

HOLD /NYSE Arca

Sage Core Reserves ETF

HOLD Investment Objective

The AdvisorShares Sage Core Reserves ETF (NYSE Arca: HOLD) seeks to preserve capital while maximizing income. HOLD is managed to achieve its investment objective by investing in a broad range of fixed-income securities and non-traditional fixed income investments. HOLD is managed by Sage Advisory Services (“Portfolio Manager”). The Portfolio Manager maintains the ability to add diversification, through flexible credit quality and expanded security categories. The average duration of HOLD will vary on the forecast for interest rates and will normally not exceed one year.

HOLD Investment Philosophy

Focus on the Key Fixed Income Risk Decisions:

The Portfolio Manager believes the most effective way to consistently add value, manage risk and seek a level of protection for clients over the long term is by tactically managing the fixed income variables that have the most meaningful impact on both risk and return. The HOLD investment process is focused on managing overall portfolio duration, yield curve positioning and sector allocation.

Incorporate Multi-Disciplined Top Down Analysis:

The Portfolio Manager evaluates these key risk decisions through a multi-disciplined, top-down investment process. In order to form a comprehensive top down view, four unique investment disciplines are employed. These include macroeconomic, fundamental, relative valuation and technical analysis. This weighted-evidence approach enables the HOLD investment team to consistently navigate clients through all market and economic environments.

Solve Based on Near Term Outlook:

Because market fundamentals, economic conditions and asset class correlations constantly change, the Portfolio Manager takes a tactical approach to investing. Its Investment Committee meets formally bi-monthly to form a 3-6 month outlook on each portfolio decision. In addition to harnessing the collective wisdom of the investment team, this disciplined, forward-looking approach allows the Portfolio Manager to respond to changing environments in a timely manner.

Maintain Constant Focus on Risk Management:

A core principal of the HOLD investment philosophy and process is to determine if investors are being adequately compensated for the risk of an investment. The Portfolio Manager seeks to deliver efficient cash flows, with an emphasis on minimizing volatility and mitigation of risk in all market environments while seeking to maintain a high level of liquidity.

HOLD Investment Process

1 Managed by Investment Committee:

A six- member investment committee, supported by a team of research analysts and portfolio managers, executes the management process.

2 Apply Top Down Analysis:

Investment Committee applies a top-down approach using four types of analysis: macroeconomic, fundamental, relative-valuation and technical.

3 Determine Broad Positioning:

The investment committees macro and market outlook determines portfolio duration risk, yield curve positioning, sector allocation and non-traditional relative value opportunities.

4 Portfolio Implementation:

The research and portfolio management teams evaluate individual securities and non-traditional investments based a fundamentals and a strict relative valuation process.

A Flexible Investing Universe

HOLD seeks to deliver efficient and scalable cash management access through a broad investment mandate. The Portfolio Manager will employ a disciplined investment approach with flexibility in managing the following key portfolio characteristics:

- **Average Maturity:** HOLD's average maturity is expected to remain below 3 years with an average duration of 1 year. This maturity range expands the opportunity set for yield and total return.
- **Credit Quality:** HOLD may invest in BBB rated securities. Flexible credit quality expands the investable universe of industry segments and issuers.
- **Non-Traditional Investment Allocation:** HOLD may use derivatives on a limited basis to hedge interest rate risk or take advantage of non-traditional investment opportunities.

About Sage

Sage is an independent asset management firm that serves the institutional and private-client marketplace with traditional fixed-income asset management, liability-driven investment solutions and global tactical ETF strategies. While Sage is a global multi-asset class investment manager, the firm's roots are in fixed income. Since the inception of our firm in 1996, Sage has delivered a comprehensive array of conservative fixed income investment management services and has a long history of delivering cash management solutions to the institutional marketplace.

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. Diversification and sector asset allocation do not guarantee a profit, nor do they eliminate the risk of loss of principal. An investment in the Fund is subject to risk, including the possible loss of principal amount invested. The Fund's investment in fixed income securities will change in value in response to interest rate changes and other factors, such as the perception of the issuer's creditworthiness. Fixed income securities with longer maturities are subject to greater price shifts as a result of interest rate changes than fixed income securities with shorter maturities. The Fund's investments in high-yield securities or "junk bonds" are subject to a greater risk of loss of income and principal than higher grade debt securities. In addition the Fund is subject to leveraging risk which tends to exaggerate the effect of any increase or decrease in the value of the portfolio securities. The Fund is also subject to liquidity risk, issuer risk, foreign currency and investment risk, prepayment risk and trading risk. See prospectus for details regarding specific risks.

Duration measures (in years) the sensitivity of the price of a fixed-income investment to a 1% change in interest rates. **Bond credit ratings** are published rankings based on detailed financial analyses by a credit bureau specifically as it relates the bond issue's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade. The **Yield Curve** is a graph that plots the yields of similar-quality bonds against their maturities, ranging from shortest to longest.