

A Response to Barron's

July 17, 2017

Over the weekend, our ETF, the AdvisorShares Focused Equity ETF (CWS), was profiled in *Barron's*. While the magazine complimented our "noble sentiments," they unfortunately neglected to mention our fund's principal benefits. I'm thrilled to see CWS get media attention, yet I want to make sure the full story is properly understood. This is important because the benefits of investing in CWS are also helping to spark a revolution for individual investors.

Barron's notes that our blog's Buy List has an 11-year track record of beating the S&P 500. At the fund level, we're doing it again so far this year. Yet they criticize our active ETF for not charging the ultra-low fees of an index fund. This is a bizarre point. The vast majority of active managers haven't beaten the market. We have. Compared with other active managers, our fees are quite competitive. Naturally, if we continue to beat the market by a decent margin, then a fee comparison with index funds is moot.

Barron's then compares us to, what they call, "our most direct competitor," another actively managed ETF which has 60 analysts and a slightly lower expense ratio. We have one analyst—me. Yet *Barron's* doesn't mention that we beat them by a substantial margin since the other fund debuted earlier this year.

I need to stress that there's no fund quite like CWS. We're the first ETF to have a fulcrum fee, but *Barron's* recommends two old-line Fidelity funds, also with fulcrum fees, as more suitable options. Again, this is bizarre.

CWS has the all benefits of an ETF—full transparency, intra-day trading and tax efficiency which those Fidelity funds do not. These traits are hugely important to modern investors. Plus, we offer the added benefits of CWS's long-term strategy, once-a-year turnover, focused portfolio and simplicity—traits growing numbers of investors prefer.

Comparing fee structures misses the point. That's like telling a classic car enthusiast that a brand new hybrid gets better fuel mileage. True, but hardly the point. What we offer; transparency, simplicity, low turnover and performance-based fees, is a fundamentally different investing option. Every investor and advisor needs to understand this. Power has shifted dramatically towards individual investors. The investing world of tomorrow will look more like what CWS is doing today.

Eddy Elfenbein

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 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 (closing price) not 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. Holdings and allocations are subject to risks and to change. The views in this commentary are those of the portfolio manager and may not reflect his views on the date this material is distributed or anytime thereafter.