

DWSH

AdvisorShares Dorsey Wright Short ETF

The AdvisorShares Dorsey Wright Short ETF (Ticker: DWSH) is an actively managed strategy that seeks capital appreciation through short selling securities using a technical, systematically-driven investment approach. DWSH may be used to hedge long equity exposure and seek positive returns in a declining equity market.

Investment Philosophy

Nasdaq Dorsey Wright serves as the DWSH portfolio manager and believes that financial markets continue to provide the best available opportunities for investors to build and preserve long-term wealth, even in a declining market environment. However, to capitalize on the opportunities in the financial markets, an investor should have a systematic investment strategy that removes emotion from decision making, especially for hedging purposes. 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.

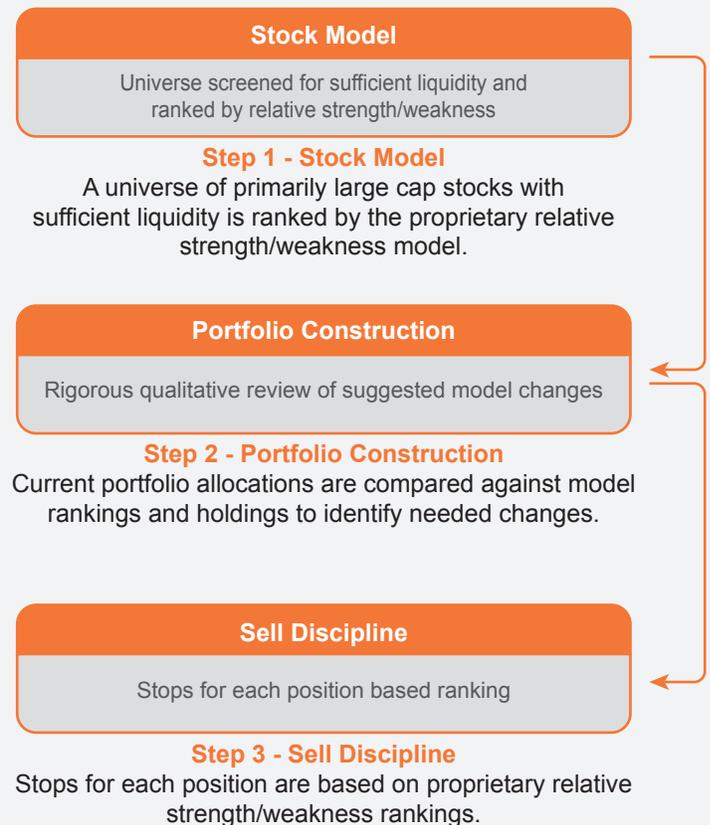
Why Relative Strength/Weakness?

The portfolio manager relies on relative strength to manage portfolios because of its adaptive nature and its long-term track record. Relative strength is simple in concept, yet powerful in application. Relative strength is simply the comparison of price performance within a universe of securities. It relates to Newton's Law of Motion, which suggests that objects that are in motion tend to stay in motion until an extended force acts upon them. So, in the financial world this means that stocks with good fundamentals, in a market that in general is supporting higher prices, tend to continue to do well. Conversely, this also means that stocks with weak fundamentals, especially during market corrections, tend to do worse. Analyzing securities by their relative weakness provides a way to identify and sell short those stocks by seeking to outperform the broader equity market during volatile periods. It is those market laggards that DWSH seeks to own.

Because relative strength also allows the ability to identify the laggards, successful investing can involve the selling short of big losers. One of the characteristics of DWSH's more liquid, primarily large-cap investment universe is that there is a significant amount of dispersion, meaning there are a lot of stocks that have tremendous performance and others that have dreadful performance. That is great for any relative strength strategy. The portfolio manager believes that relative strength is equally good at identifying long-term winners and losers

Investment Process

The portfolio manager employs the following three-step process in managing DWSH:



The top of the page features a dark background with a grid of red and white numbers and symbols, including '16,43', '32,86', '43,91', '43,96', '51,97', '45,52', '21,9', '19,52', '32,97', '31,76', '43,91', and '16,43'. On the left, the letters 'DWSH' are displayed in a large, white, sans-serif font against an orange background.

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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. 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.