

AN INTRODUCTION TO ALPHA ARCHITECT

As Of Date: 5/4/2018

Wesley R. Gray, PhD

T: +1.215.882.9983

F: +1.216.245.3686

ir@alphaarchitect.com

213 Foxcroft Road

Broomall, PA 19008



alpha architect

Empower Investors Through Education | Affordable Alpha

Our Firm Impact Mission and *Passion*:

We Empower **Investors** Through **Education**



In order to

Develop **Sustainable Investors**



Education Works: A Billionaire Cold-called Wes...

Blog attracts \$Bn+ family office



We launch our ETF business



Word gets out...



July '10
AUM (\$M): \$0



Oct '14
AUM (\$M): ~\$100

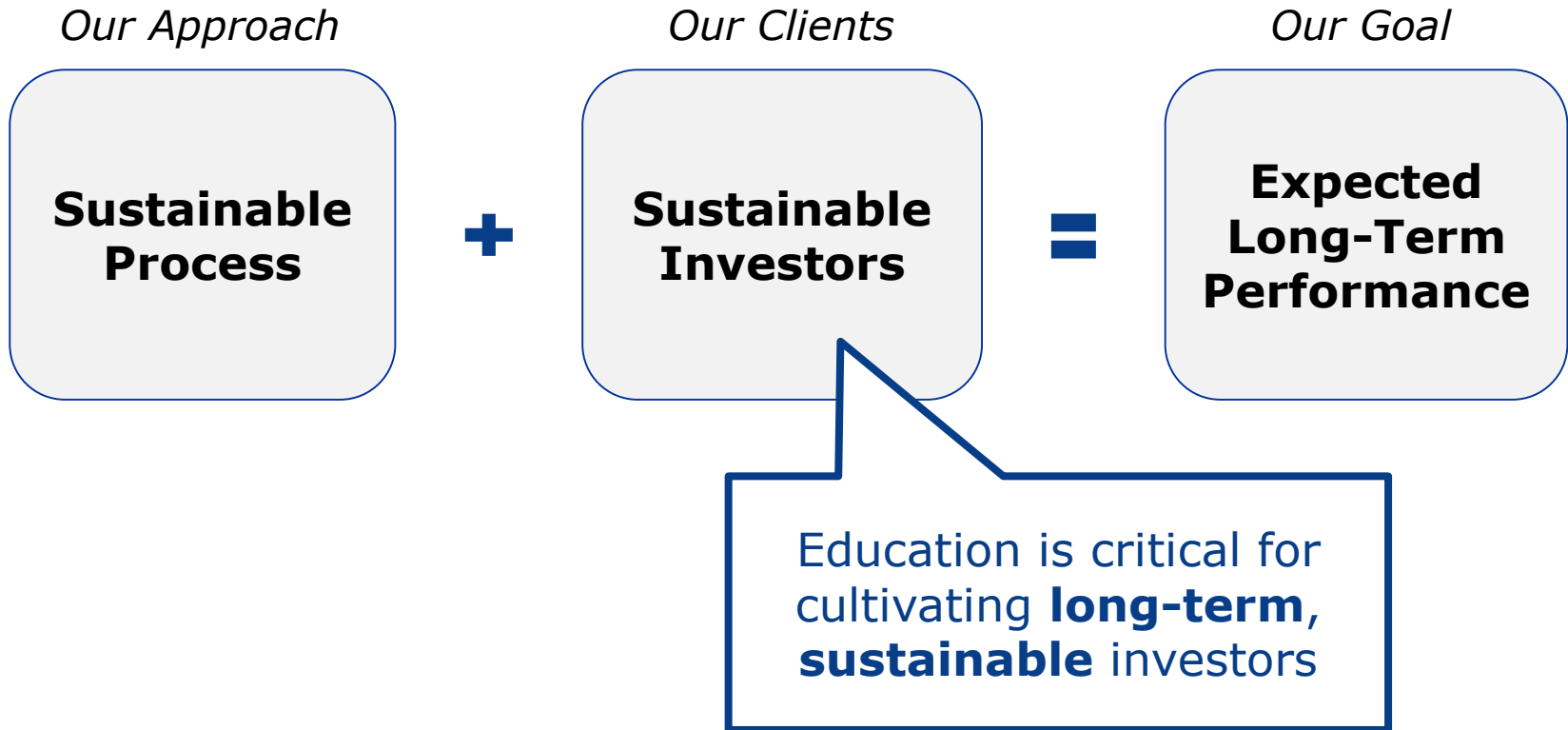


May '18
AUM > \$1B

Investors like our approach



Education Develops Sustainable Investors

