



The AdvisorShares
Dorsey Wright Micro Cap ETF

Ticker: DWMC

ADVISORSHARES[®]
Actively Managed ETFs



NASDAQ DORSEY WRIGHT



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About Dorsey Wright



- Nasdaq Dorsey Wright is a registered investment advisory firm based in Richmond, Virginia. Over the last thirty years, their research platform, SMA/UMA strategies, indexes, and team of analysts have created more informed conversations for advisors, investment managers, and their clients.
- Dorsey Wright continues to help market participants build and protect their clients' wealth. As a single company, they have emerged as a prominent ETF manager with strategic beta offerings that track custom Nasdaq indexes and actively managed AdvisorShares ETFs, including:
 - AdvisorShares Dorsey Wright Micro Cap ETF (Ticker: DWMC)
 - AdvisorShares Dorsey Wright ADR ETF (Ticker: AADR)
 - AdvisorShares Dorsey Wright Short ETF (Ticker: DWSH)



About Relative Strength

- Relative strength measures the price performance of a security versus a market average or universe of equities. A security's relative strength can improve if it rises more than the market in an uptrend or goes down less than the market in a downtrend.
- An important attribute of relative strength is momentum, which we have identified as the most consistent factor over time.
- We believe a security's return relative to other securities is a predictor of future relative outperformance.



