



**ADVISORSHARES**<sup>®</sup>

Actively Managed ETFs

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**YOLO**

PURE CANNABIS ETF



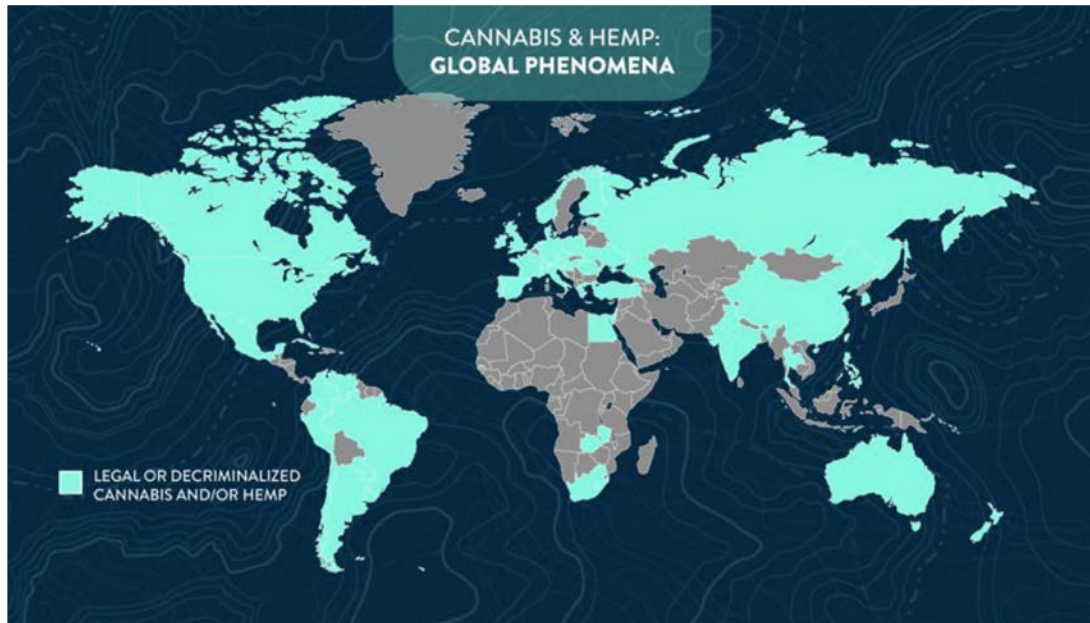
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# Investment Strategy Overview

- AdvisorShares Pure Cannabis ETF (Ticker: YOLO) is an actively managed ETF designed to globally invest globally in select, **cannabis-related companies** conducting legal business.
- YOLO's investment thesis believes that selectively investing in cannabis securities can provide **significant growth potential** and **long-term capital appreciation**.
- With **evolving societal, business and regulatory landscapes**, cannabis represents a new investment frontier – can be viewed similarly to post-Prohibition, unveiling a greater acknowledgement and understanding of cannabis and its uses among a mainstream audience.
- The investment strategy allocates across a universe of investable cannabis securities primarily in the **United States** and **Canada** that span different industries, including those specializing in consumer products.

# The Emerging Growth Opportunity



Source: New Frontier Data ([newfrontierdata.com](http://newfrontierdata.com))

- Worldwide market for legal cannabis in 2018 realized 28.2% growth to \$12.2 billion.<sup>1</sup>
- Going global: over 60 countries have now legalized medical cannabis and hemp.<sup>2</sup>
- Cannabis industry investments in 2018 realized 253% increase to 13.8 billion.<sup>3</sup>

<sup>1</sup> Arcview Group and BDS Analytics

<sup>2</sup> New Frontier Data

<sup>3</sup> New Frontier Data



# The Emerging Growth Opportunity

- Cannabis-related companies conducting legal business can fall into numerous industries and formats including biotechnology, pharmaceutical, agriculture, real estate, retail and finance.
- As regulations and oversight evolves, cannabis can be a potential boon to markets and the economy and generator of tax revenue.
- The number of investable cannabis securities will likely continue to grow.
- Merger & Acquisition potential may possibly develop as the market evolves and matures.
- Long-term investment view is important.

# Post-Prohibition Parallel



*Source: Library of Congress*

- Evolution of society, business and regulatory landscape
- Tremendous upside growth potential and expansion
- Awareness: risk management of potential volatility
- Focus on long-term horizon

## Progress & Potential Advancements

- Progress and potential advancements for cannabis continues across societal, business, and regulatory landscapes in the U.S and internationally.



