

SCAP NYSE Arca

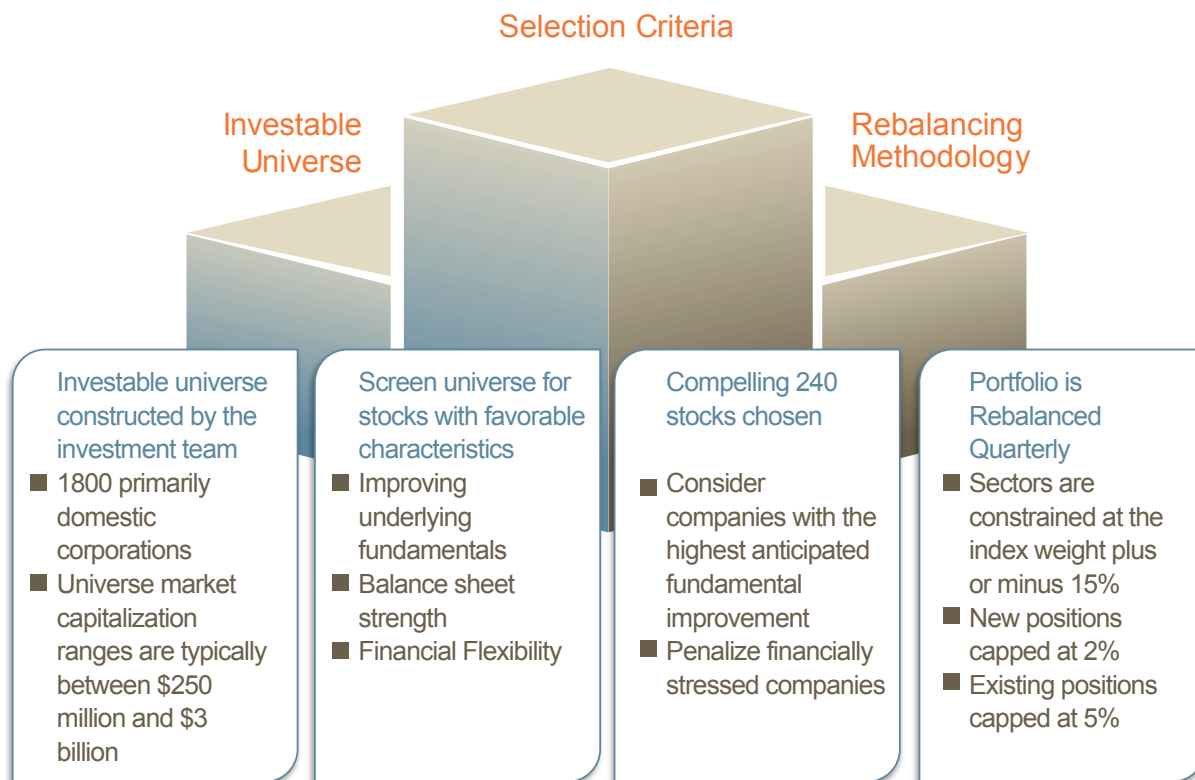
Cornerstone Small Cap ETF

The AdvisorShares Cornerstone Small Cap ETF (NYSE Arca: SCAP) seeks to provide total return through long-term capital appreciation and current income. SCAP is managed by Cornerstone Investment Partners, LLC (“Portfolio Manager”).

The SCAP Investment Philosophy

The Portfolio Manager believes that stock prices are more volatile than the fundamentals of companies and that potential improvements in fundamentals are under appreciated by the market.

- Disciplined investors can take advantage of the emotion and volatility of the market by buying securities when the market is overly pessimistic and selling securities when the market is filled with optimism.



Develop a Custom Small Cap Universe

Investable Universe

The universe is constructed by the portfolio management team

- Actively constructed universe designed to mimic the capitalization range of the Russell 2000 Index
- Universe includes publicly traded US stocks with market value rank between 1000 and 2800
- Universe market capitalization ranges are typically between \$250 million and \$3 billion

Screen for Ideal Candidates

Selection Criteria

Ideal candidates possess the following characteristics:

- Improving relative momentum in recent earnings estimates
- Positive earnings surprises
- Tangible book value
- Financial flexibility as measured by the company's ability to finance obligations with free cash flow

Ensure Compelling Stocks are Represented

Rebalancing Methodology

Rebalancing Methodology

- Each quarter 60 stocks are traded based on relative attractiveness
- New positions have a target weight of 40 Basis Points (100% divided by 240 names)
- Sectors are constrained at the index weight plus or minus 15%
- New positions capped at 2%
- Existing positions capped at 5%

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 small capitalization companies may be riskier and more volatile than large cap companies. Security prices of small-cap companies are generally more vulnerable than those of large-cap companies to adverse business and economic developments. Other Fund risks include market risk, equity risk, large cap risk, liquidity risk and trading risk. Please see prospectus for details regarding risk.