PACIFIC ASSET MANAGEMENT

ADVISORSHARES™ Actively Managed ETFs

FLRT /NYSE Arca

INCOME

How the Pacific Asset Enhanced Floating Rate ETF Works

The AdvisorShares Pacific Asset Enhanced Floating Rate ETF (NYSE Arca: FLRT) seeks to provide a high level of current income. FLRT is managed by Pacific Asset Management ("Portfolio Manager"). The Portfolio Manager seeks to achieve FLRT's investment objective by selecting a focused portfolio comprised primarily of income producing floating rate loans and floating rate debt securities (commonly referred to as bank loans, leveraged loans or floating rate loans), which consist of senior secured and unsecured floating rate loans, secured second lien floating rate loans, and other floating rate debt securities of domestic and foreign issuers.

5 Key Attributes

Floating Rate Strategy – FLRT offers investors a focused portfolio comprised of income producing floating rate loans and floating rate debt securities which aims to provide a high level of current income.

Liquid – The Portfolio Manager's active management approach favors names that make up the most liquid segment of the bank loan marketplace. This allows for more fluid entry and exit of positions as needed.

Focus on Corporate Credit — The Portfolio Manager covers the entire credit spectrum 'AAA' to 'C', which gives them a unique perspective on relative value and may offer investors favorable risk/reward opportunities.

Limited Asset Class Correlation – With unique structural characteristics, bank loans have limited correlations to most major asset classes, providing portfolio diversification across various fixed income and equity asset classes.

Experienced Bank Loan Investment Team – The Portfolio Manager has focused on bank loans since the firm's founding. FLRT's investment professionals possess an average of 14 years of investment experience.

Fund Basics

Portfolio Manager: Pacific Asset Management
Fund Inception: 02.18.2015
Symbol: FLRT
Exchange: NYSE Arca
Options: No
Dividend Frequency: Monthly
Indicative Value: FLRT.IV
Net Asset Value: FLRT.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y594

Where Can FLRT Fit in a Traditional Portfolio?

FLRT may serve as a yield enhancing, compliment to core fixed income positions. Floating rate funds often offer yields that are competitive with the high yield segment but with the added opportunity of potential protection against rising rates.

This is possible due to the nature of the floating rate market which is that the interest rate is adjusted on a regular schedule to attract investor demand. If interest rates in the broad market head higher then the interest rates charged to the borrower will be adjusted higher as well with a modest time lag.

Pacific Asset Enhanced Floating Rate ETF

Why Invest in FLRT?

For a Dedicated Yield Focus – Unlike its peers, FLRT offers a dedicated floating rate portfolio focused on yield, approached with a focus on the larger, rated issuers within the loan universe. The Portfolio Manager believes that this process provides a margin of safety and downside risk protection relative to the smaller, non-rated companies.

For Opportunistic Leverage – In a bid to enhance potential yield and total return, FLRT has the flexibility to invest 80 -130% of its assets based on the Portfolio Manager's analysis of market conditions.

For a Disciplined Investment Process – The Portfolio Manager believes that a disciplined portfolio decision-making process that focuses on credit fundamentals for individual security selection will lead to outstanding long-term performance versus FLRT's peers and its benchmark. They further believe that the focus should be on the fundamentals of the businesses in which FLRT invests.

About Pacific Asset Management

Pacific Asset Management is a registered investment advisor specializing in institutional fixed income asset management. Founded in 2007, Pacific Asset Management's investment team manages bank loans, high yield corporate bonds, and investment grade bonds. We provide our clients the ability to invest with an entrepreneurial, boutique investment group focused on fundamental credit analysis and supported by the scale and infrastructure of our parent, Pacific Life Insurance Company (Pacific Life).

www.pam.pacificlife.com

About the Portfolio Managers

Jason Rosiak, Senior Managing Director for Pacific Asset Management
Jason serves as the firm's Head of Portfolio Management. Previously, Jason held senior positions at UBS Investment Bank, from 2006 to 2007, and Pacific Investment Management Company (PIMCO) from 1996 to 2005. While at PIMCO, Jason was a Senior Vice President and served as a Portfolio Manager and Head of High-Yield Trading. Jason is an investment professional with over 20 years' experience in corporate and asset-backed securities on both the buy and sell side. Jason holds a bachelor's degree in economics from the University of California, Los Angeles and an MBA from the University of Southern California.

JP Leasure, Senior Managing Director for Pacific Asset Management
JP serves as the firm's Head of Credit Research. JP joined Pacific Asset Management in 2007 and was formerly a senior member of Pacific Life Insurance Company's credit research team, responsible for overseeing an approximately $10 billion portfolio of investment grade corporate public bonds and a portfolio of leveraged loans and was a member of the firm's Workout Committee. Prior to joining Pacific Asset Management, JP was a member of Credit Lyonnais' Leveraged Finance Group. JP has over 17 years of investment and banking experience and holds a bachelor's degree from the University of California, Los Angeles and an MBA from Columbia University.

Bob Boyd, Managing Director Pacific Asset Management
Bob serves as a Portfolio Manager and Credit Analyst for the firm. He joined Pacific Asset Management in 2012. Previously, Bob was with Pacific Investment Management (PIMCO) for 14 years, where he was a Vice President, Bank Loan Portfolio Manager, and Credit Analyst. Bob has over 17 years of investment experience focused on leveraged finance, credit analysis, and structured products. He holds a bachelor's degree from California State University, Long Beach and an MBA from the University of Southern California.

Downside risk is the likelihood that a security will decline in price, or the amount of loss that could result from that potential decline. **Liquidity** is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price. **Leverage** is the amount of debt used to finance a firm's assets. The **Credit Suisse Institutional Loan Index** is a subindex of the Credit Suisse Leveraged Loan Index which contains only institutional loan facilities priced above 90, excluding TL and TLa facilities and loans rated CC, C or in default. It is designed to more closely reflect the investment criteria of institutional investors. In pursuing its investment objective, the Fund seeks to outperform the Credit Suisse Institutional Loan Index. One cannot invest directly in an index.

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. 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 derivatives may be riskier than other types of investments because they are more sensitive to change in economic or marketing conditions that could result in losses that significantly exceed the Fund's original investment. The Fund primarily invests in floating rate loans and floating rate debt securities. The market for floating rate loans may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods. The floating rate feature of loans means that floating rate loans will not generally experience capital appreciation in a declining interest rate environment. Declines in interest rates may also increase prepayments of debt obligations and require the Fund to invest assets at lower yields. Other Fund risks include market risk, leverage risk, foreign investment risk, liquidity risk, income and interest rate risk, liquidity risk, management risk, high yield securities risk, loan participation risk, prepayment risk, and trading risk. Please see the 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.

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