

## QVAL & QMOM: **What's driving performance?**

The stocks driving our returns and why we believe now may be a good time to add our value and momentum strategies to a portfolio

## Standardized Returns as of 3/31/2024

Name	Ticker	Inception Date	YTD		1 Yr.		Annualized 3 Yr. Total Return		Annualized 5 Yr. Total Return		Annualized 10 Yr. Total Return		Annualized Return Since Inception		Expense Ratios	
			NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	Gross	Net
US Quant. Momentum	QMOM	12/1/2015	18.46%	18.56%	31.98%	32.29%	4.90%	5.10%	15.52%	15.57%	--	--	11.30%	11.57%	0.29%	0.29%
US Quant. Value	QVAL	10/21/2014	11.49%	11.35%	35.13%	35.19%	13.44%	13.36%	11.49%	11.48%	--	--	8.29%	8.29%	0.29%	0.29%

Source: Alpha Architect, YCharts. **Investing involves risk, including the loss of principal. Past performance does not guarantee future results.** Returns are annualized total returns, except for those periods of less than one year, which are cumulative. **The performance data quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 215/882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds).** Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times. A fund's NAV is the sum of all assets less any liabilities, divided by the number of shares outstanding.

## Benchmarks referenced

**50 Biggest US Value ETFs** is composed of the 50 biggest ETFs based on assets under management in the US Large (top 70% stocks by market cap), Mid-Cap (middle 20%), and Small (bottom 10%) Value categories. Value defined as equities with low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**US Momentum ETFs** is composed of the ETFs that we believe use a momentum-based strategy to manage its portfolio. Constituents based on the appearance of “momentum” in the security’s name, a portfolio that predominantly invests in US securities, and does not fall into any non-equity category (such as allocation, trading, or alternatives). Momentum defined as buying securities that have had high returns over a recent period and selling those that have had poor returns over the same period.

Returns calculated as a straight average over the period. Holdings and characteristics are a weighted average unless otherwise noted.

Category	50 Biggest US Value ETFs	US Momentum ETFs
Large Value	33	2
Mid-Cap Value	7	2
Small Value	10	2
Large Growth	0	10
Mid-Cap Growth	0	1
Small Growth	0	3
Large Blend	0	2
Mid-Cap Blend	0	2
Small Blend	0	1
US Sector	0	9
<b>Total number of funds</b>	<b>50</b>	<b>34</b>

Source: YCharts, Alpha Architect. Daily returns. 11/17/2022 – 5/23/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** <sup>2</sup>Managed Futures represented by the Systematic Trend category average. As of 5/22/2024, there are 31 open-ended funds in the category (ETFs and mutual funds). In the event of duplicate share classes, the class with the most assets under management is used. Categories determined by YCharts. You cannot invest directly in an index or category average. [Category definitions available in the disclosures section.](#)

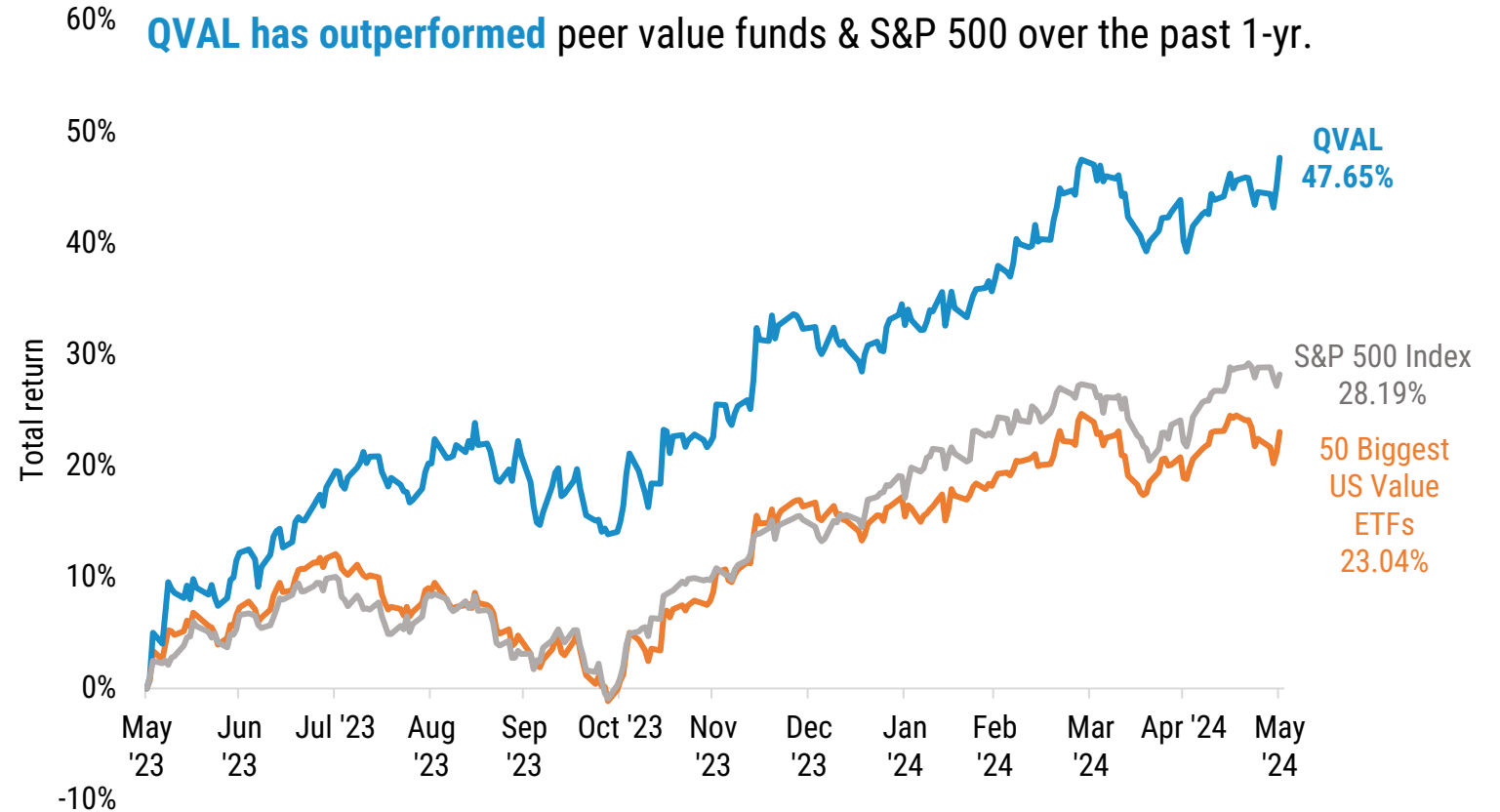


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corporate america: if i don't get the main point in 5 seconds i'll stop reading

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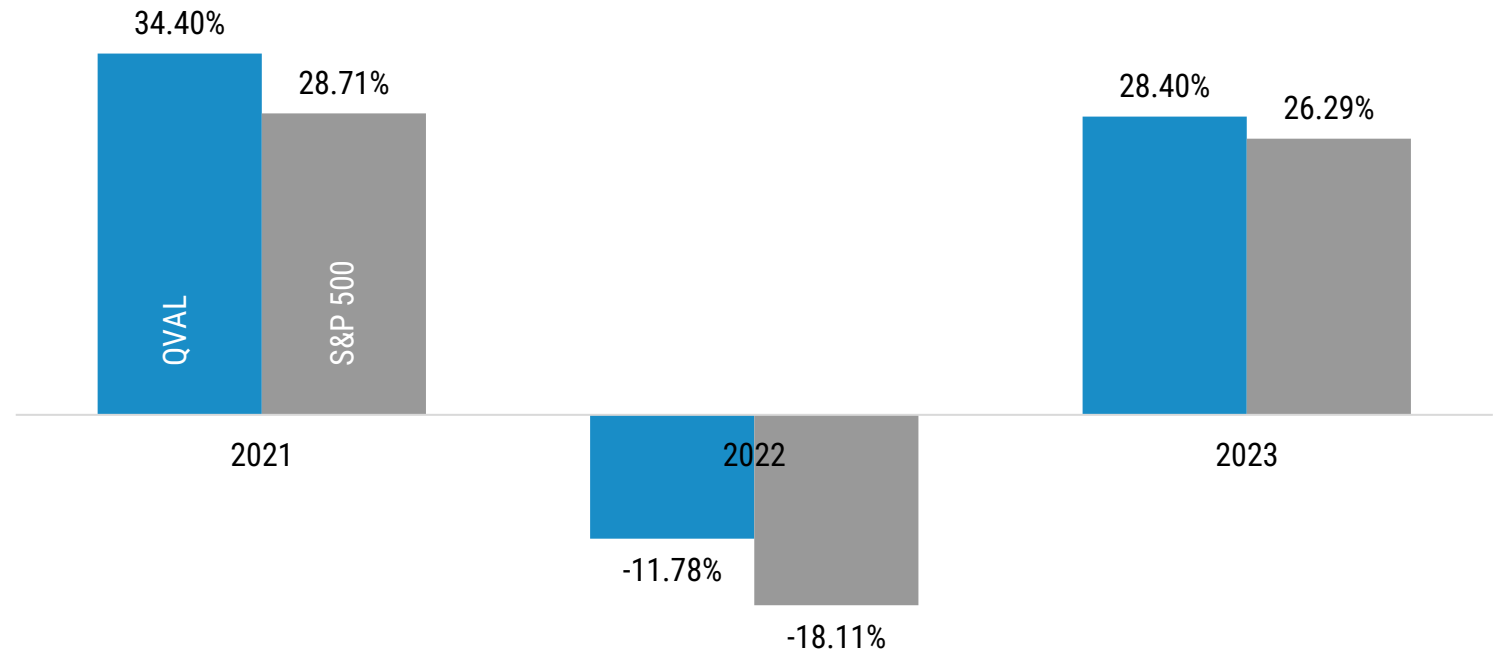
# 1. QVAL has outperformed peer value funds<sup>1</sup> and the S&P 500 Index<sup>2</sup> over the past year



