

1042 QRP Solution—Fact Sheet

**IRS 1042-compliant passive equity index QRP**

Low Cost

Tax Efficient

Diversified

Transparent

Liquid

Perpetual

**Bottom Line Up Front**

Risk / Return Objective: Match performance of the S&P 500

IRS 1042(c)(4) Compliant: Investments are qualified replacement property (QRP)

Tax-Optimized Strategy: Perpetuate 1042 deferral through equity-based QRP

Custom Cash-flow Benefit: Ability to harvest a customized, low-tax dividend yield

Highly Diversified: 400+ holdings of largest, cap-weighted US equities

Simple and Affordable: Priced like an ETF and implemented through SMA

**Solves Two Key Problems**

**Taxes matter...**

	<b>Top Rates</b>
Tax-exempt Interest	0%
Qualified Dividends	23.80%
Long-term gains	23.80%
Non-qualified dividends	43.40%
Short-term gains	43.40%

**Fees matter...**

- Expected nominal returns are likely to be **lower** than historical returns.
- 1042 QRP transactions are long-term commitments, and **fee drag** matters.
- Negative-carry monetization strategies are **not affordable** in current environment.

**Solution:**

Low turnover passive

**Solution:**

Low-cost portfolio

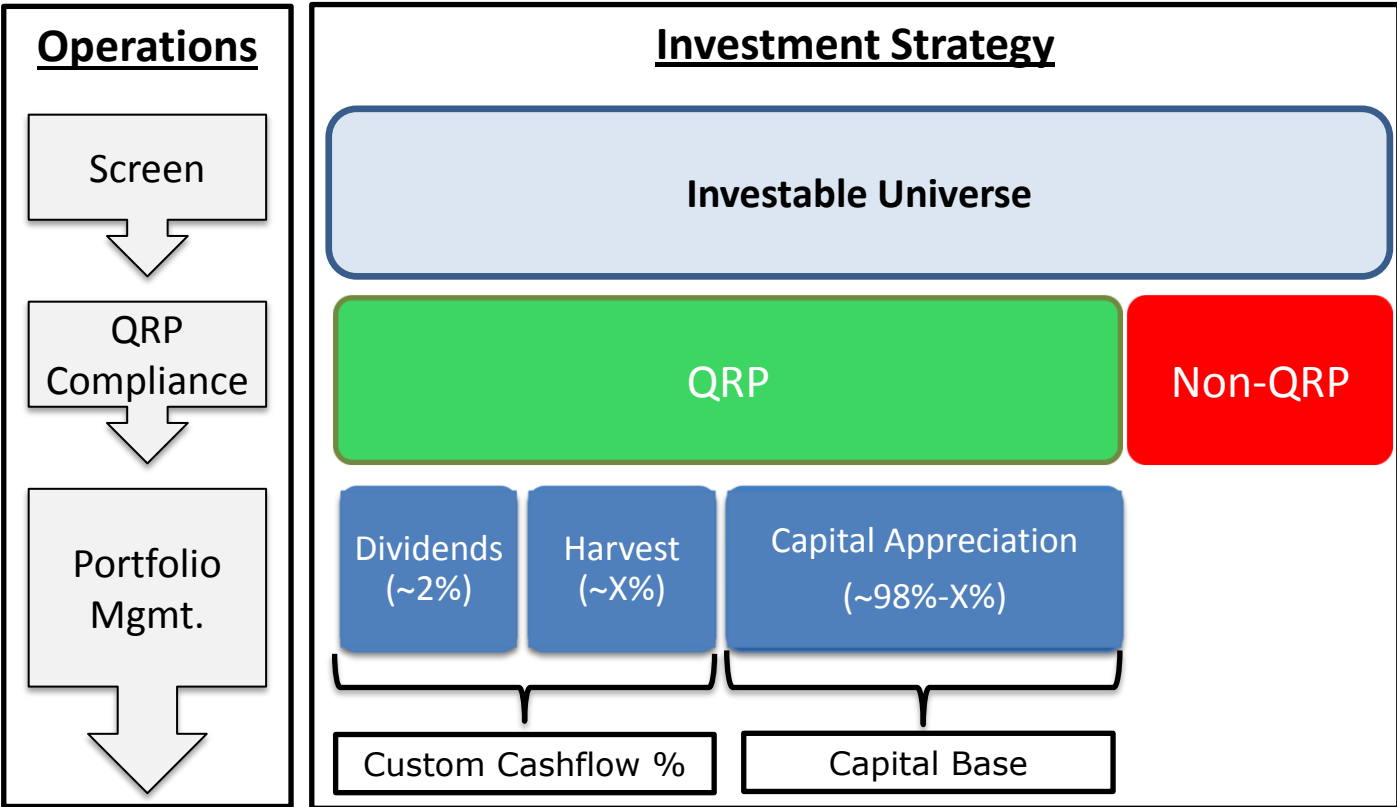
Distributions from Our 1042 QRP Strategy Are Taxed at Lowest Current Rates

Direct Equity Purchase Aligns Growth of QRP with Long-term Investment Horizon

**Why Alpha Architect?**

- ✓ Equity experts—We manage 5 ETFs
- ✓ Research and technology driven
- ✓ Mission: educate & empower investors
- ✓ Evidenced-based, systematic approach
- ✓ Veteran-owned, fiduciary advisory firm
- ✓ Build trust through transparency, low cost

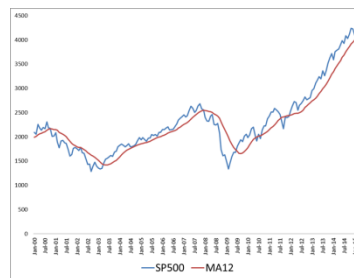
Our Investment Process



Customized yield payout: Monthly, Quarterly, Semi-Annual, or Annual

Systematic Risk Management (Optional)

- Optional risk management overlay, for investors seeking to protect against market sell-offs
- Systematic trend-following rules
  - Time-series
  - Moving-average



Key Product Specialists



**Douglas Pugliese**

- MBA, New York University
- BA Economics, Penn
- LT, US Navy

Douglas Pugliese is a Director of Portfolio Services at Alpha Architect, where he heads up the firm's 1042 ESOP solutions practice. In this role, Doug assists clients to implement tax efficient strategies for monetizing their business holdings to create diversified, investible wealth. Mr. Pugliese was previously an investment banker and also served as a pilot in the United States Navy.



**Wesley R. Gray, Ph.D.**

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- Captain, Marine Corps

Wesley R. Gray, Ph.D. has been an active participant in financial markets throughout his career. He is the Founder, CEO and Co-CIO for Alpha Architect, an SEC-Registered Investment Advisor. Dr. Gray has published multiple academic articles and books, to include the co-authored books *Quantitative Value*, *DIY Financial Advisor*, and *Quantitative Momentum*.