

# AADR NYSE Arca



EQUITY

## How the Dorsey Wright ADR ETF Works

The AdvisorShares Dorsey Wright ADR ETF (Ticker: AADR) is an actively managed strategy that seeks long-term capital appreciation using a technical, systematically-driven investment approach that seeks to outperform international benchmarks such as the MSCI EAFE Index and the BNY Mellon Classic ADR Index. AADR is managed by Dorsey, Wright & Associates, LLC, a firm renowned for their core philosophy of relative strength investing, which AADR's investment focus follows. Relative strength investing involves buying securities that have appreciated in price more than the other securities in their investment universe and holding those securities until they exhibit sell signals. AADR's investment process is purely systematic and removes any human emotion from the day-to-day decision making.

In implementing AADR's strategy, Dorsey Wright measures relative strength across both macroeconomic sector and international equity models and then takes an unconstrained approach to selecting securities for its international portfolio. The investment strategy does not give consideration to the allocation between developed and emerging markets, and will allocate between the two depending on global price trends.

## Key Attributes

**Concentrated Portfolio of Highest-Ranked** – AADR typically has a portfolio of less than 40 equities that demonstrate favorable relative strength characteristics according to Dorsey Wright's proprietary macroeconomic sector ranking and individual stock rotation methodology.

**Unconstrained International Equity Portfolio** – AADR is uniquely positioned from an investment opportunity perspective because it is not limited by style (value or growth), investment capitalization (small, mid or large), or even classification of international market (emerging or developed).

**Systematic Approach** – AADR's investment process is entirely systematic and is designed to remove human emotion from the decision process. This approach allows the portfolio manager the ability to continually execute their proven investment process through all types of different markets. The process also allows the portfolio manager the ability to analyze a large number of markets that may become very different over time.

**Relative Strength Analysis** – AADR uses relative strength which compares price performance within a universe of stocks. Relative strength investing provides a repeatable process to identify and select the leaders while avoiding the laggards. It is important to be equally good at identifying both long-term winners and losers.

**Disciplined Sell Process** – Securities are automatically sold from the portfolio when they fall below a predetermined rank threshold. The sell rank is determined when the security is purchased and is not adjusted for different market scenarios. The sell process is entirely based on technical, systematic ranks and does not allow for any portfolio manager discretion or overrides.

## Why Invest in AADR?

**Alpha-Seeking Complement to Broad Based Exposure** – Broad based indexes by their nature have the good and the bad, the strong and the weak, and AADR offers the opportunity to add alpha with a historically successful trend following process that owns the strongest companies while eliminating the weakest performers.

**For Manager Diversification** – Through an established portfolio manager, spreading your investment risk among foreign companies, markets, and currencies that are different than the U.S. economy can help diversify and mitigate your overall portfolio risk.

**For Strategy Diversification** – The systematic portfolio management process takes several factors into account to limit unnecessary risk and maximize exposure to the momentum factor. If a security becomes too large as a percentage of the portfolio it is trimmed to bring it back in line with the other security weights. The process spreads the allocation among multiple macro sectors and limits the allocation to each based on the size of the macro sector. The process also seeks to spread out allocations within each macro sector to multiple industry groups if possible. The objective sell discipline represents an important component of the portfolio construction process.

**For Potential Tax Advantages Over Other Investment Structures** – The portfolio manager believes that the ETF structure offers potential tax advantages over other investment structures, including separately managed accounts and mutual funds. Furthermore, this strategy was previously only available as a separately managed account with high investment minimums. AADR now makes the strategy available to a much broader group of investors.

## Fund Basics

Portfolio Manager: Dorsey, Wright & Associates, LLC
Fund Inception: 07.20.2010
Symbol: AADR
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: AADR.IV
Net Asset Value: AADR.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y206

## Where Does AADR Fit in a Traditional Portfolio?

AADR can serve as an alpha-seeking complement to a broad-based market cap weighted position, such as a fund that tracks the MSCI EAFE Index, as well as a standalone investment solution for international equity exposure.

# The AdvisorShares Dorsey Wright ADR ETF

## About the Portfolio Manager

### **John G. Lewis, Senior Vice President & Senior Portfolio Manager**

Mr. Lewis joined Dorsey Wright Money Management in 2002. As Senior Portfolio Manager, he is responsible for investment strategy across DWA's funds, ETFs, UITs and SMA accounts. He has worked in the investment industry since 1994. Mr. Lewis has conducted extensive research on relative strength and has authored several original research papers on the subject and works closely with the investment team on new product development. He holds a Bachelor of Business Administration from the University of San Diego and an MBA from the University of Southern California.

## About Dorsey, Wright & Associates

Dorsey, Wright & Associates, a Nasdaq Company is a registered investment advisory firm based in Richmond, Virginia. Since 1987, Dorsey Wright has been an advisor to financial professionals on Wall Street and investment managers worldwide. Dorsey Wright offers comprehensive investment research and analysis through their Global Technical Research Platform and provides research, modeling and indexes which apply Dorsey Wright's expertise in Relative Strength to various financial products including exchange trade funds, mutual funds, UITs, structured products, and separately managed accounts. Dorsey Wright's expertise is technical analysis. The Company uses Point & Figure Charting, Relative Strength Analysis, and numerous other tools to analyze market data and deliver actionable insights. In 2015, Dorsey Wright was acquired by Nasdaq, Inc. allowing Dorsey Wright to work towards even greater innovative solutions for its clients.

[www.dorseywright.com](http://www.dorseywright.com)

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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.

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. Emerging Markets, which consist of countries or markets with low to middle income economics can be subject to greater social, economic, regulatory and political uncertainties and can be extremely volatile. Other Fund risks include concentration risk, foreign securities and currency risk, ADRs which may be less liquid, large-cap risk, early closing risk, counterparty risk and trading risk, which can increase Fund expenses and may decrease Fund performance. The Fund is, also, subject to the same risks associated with the underlying ETFs, which can result in higher volatility. This Fund may not be suitable for all investors. See prospectus for detail regarding risk.