Source: YCharts, Alpha Architect. Monthly returns. 5/1/2023– 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** <sup>1</sup>“Peer Value Funds” represented by the **50 Biggest US Value ETFs**, which is composed of the 50 biggest ETFs based on assets under management in the US Large (top 70% stocks by market cap), Mid-Cap (middle 20%), and Small (bottom 10%) Value categories. Value defined as equities with low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). Category constituents determined by YCharts. [See note on category average methodology.](#) <sup>2</sup>S&P 500 Index measures the performance of 500 large companies listed on stock exchanges in the United States. You cannot invest directly in an index or category average.

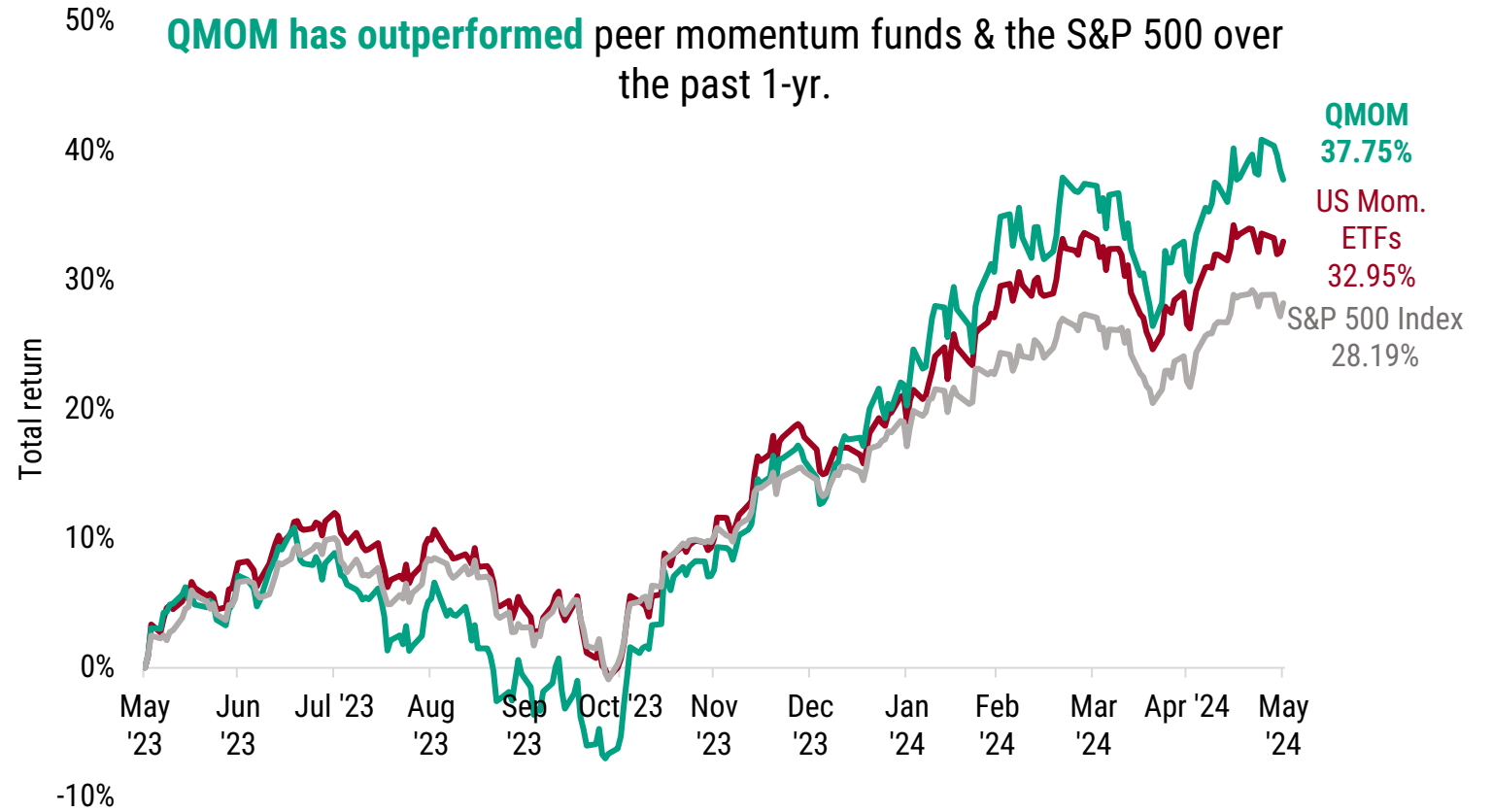
2. QVAL has outperformed the S&P 500 Index<sup>1</sup> **three years in a row** through 2023

Annual total return



Source: Alpha Architect, FactSet. Monthly returns. 1/1/2021 - 12/31/2023, calculated annually. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.**  
<sup>1</sup>S&P 500 Index measures the performance of the 500 largest companies that are in the United States.

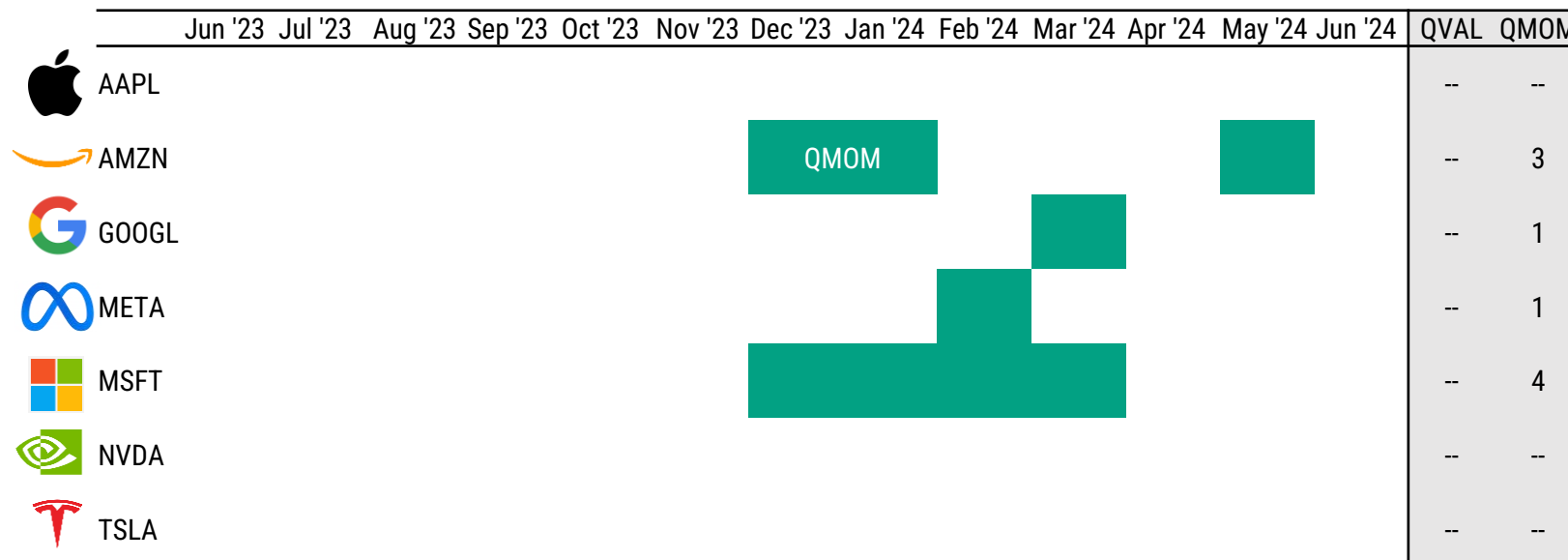
### 3. QMOM has outperformed peer momentum funds<sup>1</sup> and the S&P 500<sup>2</sup> over the past year.



