

# FWDB

## How the AdvisorShares FolioBeyond Smart Core Bond ETF Works

FolioBeyond represents the next generation, institutional-quality quantitative asset management platform – intersecting a deeply experienced investment team rooted in fixed income markets with state-of-the-art financial technology. Their forward-looking integration provides a dynamic, core bond strategy enhanced by ETF structural attributes including operational and tax efficiencies.

The AdvisorShares FolioBeyond Smart Core Bond ETF (Ticker: FWDB) features their institutional-quality portfolio management employing a quantitative process that invests without selection bias, seeking investment results that exceed the price and yield performance of its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. FWDB utilizes FolioBeyond’s advanced asset allocation process which actively invests across 20-plus distinct bond classes that cover the major sectors of the global investable fixed income universe. FWDB’s dynamic approach evaluates a multitude of factors including value measures, momentum, correlation effects and implied volatility levels to invest opportunistically and optimize risk management for its underlying portfolio.

## Key Attributes

**Optimization Framework** – FWDB utilizes FolioBeyond’s advanced optimization framework which is built from over 100 years of combined experience in investment management and financial technology. The proprietary framework analyzes risk-adjusted return projections to capture the key attributes of its investable bond universe taking account of essential factors including value and momentum.

**Active Allocation** – FWDB can dynamically invest across 20-plus distinct fixed income classes including treasuries, agencies, corporates, bank loans, mortgage-backed securities, commercial mortgage-backed securities, municipal bonds, treasury inflation-protected securities, international bonds (both developed and emerging market), and real estate investment trusts. The portfolio actively maintains exposure typically among five to ten bond classes primarily using liquid ETFs.

**Risk Management** – FWDB utilizes rigorous risk management that customizes constraints and estimates return volatility based on a combination of implied and historical volatility measures, and determines correlations across all asset classes with controlled downside risk in stressed environments.

**Operational & Tax Efficiency** – Fully transparent FWDB incorporates tax efficiency practices in its allocation process to enhance the fund’s return.

## Why Invest in FWDB?

**Portfolio Diversification** – FWDB spreads its investment risk by allocating across a subset of 20-plus different bond classes which seeks to mitigate risk and deliver attractive diversification benefits not found in funds that follow the Bloomberg Barclays U.S. Aggregate Bond Index.

**Alpha-Seeking, Quantitative Approach** – Leveraging FolioBeyond’s optimization framework, FWDB’s forward-looking core bond strategy invests dynamically and without selection bias to better capture value and momentum factors while maintaining comparable risk targets relative to its benchmark.

**Simplified Fixed Income Solution** – FWDB delivers a simplified approach to fixed income investing and is designed for advisors and investors seeking a core, stand-alone strategy that invests across most major bond classes.

## Fund Basics

Portfolio Manager: AdvisorShares Investments
Fund Inception: 06.20.2011
Symbol: FWDB
Exchange: NYSE Arca
Options: No
Dividend Frequency: Monthly
Indicative Value: FWDB.IV
Net Asset Value: FWDB.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y834

## Where Does FWDB Fit in a Traditional Portfolio?

FWDB can serve as a core, standalone investment strategy for a fixed income allocation, delivering an alpha-seeking strategy that aims to deliver better absolute returns and better risk-adjusted returns than what is represented in the Bloomberg Barclays U.S. Aggregate Bond Index.

# AdvisorShares FolioBeyond Core Bond ETF

## About FolioBeyond and the Portfolio Manager

As the firm's name suggests, its mission goes far beyond traditional asset managers in delivering a transparent, cost-effective, and customer-centric experience. The overall goal is to provide advanced asset management solutions that leverage automation and technology. FolioBeyond was created by entrepreneurs and experts in investment management and financial technology. But most importantly, FolioBeyond is designed by experienced professionals who saw flaws in existing automated services and quantitative practices as well as inefficiencies in traditional wealth management platforms. FolioBeyond seeks to provide a high quality alternative by creating a service based on accuracy, transparency and no hidden fees or any secret agendas in helping institutions, advisors and individual investors reach their financial goals.

### Yung Lim, Research Strategist

Yung Lim is the CEO of FolioBeyond, LLC, where he manages the next generation, institutional-quality automated asset management platform. He has over thirty years of experience in the fixed income markets primarily focused on investment management, risk management, and quantitative trading strategies. During the past 16+ years at Treesdale Partners as co-founder, he has overseen the firm's multi-manager and direct investment funds, managing alternative strategies for major institutional investors with peak AUM of \$2.3 billion. Previously, Mr. Lim founded Pedestal in 1997 to provide a comprehensive electronic platform serving the mortgage market, funded by Reuters, Deutsche Bank, and Battery Ventures. He also was a senior consultant at Andrew Davidson & Co., a premier consulting firm specializing in structured products, where he advised major financial institutions and developed advanced analytical tools. Early in his career, Mr. Lim was a vice president at Merrill Lynch and in charge of its mortgage desk, typically overseeing \$5 billion in inventory. Mr. Lim has co-authored a book on advanced valuation and analysis techniques for mortgage securities titled *Collateralized Mortgage Obligations*, by Davidson, Ho, and Lim. Mr. Lim has an M.B.A. from the University of Chicago and a B.S. in Electrical Engineering from the California Institute of Technology.

### Robert M. Parker, CFA, Portfolio Manager

Rob Parker is the director of capital markets for AdvisorShares, where he oversees trading, portfolio management and fund operations activity for the firm. In managing FWDB, he leverages the research of Yung Lim and the FolioBeyond investment management team. 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.

**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. ETNs have a maturity date and generally, are backed only by the creditworthiness of the issuer. The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market (e.g., the commodities market), changes in applicable interest rates, and changes in the issuer's credit rating and economic, legal, political or geographic events that affect the market. Other Fund risks include market risk, equity risk, early closing risk, liquidity risk and trading risk. The Fund will be subject to the risks associated the Underlying ETFs' or ETP's investments such as commodity risk, concentration risk, credit risk, fixed income risk, high yield risk, income risk, interest rate risk, and investment risk.

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.