

KOR_{NYSE Arca}

KIM Korea Equity ETF

The KOR Investment Philosophy/Process

The AdvisorShares KIM Korea Equity ETF (NYSE Arca: KOR) seeks to provide long-term capital appreciation above the capital appreciation of its primary benchmark, the MSCI Korea Index, and other Korea-focused indexes. KOR is managed by Korea Investment Management Co., Ltd. ("KIM") ("Portfolio Manager.")

Investment Philosophy

Offer long-term investment -- The Portfolio Manager seeks to provide attractive performance versus its benchmark over the long-term.

Seek long-term trend and secular growth stocks -- KOR focuses on fundamentals rather than short-term momentum, in an effort to mitigate downside risk and preserve investment capital.

Cooperate with research team -- Utilizing KIM's research capabilities may allow the Portfolio Manager to exceed KOR's investment objective.

KOR Buy Discipline

KOR invests in companies that

1. Have market dominance in their industry
2. Have structural growth through both earnings growth and valuation re-rating
3. Are undervalued significantly

KOR Sell Discipline

Rather than stock selling, KOR rebalances quarterly when

1. stocks in the portfolio have more upside potential than the others and
2. different weights of stocks need to be adjusted i.e. initial equal weights without selling the stocks.

The KOR Investment Process/Portfolio Construction

- There are 1,700+ stocks listed on the Korea Exchange (KRX) and the Korean Securities Dealers Automated Quotations (KOSDAQ)

Listed Stocks
1,700+ Stocks

- The KOR Investment Universe is narrowed to 700+ stocks after quantitative screening

Investment Universe
700+ Stocks

- Selected by KIM research analysts
- Sources of company information are extracted from financial reports, company visits, and external research
- Measurement of company's intrinsic value
- Maintenance and utilization of manpower to enhance the quality of appropriate analysis
- Applying analytical techniques to ensure a consistent unified report format and DB in internal research

Investable Stocks
~400 Stocks

- Consists of around 150 stocks selected by the research analysts and portfolio managers
- The research analysts are required to conduct in-depth analysis on the individual stock level in Core Coverage

Core Coverage
150 stocks

- Stocks in the KOR Model Portfolio are selected following discussion and consultation between analysts and portfolio managers
- Morning meetings, management strategy meetings, risk adjustment meetings, theme meetings and ongoing meetings
- The creations of insight to integrated market experience and specialized analysis are the results of effective communication between portfolio managers and analysts

Model Portfolio
~50 stocks, Sector-neutral,
Balanced portfolio

- The actual KOR portfolio is selected by the portfolio managers
- KOR's portfolio managers are primarily responsible for the day-to-day management of the Fund. Each portfolio manager specializes in monitoring issues with leading sectors, long-term opportunities in large caps and growth potential in small-mid caps. The members typically have in-depth expertise in finding the particular sub-sector with positive earnings prospects. Most funds are managed on team basis and not individually.

KOR Portfolio

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. As a result of the Fund's investments in securities receiving revenues in foreign currencies, the Fund will be subject to currency risk. This is the risk that currencies to which the Fund is exposed will decline relative to the U.S. dollar. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. To the extent that the Fund has significant investments in a particular country, the Fund will be susceptible to loss due to adverse market, political, regulatory, and geographic events affecting that country. Economic and political developments of South Korean neighbors may have an adverse effect on the South Korean Economy. Other Fund risks include market risk, equity risk, liquidity risk and trading risk. Please see prospectus for details regarding risk.