Source: YCharts, Alpha Architect. Monthly returns. 5/1/2023– 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** <sup>1</sup>Peer Momentum Funds” represented by **US Momentum ETFs**, which is composed of the ETFs that we believe use a momentum-based strategy to manage its portfolio. Momentum defined as buying securities that have had high returns over a recent period and selling those that have had poor returns over the same period. Funds selected based on the appearance of “momentum” in the security’s name and a portfolio that predominantly invests in US securities. <sup>2</sup>**S&P 500 Index** measures the performance of 500 large companies listed on stock exchanges in the United States. You cannot invest directly in an index or category average.

## Months QMOM & QVAL held “Mag 7” stocks

4. QVAL and QMOM have had **minimal exposure to the “Mag 7” stocks<sup>1</sup>** over this period



Source: Alpha Architect, FactSet. Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. **Investing involves risk, including the potential for loss of principal.** Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings. <sup>1</sup>**Magnificent 7** (“Mag 7”) represented by the seven largest US stocks listed on the S&P 500 Index by market cap. The “Mag 7” is composed of Alphabet, Apple, Amazon, Meta, Microsoft, Nvidia, and Tesla as of 5/31/2024.



# What's driving the divergence?

What we believe makes QMOM and QVAL different from other value or momentum funds.

## QVAL return contribution by sector relative to S&P 500<sup>1</sup>

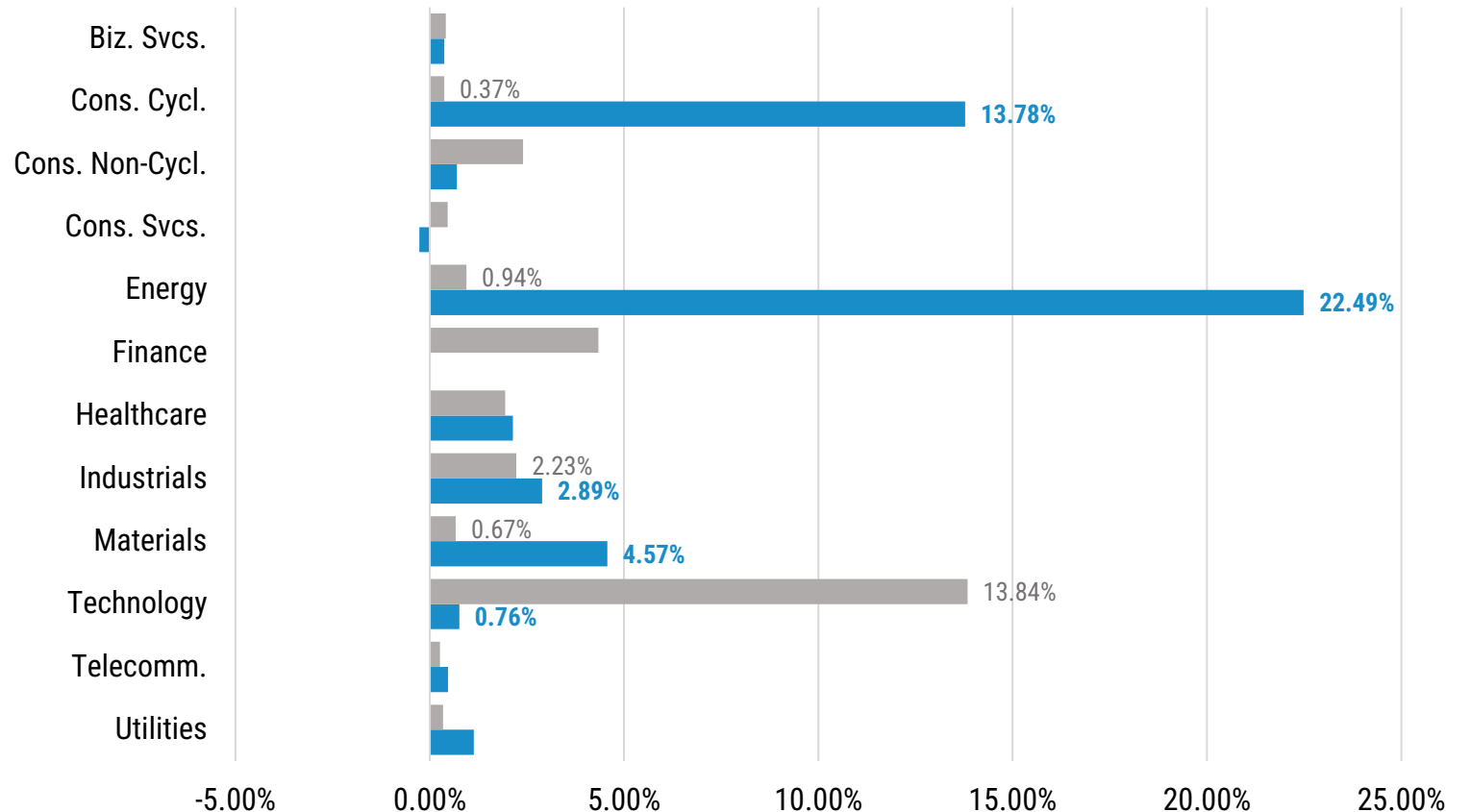
**Upstream energy stocks powered returns**, contributing 15.82% to QVAL's total return. Upstream energy includes companies who focus on oil and natural gas exploration and drilling.

Downstream energy stocks added 5.07%. Downstream energy companies are involved in the refining, marketing, and distribution of oil and gas products.

**Homebuilders** contributed 6.75% to QVAL's total returns, outpacing Consumer Retail, which added 4.40%.

**Mining and Mineral Products** added 3.60% to QVAL's returns in Materials (which exclude energy).

Return contribution by sector - through 5/31/2024



Source: FactSet, Alpha Architect. 5/1/2023– 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Return data is believed to be accurate but is not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) or [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) for current holdings. <sup>1</sup>S&P 500 Index measures the performance of 500 large companies listed on stock exchanges in the United States. You cannot invest directly in an index or category average. Sectors based on the RBICS Economies taxonomy. [Sector definitions available in disclosures.](#)

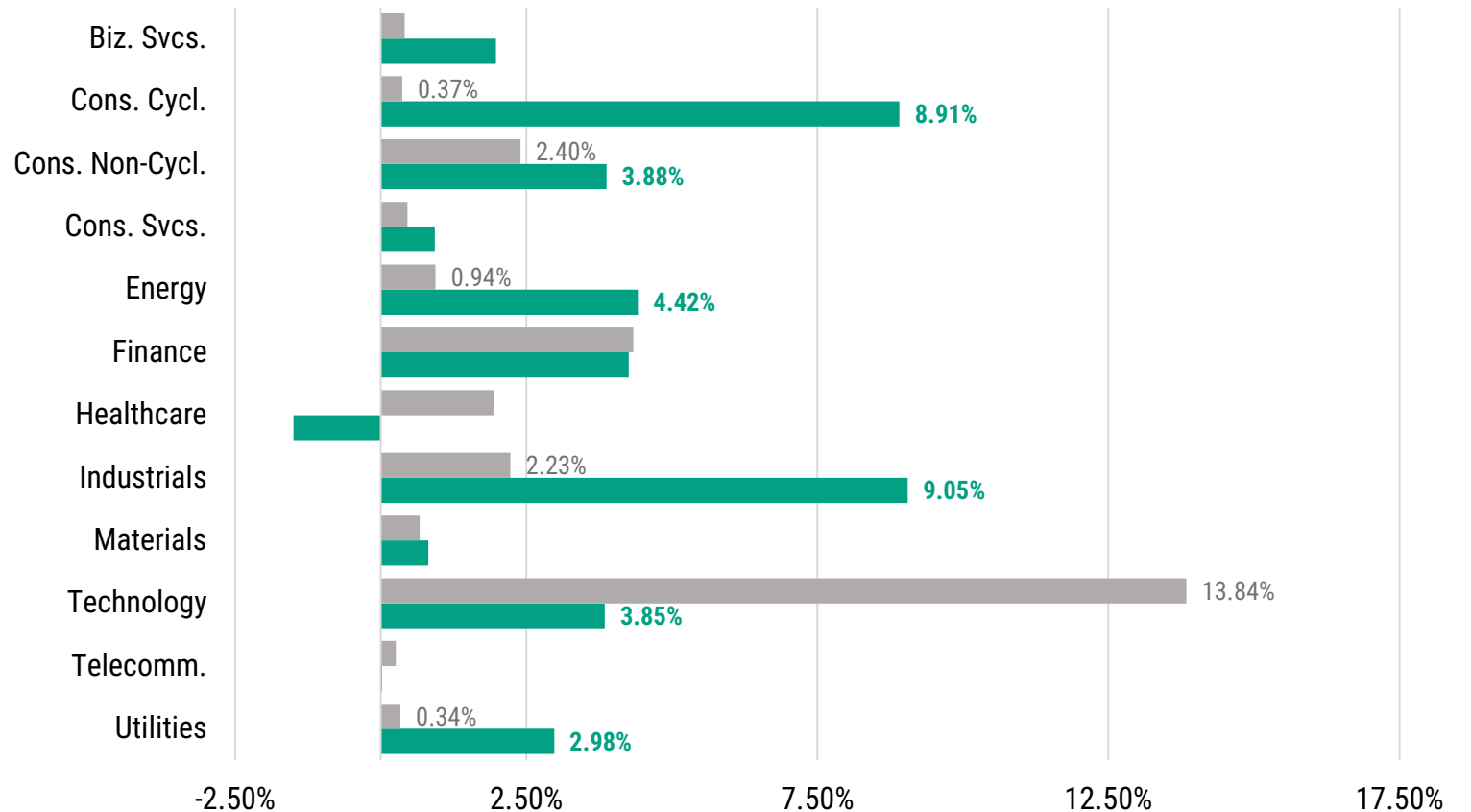
## QMOM return contribution by sector relative to S&P 500<sup>1</sup>

**Industrial services and manufacturing** collectively added 9.01% to QMOM’s total returns, for a total return of 9.05% from Industrials. Services include engineering, supply chain and logistics, facility and equipment maintenance, and more for activities often involving heavy machinery, like manufacturing.