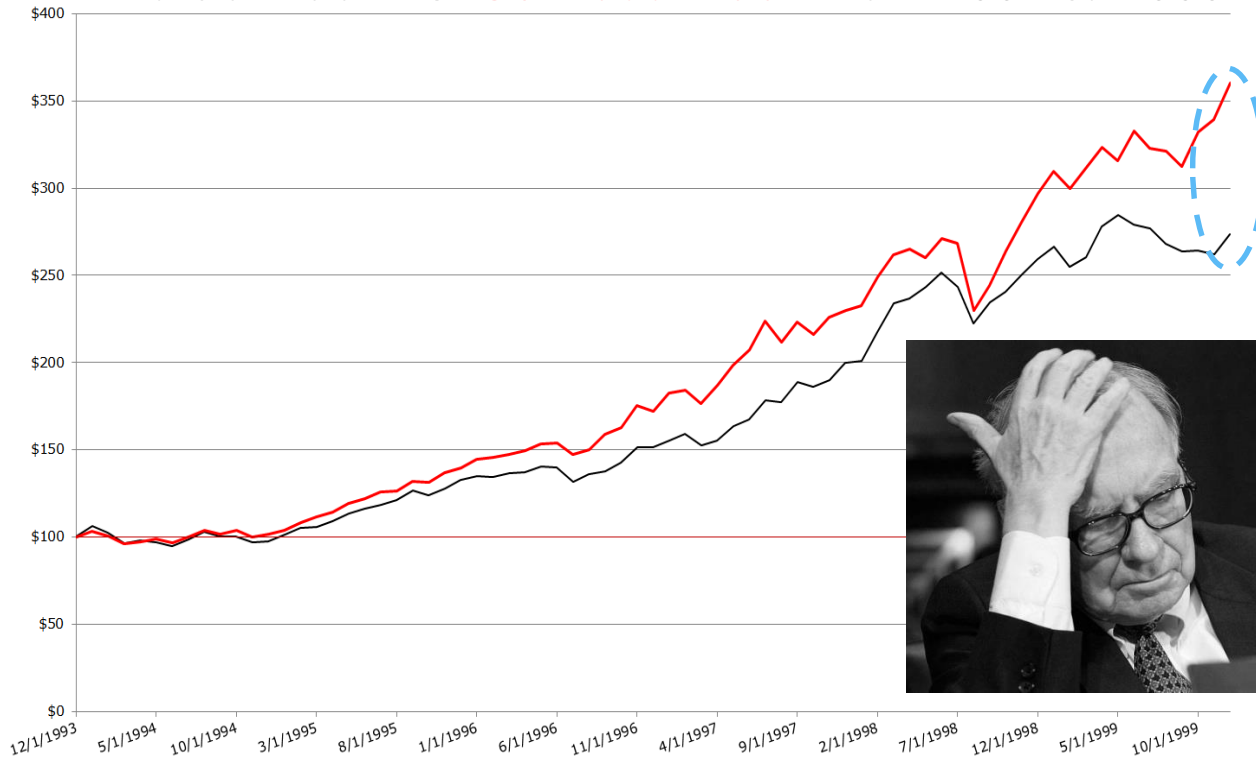


“Alpha” is Earned via Patience & Discipline

Why Does Sustainability Matter? Ask Warren Buffett!

Disciplined investors earn risk premiums from less disciplined investors

Value Index vs. S&P 500 Index from 1994 to 1999



BARRON'S

"Warren Buffett may be losing his magic touch."

Barron's (Dec., 1999)



Source: <http://online.barrons.com/news/articles/SB945992010127068546>; Calculation details available upon request. *The results are hypothetical results and are NOT an indicator of future results and do NOT represent returns that any investor actually attained. Please see disclosures for additional information. Additional information regarding the construction of these results is available upon request.

