

HDGE / NYSE

The Active Bear ETF

as of 11.15.2010

How the Active Bear ETF Works

The investment objective of the Active Bear ETF (HDGE) is capital appreciation through short sales of domestically traded equity securities. The HDGE portfolio is sub-advised by Ranger Alternative Management, L.P. The portfolio management team implements a bottom-up, fundamental, research driven security selection process. In selecting short positions, the Fund seeks to identify securities with low earnings quality or aggressive accounting which may be intended on the part of company management to mask operational deterioration and bolster the reported earnings per share over a short time period. In addition, the portfolio management team seeks to identify earnings driven events that may act as a catalyst to the price decline of a security, such as downwards earnings revisions or reduced forward guidance.

Fund Basics:

Fund Inception: TBD*	Fund Type: Actively Managed ETF	Indicative Value: HDGE.IV
Symbol: HDGE	Management Fee: 1.50%	Net Asset Value: HDGE.NV
Exchange: NYSE	Gross Expense Ratio: 1.88%	Portfolio Manager: John Del Vecchio & Brad Lamensdorf
CUSIP: 00768y883	Net Expense Ratio: 1.85%**	Dividend Frequency: Annual

**The Advisor has contractually agreed to keep net expenses from exceeding 1.85% of the Fund's average daily net assets until Sept. 21, 2011.

4 Key Attributes

- 1. Disciplined, Repeatable Investment Process** – The forensic accounting based methodology the Portfolio Management Team utilizes is a disciplined, consistent investment approach to both security selection and risk management. Like an investigative auditor, a forensic accountant dissects a company's financial statements, crunching the numbers searching for evidence in the data that may suggest operational deterioration or manipulative sales and revenue recognition, rather than focusing on fad products or broken business models to identify domestic equity stocks that are expected to underperform.
- 2. Experience** – The Portfolio Management Team has experience trading and managing short portfolios with
 - the ability to tactically allocate to liquid, low short interest stocks of companies which may be masking operational deterioration.
- 3. Market Analysis** – Top-down technical evaluation of broader market liquidity, sentiment and breadth is utilized to help identify short and intermediate term market trends, manage exposure and mitigate risk.
- 4. Specialized Strategy** – Effectively shorting individual securities requires an approach very different from a traditional long-only strategy. HDGE is a very specialized product managed by investment professionals with years of short selling experience as opposed to another fund that might not have the HDGE ETF Product Manager's shorting expertise.

Sector Exposure

This information is not currently available

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

Sector Exposure info will be available at time of launch

Top 10 Holdings

This information is not currently available

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For additional information, call AdvisorShares at 1-877-THE ETF1 or visit us at www.advisorshares.com

Why Invest in HDGE ?

- **As a Tool to Hedge Equity Exposure** – HDGE can be used as part of a long/short strategy in which an investor may synthetically integrate by pairing HDGE with a long-index ETF (or an investor's portfolio of long positions), providing the investor with a "buy and hold" option to hedge their long domestic equity exposure.
- **For Diversified Portfolio Construction** – The Portfolio Management Team's portfolio construction process emphasizes diversification across a number of industries and specific companies with a special focus on catalysts that drive lower stock returns. The portfolio will typically consist of between 20-50 equity short positions, with an average position size of between 2% and 7% of the portfolio exposure.
- **For a Fundamental Investment Process** – The Portfolio Management Team utilizes accounting metrics across the income statement, cash flow statement and balance sheet to identify companies with low earnings quality or possible aggressive accounting practices. These factors may suggest operational deterioration in a company's business. Qualitative analysis is also considered. An assessment of the management team, accounting practices, corporate governance and the company's competitive advantage are analyzed before a company is included as part of the HDGE portfolio.

About AdvisorShares

AdvisorShares, the advisor, is a turnkey platform for investment managers seeking to offer their investment strategy in an actively managed ETF. AdvisorShares works with experienced money managers to combine their money management strategies with the benefits the ETF structure provides. AdvisorShares provides sales, marketing and educational support to help financial advisors utilize AdvisorShares ETFs to help them achieve their client's investment goals and objectives. AdvisorShares is pleased to offer actively managed ETFs and is dedicated to investor education. www.advisorshares.com

About Ranger Alternative Management, L.P.

Ranger Alternative Management, L.P., is an investment management firm implements a bottom-up, fundamental, research driven security selection process which seeks to identify securities with low earnings quality or aggressive accounting which may be intended on the part of company management to mask operational deterioration and bolster the reported earnings per share over a short time period. In addition to these issues, Ranger seeks to identify earnings driven events that may act as a catalyst to the price decline of a security, such as downwards earnings revisions or reduced forward guidance. www.rangeralternatives.com.

About the Portfolio Managers

John Del Vecchio, CFA – Portfolio Manager/Principal - Mr. Del Vecchio serves as a Portfolio Manager for Ranger Alternative Management, L.P. ("Ranger"). Mr. Del Vecchio managed short only portfolios for Ranger from October, 2007 through March, 2010. Mr. Del Vecchio also serves as principal and founder of Parabolix Research, LLC, a short-only research firm. From 2003-2007, Mr. Del Vecchio served as an Analyst with David W. Tice & Associates / Behind the Numbers, LLC selecting short sale opportunities utilizing forensic accounting research on behalf of institutional clients and the Prudent Bear Fund. Mr. Del Vecchio earned a B.S. in Finance, Summa Cum Laude, from Bryant College, and was awarded Beta Gamma Sigma honors. Mr. Del Vecchio earned the right to use the Chartered Financial Analyst designation in September, 2001.

Brad H. Lamensdorf – Portfolio Manager/ Principal - Mr. Lamensdorf serves as a Portfolio Manager for Ranger Alternative Management, L.P. ("Ranger") and provides trading and market strategy for Ranger's short only portfolio. Mr. Lamensdorf has served as a Trading and Market Strategist for Ranger since 2009. Mr. Lamensdorf also serves as a principal of Precisian GP, LLC and Portfolio Manager of Precisian Partners L.P., both positions of which he has held since November 2007. Prior to Precisian, Mr. Lamensdorf served as principal and portfolio manager for Tarpon Capital Management, L.P., which managed long/short hedge funds. From 1992 through 1996, Mr. Lamensdorf worked on the equity trading desk for the Bass family in Fort Worth, Texas, where he co-managed an extensive equity portfolio with emphasis on short selling and derivatives strategies. He also provided market analysis for fund managers throughout the Bass network. Mr. Lamensdorf received a B.A. in psychology from the University of Texas at Austin in 1992.

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. Other Fund risks include market risk, equity risk, short sales and leverage risk, large cap risk, early closing risk, liquidity risk and trading risk. Short sales involve leverage because the Fund borrows securities and then sells them, effectively leveraging its assets. The use of leverage may magnify gains or losses for the Fund. Newly organized, the Fund has no trading history and there can be no assurance that active trading markets will be developed or maintained.

Shares are bought and sold at market price (closing 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.

Downward earnings revisions is when an investment analyst or a company's management revises their earnings projections for the company below the consensus estimate. Reduced forward guidance is when a company's management reduces previously disseminated earnings projections for an upcoming time period.