Like QVAL, **Homebuilders** built a solid return for QMOM over the past year, contributing approx. 4.76% to the fund’s total return.

**Consumer retailers** added 3.46% to QMOM’s total returns to round out most of the gains in out of the Consumer Cyclical sector.

Return contribution by sector - through 5/31/2024



Source: FactSet, Alpha Architect. 5/1/2023– 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Returns data is believed to be accurate but is not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings. <sup>1</sup>S&P 500 Index measures the performance of 500 large companies listed on stock exchanges in the United States. You cannot invest directly in an index or category average. Sectors based on the RBICS Economies taxonomy. [Sector definitions available in disclosures.](#)

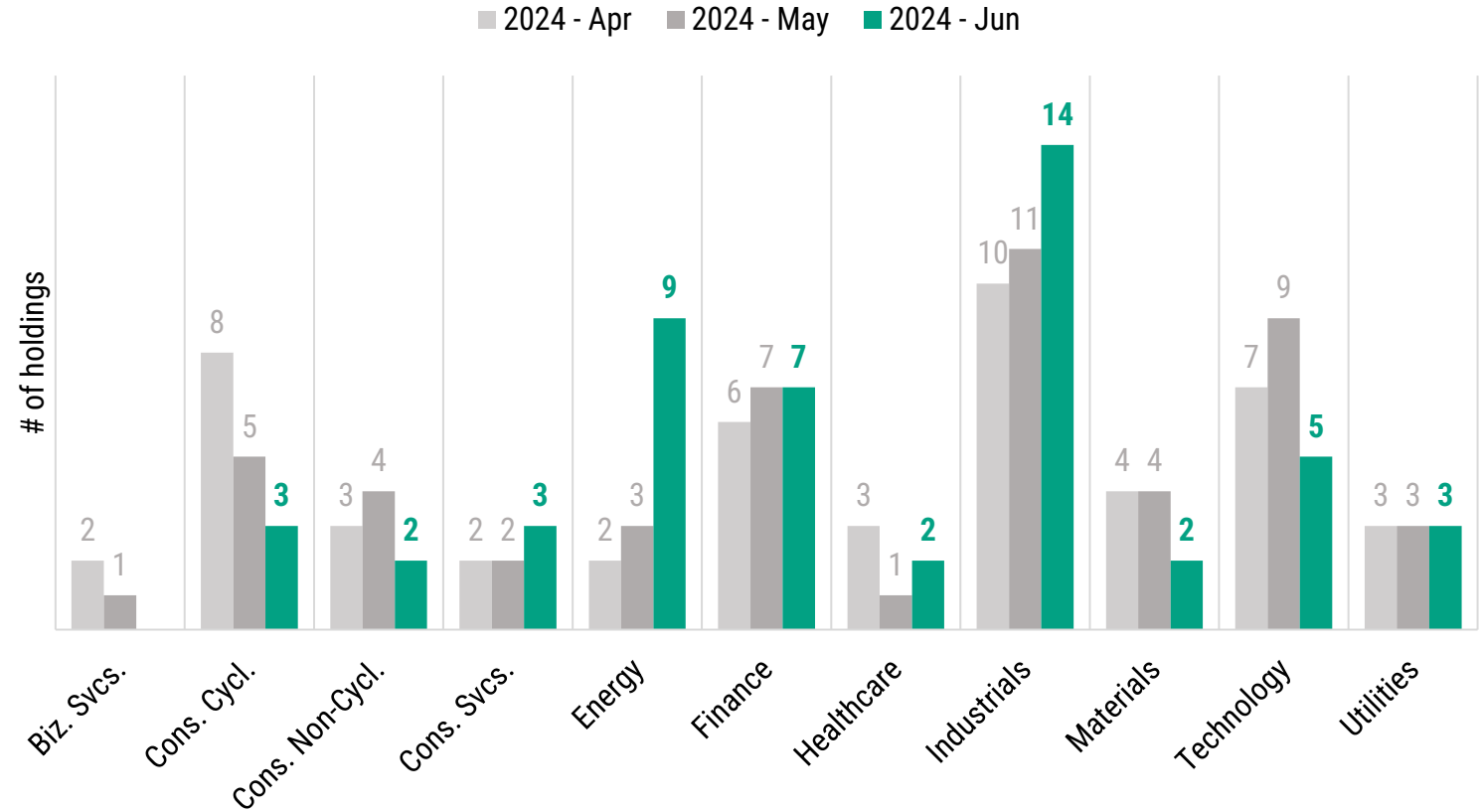
## How are QVAL & QMOM positioned now?

The stocks in both QVAL and QMOM's portfolios as of the last rebalance. Where has our process identified the cheapest and highest momentum stocks now?

## QMOM portfolio composition

QMOM target stocks with the strongest relative momentum over the past year.

Generally, stocks held in QMOM are in the top 10% of our universe based on 2-12 momentum score.



Source: FactSet, Alpha Architect. As of 6/7/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings. [Sector definitions available in disclosures.](#)

## QMOM Top 10 Holdings by Momentum Score

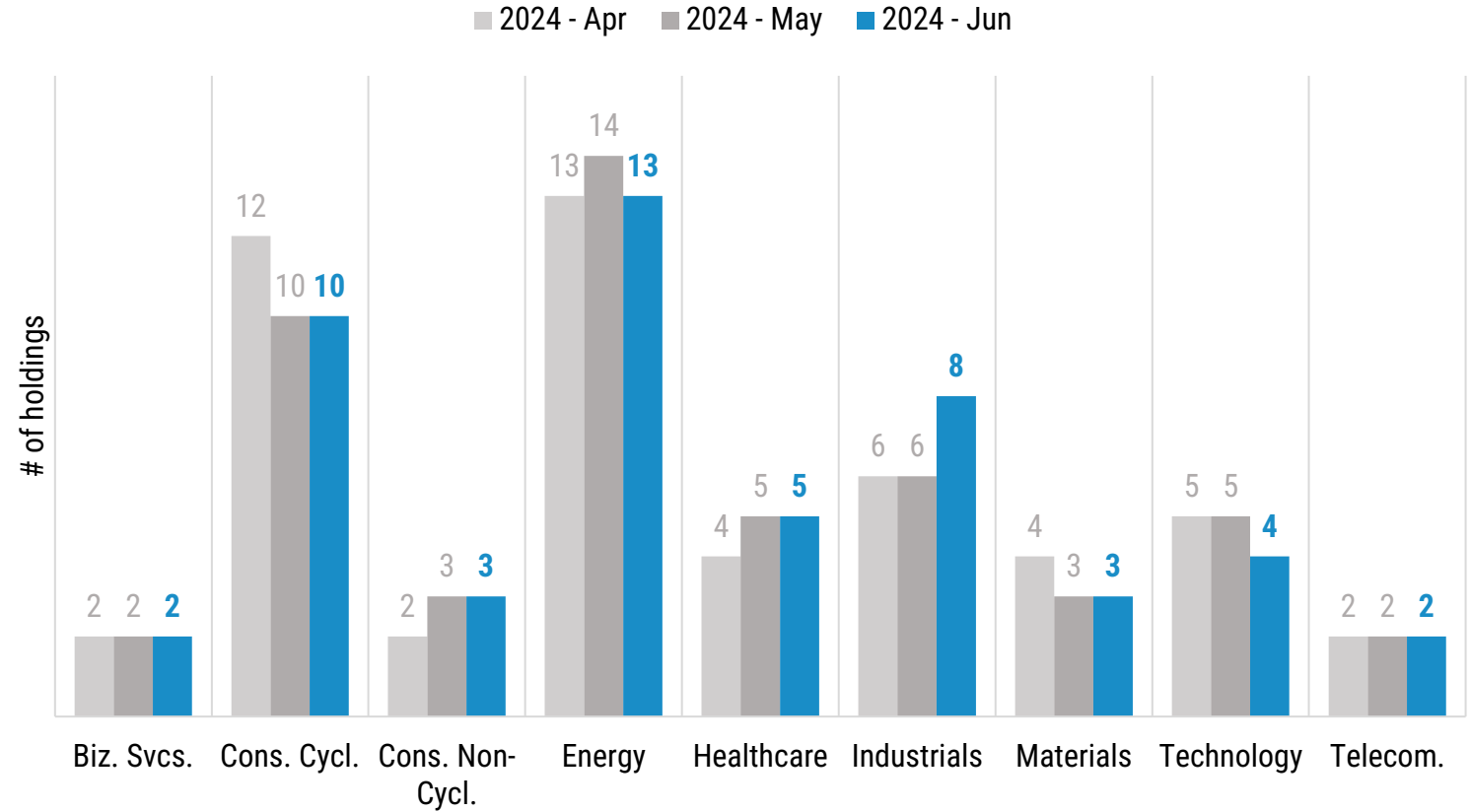
QMOM's equal-weighted strategy tends to invest at a higher weighting than a market-cap weighted strategy; rebalancing frequently may increase the probability that we own a portfolio of high momentum stocks that continue to experience price appreciation.