Our Core Beliefs Reinforce Our Mission

Our beliefs

Why important

Mission

1

**Transparency,
no Black-Boxes**



Transparency increases trust for the process =

*Sustainable investors
understand the plan*

2

**Evidence-Based,
not Story-Based**



Evidence increases chance of success =

*Sustainable investors
use data, not emotion*

3

**Systematic,
not Ad-Hoc**



Systematic eliminates human bias & costs =

*Sustainable investors
stay the course*

4

**Win-Win,
not Win-Lose**



Win-Win culture builds long-term partnerships =

*Sustainable investors
build a winning team*



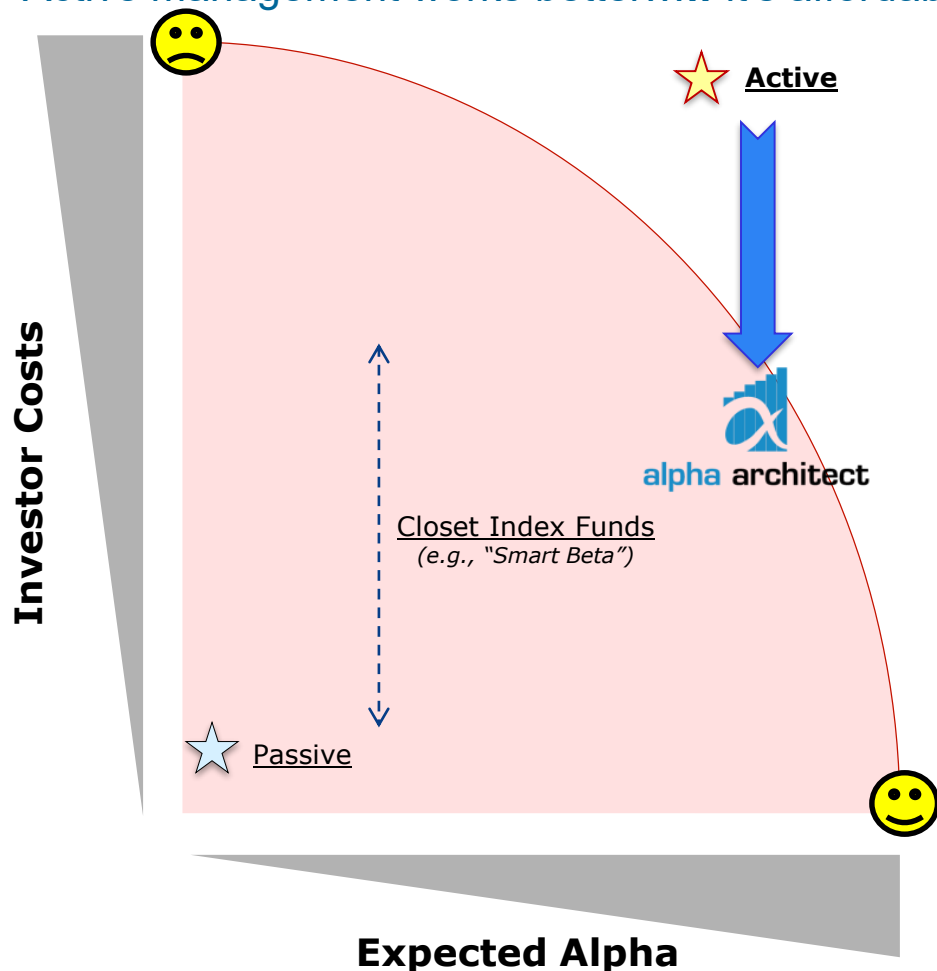
Sustainable Investors can Exploit Sustainable Processes



WHAT WE DO: AFFORDABLE ALPHA

Alpha Architect Delivers “Affordable Alpha”

Active management works better...**if** it's affordable



Why our **value proposition** works

Affordable

- AA is bought...not sold, which **minimizes distribution costs**
- We do more with less via **low overhead and technology**
- We are very tax-aware and **focus on tax-efficient investment solutions**

Alpha

- We **conduct exhaustive research**
- Our portfolios **are anti-closet index**
- Our strategies **have limited capacity**



Become the “Vanguard” of Unique, Non-Scalable Ideas

Our Business Model Helps Clients Win

We are built for tax-sensitive, independent, long-term investors...we are NOT for everyone

