

HDGB /NYSE Arca

How the Treesdale Rising Rates ETF Works

The AdvisorShares Treesdale Rising Rates ETF (NYSE Arca: HDGB) seeks total return while providing protection for investors against loss of principal in a rising interest rate environment. HDGB is managed by Treesdale Partners, LLC (“Portfolio Manager.”) The Portfolio Manager seeks to achieve HDGB’s objective by actively managing a portfolio of primarily Mortgage Backed Securities Interest Only (“MBS IO”) issues. MBS IOs tend to have a negative duration which means they historically have risen in price when interest rates rise. The Portfolio Manager will also attempt to maintain a positive asset yield in a stable interest rate environment.

A portfolio with negative duration generally incurs a loss when interest rates fall. To counter the impact of such potential losses, HDGB’s negative duration may be partly offset by purchasing options on interest rates, as well as taking long positions in U.S. Treasuries.

5 Key Attributes

Negative Duration – Negative duration means that this income oriented fund offers the potential to go up if interest rates rise.

Alternative Strategy in an ETF – HDGB offers a unique alternative strategy in an exchange traded product which offers daily liquidity and transparency.

Extensive Experience – The Portfolio Manager’s investment professionals have more than 20 years of capital markets experience in MBS IOs.

Ongoing Market Evaluation – The Portfolio Manager will evaluate the Agency MBS Interest Only market and spreads in comparison to other fixed income instruments on an ongoing basis to seek out the best values in the MBS Interest Only market.

Risk Analysis and Stress Testing – The Portfolio Manager will conduct an ongoing risk analysis and stress testing in an attempt to maintain a desired risk/return profile.

Fund Basics

Portfolio Manager: Treesdale Partners, LLC
Fund Inception: TBD*
Symbol: HDGB
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: HDGB.IV
Net Asset Value: HDGB.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y610

*Although the Fund is effective, it has not yet launched and is not available for sale at this time.

Where Can HDGB Fit in a Traditional Portfolio?

HDGB combines two strategies. It seeks to offer portfolio protection in the event of rising interest rates, and also may offer the potential for a positive total return from the mortgage market. These combined objectives may make HDGB a unique complementary holding as a diversifier for both traditional fixed income and equity portfolios that may be adversely impacted in a rising interest rate environment.

Why Invest in HDGB?

To Combat Artificially Low Interest Rates – The global credit crisis has resulted in unprecedented government intervention leading to artificially low interest rates.

For Potential Protection from adverse Portfolio Effects of Rising Interest Rates – Many investors may be underestimating the impact that rising rates could have on their portfolios. HDGB may be an answer for investors in a rising rate environment.

For Portfolio Protection – HDGB’s dual objectives of protection from rising rates and offering positive returns during periods of stable interest rates may provide a unique complementary holding as a diversifier for both equity and positive duration fixed income portfolios.

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

DIVERSIFIER

Treesdale Rising Rates ETF

About Treesdale Partners, LLC

Treesdale is a New York, New York-based registered investment adviser, founded in 2002 that provides investment advisory services and manages fixed income and currency/commodity -based alternative investment products. <http://treesdalellc.com/>

About the Portfolio Managers

Zachary Cooper, Managing Director and Portfolio Manager

Zachary Cooper is a Managing Director of Treesdale Partners, LLC and portfolio manager for the firm's rising rates strategy. Mr. Cooper is a securitized products market veteran with over 18 years of experience across a variety of roles. Prior to joining Treesdale Partners, he was the sole non-agency MBS and ABS trader at The PrinceRidge Group, a boutique investment bank. Prior to that, Mr. Cooper was a Principal at Highland Financial Holdings LLC, a hedge fund with peak AUM of over \$1.3B, where he was a senior portfolio manager and on the investment committee. At Highland he specialized in analyzing, trading, and hedging securitized investment products across the capital structure and he also managed the research and model development teams. Mr. Cooper began his career at Deutsche Bank Securities in structuring and analytics where he both coded and ran proprietary securitization models. Later he managed a \$2B proprietary MBS derivatives portfolio and ran the structuring and trading of a highly profitable franchise loan securitization effort. Mr. Cooper received a B.A. in Computer Science from Harvard University and earned the Chartered Financial Analyst designation.

Yung Lim, Managing Partner and Portfolio Manager

Yung Lim is Co-Founder and a Managing Partner of Treesdale Partners, LLC, where he sits on the executive investment committee of the multi-manager and direct investment funds. He has over twenty five years of experience in the fixed income and related markets serving in various roles including investment advisory, risk management, and development of sophisticated trading strategies. Since 2002, Mr. Lim has co-managed or overseen various fixed income focused strategies including Treesdale Rising Rates Strategy, Treesdale Fixed Income Fund, Treesdale Recovery Fund and Treebrook Macro Fund.

In the early 1990s, Mr. Lim worked at Merrill Lynch as vice president in charge of risk management for the mortgage desk, typically handling \$5 billion in inventory. After Merrill Lynch, Mr. Lim was a senior consultant at Andrew Davidson & Co., Inc., a premier consulting firm specializing in fixed income markets, where he performed advisory work for major financial institutions. Mr. Lim has co-authored a book on advanced valuation and analysis techniques for mortgage securities titled *Collateralized Mortgage Obligations*, by Davidson, Ho, and Lim. He has also published various articles in major fixed income publications, including *Bond and Mortgage Markets*, edited by Frank Fabozzi. Mr. Lim has an M.B.A. from the University of Chicago and a B.S. in Electrical Engineering from the California Institute of Technology.

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. Derivative risk may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions that could result in losses that exceed the Fund's original investment. The Fund may invest in mortgage-backed and asset-backed securities risk which is the risk that the impairment of the value of collateral underlying security will result in a reduction in the value of each security.

The Fund is also subject to options risk. Writing and purchasing call and put options are specialized activities and entail greater than ordinary investment risk. The value of the Fund's positions in options fluctuates in response to the changes in value of the underlying security. The Fund also risks losing all or part of the cash paid for purchasing call and put options. Other Fund risks include counterparty risk, early closing risk, fixed income and income risk, interest rate risk, issuer risk, liquidity risk, prepayment risk, trading risk and U.S. Government Securities risk. This Fund may not be suitable for all investors. See prospectus for detail regarding risk.

Duration measures (in years) the sensitivity of the price of a fixed-income investment to a 1% change in interest rates.

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.