Ticker	Name	Sector	Momentum Score	Mkt. Cap. (\$ bil)	QMOM Weighting	S&P 500 <sup>5</sup> Weighting
VRT	Vertiv Holdings Co. Cl A	Industrials	362.02%	\$32,823	1.89%	--%
ANF	Abercrombie & Fitch Cl A	Cons. Cycl.	280.50%	\$8,952	2.06%	--%
VST	Vistra Corp.	Utilities	232.55%	\$29,558	1.76%	0.07%
FTAI	FTAI Aviation Ltd.	Finance	183.56%	\$8,215	2.01%	--%
NTNX	Nutanix, Inc. Class A	Technology	125.32%	\$12,796	1.97%	--%
TDW	Tidewater Inc	Energy	123.47%	\$4,932	1.87%	--%
NRG	NRG Energy, Inc.	Utilities	122.44%	\$16,238	1.97%	0.04%
CEG	Constellation Energy	Utilities	122.39%	\$62,416	1.92%	0.16%
SFM	Sprouts Farmers Market	Non-Cycl.	121.94%	\$7,740	2.02%	--%
FIX	Comfort Systems USA	Industrials	118.00%	\$10,886	1.91%	--%

Source: FactSet, Alpha Architect. As of 6/7/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings. [Definitions for momentum score and market capitalization available in disclosures.](#)

## QVAL portfolio composition

QVAL target stocks with the highest earnings relative to the stock's equity and debt. Generally, portfolio companies feature strong earnings growth, low debt, and positive cash flow.



Source: FactSet, Alpha Architect. As of 6/7/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) for current holdings. [Sector definitions available in disclosures.](#)

## QVAL Top 10 Holdings by Market Cap.

QVAL's equal-weighted strategy tends to invest at a higher weighting than a market-cap weighted strategy; rebalancing frequently may increase the probability that we buy a stock trading below its intrinsic value and may benefit from positive mean reversion.

Ticker	Name	Sector	P/E Ratio	Mkt. Cap. (\$ bil)	QVAL Weighting	S&P 500 <sup>5</sup> Weighting
CAT	Caterpillar Inc.	Industrials	14.84	\$160,869	1.96%	0.39%
CMCSA	Comcast Corp. Cl A	Telecom.	10.01	\$152,864	2.00%	0.36%
T	AT&T Inc.	Telecom.	9.47	\$129,780	2.05%	0.29%
ELV	Elevance Health, Inc.	Healthcare	20.05	\$125,259	2.04%	0.28%
HCA	HCA Healthcare Inc	Healthcare	16.98	\$88,380	2.03%	0.15%
MO	Altria Group, Inc.	Non-Cycl.	9.58	\$80,213	2.05%	0.18%
PCAR	PACCAR Inc	Industrials	11.07	\$56,435	2.08%	0.13%
VLO	Valero Energy Corp	Energy	7.35	\$50,498	2.00%	0.12%
FANG	Diamondback Energy	Energy	10.92	\$33,939	1.94%	0.08%
CTSH	Cognizant Tech Cl A	Technology	15.93	\$32,785	2.06%	0.07%

Source: FactSet, Alpha Architect. As of 6/7/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit or [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) for current holdings. [Definitions for P/E Ratio and market capitalization available in disclosures.](#)



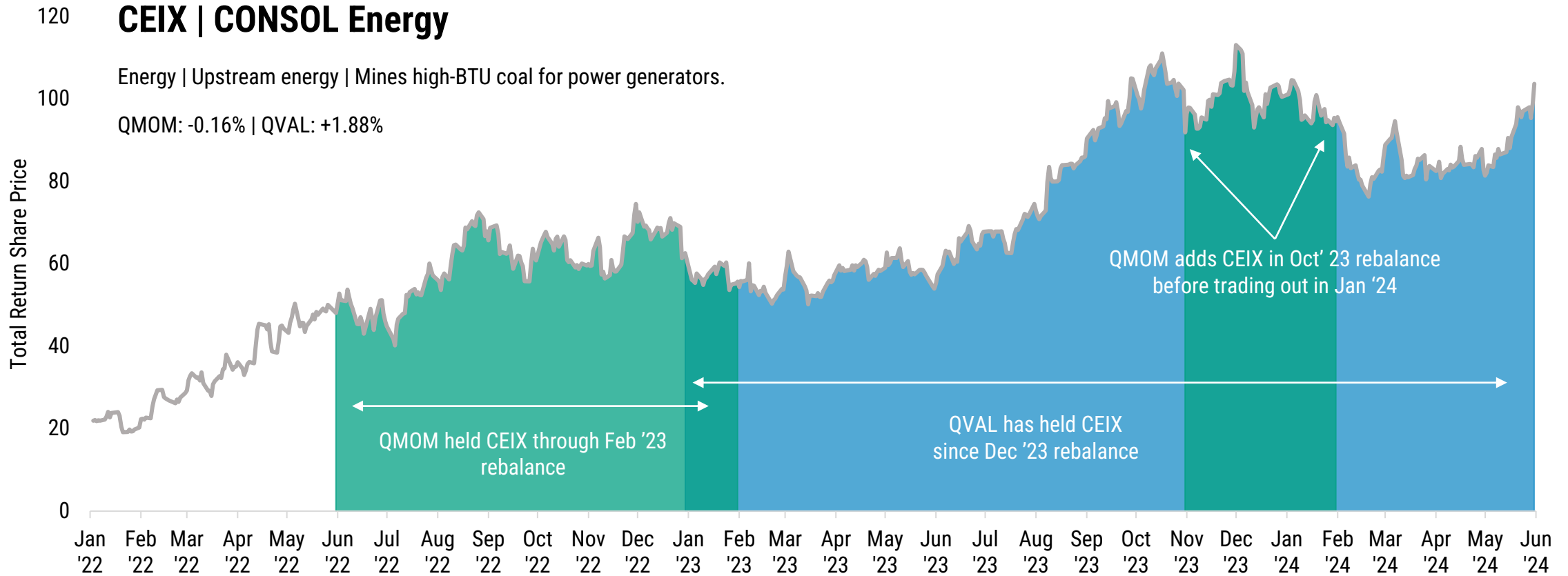
## Current QMOM and QVAL holdings overlap

Historically, QMOM and QVAL's portfolios have had some modest overlap.

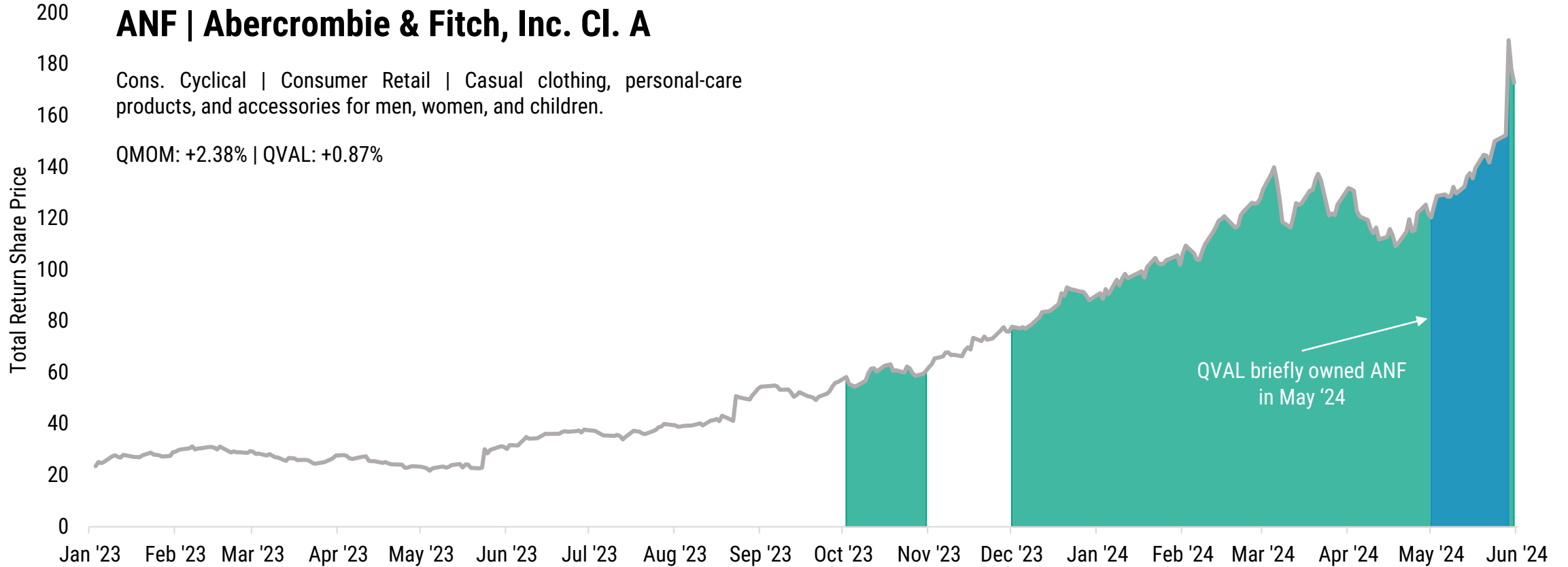
These high momentum value stocks bear watching to see how trends develop.