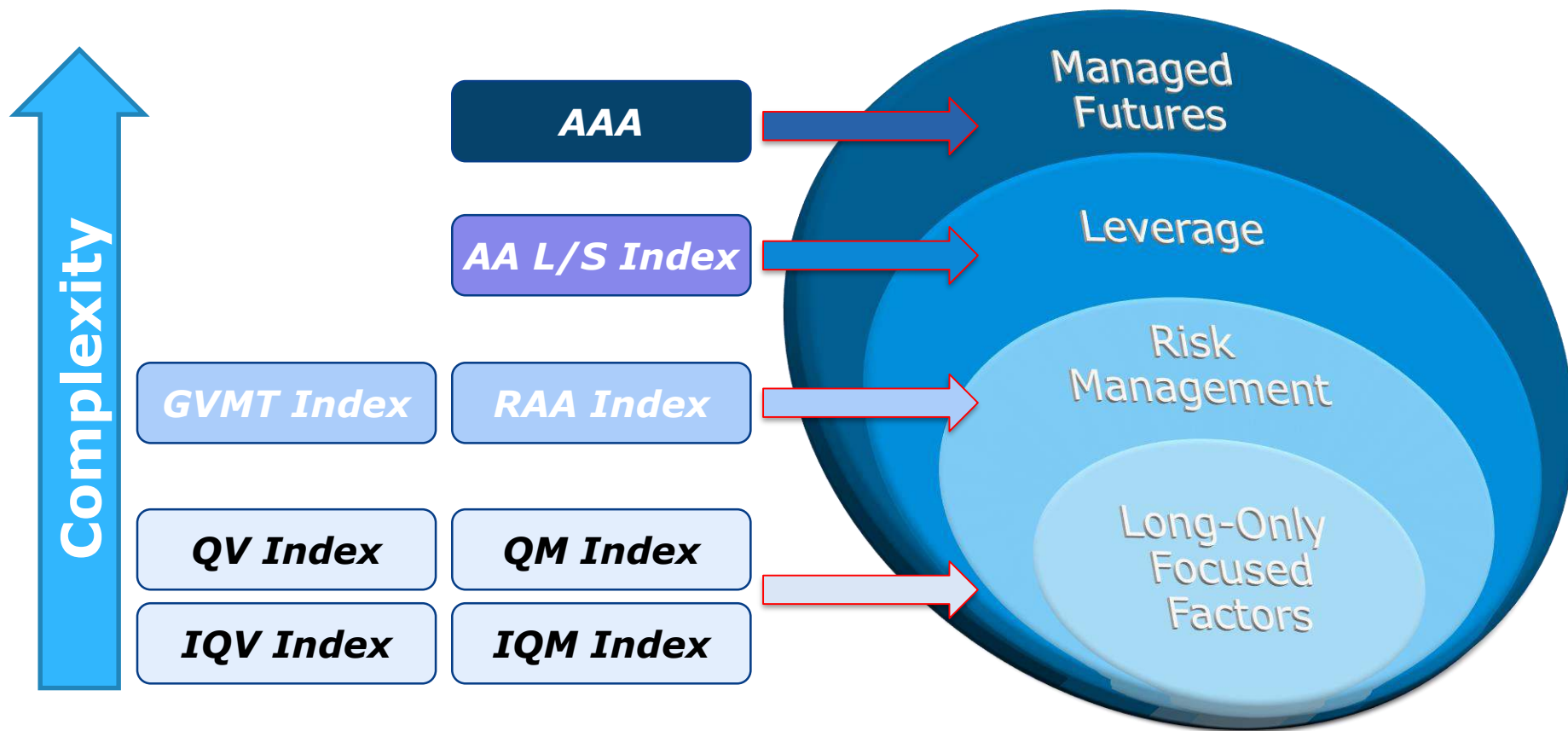
Description	Differentiated?	Good Value?	Distribution Costs?	Capacity	Outlook for investors
Passive Index	No	Likely – Very cheap	Low	Yes	Good for the masses
Closet Index or “Smart Beta”	No	Maybe	High	Yes	Good at the right price
Active	Yes	Unlikely – Too expensive	High	Limited	Not sustainable after-tax and fees

	Yes We are different	Yes Less than active & tax efficient	Low Minimal middlemen	Limited Educated investors	Sustainable
---	--------------------------------	--	---------------------------------	--------------------------------------	--------------------