4/10/2019, denverpost.com



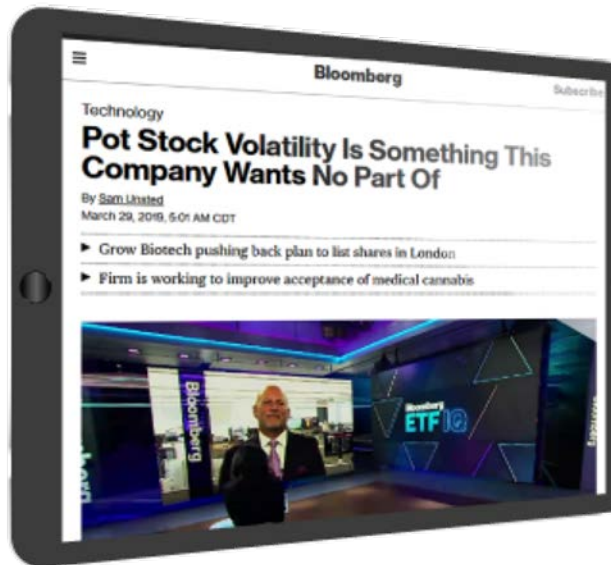
4/5/2019, wsj.com



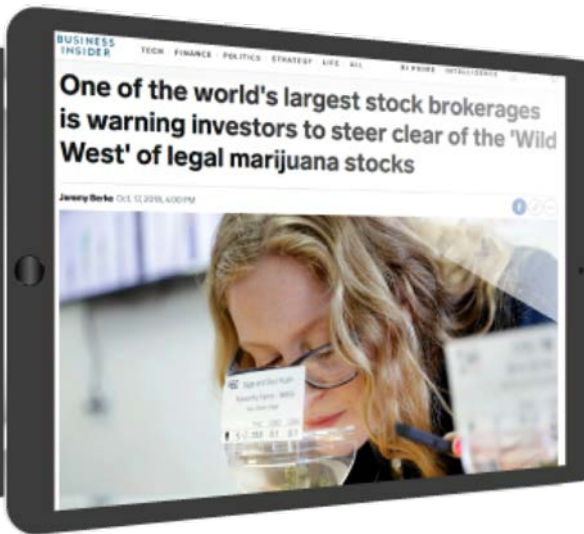
12/28/2018, ft.com

## Caution Required

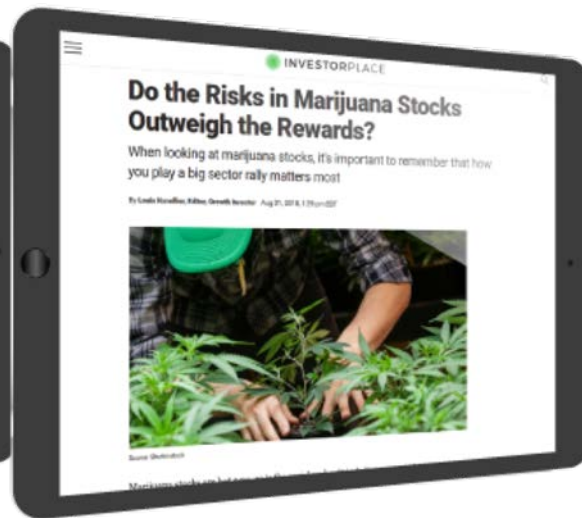
- Despite the emerging growth opportunity of cannabis, not all cannabis-related companies will succeed and blindly investing in the cannabis marketplace may have adverse effects on an investment portfolio.



