

**KOR**<sub>NYSE Arca</sub>

## How the KIM Korea ETF Works

The AdvisorShares KIM Korea Equity ETF (NYSE Arca: KOR) seeks to provide long-term capital appreciation above the capital appreciation of its primary benchmark, the MSCI Korea Index, and other Korea-focused indexes. KOR is managed by Korea Investment Management (KIM) Co., Ltd. (“Portfolio Manager.”) The Portfolio Manager seeks to achieve its investment objective by investing primarily in growth-oriented stocks of mid- to large capitalization range listed on the Korea Exchange. The Portfolio Manager manages the KOR portfolio by buying and holding stocks of companies with attractive valuations that it believes have growth potential especially in those industries with a differentiated and sustainable growth engine, utilizing a “bottom up” analysis by focusing on corporate fundamental research such as a company’s annual sales growth with sustained profit margins, and annual earnings per share growth.

In addition to individual stock selection that mainly determines sector allocation of the portfolio, the Portfolio Manager seeks investment ideas from a “top down” analysis of the macro economy and its effect on corporate competitiveness and industry cycles. The Portfolio Manager strives to invest with large economic cycles as compared to short-term market trends and short-term supply and demand dynamics.

## 5 Key Attributes

- Benchmark Differentiation** - KOR’s portfolio management team has the flexibility to deviate from its MSCI Korea benchmark to invest in companies and industries with favorable prospects while avoiding those with negative outlooks.
- Actively Managed Access To Attractive GDP Growth** - Korea maintains an attractive growth rate and KOR offers the only actively managed access in the ETF market.
- Korea’s Global Growth Leadership** - The Korean Market has been driven by leading growth industries of each business cycle.
- Extensive Analyst Team & Research Capabilities** - The Portfolio Manager has more than 30 investment professionals purely dedicated to manage Korea equities, doing more than 4,000 company visits and publishing over 1,600 research reports in a year.
- Long Term Investment Approach** - The Portfolio Manager’s investment objective is to select a focused portfolio comprised of those companies with structural growth based on both earnings growth and attractive valuations.

## Why Invest in KOR?

**Outperformance of Korean Growth Stocks** – The growth in consumer goods manufacturing and service sectors is outpacing that of industrial manufacturing, which the Portfolio Manager feels is the key reason that growth style stocks in Korea have outperformed among emerging markets.

**Evolution of Korea’s Industrial Structure** – Korea’s market cap breakdown is similar to that of DMs, having relatively high service weightings as in G7 countries. Given the likelihood of economic stimulus efforts driven by policy makers in major countries, Korea is certainly positioned to benefit from the effects as they will be more apparent in consumer goods and services with milder oversupply problems compared to industrial-related manufacturing.

**Consumer Staples: A New Driving Engine** – The Korean consumer sector, including household goods and food & beverage, continue to generate stable earnings regardless of macro conditions backed by aggressive expansion on networks across Asia aimed at regional diversification. With continuous product development to enter new categories while enhancing the quality and brand value of existing products, Korean consumer staples should be able to generate better sale and profits than traditional exporters.

**Consumer Spending in China: “New China Play”** – Since 2012, the weighting of tertiary industry to GDP in China exceeded secondary industries, and the gap has widened rapidly. Also, China’s cosmetic & household goods market overtook Japan as the second-largest market in the world in 2011. Given that, Korean cosmetics are well positioned to benefit from the potential growth of the Chinese cosmetic market backed by product differentiation and positioning including Korean wave.

## Fund Basics

Portfolio Mgr.: Korea Investment Management Co., Ltd
Fund Inception: 09.28.2016
Symbol: KOR
Exchange: NYSE Arca
Options: No
Dividend Frequency: Annual
Indicative Value: KOR.IV
Net Asset Value: KOR.NV
Fund Type: Actively-Managed ETF
CUSIP: 00768Y578

## Where Does KOR Fit in a Traditional Portfolio?

KOR offers access to a fast growing economy that is the gateway to the trend of growing consumerism and opportunities in EM including China. Korea’s unique status as both a developed market and emerging market make it an ideal exposure to compliment an allocation to foreign equities.