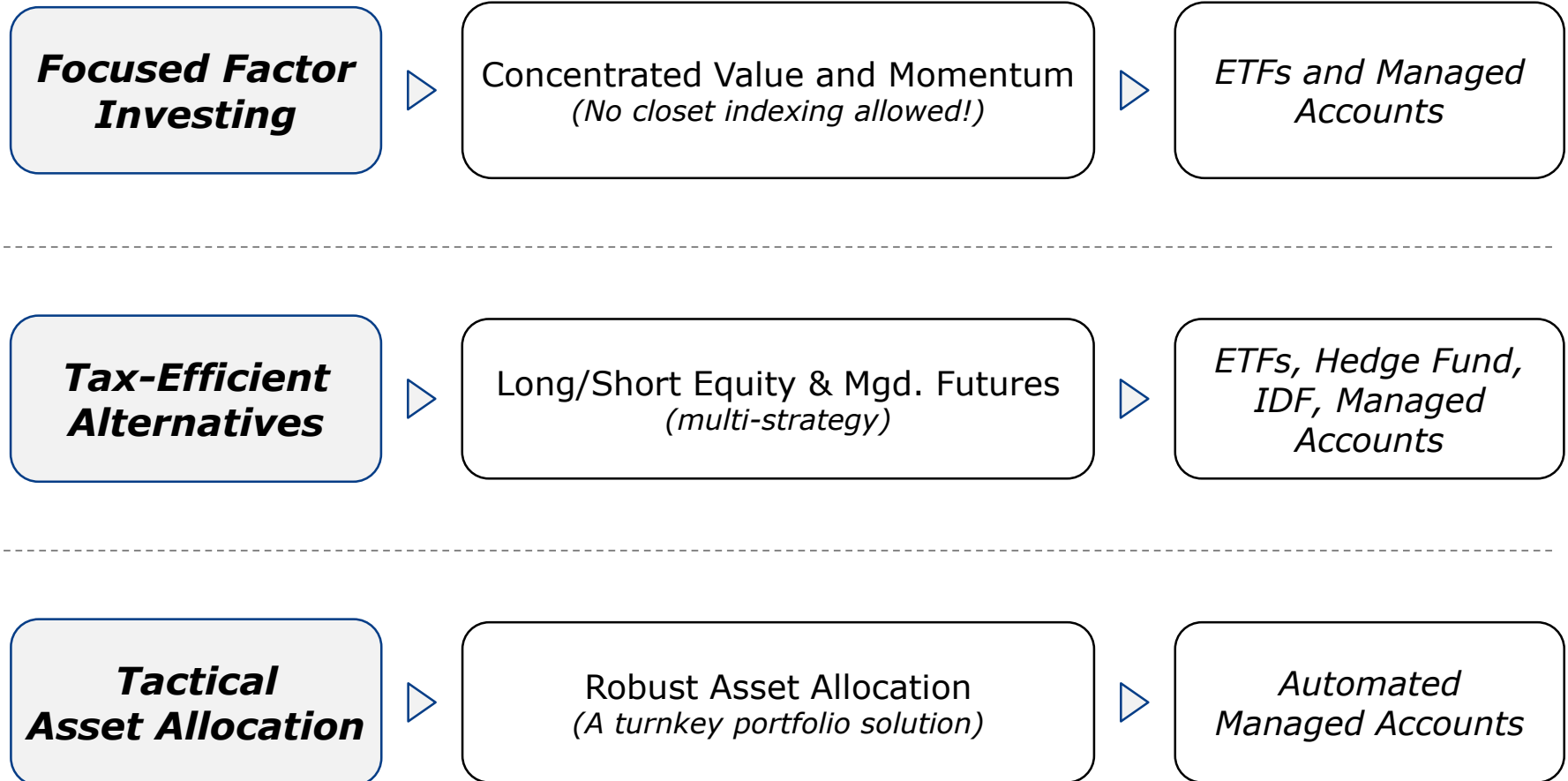


Active Investing that Seeks to Achieve a Win-Win

Strategies: Different layers of complexity for different goals



Strategy details



Built for tax-sensitive, independent, long-term investors

We Attract **E.D.U.C.A.T.E.D.** Clients

E	Empirical	Evidence-based. Show me the data
D	Disciplined	Long-term investors. Avoid short-term fads
U	Unassuming	Billionaires that drive Honda Civics. Disdain for flash
C	Committed	Long-term horizon. Not afraid of short term volatility
A	Active	Not satisfied with passive index performance
T	Tax Aware	Looks for after tax results. Incorporates tax planning
E	Economical	Understands price is what you pay. Value is what you get
D	Do It Yourself	An entrepreneurial spirit. Avoids the status quo

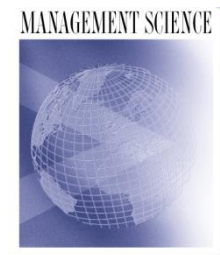


We are NOT for everyone: Are you the right client?

APPENDIX

We are Thought Leaders in Quant and Factor Investing

We publish peer-reviewed research...



...contribute to national outlets...

