



EDGA Exchange, Inc. & EDGX Exchange, Inc.			
Regulatory Information Circular			
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Subject: AdvisorShares Sage Core Reserves ETF

Background Information on the Fund

As more fully explained in the Registration Statement (Nos. 333-157876 and 811-22110), AdvisorShares Sage Core Reserves ETF (the “Fund”) is a management investment company registered under the Investment Company Act of 1940. The Fund is an actively-managed exchange-traded-fund (“ETF”). The shares of the Fund are referred to herein as “Shares.”

AdvisorShares Investments, LLC serves as the investment advisor to the Fund (the “Advisor”). Bank of New York Mellon serves as the administrator, custodian and transfer agent for the Fund. Foreside Fund Services, LLC is the distributor for the Fund (the “Distributor”).

Ticker	Fund Name	CUSIP
HOLD	AdvisorShares Sage Core Reserves ETF	00768Y651

Description of the Fund

The Fund seeks to preserve capital while maximizing income.

Sage Advisory Services, Ltd. Co. (the “Sub-Advisor”) seeks to achieve the Fund’s investment objective by investing in a variety of fixed income securities, including bonds, forwards and instruments issued by U.S. and foreign issuers. The Fund may also invest in U.S. dollar-denominated investment grade debt securities, including mortgage- or asset-backed securities, rated Baa- or higher by Moody’s Investors Service, Inc., or equivalently rated by Standard & Poor’s Ratings Services or Fitch, Inc., or, if unrated, determined by the Sub-Advisor to be of comparable quality. The Fund may retain a security if its rating falls below investment grade (commonly referred to as a “junk bond”) and the Sub-Advisor determines that retention of the security is in the Fund’s best interest.

The average duration of the Fund will vary based on the Sub-Advisor’s forecast for interest rates and will normally not exceed one year. Duration is a measure used to determine the sensitivity of a security’s price to changes in interest rates. The longer a security’s duration, the more sensitive it will be to changes in interest rates. The dollar-weighted average portfolio maturity of the Fund is normally not expected to exceed three years.

In seeking to achieve its investment objective, the Fund may also invest in certain derivatives, including futures and swaps. On a day-to-day basis, the Fund may hold money market instruments, cash, other cash equivalents, and exchange traded products that invest in these and other highly liquid instruments to collateralize its derivative positions.

The Fund issues and redeems Shares on a continuous basis at their net asset value (“NAV”) only in large blocks of 25,000 Shares (each block of Shares is called a “Creation Unit”). The shares of the Fund that trade on the Exchange are “created” at their NAV by market makers, large investors and institutions. A “creator” enters into an authorized participant agreement (“Participant Agreement”) with the Distributor or uses a Depository Trust Company (“DTC”) participant who has executed a Participant Agreement (an “Authorized Participant”), and deposits into the Fund a specified amount of cash totaling the NAV of the Creation Unit(s), in exchange for 25,000 shares of the Fund (or multiples thereof).

Individual Fund shares may only be purchased and sold in secondary market transactions through brokers. The shares of the Fund are listed on the Exchange, and because shares trade at market prices rather than at NAV, shares may trade at a value greater than or less than their NAV.

The Fund pays out dividends and distributes its net capital gains, if any, to shareholders at least annually.

The DTC serves as securities depository for the Shares, and Shares may be held only in book-entry form. Thus, stock certificates will not be issued. DTC, or its nominee is the record or registered owner of all outstanding Shares of the Fund.

The NAV per Share of the Fund will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time (“ET”) on each day that the listing exchange is open for business. NAV is calculated by dividing the value of the net assets of the Fund (*i.e.*, the total value of the Fund’s assets less all liabilities) by the total number of Shares outstanding of the Fund. NAV will be available from the Distributor and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The IOPV Symbol (Portfolio Indicative Value) for Shares of the Fund is available from market data vendors under the symbol HOLD.IV.