Ticker	Name	Sector	EBIT/TEV	Mom. Score	QVAL Weight	QMOM Weight
CAT	Caterpillar Inc.	Industrials	7.18%	49%	1.96%	1.98%
PCAR	PACCAR Inc	Industrials	9.64%	46%	2.08%	2.10%
SM	SM Energy Company	Energy	13.96%	46%	1.90%	1.92%
WFRD	Weatherford International plc	Energy	9.59%	92%	1.89%	1.89%

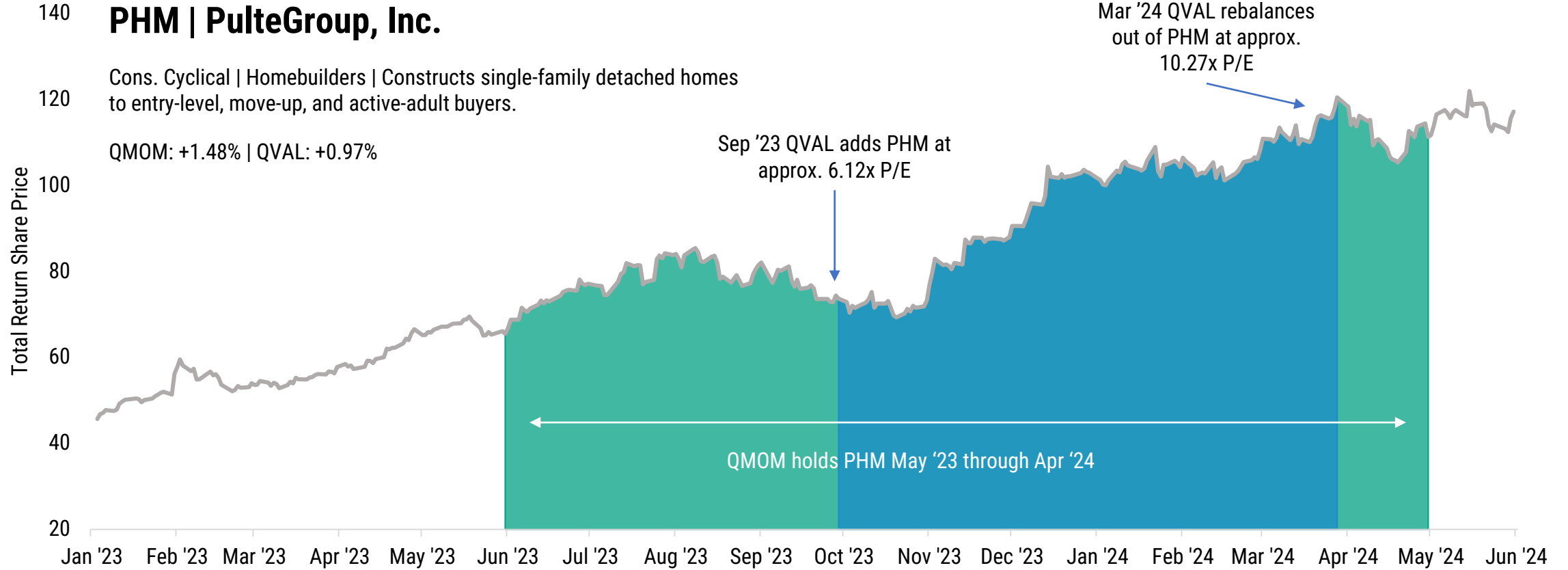
Source: YCharts, Alpha Architect. Holdings as of 6/7/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings. [Definitions for EBIT/TEV and momentum score available in disclosures.](#) [Sector definitions available in disclosures.](#)



Source: YCharts, Alpha Architect. Monthly returns. 1/1/2022 – 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings are believed to be accurate but are not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) or [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) for current holdings.



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# Suggestions for how to use QMOM and QVAL

Why we believe combining QMOM and QVAL may be additive to a portfolio.

## How are QVAL and QMOM different from peer funds?

	VALUE		MOMENTUM		
	50 Biggest US Value ETFs	QVAL	US Momentum ETFs	QMOM	Potential Advantage
Avg. # of holdings	417	50	162	50	FOCUSED
Turnover Ratio <sup>1</sup>	31%	101%	133%	193%	ACTIVE
Active Share <sup>2</sup>	76.91%	97.80%	84.03%	94.10%	UNIQUE
Factor	P/E Ratio 21.22x	P/E Ratio 8.93x	Mom. Score 50.4%	Mom. Score 86.7%	

Source: YCharts, Alpha Architect. As of 6/11/2024 for 5/31/2024. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** Holdings-based data is believed to be accurate but is not guaranteed. Portfolio holdings are subject to change. Visit [etfsite.alphaarchitect.com/qmom/](https://etfsite.alphaarchitect.com/qmom/) or [etfsite.alphaarchitect.com/qval/](https://etfsite.alphaarchitect.com/qval/) for current holdings. <sup>1</sup>Turnover ratio measures the frequency at which assets in a portfolio are bought and sold over a specific period. <sup>2</sup>Active share measures the percentage of a portfolio's holdings that differ from its benchmark index. Calculated relative to the S&P 500 Index (represented by the SPDR S&P 500 ETF).

## Stylebox correlation

Across the style box, QVAL and QMOM have exhibited lower correlation<sup>1</sup> to peer funds, historically.

This characteristic can make them a potentially attractive diversification solution.

### QMOM correlation

	Growth	Blend	Value
Large	80.60%	78.74%	72.27%
Mid	87.88%	81.63%	73.11%
Small	86.99%	79.16%	72.34%

### QVAL correlation

	Growth	Blend	Value
Large	76.38%	85.78%	90.66%
Mid	81.56%	91.30%	93.55%
Small	82.91%	89.99%	91.87%

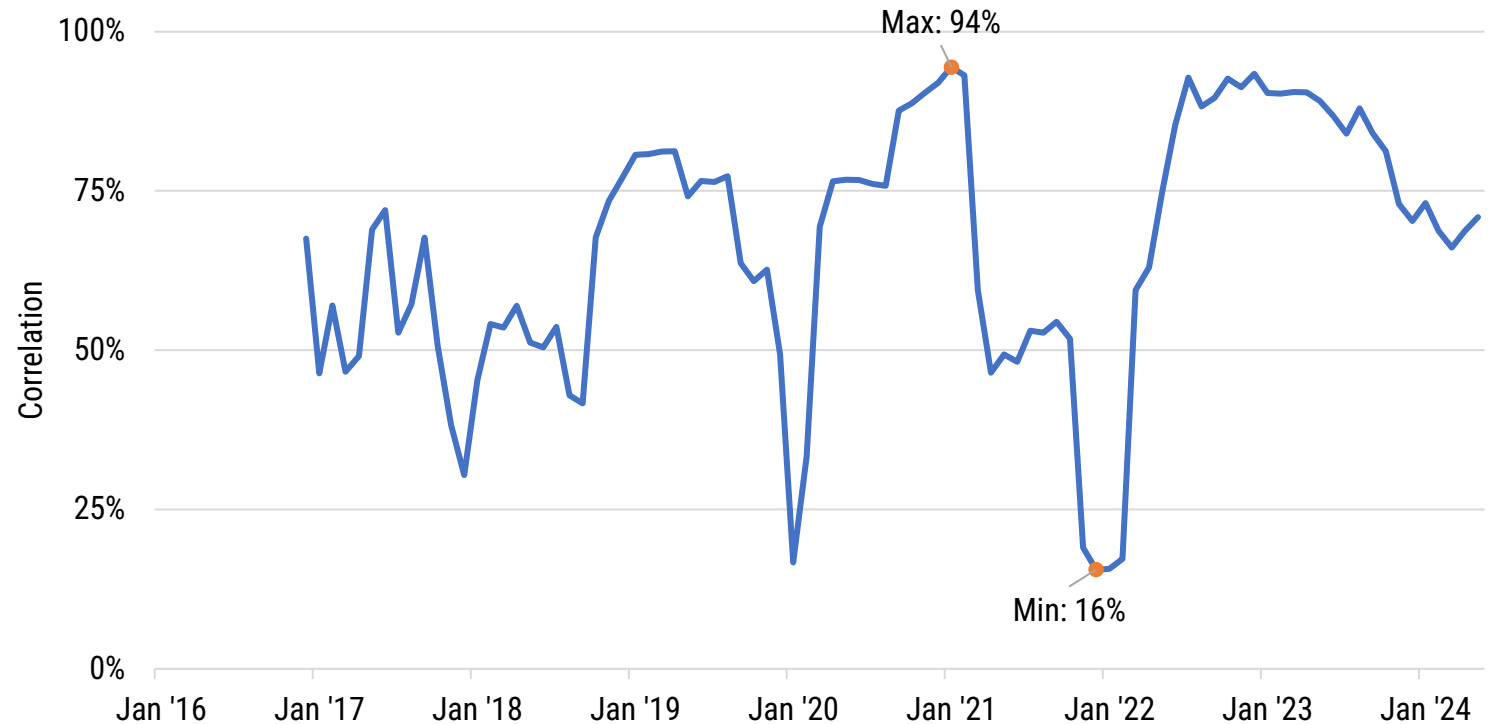
Source: Alpha Architect, YCharts. Monthly returns. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results.** Correlation measured since inception: QMOM & IMOM: 1/1/2016 – 4/30/2024; QVAL: 11/1/2014 – 4/30/2024. <sup>1</sup>**Correlation** measures the degree to which two variables move in relation to each other. Higher correlation implies a tighter relationship. Definitions for **US Large/Mid/Small Growth/Blend/Value, Foreign Large Growth/Blend/Value** category averages available in the [definitions section](#). Categories determined by YCharts. Categories consist of the fifty largest ETFs open for investment as of 4/30/2024. In the event a category contains fewer than fifty ETFs, all funds are used. You cannot invest directly in an index or category average.

