

# DWMC

## AdvisorShares Dorsey Wright Micro Cap ETF

The AdvisorShares Dorsey Wright Micro Cap ETF (Ticker: DWMC) is an actively managed strategy that seeks long-term capital appreciation using a technical, systematically-driven investment approach to invest in exchange-listed, micro cap equities with sufficient liquidity that have a market capitalization of less than \$1 billion.

### Investment Philosophy

Nasdaq Dorsey Wright serves as the DWMC portfolio manager and believes that financial markets continue to provide the best available opportunities for investors to build and preserve long-term wealth. However, to capitalize on the opportunities in the financial markets, an investor should have a systematic investment strategy. DWMC follows Dorsey Wright's core philosophy of relative strength investing, using a proprietary systematically-driven methodology that involves buying securities that have appreciated in price more than other equities within its investment universe and holding those securities until they exhibit sell signals.

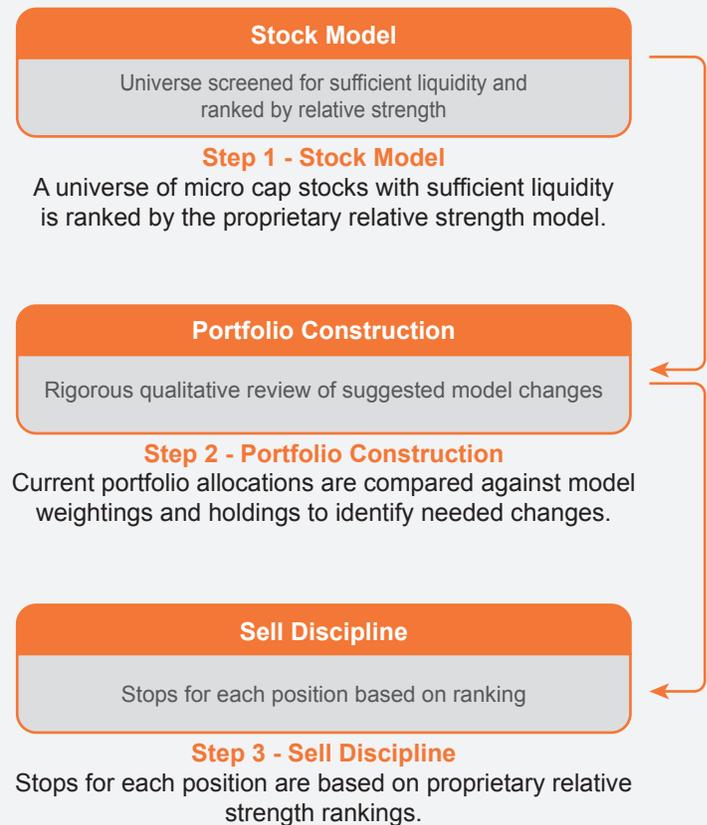
### Why Relative Strength?

The portfolio manager relies on relative strength to manage portfolios because of its adaptive nature and its long-term track record. Relative strength is simple in concept, yet powerful in application. Relative strength is simply the comparison of price performance within a universe of securities. It relates to Newton's Law of Motion, which suggests that objects that are in motion tend to stay in motion until an extended force acts upon them. So, in the financial world this means that stocks with good fundamentals, in a market that in general is supporting higher prices, tend to continue to do well. Analyzing securities by their relative strength provides a way to identify the current leaders. It is those market leaders that DWMC seeks to own.

Relative strength also allows the ability to identify the laggards. Successful investing also requires avoiding big losers. One of the characteristics of the investment universe of micro cap equities used for DWMC is that there is a significant amount of dispersion, meaning there are a lot of stocks that have tremendous performance and others that have dreadful performance. That is great for any relative strength strategy. The portfolio manager believes that relative strength is equally good at identifying long-term winners and losers.

### Investment Process

The portfolio manager employs the following three-step process in managing DWMC:



The logo for DWMC, consisting of the letters 'DWMC' in a bold, white, sans-serif font on a dark orange background. The background of the top of the page features a pattern of red numbers and arrows, resembling a stock market ticker, with some numbers like '16,43', '51,97', '32,86', '45,52', '43,91', '43,96', and '21,9' visible.

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**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.

The Fund is subject to a number of risks that may affect the value of its shares, including the possible loss of principal. Stock prices of micro cap companies are significantly more volatile, and more vulnerable to adverse business and economic developments, than those of larger companies. Micro cap stocks may also be thinly traded, making it difficult for the Fund to buy and sell them. As with any fund, there is no guarantee that the Fund will achieve its investment objective.

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