The Trust’s registration statement describes the various fees and expenses for the Fund Shares. For a more complete description of the Fund, visit www.advisorshares.com.

Principal Risks

Interested persons are referred to the discussion in the Fund’s Prospectus to determine the principal risks of an investment in the Fund. These include but are not limited to: Counterparty Risk; Credit Risk; Derivatives Risk; Early Closing Risk; Fixed Income Securities Risk; Foreign Currency Risk; Foreign Investment Risk; Issuer Risk; Leveraging Risk; Liquidity Risk;

Management Risk; Market Risk; Portfolio Turnover Risk; Prepayment Risk and Trading Risk. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares on the Exchange.

Additional risks are described in the Prospectus for the Fund.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

Trading Hours

Trading in the Shares on the Exchanges is on a UTP basis and is subject to the Exchanges' equity trading rules. The Shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the Shares during the Extended Market Sessions (Preopening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Trading Halts

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

Suitability

Trading in the Shares on the Exchanges will be subject to the provisions of Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, Members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds Members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended

transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus. Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC.

For further information about the Fund, please refer to the Trust's Registration Statement.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC Division of Trading and Markets has issued revised Staff Legal Bulletin No. 9 (Revised September 10, 2010) ("Staff Bulletin", available at www.sec.gov, at Staff Legal Bulletins, SLB 9), in which the Division has granted exceptions from certain provisions of Regulation M (Rules 101(c)(4) and 102(d)(4)), under the Securities Exchange Act of 1934 ("1934 Act") with respect to certain transactions in Shares of actively-managed ETFs. The Fund relies on the exceptions stated in the Staff Bulletin. The Fund also relies on the relief granted in a letter dated June 16, 2011 (available at www.sec.gov) from Joseph Furey, Acting Co-Chief Counsel, Division of Trading and Markets, to W. John McGuire, Morgan, Lewis & Bockius LLP, regarding Section 11(d)(1) of the 1934 Act and Rules 10b-10, 11d1-2, 15c1-5, and 15c1-6 thereunder.

The Staff Bulletin states, that (1) the Rule 101(c)(4) exception is available to permit persons who may be deemed to be participating in a distribution of actively managed ETF Shares to bid for or purchase such Shares during their participation in a distribution, and (2) the Rule 102(d)(4) exception is available to permit an open-end investment company to redeem actively managed ETF Shares, if the following conditions are met: (i) the Shares are issued by a registered open-end investment company; (ii) the Shares are exchange listed and exchange traded; (iii) the ETF continuously redeems the Shares at net asset value (NAV); (iv) a close alignment between the Shares' secondary market price and the ETF's NAV is expected; (v) on each day the Shares trade, prior to commencement of such trading, the ETF discloses on its website the identities and quantities of the securities and assets held by the ETF which will form the basis of the calculation of the ETF's NAV at the end of such day; (vi) the exchange listing the Shares or other information provider disseminates every 15 seconds throughout the trading day, through the facilities of the Consolidated Tape Association, an amount representing on a per Share basis the sum of the current value of the securities, assets, and cash required to create new Shares (intraday indicative value or IIV); (vii) arbitrageurs are expected to take advantage of price variations between Shares' secondary market price and the ETF's NAV; and (viii) the

arbitrage mechanism will be facilitated by the transparency of the ETF's portfolio, the availability of the IIV, the liquidity of the ETF's portfolio securities, the ability to access such securities, and the arbitrageurs' ability to create workable hedges.

In addition, the Staff Bulletin states that the redemption of creation unit sized aggregations of ETF Shares and the receipt of securities in exchange therefore by persons who may be deemed to be participating in a distribution of Shares do not constitute an "attempt to induce any person to bid for or purchase" a covered security during an applicable restricted period for purposes of Rule 101, but only if the redemptions are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of Shares or the securities received in exchange for the Shares redeemed.

This Regulatory Information Circular is not a statutory prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.