THE WALL STREET JOURNAL.
THE EXPERTS



CFA Institute

YAHOO!
FINANCE



Forbes

...and our approach is making news

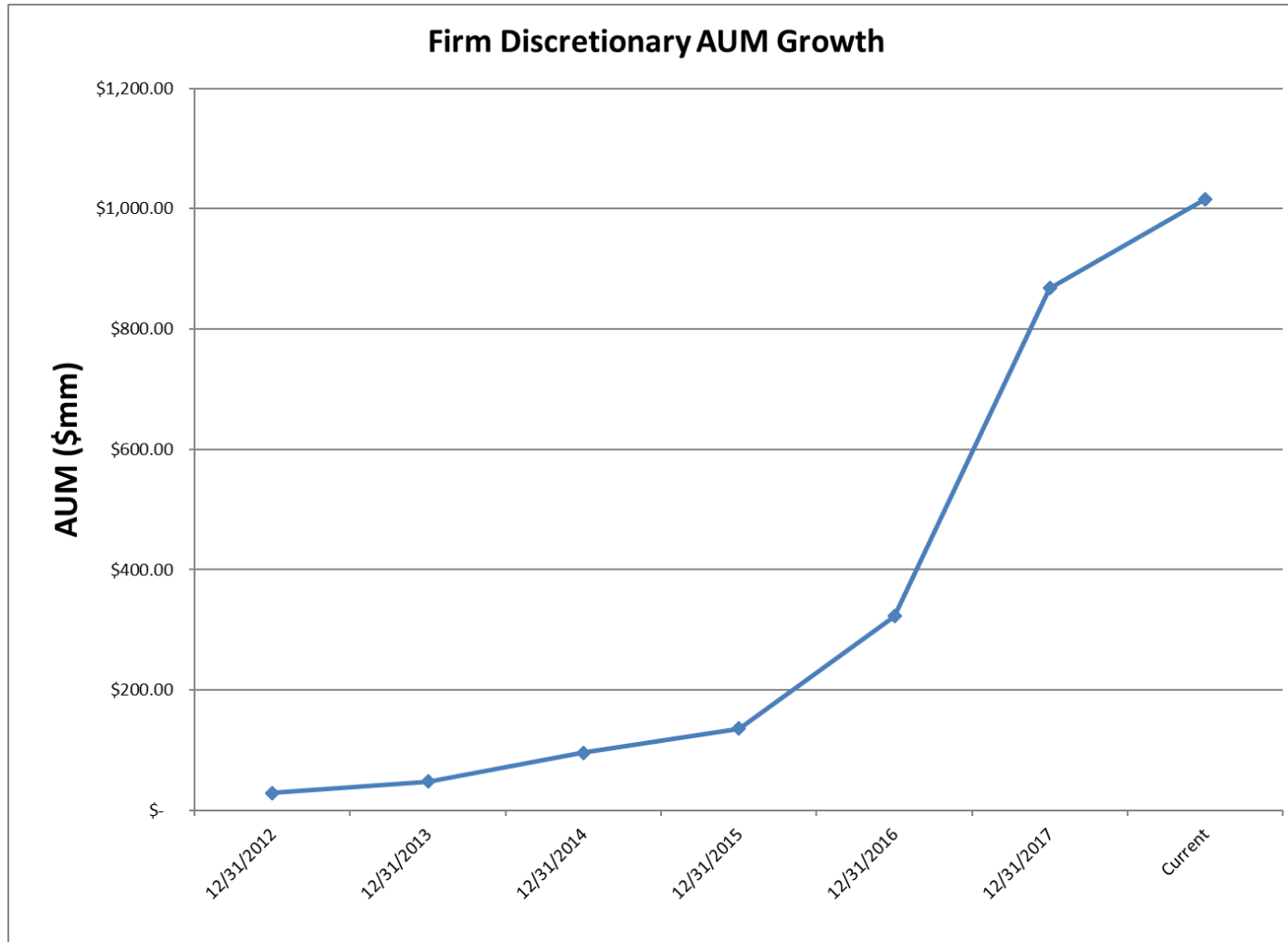


Kiplinger

Bloomberg



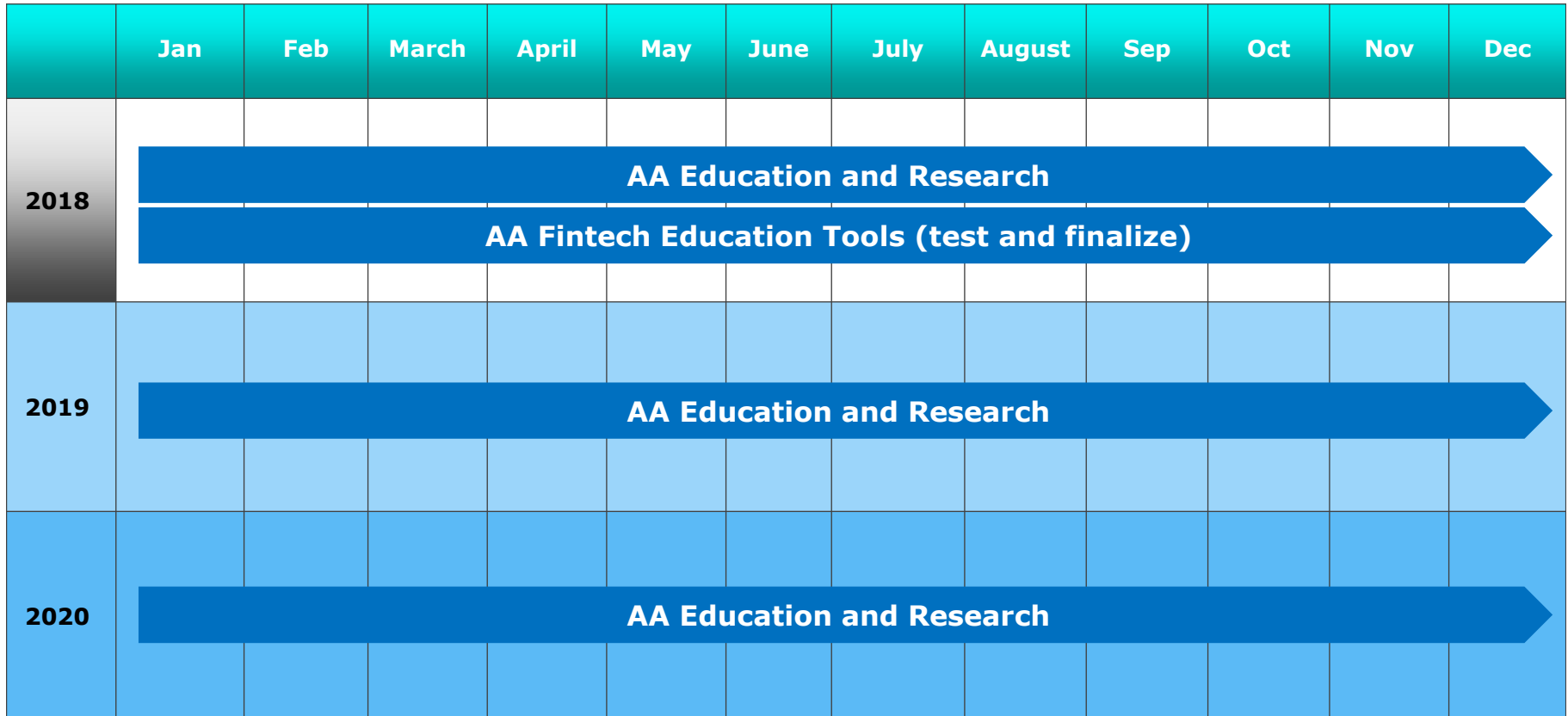
Firm AUM Growth (As of 5/01/2018)



