

DWUS

AdvisorShares Dorsey Wright FSM U.S. Core ETF

The AdvisorShares Dorsey Wright FSM U.S. Core ETF (Ticker: DWUS) is an actively managed U.S. core rotation strategy using a technical and systematically-driven investment process and offering domestic large cap equity exposure through various market-oriented styles and factors within the tax-efficient structure of an ETF.

Investment Philosophy

Knowing what part of the U.S. core equity market should be owned at any time is crucial to meeting large cap equity investing goals and for harnessing the momentum in today's market. DWUS uses Nasdaq Dorsey Wright's (Dorsey Wright) proprietary research and Fund Score Method (FSM) framework to tactically allocate its portfolio to those funds in the FSM Core Solution U.S. Core Strategy (FSM U.S. Core) with the highest FSM rankings. As long as they maintain the strongest FSM rankings at the time of its quarterly rebalancing, DWUS will continue to hold onto those portfolio positions. 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.

Why Relative Strength?

The portfolio manager relies on relative strength analysis – on which Dorsey Wright's FSM rankings are based – to manage the portfolio because of its adaptive nature and long-term track record. Relative strength is simple in concept, yet powerful in application. It is the comparison of price performance within a universe of securities and 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. 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. Analyzing large cap investing styles by their relative strength provides a way to identify the current leaders that DWUS seeks to own.

Relative strength also offers the ability to identify the laggards and successful investing is helped by avoiding big losers. With DWUS's diverse universe of large cap investing styles – equal weight, Nasdaq 100, low volatility, momentum, broad based – there is a significant amount of dispersion, meaning there are a lot of stocks that have tremendous performance and others that have dreadful performance. Performance dispersion is great for a relative strength strategy as the portfolio manager believes it helps identify potential long-term winners and losers.

Investment Process

The portfolio manager employs the following process in managing DWUS:



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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.

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.

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