for periods before 07/01/16 is for the AdvisorShares TrimTabs Float Shrink ETF (the "Predecessor Fund") which was renamed the AdvisorShares Wilshire Buyback ETF on 07/01/16. The Predecessor Fund had different portfolio managers and investment strategy than the Wilshire Buyback ETF. Performance prior to 07/01/16 reflects the Fund's performance prior to the change in manager and investment strategy and may not be indicative of the Fund's performance under the new manager and revised investment strategy. Performance since 07/01/16 reflects actual Wilshire Buyback ETF performance."*

# Manager's Review

## May 2018

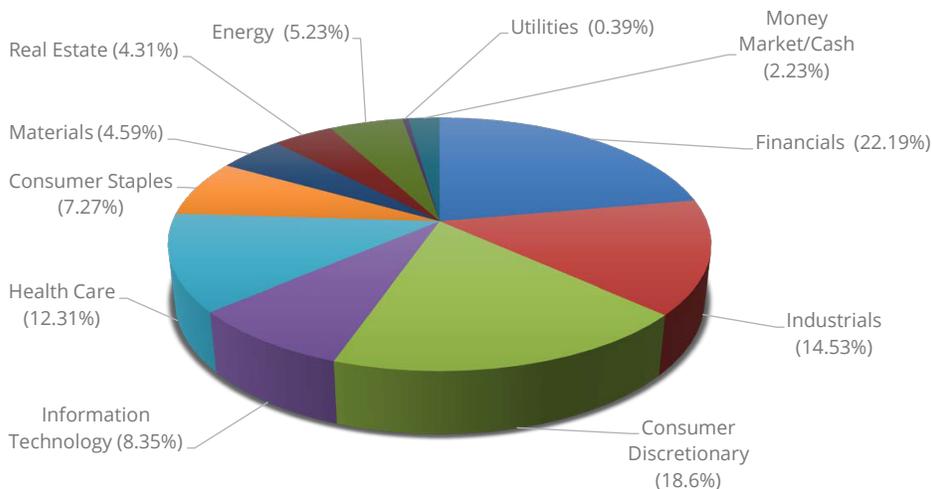
**AdvisorShares Wilshire Buyback ETF**


Table 1

| Top 10 Positions             |       | Bottom 10 Positions         |       |
|------------------------------|-------|-----------------------------|-------|
| DAVITA INC                   | 2.61% | NVENT ELECTRIC PLC-W/I      | 0.26% |
| JUNIPER NETWORKS INC         | 2.43% | MONSANTO CO                 | 0.28% |
| SL GREEN REALTY CORP         | 2.43% | RELIANCE STEEL & ALUMINUM   | 0.28% |
| WALGREENS BOOTS ALLIANCE INC | 2.36% | FNF GROUP                   | 0.29% |
| FOOT LOCKER INC              | 2.26% | ALLEGHANY COPR              | 0.30% |
| HCA HEALTHCARE INC           | 2.22% | MARKEL CORP                 | 0.30% |
| CONAGRA BRANDS INC           | 2.18% | ROYAL CARIBBEAN CRUISES LTD | 0.32% |
| ANADARKO PETROLEUM CORP      | 2.15% | EVEREST RE GROUP LTD        | 0.32% |
| CONOCOPHILLIPS               | 1.95% | NUCOR CORP                  | 0.34% |
| CIGNA CORP                   | 1.94% | LOGMEIN INC                 | 0.38% |

Holdings as of 05/31/2018

Respectfully,

 Josh Emanuel  
 Portfolio Manager  
 Chief Investment Officer  
 Wilshire Funds Management

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May 2018

### Definitions:

The **Wilshire US Large-Cap Index** is a float-adjusted, market capitalization-weighted index of the issues ranked above 750 market capitalization of the Wilshire 5000 Total Market Index (Wilshire 5000<sup>®</sup>).

The **Wilshire US Large-Cap Growth Index** is a float-adjusted, market capitalization-weighted derivative index of the Wilshire US Large-Cap Index and by extension the Wilshire 5000 Total Market Index (Wilshire 5000<sup>®</sup>).

The **Wilshire US Large-Cap Value Index** is a float-adjusted, market capitalization-weighted derivative index of the Wilshire US Large-Cap Index and by extension the Wilshire 5000 Total Market Index (Wilshire 5000<sup>®</sup>).

The **Wilshire 5000 Total Market Index (Wilshire 5000<sup>®</sup>)** is widely accepted as a definitive benchmark for the U.S. equity market, and measures performance of all U.S. equity securities with readily available price data.

A **Buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Companies will buy back shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake.

**Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus and summary prospectus which can be obtained by visiting [www.advisorshares.com](http://www.advisorshares.com). Please read the prospectus and summary 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. Investing in mid and small capitalization companies may be riskier and more volatile than large cap companies. Other Fund risks include market risk, equity risk, large cap risk, liquidity risk and trading 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.

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.

For more information, call AdvisorShares at 1.877.843.3831 or visit [www.advisorshares.com](http://www.advisorshares.com).