Type	AUM
SMA	\$565mm
ETF	\$451mm



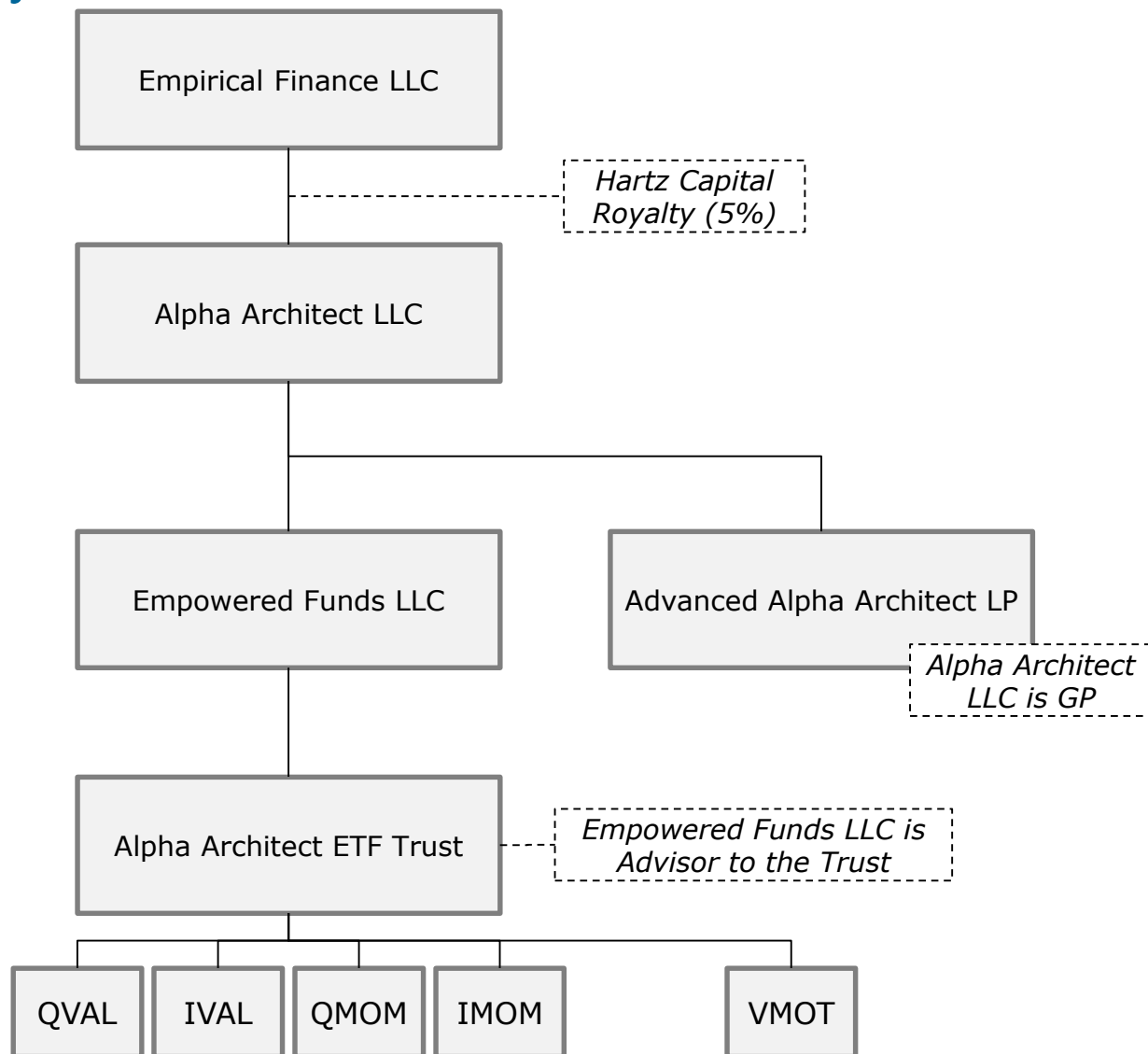
3-Year Plan+



**Our Impact Mission:
Empower Investors Through Education**



Alpha Architect Entity Chart



IMPORTANT INFORMATION - DISCLOSURES

There are risks involved with investing, including loss of principal. There is no assurance that the objectives of any strategy or fund will be achieved or will be successful. No investment strategy, including diversification, can protect against market risk or loss. Current and future portfolio holdings are subject to risk. Past performance does not guarantee future results.