3/29/2019, bloomberg.com



10/17/2018, businessinsider.com

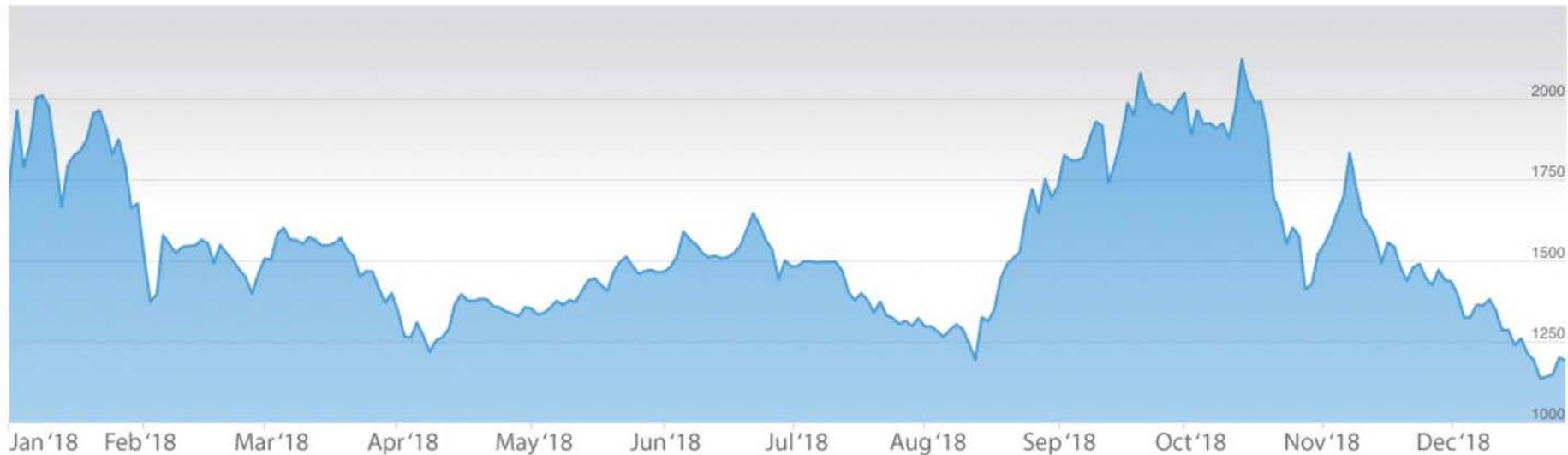


8/31/2018, investorplace.com





# Caution Required



Source: Solactive, 1/1/2018 through 12/31/2018

**Past Performance is not indicative of future results. One cannot invest directly in an index.**

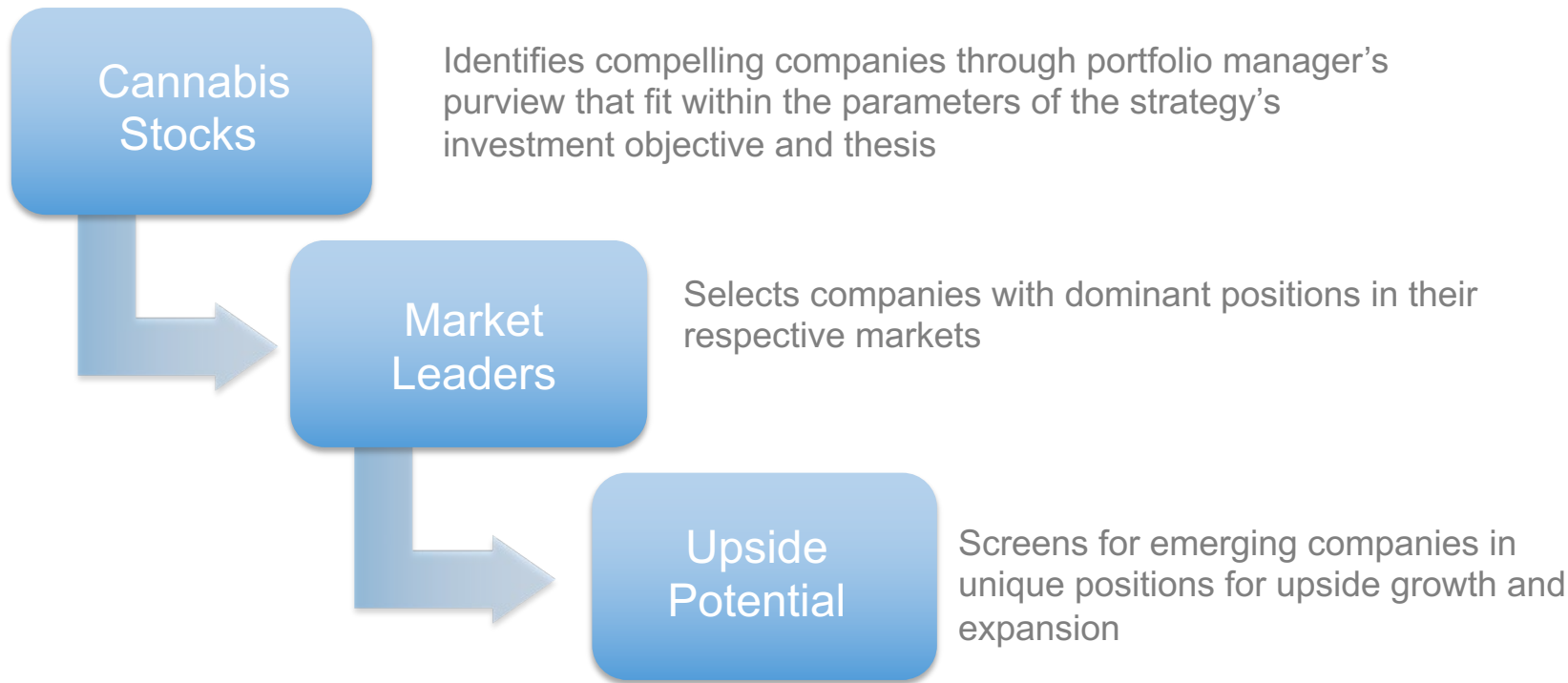
**The North American Marijuana Index** tracks the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry. A company is deemed to be eligible for inclusion in the index by the Index Provider if the company is a producer and/or supplier of marijuana and/or cannabis, biotechnology companies that are engaged in research and development of cannabinoids, companies that offer hydroponics supplies and equipment clearly aiming to increase efficiency in marijuana cultivation and companies mainly engaged in leasing property to cannabis growers. The index is calculated as a gross total return index in Canadian dollars and adjusted quarterly.

