

# AADR<sub>NYSE Arca</sub>



EQUITY

## How the Dorsey Wright ADR ETF Works

The AdvisorShares Dorsey Wright ADR ETF (NYSE Arca: AADR) seeks long-term capital appreciation above international benchmarks such as the MSCI EAFE Index and the BNY Mellon Classic ADR Index. AADR is managed by Dorsey, Wright & Associates, LLC (“Portfolio Manager”). AADR’s investment focus follows the Portfolio Manager’s core philosophy of relative strength. Relative strength investing involves buying securities that have appreciated in price more than the other securities in the investment universe and holding those securities until they experience sufficient underperformance. The strategy is entirely based on market movement of the securities and there is no company fundamental data involved in the analysis. The Portfolio Manager’s process is systematic and removes emotion from the day-to-day decision making.

In implementing AADR’s strategy, the Portfolio Manager takes into account current sector and industry group allocations in order to keep the strategy diversified. There is no consideration given to the allocation between developed and emerging markets; the strategy will allocate between the two depending on global price trends.

## 5 Key Attributes

- Dorsey Wright Trend Following** – AADR has a portfolio of 30-40 equities that demonstrate, in the Portfolio Manager’s opinion, favorable relative strength characteristics and pursuant to their proprietary macroeconomic sector ranking and individual stock rotation methodology.
- Unconstrained International Equity Portfolio** – AADR is uniquely positioned from an investment opportunity perspective because it is not limited by style (value or growth), investment capitalization (small, mid or large), or even classification of international market (emerging or developed).
- Differentiation** – AADR’s investment process is entirely systematic and seeks to remove human emotion from the decision process. This allows the Portfolio Manager the ability to continually execute their proven investment process through all types of different markets. It also allows the Portfolio Manager the ability to analyze a large number of markets which may be very different over time.
- Relative Strength Analysis** – AADR uses relative strength which compares price performance within a universe of stocks. It 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.
- Disciplined Sell Process** – Securities are automatically sold from the portfolio when they fall below a predetermined rank threshold. The sell rank is determined when the security is purchased and is not adjusted for different market scenarios. The sell process is entirely based on our objective ranks and does not allow for any portfolio manager discretion or overrides.

## Fund Basics

Portfolio Manager: Dorsey, Wright & Associates, LLC
Fund Inception: 07.20.2010
Symbol: AADR
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: AADR.IV
Net Asset Value: AADR.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y206

## Where Does AADR Fit in a Traditional Portfolio?

AADR can serve multiple roles in a globally diversified equity portfolio as a compliment to a position in a broad based market cap weighted fund, its broad diversification also allows it to serve as a standalone solution for foreign equity exposure.

# The AdvisorShares Dorsey Wright ADR ETF

## Why Invest in AADR?

**As a Complement to the MSCI EAFE** – Broad based indexes by their nature have the good and the bad, the strong and the weak, AADR offers the opportunity to add alpha with a historically successful trend following process that owns the strongest companies while eliminating the weakest performers.

**For Portfolio Diversification** – Spreading your investment risk among foreign companies, markets, and currencies that are different than the U.S. economy can help diversify and mitigate your overall portfolio risk.

**For Sound Portfolio Construction** – The systematic portfolio management process takes several factors into account to limit unnecessary risk and maximize exposure to the momentum factor. If a security becomes too large as a percentage of the portfolio it is trimmed to bring it back in line with the other security weights. The process also spreads the allocation among multiple macro sectors and limits the allocation to each based on the size of the macro sector. The process also seeks to spread out allocations within each macro sector to multiple industry groups if possible. The objective sell discipline is also an important of the portfolio construction process.

**For Potential Tax Advantages over other Investment Structures** – The Portfolio Manager believes that the ETF structure offers potential tax advantages over other investment structures, including separately managed accounts and mutual funds. Furthermore, this strategy was previously only available as a separately managed account with high investment minimums. AADR now makes the strategy available to a much broader group of investors.

### About the Portfolio Manager

#### John G. Lewis, Senior Vice President & Senior Portfolio Manager

Mr. Lewis joined Dorsey Wright Money Management in 2002. As Senior Portfolio Manager, he is responsible for investment strategy across DWA's funds, ETFs, UITs and SMA accounts. He has worked in the investment industry since 1994. Mr. Lewis has conducted extensive research on relative strength and has authored several original research papers on the subject and works closely with the investment team on new product development. He holds a Bachelor of Business Administration from the University of San Diego and an MBA from the University of Southern California.

### About Dorsey, Wright & Associates

Dorsey, Wright & Associates, a Nasdaq Company is a registered investment advisory firm based in Richmond, Virginia. Since 1987, Dorsey Wright has been an advisor to financial professionals on Wall Street and investment managers worldwide. Dorsey Wright offers comprehensive investment research and analysis through their Global Technical Research Platform and provides research, modeling and indexes which apply Dorsey Wright's expertise in Relative Strength to various financial products including exchange trade funds, mutual funds, UITs, structured products, and separately managed accounts. Dorsey Wright's expertise is technical analysis. The Company uses Point & Figure Charting, Relative Strength Analysis, and numerous other tools to analyze market data and deliver actionable insights. In 2015, Dorsey Wright was acquired by Nasdaq, Inc. allowing Dorsey Wright to work towards even greater innovative solutions for its clients.

[www.dorseywright.com](http://www.dorseywright.com)

**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. Emerging Markets, which consist of countries or markets with low to middle income economics can be subject to greater social, economic, regulatory and political uncertainties and can be extremely volatile. Other Fund risks include concentration risk, foreign securities and currency risk, ADRs which may be less liquid, large-cap risk, early closing risk, counterparty risk and trading risk, which can increase Fund expenses and may decrease Fund performance. The Fund is, also, subject to the same risks associated with the underlying ETFs, which can result in higher volatility. This Fund may not be suitable for all investors. See prospectus for detail regarding risk.