# KIM Korea ETF

## About Korea Investment Management (KIM) Co., Ltd.

KIM is recognized as one of the best equity fund houses in Korea. Established in 1974, KIM marked the beginning of asset management history in Korea. As a leading investment manager in Korea, KIM offers a wide range of fund products to both retail and institutional investors such as governments, pension plans, and insurance companies, etc. Headquartered in Seoul, KIM has established research centers in Shanghai and Ho Chi Minh City. Total assets under management of KIM is \$ 32.80 billion as of 30 June 2016. [www.kim.co.kr/en](http://www.kim.co.kr/en)

## About the Portfolio Managers

### Mr. Young-seok Lee, Division Head and Portfolio Manager

Mr. Lee's primary responsibilities are portfolio management and equity research. He has over eighteen years of experience in portfolio management and equity research. He has served as a portfolio manager at the Sub-Advisor since 1996. He earned a B.A. in Law from Seoul National University, where he graduated with honors.

### Mr. Sang-min Lee, Team Head and Portfolio Manager

Mr. Lee has over fifteen years of experience in portfolio management and equity research. His fifteen-year career in the investment industry includes a position as portfolio manager and analyst for the Korea Investment Group. Mr. Lee has been working with the Sub-Advisor since 2007, initially as equity analyst at Korea Investment Securities Co., Ltd., a parent company of the Sub-Advisor, specializing in asset management, sales and investment research. He earned a B.A. in Economics from Seoul National University, where he graduated with honors.

### Mr. Jun-il Han, Member and Portfolio Manager

Mr. Han joined the Sub-Advisor in 2012. He is primarily responsible for the implementation and development of investment strategies for the Sub-Advisor. Mr. Han's primary responsibilities are portfolio management and equity research. Prior to joining the Sub-Advisor, he worked as a buy-side equity analyst at Consus Asset Management for 6 years. He earned a M.A. in Finance from City University of London and a B.A. in International business from Kyunghee University.

### Mr. Hyo-chan Kim, Member and Portfolio Manager

Mr. Kim has been a member and portfolio manager of the Sub-Advisor since 2013. He is primarily responsible for quant screening, including searching for companies with competitive advantages, structural turnaround in supply and demand, stable revenue growth due to strength of their business model, the ability to continuously generate free cash flow, and long-term growth potential. He earned a B.A. in Business from Korea University, where he graduated with honors.

### Ms. Hyun-mi Kim, Member and Portfolio Manager

Ms. Kim has been a member and portfolio manager of the Sub-Advisor since 2007. She is primarily responsible for portfolio model screening, especially small-mid caps for the Sub-Advisor. Prior to joining the Sub-Advisor, she worked as a sell-side equity analyst at Daewoo Securities and Hyundai Securities for 4 years. She earned a B.A. in International Business from Ewha Womans University, where she graduated with honors.

### Mr. Tae-hoon Kim, Member and Portfolio Manager

Mr. Kim joined the Sub-Advisor in 2011. Mr. Kim's primary responsibilities are portfolio management and market research, including overseas markets. He earned a B.A. in Economics from University of Michigan, where he graduated with honors.

The ultimate investment decision on an individual company is solely made through team discussion. These discussions include the participation of not only all the equity team members, but also 10 research analysts who exclusively specialize in Korea equities. Of note, KIM has the Korea equity research team which consists of: 7 sector analysts, 1 macro analyst and the head of the research division and the team head, respectively.

**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. As a result of the Fund's investments in securities receiving revenues in foreign currencies, the Fund will be subject to currency risk. This is the risk that currencies to which the Fund is exposed will decline relative to the U.S. dollar. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. To the extent that the Fund has significant investments in a particular country, the Fund will be susceptible to loss due to adverse market, political, regulatory, and geographic events affecting that country. Economic and political developments of South Korean neighbors may have an adverse effect on the South Korean Economy. Other Fund risks include market risk, equity risk, liquidity risk and trading 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.