

CWS /NYSE Arca

How the AdvisorShares Focused Equity ETF Works

The AdvisorShares Focused Equity ETF (NYSE Arca: CWS) seeks long-term capital appreciation. CWS aims to achieve its investment objective by investing primarily in a focused group of U.S. exchange-listed equity securities that the portfolio manager believes have favorable fundamental attributes.

The Advisor may use a variety of methods for security selection and will seek to focus on firms that are fundamentally sound and have shown consistency in their financial results and high earnings quality. The Advisor may look for stocks with a strong history of sales and earnings growth, or companies that have steadily increased their earnings and dividends for several years. In addition, the Advisor may invest the Fund's assets in lesser-known companies that the Advisor believes have a unique opportunity for growth. At times, the Advisor may buy certain out-of-favor stocks believed to be priced below their intrinsic value, as measured by the Advisor. Additionally, the Advisor aims to keep the portfolio turnover low.

CWS's principal investment strategy has been employed by the portfolio manager, Eddy Elfenbein, since 2006 and is published annually as the Crossing Wall Street "Buy List." The Buy List is a list of 20 stocks selected at the start of each year. The Buy List is then locked and sealed, and no changes can be made throughout the year. Each year, only five stocks, just one-fourth of the Buy List, have been replaced.

5 Key Attributes

- Concentrated Portfolio** -- The fund typically holds less than 25 stocks. By focusing on a small group of high-quality stocks, the Portfolio Manager feels that the portfolio can most efficiently exploit the advantages of owning top tier companies.
- Crossing Wall Street's Buy List** -- CWS's principal investment strategy is based on the Crossing Wall Street "Buy List," an annual list of 20 stocks selected by the Portfolio Manager that has been in place since 2006. Central to the Buy List is the concept that quality companies can outperform the broad market especially when implemented with a long term, patient focus.
- Bottom Up, Fundamental Stock Selection** -- CWS seeks to benefit from investing in the highest-quality companies. These are typically firms with proven managements, solid balance sheets and strong market positions. CWS stocks often have a long history of steadily rising sales, earnings and dividends.
- Disciplined and Patient Approach** -- CWS understands that stock prices are much more volatile than their underlying fundamentals. That's why the fund takes a long-term view. With longer holding periods, the CWS strategy seeks to benefit from the market's well-known tendency to overreact to any sign of trouble.
- Value Focus** -- The fund strives to buy the highest-quality stocks at the lowest possible prices. By focusing on value, CWS aims to reduce its risk to broad-based market drops. A commitment to value also aids long-term capital appreciation.

Fund Basics

Portfolio Mgr.: Eddy Elfenbein
Fund Inception: 09.20.2016
Symbol: CWS
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: CWS.IV
Net Asset Value: CWS.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y560

Why Invest in CWS?

As a Complement to any Broad-Based Index Fund -- By their nature, index funds buy everything—the good, the bad and the ugly. The strategy at CWS is to avoid fundamentally weak companies and only invest in the "first in class" companies.

Low Turnover -- The CWS strategy is focused on the long term. That's why CWS aims to trade its positions as infrequently as possible. The fund's goal is to hold a stock for as long as it can. CWS believes that a disciplined buy-and-hold strategy is ideal for riding out market storms.

Innovative Fulcrum Fee Structure -- In a first for the ETF industry, the portfolio manager of CWS has "skin in the game." The manager's compensation is directly tied to portfolio's performance. Stronger outperformance is rewarded with a larger management fee while weak or underperformance is penalized with a smaller management fee.

Disciplined Stock-Picking Strategy -- CWS is focused on a core group of outstanding companies. The Portfolio Manager believes that CWS offers an attractive and simple way for an investor to get instant exposure to a concentrated portfolio of companies with proven competitive advantages.

For more information, call AdvisorShares at 1.877.843.3831 or visit www.advisorshares.com.

AdvisorShares Focused Equity ETF

About the Portfolio Manager

Eddy Efenbein, MBA is the Owner, Publisher and Editor of the Crossing Wall Street Investment Newsletter, an investment analysis and research blog on the global stock market expressing opinions on individual securities and publishing the crossing Wall Street buy list since 2006 while working as an educator and evangelist for stock investing in the financial services industry, former editor at InvestorPlace.

Mr. Efenbein earned his undergraduate degree from Washington College. Additionally, he has an MBA in Finance and Management from the University of Connecticut.

Where Does CWS Fit in a Traditional Portfolio?

As a potential source of alpha, CWS can serve as a compliment or satellite equity holding alongside of broadly based domestic equity position.

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.

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. 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. Shares of the Fund may trade above or below their net asset value ("NAV"). The trading price of the Fund's shares may deviate significantly from their NAV during periods of market volatility. There can be no assurance that an active trading market for the Fund's shares will develop or be maintained. In addition, equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time. Other Fund risks include market risk, liquidity risk, large cap, mid cap, and small cap risk. Please see prospectus for details regarding risk.

Shares are bought and sold at market price not net asset value (NAV) and are not individually redeemed from the Fund. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined) and do not represent the return you would receive if you traded at other times.

Definitions

Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.