

**DWSH**



EQUITY

## How the Dorsey Wright Short ETF Works

Markets can easily move in any direction and an investment portfolio can easily follow suit. Similar to insuring the most valuable and important possessions in life, incorporating a hedge into an equity allocation can provide an effective means of delivering protection to an investment portfolio during unexpected market downturns. Such a specialized approach to long/short diversification requires a specialized skill set from a manager with a deep expertise in navigating all aspects of the equity market.

The AdvisorShares Dorsey Wright Short ETF (Ticker: DWSH) is managed by Nasdaq Dorsey Wright, a firm renowned for relative strength investing. 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. In implementing DWSH's shorting strategy to its core philosophy of relative strength investing, Dorsey Wright identifies and short sells those securities with the highest relative weakness within an investment universe primarily comprised of large-capitalization U.S.-traded equities. DWSH's investment process is purely systematic and removes any human emotion from the day-to-day decision making.

## Key Attributes

**Dedicated Short Portfolio of Weakest Companies** – DWSH typically has a portfolio of 75 - 100 equities that begin with a modified equal weighting, demonstrating the highest relative weakness characteristics according to Dorsey Wright's proprietary individual stock rotation methodology.

**Systematic Approach** – DWSH'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 securities that may become very different over time.

**Relative Strength/Weakness Analysis** – DWSH uses a core philosophy of relative strength investing, which compares price performance within a universe of stocks. Relative strength investing provides a repeatable process both to identify and to identify and select the leaders, as well as conversely to identify and select the laggards through relative weakness to sell short.

**Disciplined Sell Process** – Securities are automatically sold from the portfolio when they surpass 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 DWSH?

**Hedging Investment Tool** – DWSH can be implemented as part of a long/short strategy to provide an investor with a "buy and hold" alternative to hedge their long domestically-traded equity exposure.

**Alpha-Seeking Exposure** – DWSH's systematic and selective approach offers the potential opportunity to add alpha to an investment portfolio, especially during a bear market. At certain technical levels during severe market downturns, the strategy can allocate its short exposure more broadly to the domestic equity market – by shorting individual ETFs or futures contracts – seeking to enhance its total return.

**For Manager Diversification** – Through an established portfolio manager, spreading your investment risk among equities not correlated to the broader market can help diversify and mitigate your overall portfolio risk. DWSH differs considerably from inverse ETF investment strategies, which are subject to daily resets and blindly sell short the top companies within a market-cap weighted index such as the S&P 500.

**For Strategy Diversification** – The systematic portfolio management process seeks 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

## Fund Basics

Portfolio Manager: Nasdaq Dorsey Wright
Fund Inception: 07.10.2018
Symbol: DWSH
Exchange: NASDAQ
Options: No
Dividend Frequency: Annual
Indicative Value: DWSH.IV
Net Asset Value: DWSH.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y529

## Where Does DWSH Fit in a Traditional Portfolio?

DWSH can provide a satellite equity holding to a broad-based equity allocation that may be used to hedge volatility and risk for similar long equity exposure, seeking positive returns in a declining equity market.

## The AdvisorShares Dorsey Wright Short ETF

security weights. The process also seeks to similarly spread out allocations within its stock model. The objective sell discipline represents an important component of the portfolio construction process.

### About Nasdaq Dorsey Wright

Nasdaq Dorsey Wright 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.

### About the Portfolio Manager

#### John Lewis, CMT, Senior Portfolio Manager

John Lewis is a Senior Portfolio Manager with Nasdaq Dorsey Wright. In this role, Mr. Lewis is responsible for the investment strategies used in various different indices and models.

Since joining the firm in 2002, Mr. Lewis has developed strategies for the firm's Systematic Relative Strength series of separate accounts, the Technical Leaders Index methodology, global asset allocation strategies, and multiple series of UITs. His work is technically driven and focuses on relative strength and momentum as the main factors in the investment process.

One of the foremost experts on relative strength investing, Mr. Lewis has authored several original research papers on the subject. He is a Chartered Market Technician (CMT) and a member of the Market Technician's Association and the American Association of Professional Technical Analysts. Mr. Lewis earned an M.B.A. in Finance from the University of Southern California and a B.A. from the University of San Diego.

**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.

The Fund is subject to a number of risks that may affect the value of its shares, including the possible loss of principal. Short sales are transactions in which the Fund sells a security it does not own. To complete the transaction, the Fund must borrow the security to make delivery to the buyer. The Fund is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. If the underlying security goes down in price between the time the Fund sells the security and buys it back, the Fund will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, the Fund will realize a loss on the transaction. Any such loss is increased by the amount of premium or interest the Fund must pay to the lender of the security. Likewise, any gain will be decreased by the amount of premium or interest the Fund must pay to the lender of the security. Because a short position loses value as the security's price increases, the loss on a short sale is theoretically unlimited. Short sales involve leverage because the Fund borrows securities and then sells them, effectively leveraging its assets. The use of leverage may magnify gains or losses for the Fund. As with any fund, there is no guarantee that the Fund will achieve its investment objective.

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.