

DWUS

## How the Dorsey Wright FSM U.S. Core ETF Works

*“What part of the U.S. large cap market should be owned?”* Having a solution for core U.S. equity exposure is crucial to meeting investing goals, as well as, to harnessing the momentum in today’s market. The AdvisorShares Dorsey Wright FSM U.S. Core ETF (Ticker: DWUS) employs an investment strategy designed to answer this question, offering domestic large cap equity exposure through various market-oriented styles and factors within the tax-efficient structure of an ETF.

Using Nasdaq Dorsey Wright’s (Dorsey Wright) proprietary research and Fund Score Method (FSM) framework, DWUS tactically allocates its portfolio to those funds in the FSM Core Solution U.S. Core Strategy (FSM U.S. Core) with the highest FSM rankings. DWUS will continue to hold onto those portfolio positions so long as they maintain the strongest FSM rankings at the time of DWUS’s quarterly rebalancing. FSM rankings are derived using three main areas of evaluation: trend analysis, market relative strength, and peer relative strength. By using Dorsey Wright’s FSM ranking and modeling framework in its investment strategy, DWUS provides an objective, rules-based approach to large cap core equity investing. DWUS 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, DWUS will reassess the strategy’s momentum indicators so it may move back into equity exposure once broad equity strength is displayed.

## Key Attributes

**Targeted High Conviction Large Cap Exposure** – By tactically allocating to the top ranked large cap equity funds based on Dorsey Wright’s FSM ranking and modeling, DWUS seeks to identify and benefit from factor or market based themes within the core U.S. market. DWUS will regularly rebalance on an equal weight basis into the most favorably identified funds within the FSM U.S. Core investment universe.

**Relative Strength Analysis** – DWUS invests using relative strength, via FSM rankings, which compares price performance within a universe of stocks. Relative strength investing provides a repeatable process to identify and select the leaders while avoiding the laggards. It is important to be equally good at identifying both long-term winners and losers.

**Systematic Approach** – DWUS’s investment strategy is entirely systematic and is designed to remove human emotion from the decision process. It is a disciplined, repeatable process to systematically identify and select which funds to own, as well as, which to avoid or sell, giving the portfolio manager the ability to continually execute DWUS’s investment strategy through all types of different market environments.

**Tactical Defensive Investing** – When the market is demonstrating overall weakness, DWUS 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 DWUS?

**Alpha-Seeking Complement to Broad Based Exposure** – Broad based indexes, by their nature, have the good and the bad, the strong and the weak. DWUS seeks to add alpha using Dorsey Wright’s historically successful trend following process and investment modeling that looks to identify the strongest U.S. large cap equity investments from the weaker performers.

**Active Management Advantage** – Many ETFs passively invest owning the majority of the stocks represented in their benchmark index, including those with less than attractive investing attributes. DWUS’s investment process systematically screens the FSM U.S. Core large cap equity universe for investments to include or remove from its highly tactical, active portfolio.

**U.S. Core Equity Rotation** – Owning or even avoiding certain large cap investing styles – equal weight, Nasdaq 100, low volatility, momentum, broad based – is an important determinant of domestic core equity success. Investment styles rotate in and out of season. Sometimes those trends last for years, other times for months. By investing in the highest FSM ranked funds, DWUS seeks to capture the growth of those large cap equity styles demonstrating the strongest relative strength while avoiding the weakest.

**Systematic Defense** – Because we believe avoiding severe losses helps to preserve capital and can contribute to good performance over time, DWUS 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: DWUS
Exchange: NASDAQ
Dividend Frequency: Annual
Indicative Value: DWUS.IV
Net Asset Value: DWUS.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y487

## Where Does DWUS Fit in a Traditional Portfolio?

DWUS 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 FSM U.S. Core 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 DWUS, 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.

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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](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 securities market as a whole. The market value of debt securities held by the Fund typically changes as interest rates change, as demand for the instruments changes, and as actual or perceived creditworthiness of an issuer changes.