There is a risk of substantial loss associated with trading commodities, futures, options and other financial instruments. Before trading, investors should carefully consider their financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when trading futures, commodities and/or granting/writing options one could lose the full balance of their account. It is also possible to lose more than the initial deposit when trading futures and/or granting/writing options. All funds committed to such a trading strategy should be purely risk capital.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, which in certain cases have not been updated through the date hereof. While such sources are believed to be reliable, neither Alpha Architect nor its affiliates assumes any responsibility for the accuracy or completeness of such information and such information has not been independently verified by Alpha Architect.

Index returns are for illustrative purposes only and do not represent actual fund performance. References to an index do not imply that the portfolio will achieve returns, volatility or other results similar to that index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change. Index performance returns do not reflect any management fees, transaction costs, or expenses, which would reduce returns.

Indexes are unmanaged and one cannot invest directly in an index. There are no active components of indexes; therefore, using them as a proxy can be of limited value because there is no guarantee that the portfolio would have been managed to match the index. Realized returns and/or volatility may come in higher or lower than expected.

Annual performance is calculated based on monthly return streams, geometrically linked as of the end of the specified month end.

Results, unless cited otherwise, are shown gross of fees and do not reflect the effect of investment fees which would lower performance. Performance reflects the reinvestment of dividends and other earnings. The following hypothetical illustrates the compound effect fees have on investment return: For an account charged 1% with a stated annual return of 10%, the net total return before taxes would be reduced from 10% to 9%. A ten year investment of \$100,000 at 10% would grow to \$259,374, and at 9%, to \$236,736 before taxes. For a complete description of all fees and expenses, please refer to Alpha Architect's Form ADV Part 2A.



IMPORTANT INFORMATION - DISCLOSURES

Performance figures contained herein are hypothetical, unaudited and prepared by Alpha Architect, LLC; hypothetical results are intended for illustrative purposes only.

Past performance is not indicative of future results, which may vary.

Hypothetical performance results (e.g., quantitative backtests) have many inherent limitations, some of which, but not all, are described herein. No representation is being made that any fund or account will or is likely to achieve profits or losses similar to those shown herein. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently realized by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can adversely affect actual trading results. The hypothetical performance results contained herein represent the application of the quantitative models as currently in effect on the date first written above and there can be no assurance that the models will remain the same in the future or that an application of the current models in the future will produce similar results because the relevant market and economic conditions that prevailed during the hypothetical performance period will not necessarily recur. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results, all of which can adversely affect actual trading results. Hypothetical performance results are presented for illustrative purposes only.

Neither Alpha Architect nor its affiliates provide tax advice. IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any matters addressed herein. You should seek advice based on your particular circumstances from an independent tax advisor.

The information contained in this communication is not meant to substitute for a thorough estate planning and is not meant to be legal and/or estate advice. It is intended to provide you with a preliminary outline of your goals. Please consult your legal counsel for additional information.

This presentation is only intended for pre-approved presentations and may not be duplicated in any form by any means or redistributed without Alpha Architect's prior written consent.



Strategy Background for Warren Buffett Slide

- **Simulated Historical Performance:** 1/1/1994 to 12/31/1999
- All returns are total returns and include the reinvestment of distributions (e.g., dividends)
- Gross of all fees and transaction costs
- From Ken French Website: http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html
- Legend
 - Value Stocks** = Top Decile B/M
 - SP500** = S&P 500 Total Return Index
 - RF** = Treasury Bill Total Return Index
- **Hypothetical performance results have many inherent limitations, some of which, but not all, are described in the disclosures at the end of this document. No representation is being made that any fund or account will or is likely to achieve profits or losses similar to those shown herein. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently realized by any particular trading program.**
- Indexes are unmanaged, do not reflect management or trading fees, and one cannot invest directly in an index.
- Please see the disclosures at the end of this document for additional information.





JOIN US!

As Of Date: 5/4/2018

T: +1.215.882.9983
F: +1.216.245.3686
ir@alphaarchitect.com
213 Foxcroft Road
Broomall, PA 19008



alpha architect

Empower Investors Through Education | Affordable Alpha