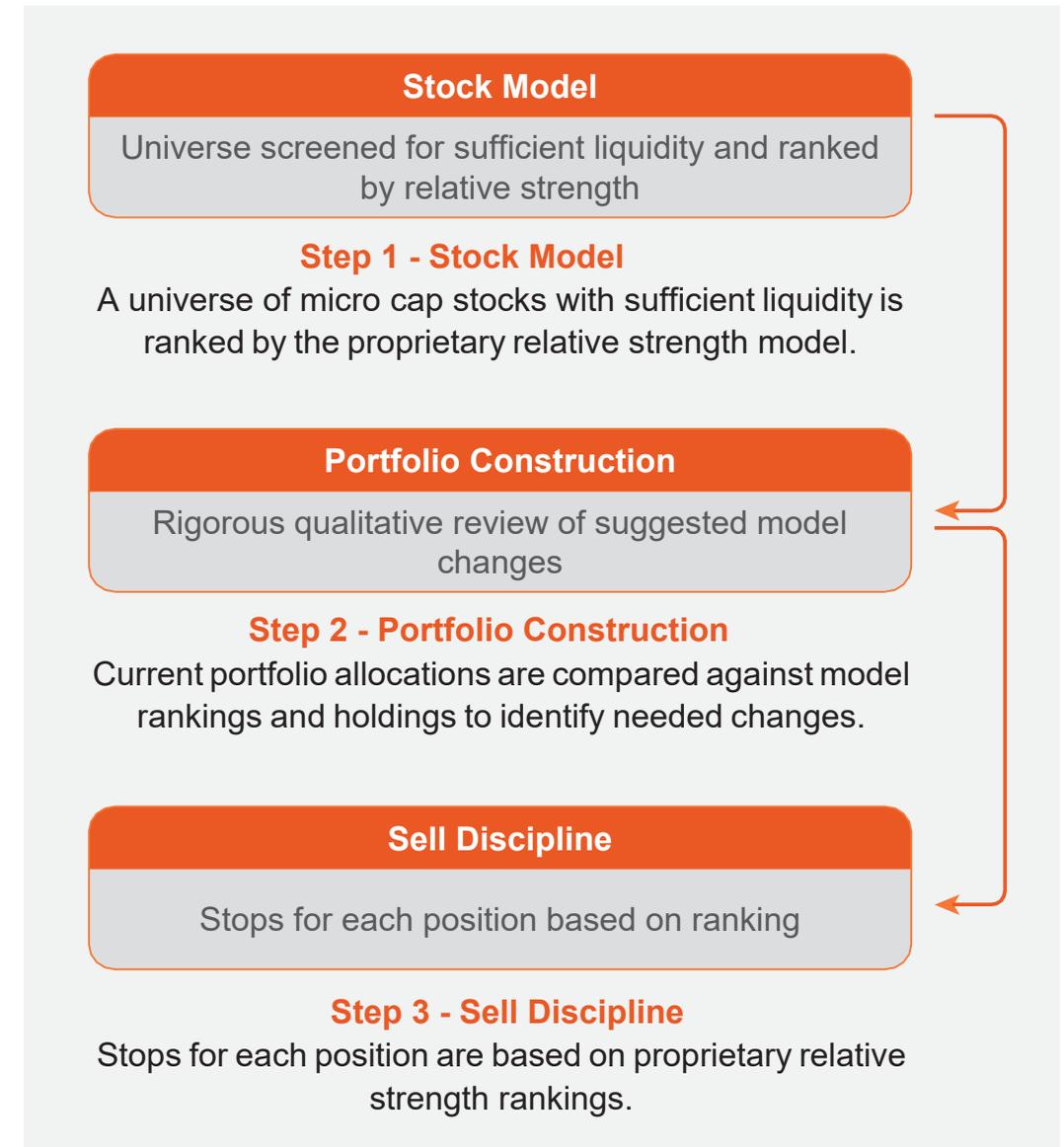
Investment Strategy Overview

- DWMC is an **actively managed** ETF managed by DWA that seeks long-term capital appreciation using a **technical, systematically-driven** investment approach to invest in micro cap securities.
- Follows Dorsey Wright's core philosophy of **relative strength** investing, using a proprietary methodology that buys securities that have appreciated in price more than other securities within its investment universe and holding those stocks until they exhibit sell signals.
- Dorsey Wright identifies micro cap stocks with **good trading liquidity** and screens them for the **most favorable relative strength characteristics**.
- Employs a **disciplined buy/sell process**, removing emotions from the day-to-day decision making process. Dorsey Wright buys the micro cap stocks with the highest relative strength and sells those that fall below a predetermined rank threshold.



Investment Process

- In managing the DWMC's portfolio, Dorsey Wright begins with an **investment universe of exchange-listed micro cap equities** of companies with a market cap less than \$1 billion.
- From that investment universe, the portfolio manager employs a **systematic process** using Dorsey Wright's proprietary stock model to construct DWMC's portfolio.





Drivers for Security Selection

Relative
Strength

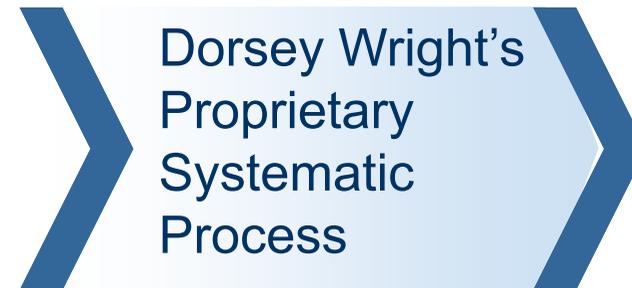
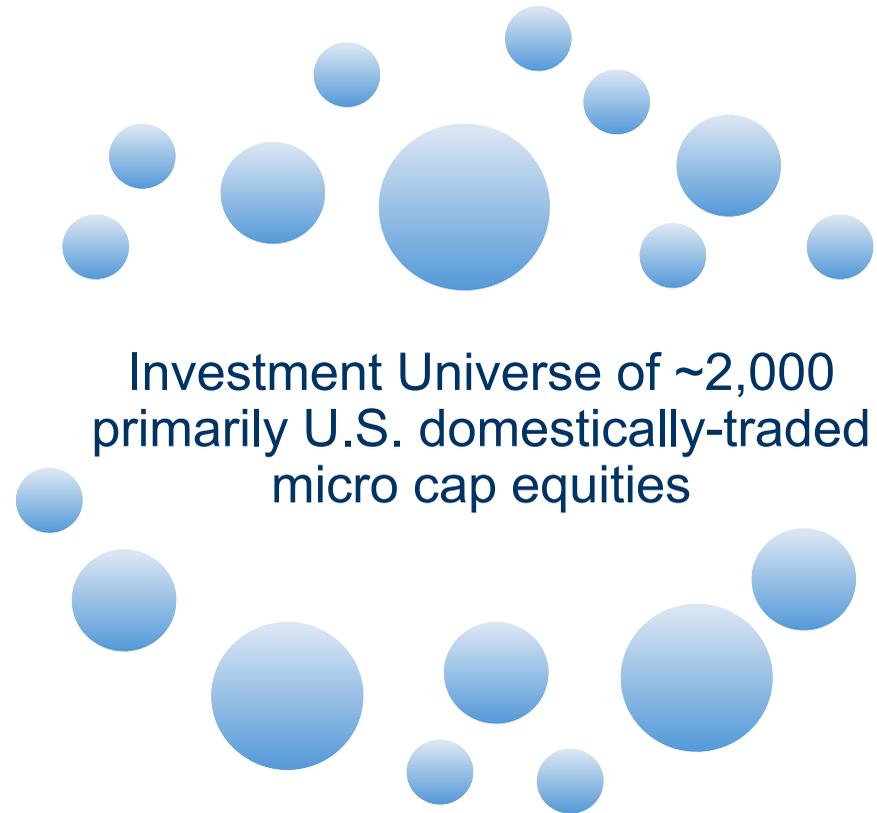
Core philosophy of relative strength investing drives security selection – identifying micro cap equities that have appreciated in price more than other securities within its investment universe, and holding those securities until they exhibit signals to remove from the portfolio.

