

**DBLV**

## How the DoubleLine Value Equity ETF Works

Sub-advisor DoubleLine Equity LP actively manages the AdvisorShares DoubleLine Value Equity ETF (DBLV) under a fundamental value strategy. Fundamental value investing targets two opportunity sets which arise when the market temporarily prices the equity of companies below intrinsic value: classic value and quality value common stocks.

DBLV seeks to deliver capital appreciation and attractive risk-adjusted returns over full market cycles. Under DBLV's fundamental value strategy, the investment team seeks to invest in classic value opportunities in low-multiple stocks of companies with temporarily depressed earnings and in quality value opportunities in durable or disruptor franchises. Quality value opportunities often are invisible under a classic value lens.

The investment team employs a rigorous, thoughtful and repeatable fundamental research process to determine the intrinsic value of potential target companies, uncover mispricing opportunities and construct a portfolio concentrated in typically 35 to 50 well-understood classic value and quality value stocks. The strategy invests in companies with market capitalizations of at least \$2 billion, but the portfolio primarily comprises stocks of large-cap companies. The team works to maintain high active share and low portfolio turnover.

## Key Attributes

**Thoughtful Approach to Value** – Value investing is a timeless discipline that can yield attractive risk-adjusted returns when consistently and intelligently applied over long periods of time. DBLV's fundamental value investment strategy involves discovering mispricing opportunities caused by cognitive biases across a broader set of investment opportunities, enlarging the opportunity set beyond classic value set-ups of deeply underpriced cyclical companies to also include quality value set-ups in powerful franchises.

**Robust, Repeatable Research Process** – The investment team's independent assessment of the intrinsic value of a company's equity is established and tested in light of detailed due diligence, sound judgment, and a long-term time horizon. This process generates a candidate for investment when the team identifies a meaningful discount, which includes an adequate margin of safety. This data-driven research process is consistently applied in an effort to ensure objective evaluation and comparability of investment opportunities.

**Concentrated Portfolio on Best Ideas** – The management team seeks to concentrate their investment portfolio on typically 35-50 of their best ideas, mostly comprised of large market capitalization U.S.-traded equities. Such focus ensures that portfolio holdings are well-understood and the team's best ideas are not diluted. The team seeks to construct the portfolio from a broad variety of investment ideas and industries to achieve diversification.

**Active Risk Management** – Viewing risk as permanent business impairment rather than stock price volatility, the investment team seeks to deliver attractive risk-adjusted returns by maintaining discipline to minimize emotions and mistakes. Share price declines are driven by market perceptions of risk which at times are mistaken. The team does not react simplistically to price changes. Instead, they seek to maintain an objective assessment of the business risks. This means reaching decisions from detailed fundamental analysis, portfolio risk management guidelines and macroeconomic considerations.

**Long-Term Focus** – Because mispricing opportunities often take years to resolve, the investment team takes a long-term view with regard to equity research and portfolio management. In other words, the team strives to look through short-term adverse market reactions and retain investment conviction through time. This longer-term orientation also supports high active share and low portfolio turnover, which can contribute to attractive risk-adjusted returns.

## Fund Basics

Portfolio Manager: DoubleLine Equity LP
Fund Inception: 10.04.2011
Symbol: DBLV
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: DBLV.IV
Net Asset Value: DBLV.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y818
Benchmark: Russell 1000 Value Index

## Where Does DBLV Fit in a Traditional Portfolio?

DBLV can serve as part of a core domestic equity allocation, or as a fundamental, alpha-seeking complement to market cap, growth, or technical allocations within an equity investment portfolio.

# AdvisorShares DoubleLine Value Equity ETF

## Why Invest in DBLV?

**Prospective Return to Value's Historic Attractiveness** – Value investing has a long, established history of providing attractive risk-adjusted returns relative to other investment styles. This can be especially true when rates are rising and central banks are employing quantitative tightening, a macroeconomic phase that the investment team believes is under way.

**Differentiated Investment Strategy & Process** – The fundamental value strategy implemented in DBLV includes classic value stocks and enlarges the investment opportunities to include quality value stocks. The investment team has the in-depth research process required to execute its differentiated investment strategy. This allows them to find value in an economy being transformed by the disruptive competitive impacts of the digital economy and related technological change. While such creative destruction has disadvantaged the performance of more classic value approaches, it can potentially create attractive opportunities for DBLV.

**Leading Investment Firm** – DoubleLine delivers a unique combination of reputation, resources, portfolio management expertise and investment experience navigating market and credit cycles, which makes the firm well-adept at assessing risks and discovering opportunities across markets and asset classes. The portfolio management team leverages this wider array of talent and resources to enhance their investment insights and acumen.

**Core Equity Diversification** – Investing in a disciplined, value strategy can serve as part of a core domestic equity allocation, thereby helping further diversify manager and strategy risk, and potentially reducing overall portfolio risk.

## About DoubleLine Equity LP

DoubleLine Equity LP is an investment adviser registered under the Investment Advisers Act of 1940. As of the September 30, 2018 end of the third quarter, DoubleLine Equity LP and its related companies ("DoubleLine") managed \$123 billion in assets across all vehicles including open-end mutual funds, closed-end funds, exchange-traded funds, hedge funds, variable annuities, UCITS, collective investment trusts and separate accounts.

## About the Portfolio Managers

### Emidio Checcone, CFA

Mr. Checcone is a portfolio manager who oversees active equity strategies at DoubleLine. Mr. Checcone has nearly 20 years of professional investment experience. Before joining DoubleLine, Mr. Checcone worked as Portfolio Manager at Huber Capital Management and as Equity Research Analyst at PRIMECAP Management. He earned a Bachelor of Arts from Harvard College, a Master of Business Administration from Harvard Business School and a Juris Doctor from Harvard Law School. He holds the Chartered Financial Analyst (CFA) designation.

### Brian Ear, CFA, CPA

Mr. Ear is a portfolio manager who oversees active equity strategies at DoubleLine. He has 20 years of professional investment experience. Before joining DoubleLine, Mr. Ear worked as Portfolio Manager at Palmyra Capital Advisors and in analyst roles at Hotchkis and Wiley Capital Management. He earned a Bachelor of Science from The Wharton School at The University of Pennsylvania. He holds the Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA) designations.

*DoubleLine Equity LP assumed portfolio management responsibilities of the Fund on October 11, 2018.*

**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 the Fund's website at [www.AdvisorShares.com](http://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. Investing in mid and small capitalization companies may be riskier and more volatile than large cap companies. Because it intends to invest in value stocks, the Fund could suffer losses or produce poor results relative to other funds, even in a rising market, if the Sub-Advisor's assessment of a company's value or prospects for exceeding earnings expectations or market conditions is incorrect. 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 not net asset value (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.

## Definitions

**Active share** is a measure of the degree to which a fund's portfolio holdings diverge from those of its benchmark, the Russell 1000 Value Index. A fund whose holdings diverge greatly from those of the benchmark reflects high active share. A fund whose holdings vary little reflects low active share.

**Intrinsic value** is the value of a company's future cash flows, adjusted by a discount rate. The discount rate calculated by DoubleLine is a function of a risk-free rate of return (i.e., the yield on the 20-year U.S. Treasury), the equity market risk premium and an additional readjustment specific to the underlying company.