

# DWEQ

## How the Dorsey Wright Alpha Equal Weight ETF Works

The AdvisorShares Dorsey Wright Alpha Equal Weight ETF (Ticker: DWEQ) is an actively managed ETF that takes a modern sector rotation approach to domestic large cap equity equal weight investing. Using Nasdaq Dorsey Wright's (Dorsey Wright) disciplined and quantitative proprietary relative strength research, DWEQ implements a two-factor approach to invest in top-ranked U.S. equity securities within the tax-efficient structure of an ETF. First, industry sectors are ranked based on relative strength. Next, from the three top rated sectors, individual equity securities are selected based on their relative strength ratings with those displaying both a buy or bullish signal and rising price momentum (both the "B" and "X" columns in point and figure charting) given higher ratings. DWEQ systematically reviews and rotates into the highest ranked sectors by reallocating to the highest ranked equity securities in those sectors. DWEQ also utilizes defensive investing features, allowing it to gradually add cash based on overall market momentum indicators. When cash is defensively added to the portfolio, DWEQ will reassess the strategy's momentum indicators so as to move back into equity exposure once broad equity strength is displayed.

DWEQ's investment strategy follows Dorsey Wright's core philosophy of relative strength investing – buying securities that have appreciated in price more than other securities within the investment universe and holding those securities until they exhibit sell signals. The systematic nature of Dorsey Wright's process removes emotion from the day-to-day decision making. Stock selection is strictly based on the highest ranked securities within the highest ranked sectors as measured by the relative strength investment process.

## Key Attributes

**Concentrated Portfolio** – DWEQ typically has a portfolio of 40 to 50 large cap domestic equities.

**Targeted Sector Exposure** – By tactically allocating to the top-ranked sectors based on relative strength analysis, DWEQ will adjust and rotate into the sectors with the highest relative strength, and equally allocate across those sectors.

**Highest Ranked Stocks** – Stocks selected for each sector must demonstrate both a buy or bullish signal and rising price momentum (both the "B" and "X" columns in point and figure charting). DWEQ will systematically rebalance on an equal weight basis into the most favorably identified individual securities within the top ranked sectors

**Relative Strength Analysis** – DWEQ uses a relative strength strategy, which compares price performance within a universe of stocks and is designed to remove human emotion from the decision process. This is a disciplined, repeatable process to systematically identify and select which sectors and stocks to own, as well as, which to avoid or sell.

**Tactical Defensive Investing** – When the market demonstrates overall weakness, DWEQ will gradually allocate to cash or short term fixed income. This cash allocation will incrementally increase or decrease based on whether the momentum indicator is showing overall market strength or weakness versus cash.

## Why Invest in DWEQ?

**Alpha-Seeking Complement to Broad Based Exposure** – Broad based indexes, by their nature, have the good and the bad, the strong and the weak. DWEQ seeks to add alpha using Dorsey Wright's historically successful trend following process that looks to identify the strongest sectors and companies, while eliminating the weakest performers.

**Active Management Advantage** – Many large-cap ETFs passively invest owning the majority of the stocks represented in their benchmark index, including those with less than attractive investing attributes. DWEQ's investment process systematically screens 1,000 of the large U.S. equity securities for inclusion or removal from its highly selective, active portfolio.

**Sector Rotation** – Numerous academic studies have shown that successful sector rotation is one of the important determinants of portfolio success. Sectors rotate in and out of season. Sometimes those trends last for years, other times for months. By investing in the highest relative strength rated sectors, DWEQ seeks to capture the growth of the positive outliers on the bell curve of sector returns while avoiding the negative outliers.

**Systematic Defense** – Because we believe avoiding severe losses helps to preserve capital and can contribute to good performance over time, DWEQ uses a rules-based approach to tactically add cash or short term fixed income exposure to the portfolio when momentum indicators are triggered. The temporary defensive position is to try to shield the portfolio from certain catastrophic market types.

## Fund Basics

Portfolio Manager: AdvisorShares Investments

Fund Inception: 12.26.2019

Symbol: DWEQ

Exchange: NASDAQ

Dividend Frequency: Annual

Indicative Value: DWEQ.IV

Net Asset Value: DWEQ.NV

Fund Type:  
Actively-Managed ETF

CUSIP: 00768Y461

## Where Does DWEQ Fit in a Traditional Portfolio?

DWEQ can serve as an alpha-seeking complement to a broad-based market cap weighted position, such as a fund that tracks the S&P 500 Index, as well as, a stand-alone investment solution for domestic large cap equity exposure.

# AdvisorShares Dorsey Wright Alpha Equal Weight ETF

## About Nasdaq Dorsey Wright and the Portfolio Manager

Nasdaq Dorsey Wright is a registered investment advisory firm based in Richmond, Virginia. Since 1987, Dorsey Wright has offered comprehensive investment research and analysis through their Global Technical Research Platform. Dorsey Wright's expertise is technical analysis, utilizing Point & Figure Charting, Relative Strength Analysis, and numerous other technical and systematic tools to analyze market data and deliver actionable insights.

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

Rob Parker is the director of capital markets for AdvisorShares Investments, where he oversees trading, portfolio management and fund operations activity for the firm. In managing DWEQ, he leverages the research of Nasdaq Dorsey Wright. Rob 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.

Investing Involves risk including possible loss of principal. The Advisor's judgment about the markets, the economy, or companies may not anticipate actual market movements, economic conditions or company performance, and these factors may affect the return on your investment. The prices of equity securities rise and fall daily. These price movements may result from factors affecting individual issuers, industries or the stock market as a whole. The Fund may experience relatively high portfolio turnover, which may result in increased transaction costs and performance that is lower than expected and potentially greater tax exposure.