



The AdvisorShares Dorsey Wright ADR ETF

Ticker: AADR

ADVISORSHARES[®]
Actively Managed ETFs





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About Dorsey Wright



- Dorsey, Wright & Associates (DWA), a Nasdaq Company, is a registered investment advisory firm based in Richmond, Virginia. Over the last thirty years, their research platform, SMA/UMA strategies, indexes, and team of analysts have created more informed, conversations for advisors, investment managers and their clients.
- Dorsey Wright continues to help market participants build and protect their clients' wealth. As a single company, they have emerged as a prominent ETF manager with strategic beta offerings that track custom Nasdaq indexes, as well as the actively managed AdvisorShares Dorsey Wright ADR ETF (Ticker: AADR).



About Relative Strength

- Relative strength measures the price performance of a security versus a market average or universe of equities. A security's relative strength can improve if it rises more than the market in an uptrend, or goes down less than the market in a downtrend.
- An important attribute of relative strength is momentum, which we have identified as the most consistent factor over time.
- We believe a security's return relative to other securities is a predictor of future relative outperformance.



About ADRs

- An **American depositary receipt (ADR)** is a negotiable U.S. security that generally represents an international company's publicly traded equity or debt. Depositary receipts are created when a broker purchases a non-U.S. company's shares on its home stock market and delivers the shares to the depositary's local custodian bank, and then instructs the depositary bank such as BNY Mellon, to issue depositary receipts.
- **BNY Mellon**, the world's largest depositary for ADRs, **provides their expertise as a strategic partner** to the portfolio management team and to all other market intermediaries – enhancing accessibility to an efficient and robust marketplace.



Investment Strategy Overview

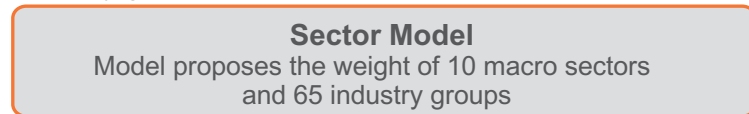
- AADR is an actively managed ETF that seeks long-term capital appreciation using a **technical, systematically-driven** investment approach that seeks to outperform international benchmarks such as the MSCI EAFE Index and the BNY Mellon Classic ADR Index
- Follows DWA's core philosophy of **relative strength** investing, using a proprietary methodology that involves buying securities that have appreciated in price more than other securities within its investment universe and holding those ADRs until they exhibit sell signals
- **Concentrated portfolio** of ADRs maintaining favorable relative strength characteristics
- **Unconstrained** international equity strategy that is not limited by style (value or growth), market capitalization (small, mid or large), or even classification of international market (emerging or developed)



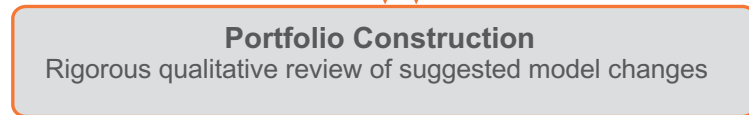
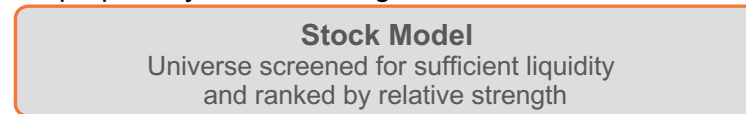
Investment Process

- In managing AADR's portfolio, DWA begins with an **investment universe of domestically-traded American depositary receipts (ADRs)** of international companies domiciled in both developed markets and emerging markets
- From that investment universe, the portfolio manager employs the following **systematic process**:

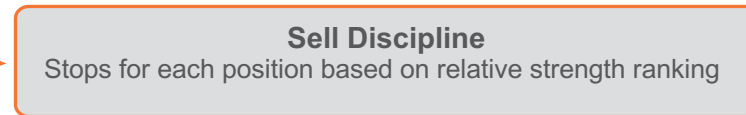
Step 1 - Sector Model - Sector overlay, based on relative strength, proposes the weight in each sector and industry group



Step 2 - Stock Model - Universe of small, mid & large cap stocks with sufficient liquidity is ranked by proprietary relative strength model.