# Investment Process

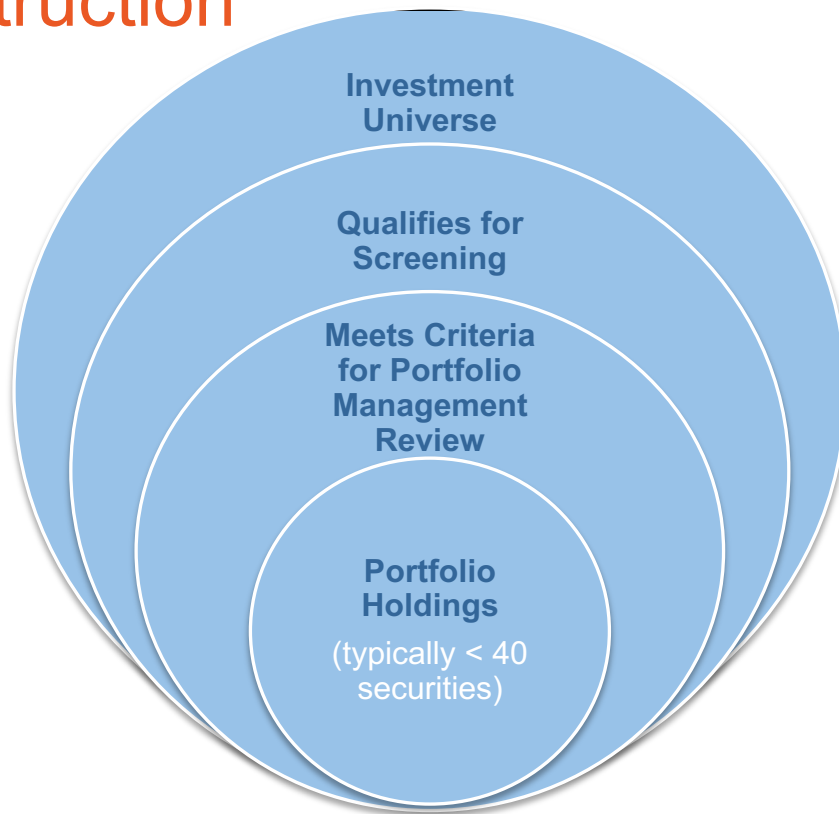
- YOLO's **investable universe of cannabis-related companies** spans multiple industries including those specializing in consumer products.
- Invests primarily in U.S. and Canadian **exchange-listed equity securities**, including common and preferred stock, of mid- and small-capitalization ranges.
- Employs a **fundamental process** to identify cannabis-related companies establishing **dominant positions** in their respective markets, as well as those cannabis-related companies in unique positions for **upside growth potential** and **expansion** as the marketplace matures and evolves.
- Screens for emerging cannabis securities in unique positions for **upside growth potential** and **expansion** as the marketplace matures and evolves.
- Seeks to fully-invest for **pure cannabis exposure** under the guidance of a deeply experienced portfolio management team with a well-established expertise of investing and managing risk in highly regulated areas of the equity markets including cannabis.