## Historically, QMOM and QVAL are uncorrelated with each other

We suggest pairing QMOM and QVAL together to take advantage of their uncorrelated<sup>1</sup> return patterns, historically.

QMOM and QVAL have been approx. **72% correlated since common inception.**

Rolling 12-mo. correlation of QMOM and QVAL



Source: Alpha Architect, YCharts. Monthly returns. 1/1/2016 – 5/31/2024. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results.** <sup>1</sup>Correlation measures the degree to which two variables move in relation to each other. Higher correlation implies a tighter relationship.

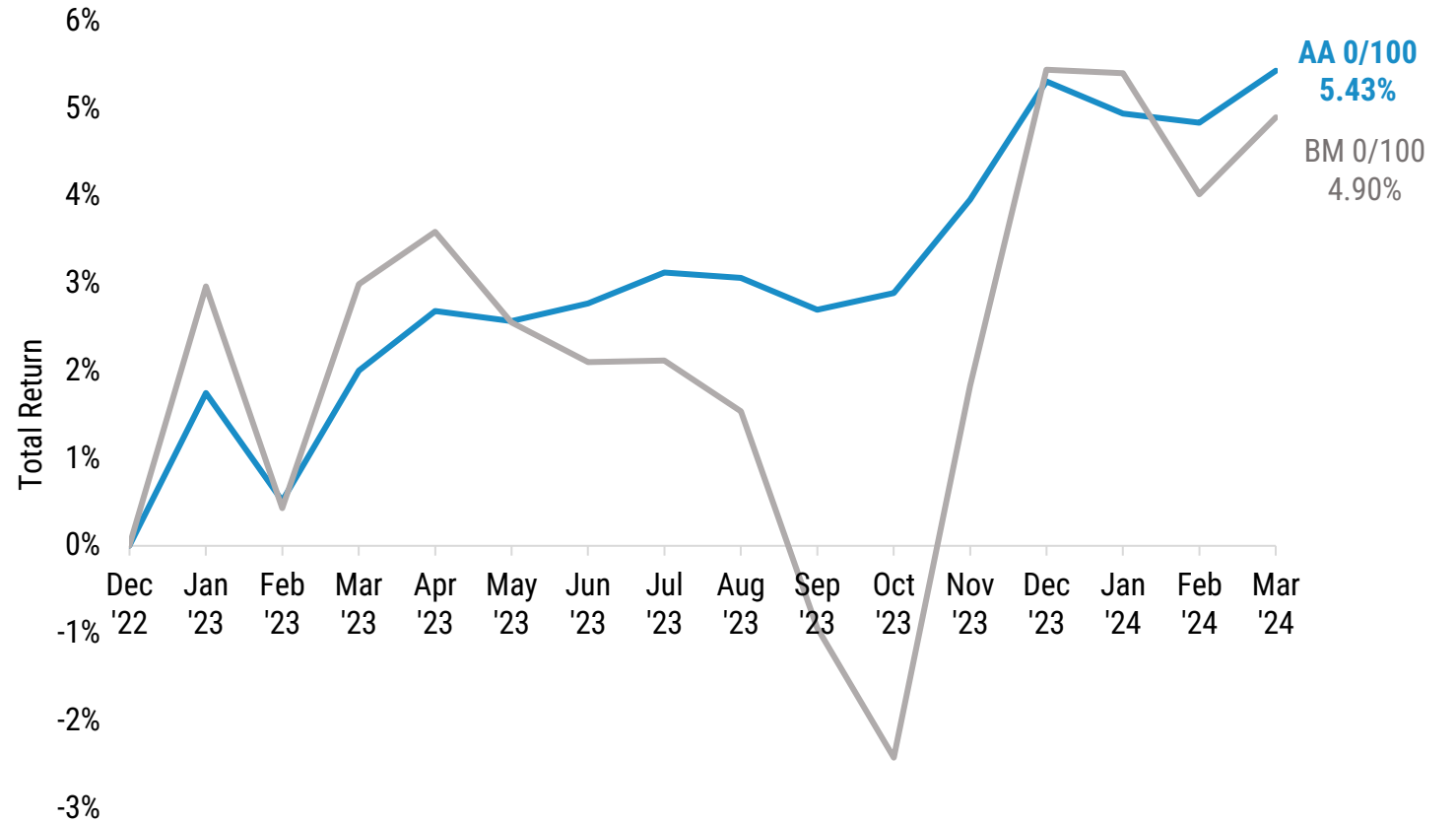


## Target Allocations as of 3/31/2024

	Ticker	Prospectus Exp. Ratio	0/100	10/90	20/80	30/70	40/60	50/50	60/40	70/30	80/20	90/10	100/0
US STOCKS	<i>Passive US index strategy</i>		-	3.90%	7.80%	11.70%	15.60%	19.50%	23.40%	27.30%	31.20%	35.10%	39.00%
	QMOM <sup>1</sup>	0.29%	-	1.30%	2.60%	3.90%	5.20%	6.50%	7.80%	9.10%	10.40%	11.70%	13.00%
	QVAL <sup>3</sup>	0.29%	-	1.30%	2.60%	3.90%	5.20%	6.50%	7.80%	9.10%	10.40%	11.70%	13.00%
INT'L STOCKS	<i>Passive int'l index strategy</i>		-	1.80%	3.60%	5.40%	7.20%	9.00%	10.80%	12.60%	14.40%	16.20%	18.00%
	IMOM <sup>1</sup>	0.39%	-	0.60%	1.20%	1.80%	2.40%	3.00%	3.60%	4.20%	4.80%	5.40%	6.00%
	IVAL <sup>1</sup>	0.39%	-	0.60%	1.20%	1.80%	2.40%	3.00%	3.60%	4.20%	4.80%	5.40%	6.00%
	<i>Passive EM index strategy</i>		-	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%
DIVERSIFIERS	BOXX <sup>1</sup>	0.19%	5.00%	4.50%	4.00%	3.50%	3.00%	2.50%	2.00%	1.50%	1.00%	0.50%	-
	<i>Passive US int. treasury index strategy</i>		25.00%	22.50%	20.00%	17.50%	15.00%	12.50%	10.00%	7.50%	5.00%	2.50%	-
	CAOS <sup>1</sup>	0.63%	20.00%	18.00%	16.00%	14.00%	12.00%	10.00%	8.00%	6.00%	4.00%	2.00%	-
	HIDE <sup>1</sup>	0.29%	50.00%	45.00%	40.00%	35.00%	30.00%	25.00%	20.00%	15.00%	10.00%	5.00%	-