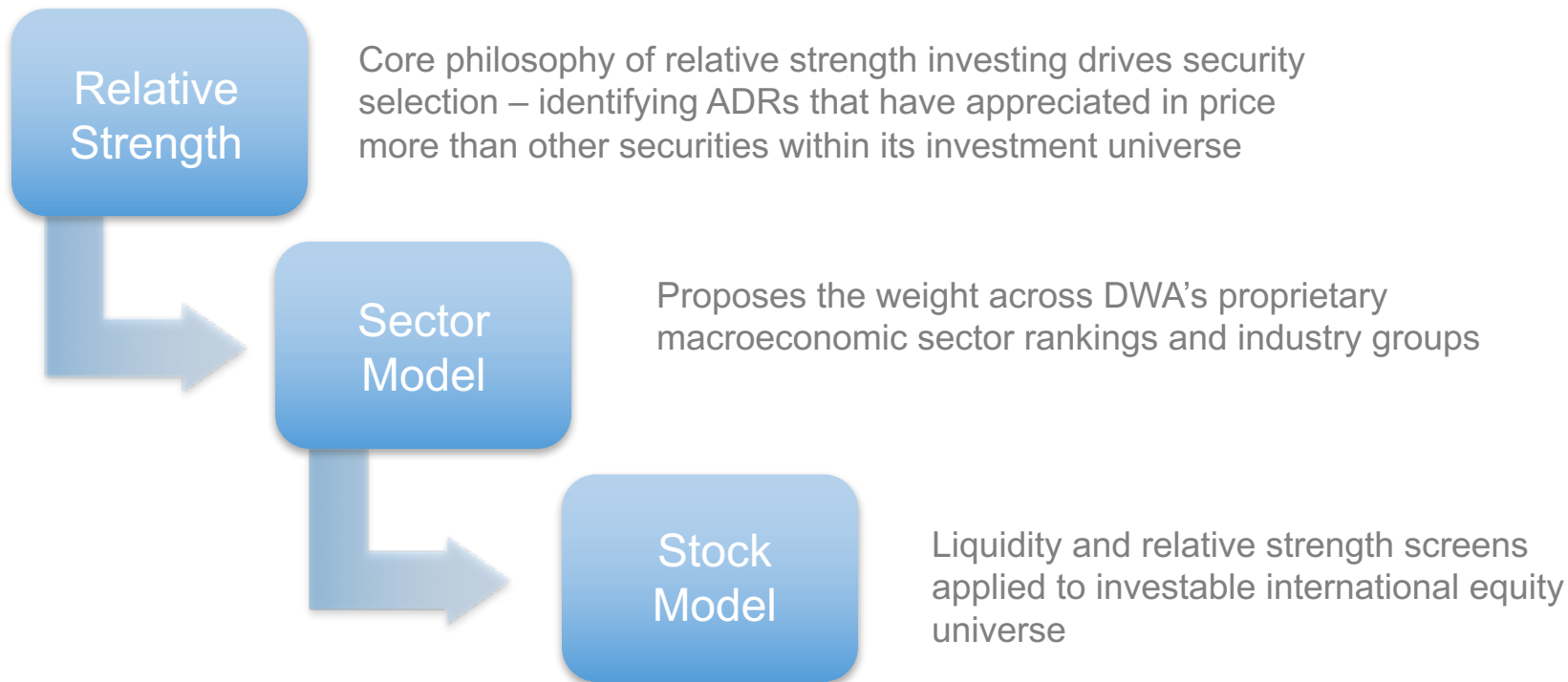
Step 3 - Portfolio Construction - Current portfolio allocations are compared against model weightings and holdings to identify needed changes



Step 4 - Sell Discipline - Stops for each position are based on proprietary relative strength rankings

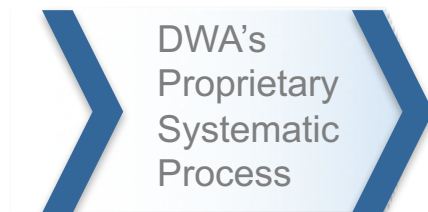
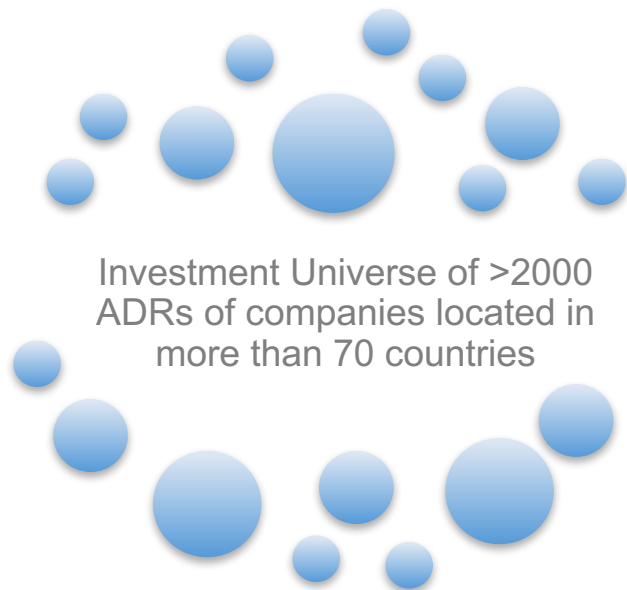