Stock
Model

Liquidity and relative strength screens are applied to investable equity universe.



Portfolio Construction

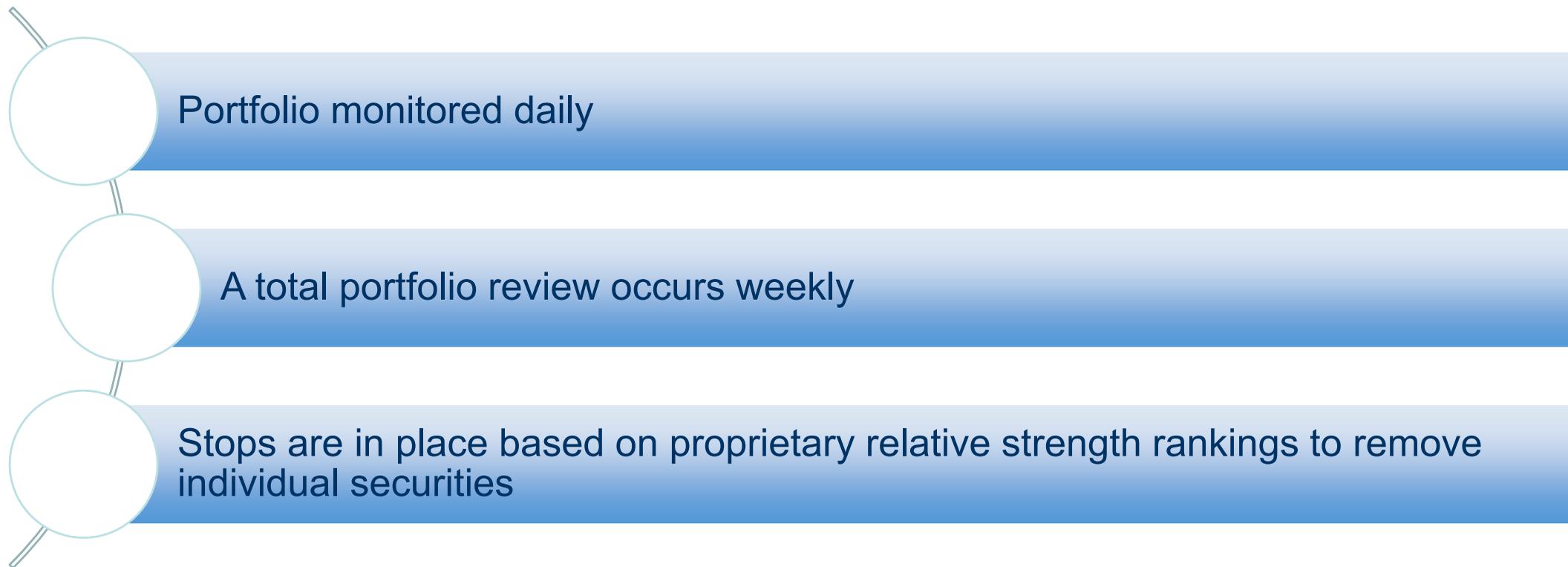


Securities will be determined according to relative strength rankings and carry a modified equal weighting at all times.



Risk Management

Certain factors may cause the portfolio manager to reduce exposure or remove a specific holding, which includes:





The Case for DWMC

Employs technical, **systematic process with an alpha-seeking component** – using a time-tested trend following methodology that harnesses momentum and drives returns during volatility

Research on micro cap companies is scarce – Dorsey Wright’s relative strength process seeks to **identify the strongest companies and eliminate the weakest**

Portfolio of highest convictions – holds micro-cap stocks that demonstrate the most favorable relative strength characteristics according to Dorsey Wright’s model

Seeks to invest in **tomorrow’s market leaders** – some of the largest companies in the world started out as micro cap companies

