

## ACT

### How the AdvisorShares Vice ETF Works

Diversification stands among the most important attributes of an investment portfolio. While finding true negative or non-correlation among investments remains challenging, building a diversified portfolio during a normal market environment can allow an easier path. Recessions represent a natural and cyclical part of markets. Consumer spending slows significantly during recessionary environments: no new cars, less retail purchases and generally less of everything. However, even in the toughest economic environments, people still historically spend on their leisure, habits and vices. Alcohol and tobacco have been often viewed as potentially recession-resistant areas simply because individuals take pleasure in such related activities during both good times and bad times.

The investment thesis of the AdvisorShares Vice ETF (Ticker: ACT) believes that investing in select alcohol and tobacco companies will provide continued growth and long-term performance across all types of market environments. With evolving societal and regulatory landscapes, the upside potential of cannabis as a new investment avenue has emerged to complement the historically resilient characteristics of alcohol and tobacco. While cannabis represents a new investment frontier, proper caution and due diligence must be exercised surrounding its regulations and risks. ACT only invests in cannabis-related companies conducting federally legal business per the United States government.

### Key Attributes

**Durable Moat Advantage** - Select alcohol and tobacco companies may carry a competitive advantage operating within heavily regulated industries reinforced by an established record of performance across multiple market and economic environments.

**Equity Market's Top Dividend Payers** - The largest alcohol and tobacco companies are among the equity market's top dividend payers, exhibiting an attractive history of consistent growth and increasing dividends that can enhance the portfolio's total return.

**Emerging Growth Opportunity** - Cannabis-related equities span multiple industries including agriculture, biotechnology, pharmaceutical, real estate, retail, finance and other medical applications. The portfolio manager believes that an evolving landscape of select, U.S. federally legal cannabis-related companies across various formats provides upside potential that may lead to attractive growth opportunities.

**Merger & Acquisition Potential** - Due to their emerging growth opportunity, companies involved in cannabis-related business on a U.S. federally legal level may benefit from potential merger and acquisition activity as the market matures and evolves.

### Why Invest in ACT?

**Historical Steadiness Complemented by Upside Potential** - Alcohol and tobacco possess an established history of delivering attractive returns through multiple market cycles. The emergence of select cannabis-related companies and their growth potential adds a compelling element to an investment theme historically resilient to market drawdowns and recessionary environments.

**Alcohol and Tobacco's Attractive Profit Margins** - Tobacco products still possess among the highest profit margins of consumer products despite less people smoking and heavily restricted advertising. Alcohol-related companies are also known for providing competitive profit margins among consumer products.

**Only ETF with Concentrated Exposure to Emerging Investment Theme** □ ACT

is the only ETF, including passively managed strategies, that provides concentrated exposure to select companies associated with alcohol, cannabis and tobacco. The fully transparent ETF structure delivers this emerging investment theme with intraday liquidity as well as enhanced operational and tax efficiency for its shareholders.

**Experienced Portfolio Management Team** - ACT's portfolio management team carries extensive experience in the capital markets and an established expertise of investing in this area of the equity markets, including as the original portfolio manager of the Vice Fund mutual fund and managing other well-regarded investment strategies.

### Fund Basics

Portfolio Manager: AdvisorShares Investments

Fund Inception: 12/12/2017

Symbol: ACT

Exchange: NASDAQ

Options: No

Dividend Frequency: Annual

Indicative Value: ACT.IV

Net Asset Value: ACT.NV

Fund Type:  
Actively-Managed ETF

CUSIP: 00768Y545

### Where Does ACT Fit in a Traditional Portfolio?

ACT can deliver an alpha-seeking complement or satellite equity holding to a broad-based equity allocation. ACT seeks direct exposure to select leaders within the alcohol and tobacco industries complemented by the emerging upside of U.S. federally legal cannabis-related companies.

# The AdvisorShares Vice ETF

## About the Portfolio Managers

### Dan Ahrens

Dan Ahrens is managing director and chief operating officer of AdvisorShares. Dan carries over two decades of experience in the financial services industry serving in a variety of senior-level capacities. He founded Ahrens Advisors, L.P., an SEC-registered investment advisor, where he was portfolio manager of the Ladenburg Thalmann Gaming and Casino Fund. Dan also served as president of the MUTUALS.com Funds, where he launched the Vice Fund (VICEX) and served as its original portfolio manager. He was also the portfolio manager of the Generation Wave Growth Fund (GWGFX). During that time, he was also president and chief compliance officer of Mutuals Advisors, Inc, and acted as president, treasurer and financial & operations officer of an affiliated broker dealer firm. Dan is the author of "Investing in Vice" (St. Martin's Press, 2004) and has appeared prominently across financial media outlets and major national and trade publications. He earned a Bachelor in Business Administration in Finance from Texas Tech University.

### Robert M. Parker, CFA

Rob Parker is the director of capital markets for AdvisorShares, where he oversees trading, portfolio management and fund operations activity for the firm. Rob's professional career has spanned over a decade and a half within the financial services industry, where he has worked across compliance, due diligence, and investment analysis as well as positions of senior portfolio manager and firm principal. Rob managed assets for a proprietary investment practice that he created after serving as senior portfolio manager at ProShares Advisors, where he managed leveraged, inverse, and long-short ETFs. Rob previously held positions held at Capital Financial Group, Wachovia Securities, The Advisors Group, and FOLIOfn, serving in a variety of analyst roles. He is a graduate of National University, earning a Bachelor of Science. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Society of Washington, DC.

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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.

Investing involves risks including possible loss of principal. Cannabis-related companies are subject to various laws and regulations that may differ at the state/local and federal level. These laws and regulations may significantly affect a cannabis-related company's ability to secure financing, impact the market for marijuana industry sales and services, and set limitations on marijuana use, production, transportation, and storage. In addition to regulatory action, litigation initiated by private citizens or companies could have a negative impact on the financial and/or operational status of cannabis-related companies. Pronouncements from the current Administration suggest the Department of Justice ("DOJ") may push back against states where marijuana use and possession is legal, step up the enforcement of federal marijuana laws and the prosecution of nonviolent federal drug crimes and, in the event the Rohrabacher-Farr amendment is not renewed by Congress, begin using federal funds to prevent states from implementing laws that authorize medical marijuana use, possession, distribution, and cultivation. Such actions by the DOJ could produce a chilling effect on the industry's growth and discourage banks from expanding their services to cannabis-related companies where such services are currently limited.

Companies in the food, beverage and tobacco industry are very competitive and subject to a number of risks. Demographic and product trends, changing consumer preferences, nutritional and health-related concerns, competitive pricing, marketing campaigns, environmental factors, adverse changes in general economic conditions, government regulation, food inspection and processing control, consumer boycotts, risks of product tampering, product liability claims, and the availability and expense of liability insurance can affect the demand for, and success of, such companies' products in the marketplace. For a full summary of the risks please see the prospectus.

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