Drivers for Security Selection





Portfolio Construction



Securities carry at least a 2% weighting when initially added to the portfolio; individual weightings then determined according to relative strength rankings



Risk Management

Certain factors may cause the portfolio manager to reduce exposure or remove a specific holding, which includes:





The Case for AADR

Employs DWA's technical, **systematic process with an alpha component**
– using a time-tested trend following methodology that harnesses momentum and drives returns

AADR's **unconstrained approach can make the allocation decision for you** – its systematic process determines whether to invest in developed or emerging markets, value or growth, and small, mid or large cap companies

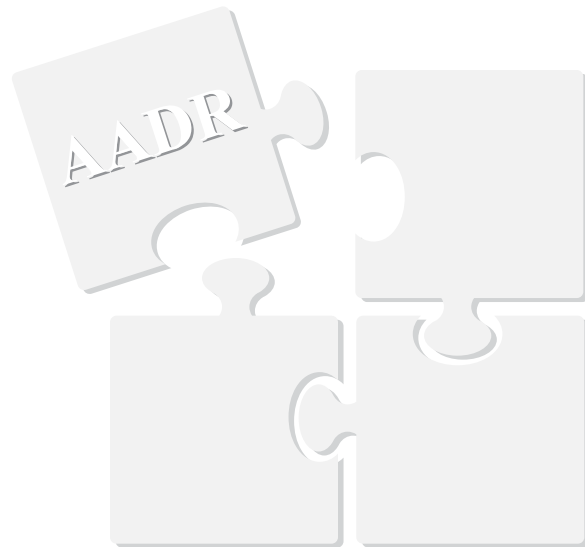
Concentrated portfolio comprises of the highest-ranked international companies according to DWA's rigorous relative strength analysis

Utilizes a **disciplined approach that differentiates** among peers – AADR's systematic nature removes any human emotion from its security selection and risk management – to operate efficiently in any market environment



How AADR Fits Within a Portfolio

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





Strategy Summary

- Actively managed ETF that employs a **technical, systematically-driven investment process** designed to harness momentum that seeks to outperform international benchmarks such as the MSCI EAFE Index and the BNY Mellon Classic ADR Index.
- **DWA's renowned trend following model** and time-tested approach of relative strength investing delivered in a fully transparent actively managed ETF structure for the first time ever.
- **Unconstrained** investment mandate allows AADR to seek the best international investment opportunities and is not limited by market classification, style type, or market capitalization – **removing any human emotion** on deciding where to invest in the international equity markets.
- **"Pulling the weeds and watering the flowers"** - like the legendary Peter Lynch adage, AADR opportunistically seeks the best international equity opportunities and lets those holdings grow within the portfolio, whereas the systematic nature of its risk management eliminates positions with weakening relative strength.



Benefits of the Active ETF Structure

- **Full Transparency** – Investors can view all the underlying holdings of this active ETF on a daily basis.
- **Intraday Liquidity** – This active ETF can be bought and sold like a stock during market trading day. Also, volume does not equal liquidity. This ETF's liquidity is driven by the constituents of its underlying portfolio.
- **Operational & Tax Efficiency** – Unlike mutual funds where investors are responsible for taxes on capital gains, this active ETF structure provides the potential to not pay any taxable capital gain distributions.



About AdvisorShares

- AdvisorShares is a **leading provider** of actively managed exchange-traded funds (ETFs) with approximately \$1.1 billion in assets under management.
- AdvisorShares became **among the first firms to bring actively managed ETFs** to market, delivering numerous “industry firsts,” and remains a leading and innovative provider in the rapidly expanding actively managed ETF space.
- Our diversified suite of investment strategies features accomplished investment managers making active decisions, similar to traditional mutual funds, except our fund portfolios are **delivered in a fully-transparent ETF structure**.



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Disclosure

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

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 CALLING 1.877.843.3831. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.

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