# Drivers for Security Selection



# Portfolio Construction



# Risk Management

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

- Portfolio monitored daily
- Portfolio manager regularly reviews securities on a name by name basis
- Portfolio rebalance may happen at any time based on the manager's assessment of position sizes and tax efficiency
- May sell or reduce a position size when the portfolio manager believes that a security is overvalued or better investment opportunities become available

# The Case for YOLO

The first, U.S.-domiciled actively managed ETF with a **dedicated cannabis investment mandate**

Invests primarily in **U.S. and Canadian companies** conducting legal business spanning different industries including those specializing in consumer products

Presents **emerging growth opportunity** and invests in companies establishing dominant positions and those in unique positions for upside potential and expansion

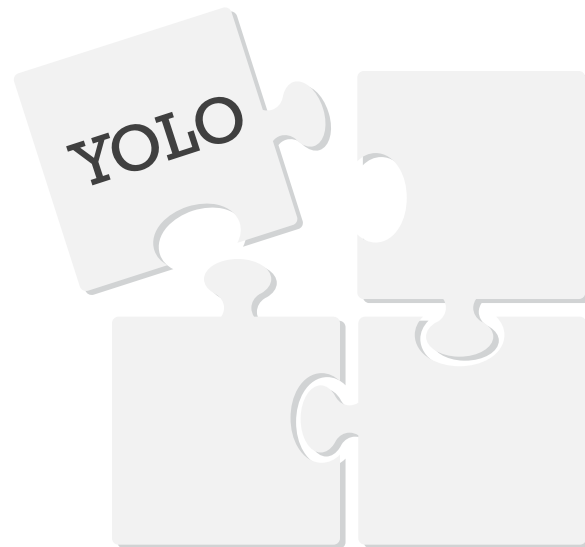
Cannabis-related companies may realize **merger & acquisition potential** as the market matures and develops

Seeks **long-term upside** as societal, business and regulatory landscape evolve and deliver potential boon to markets and the economy

**Deeply experienced portfolio management team** with expertise of investing in highly-regulated areas in the equity markets including cannabis

## How YOLO Fits Within a Portfolio

- YOLO can deliver an alpha-seeking, high-growth complement or satellite equity holding to a broad-based equity allocation.
- YOLO can be used as a buy-and-hold strategy for dedicated exposure to select, cannabis securities.



## About the Portfolio Manager

Dan Ahrens is managing director and chief operating officer of AdvisorShares, and also portfolio manager of the AdvisorShares Vice ETF (Ticker: ACT). 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 also served as 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.



## About the 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. He serves as portfolio manager for a number of funds including the AdvisorShares Vice ETF (Ticker: ACT). 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.

# Strategy Summary

- First, U.S.-domiciled **first actively managed ETF** with **dedicated cannabis investment mandate**.
- Employs **fundamental process** to invest primarily in equities of **U.S. and Canadian cannabis-related companies** engaging in legal business.
- Provides an **emerging growth opportunity** investing in cannabis companies establishing dominant positions in their respective markets as well as those companies in unique positions for upside potential and expansion.
- Seeks to offer **long-term upside potential** as cannabis marketplace matures and evolves.
- **Experienced portfolio manager** with established history and expertise of investing in cannabis securities.

# 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).
- 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**.



# Contact Us

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## Disclosure

*The Fund is subject to a number of risks that may affect the value of its shares. This section provides additional information about the Fund's principal risks. The degree to which a risk applies to the Fund varies according to its investment allocation. Each investor should review the complete description of the principal risks before investing in the Fund. As with investing in other securities whose prices increase and decrease in market value, you may lose money by investing in the Fund.*

**Cannabis-Related Company Risk.** *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 (i) significantly affect a cannabis-related company's ability to secure financing, (ii) impact the market for marijuana industry sales and services, and (iii) set limitations on marijuana use, production, transportation, and storage. Cannabis-related companies may also be required to secure permits and authorizations from government agencies to cultivate or research marijuana. In addition, cannabis-related companies are subject to the risks associated with the greater agricultural industry, including changes to or trends that affect commodity prices, labor costs, weather conditions, and laws and regulations related to environmental protection, health and safety. Cannabis-related companies may also be subject to risks associated with the biotechnology and pharmaceutical industries. These risks include increased government regulation, the use and enforcement of intellectual property rights and patents, technological change and obsolescence, product liability lawsuits, and the risk that research and development may not necessarily lead to commercially successful products.*



# Disclosure

*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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