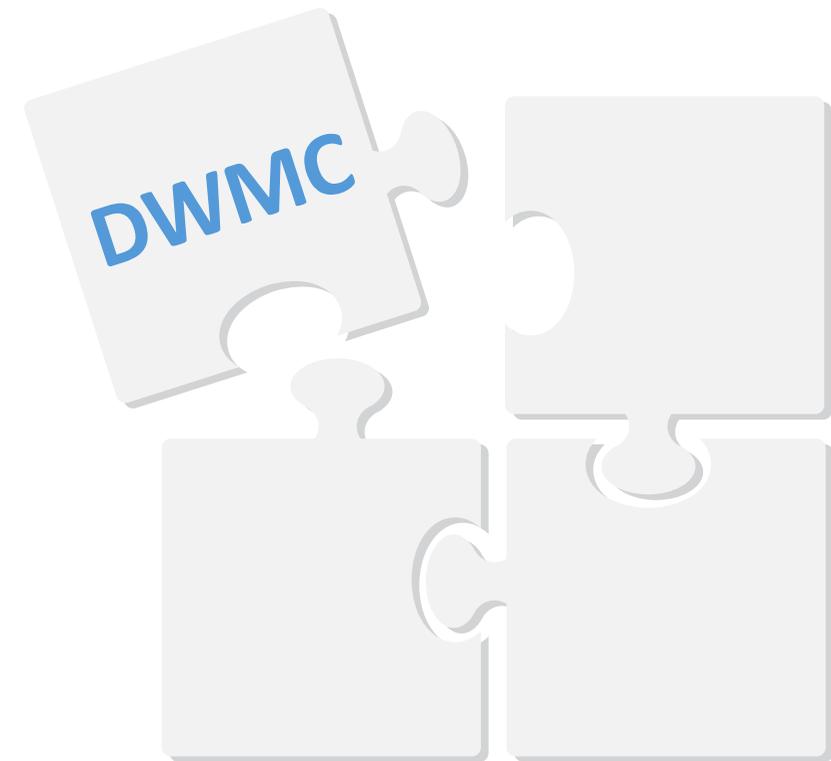
Utilizes a **disciplined approach that differentiates** among peers – DWMC’s systematic nature removes human emotion from its security selection and sell discipline

Micro caps have **lower correlation to the broader market** which may diversify and mitigate portfolio risk. Also, they have **historically outperformed larger-cap** companies over long-term periods



How DWMC Fits Within a Portfolio

- May serve as a high-growth complement or satellite equity holding to a broad-based equity allocation.
- May be used to diversify a U.S. stock allocation and to seek long-term growth in your portfolio.
- May serve as a core, standalone investment solution for micro cap equity exposure.





Strategy Summary

- Actively managed ETF that employs a **technical, systematically-driven investment process** designed to harness momentum by investing in U.S.-exchange traded micro cap equities.
- **Dorsey Wright's renowned trend following model** and time-tested approach of relative strength investing delivered in a fully transparent actively managed ETF structure for the first time ever.
- **Disciplined buy/sell investment process** allows DWMC to seek the best micro cap opportunities without limitation to style type or sector classification – **removing any human emotion** on deciding what to buy and when to sell.
- **“Pulling the weeds and watering the flowers”** - like the legendary Peter Lynch adage, DWMC opportunistically seeks the best micro cap equity opportunities and lets those holdings grow within the portfolio, whereas the systematic nature of its risk management eliminates positions with weakening relative strength.



Benefits of the Active ETF Structure

- **Full Transparency** – Investors can view all the underlying holdings of this active ETF on a daily basis.
- **Intraday Liquidity** – This active ETF can be bought and sold like a stock during market trading day. Also, volume does not equal liquidity. This ETF's liquidity is driven by the constituents of its underlying portfolio.
- **Operational & Tax Efficiency** – Unlike mutual funds where investors are responsible for taxes on capital gains, this active ETF structure provides the potential to not pay any taxable capital gain distributions.



About AdvisorShares

- AdvisorShares is a **leading provider** of actively managed exchange-traded funds (ETFs) with approximately \$1.1 billion in assets under management.
- AdvisorShares became **among the first firms to bring actively managed ETFs** to market, delivering numerous “industry firsts,” and remains a leading and innovative provider in the rapidly expanding actively managed ETF space.
- Our diversified suite of investment strategies features accomplished investment managers making active decisions, similar to traditional mutual funds, except our fund portfolios are **delivered in a fully-transparent ETF structure**.



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Disclosure

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.

This Fund may not be suitable for all investors. 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. Micro capitalization stock prices are significantly more volatile, and more vulnerable to adverse business and economic developments, than those of larger companies. Micro-cap stocks may also be thinly traded, making it difficult for the Fund to buy and sell them. Other Fund risks include American Depositary Receipt risk, equity risk, ETF market risk, management risk, market risk, and trading risk.