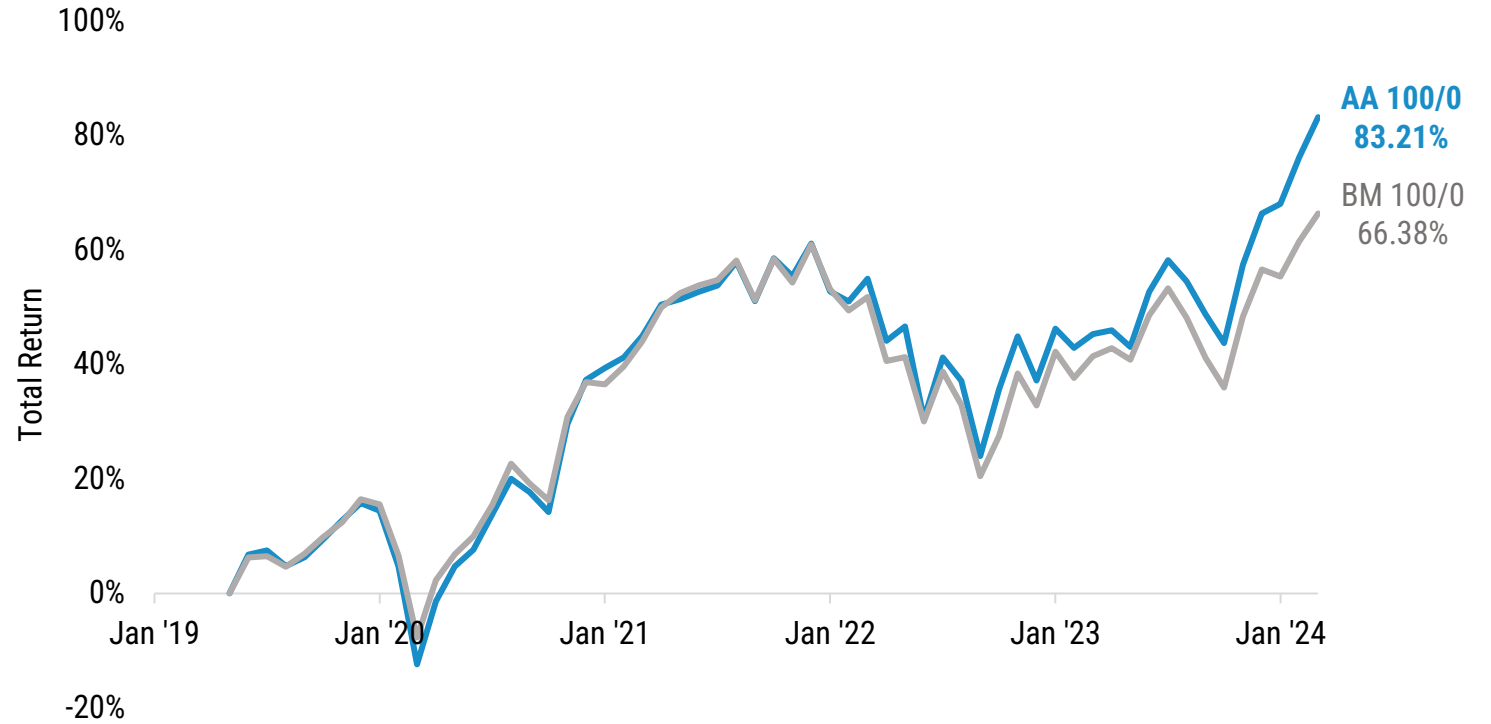
<sup>1</sup>Affiliated fund in the EA Series Trust. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results.** Expense ratios as of 3/31/2024. Asset allocation strategies do not assure a profit and do not protect against loss. Allocations for the model portfolios are targets and subject to change. If a ratio is used in the model's name, the ratio corresponds to the target percentage of equity and diversification strategies, including fixed income and alternative strategies, within the model. For example, "60/40" means the model targets 60% in equity exposure and 40% in a mix of diversification strategies.

	0/100	Benchmark <sup>1</sup>
YTD	0.12%	-0.51%
1 Yr.	3.36%	1.85%
Annualized 3 Yr.		
Annualized 5 Yr.		
Since common inception (12/27/2022)	4.32%	3.90%
Std. Dev.	2.75%	7.39%
Max Drawdown	-1.21%	-5.80%
Tracking error %	5.12%	
Weighted expense ratio	0.29%	



Source: Alpha Architect, YCharts. Monthly returns. 1/1/2023 – 3/31/2024. Rebalanced annually in December. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results.** <sup>1</sup>**Benchmark (BM)** represented by a 100% allocation to the Intermediate Core Bond Category Average, which is composed of portfolios that invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the core bond index. You cannot invest directly in a category average or index. Categories determined by YCharts. Definitions for standard deviation, max drawdown, tracking error and weighted expense ratio can be found in the [disclosures section](#).

	100/0	Benchmark <sup>1</sup>
YTD	10.12%	6.26%
1 Yr.	26.09%	17.65%
Annualized 3 Yr.	8.12%	4.91%
Annualized 5 Yr.		
Since common inception (5/22/2019)	13.34%	11.11%
Std. Dev.	19.34%	17.69%
Max Drawdown	-24.31%	-25.14%
Tracking error %	3.97%	
Weighted expense ratio	0.17%	



Source: Alpha Architect, YCharts. Monthly returns. 5/1/2019 – 3/31/2024. Rebalanced annually in December. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results.** <sup>1</sup>**Benchmark (BM)** represented by a 100% allocation to the Global Large-Stock Blend category average The Global Large-Stock Blend category is represented by ETFs that primarily invest in a variety of international stocks and typically skew towards large caps that are fairly representative of the global stock market in size, growth rates, and price. You cannot invest directly in a category average or index. Categories determined by YCharts. Definitions for standard deviation, max drawdown, tracking error and weighted expense ratio can be found in the [disclosures section](#).

# Questions & comments

Let's talk  
*next steps.*

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**Investment risk.** When you sell your Shares of the Fund, they could be worth less than what you paid for them. The Fund could lose money due to short-term interest rate market movements and over longer periods during continued interest rate market movements. Therefore, you may lose money by investing in the Fund. **Fund-of-funds risks.** Because the Funds may invest in other funds, the Funds' investment performance largely depends on the underlying Alpha Architect ETFs. An investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Some of the underlying funds may be concentrated in a particular sector or invest in smaller to mid-sized capitalization companies making the Fund more sensitive to changing market conditions. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. **Hedging strategy risk.** Hedging strategies could limit the Fund's gains in rising markets and may expose the Fund to costs to which it would otherwise not have been exposed. The Fund's use of hedging strategies based on mathematical models may not produce the desired result or risk that the Adviser is unable to trade certain derivatives effectively or in a timely manner. The use of derivatives in connection with the Fund's hedging strategies may expose the Fund to losses (some of which may be sudden and could amplify volatility) due to unexpected changes in the market that it would not have otherwise been exposed to if it had only invested directly in equity securities. When the Fund sells futures contracts or other securities short, the Fund is exposed to the risks associated with short sales, which involve certain risks and special considerations. Theoretically, losses from short sales are potentially unlimited. **Derivatives Risk.** Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates, or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. **Selling or Writing Options Risk.** Writing option contracts can result in losses that exceed the seller's initial investment and may lead to additional turnover and higher tax liability. The risk involved in writing a call option is that there could be an increase in the market value of the underlying or reference asset. **Buying or Purchasing Options Risk.** If a call or put option is not sold when it has remaining value and if the market price of the underlying asset, in the case of a call option, remains less than or equal to the exercise price, or, in the case of a put option, remains equal to or greater than the exercise price, the buyer will lose its entire investment in the call or put option. **Box Spread Risk.** A Box Spread is a synthetic bond created by combining different options trades that have offsetting spreads (e.g., purchases and sales on the same underlying instrument, such as an index or an ETF, but with different strike prices). If one or more of these individual option positions are modified or closed separately prior to the option contract's expiration, then the Box Spread may no longer effectively eliminate risk tied to the underlying asset's price movement. **FLEX Options Risk.** FLEX Options are exchange-traded options contracts with uniquely customizable terms like exercise price, style, and expiration date. Due to their customization and potentially unique terms, FLEX Options may be less liquid than other securities, such as standard exchange listed options. **Counterparty Risk.** Counterparty risk is the risk that a counterparty to a financial instrument held by the Fund or by a special purpose or structured vehicle invested in by the Fund may become insolvent or otherwise fail to perform its obligations, and the Fund may obtain no or limited recovery of its investment, and any recovery may be significantly delayed. Exchange listed options, including FLEX Options, are issued and guaranteed for settlement by the Options Clearing Corporation ("OCC"). The Fund's investments are at risk that the OCC will be unable or unwilling to perform its obligations under the option contract terms. In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses.

**Note on category average methodology**

Constituents of a given category are determined by YCharts. As of 4/30/2024, the calculation method used to determine the category average's returns changed to account for potentially different inception dates. Previously, a straight average of constituent funds' total return net asset value (NAV) was used to determine the category's average total return NAV; the percent change of the category average NAV was then used to calculate returns. As of 4/30/2024, total returns for the category are now found using a straight average of the total NAV return (percent change) for a given frequency (daily, weekly, monthly, etc.). There may be instances where the straight average of the constituent funds' NAV returns may be higher or lower than the straight average of the total NAV return. As of 4/30/2024, all category average returns are calculated using the straight average of the constituent funds' total NAV return for a given frequency.

**Category average constituent selection criteria**

As of 4/30/2024, the constituent selection includes the fifty largest exchange traded funds (ETFs) in the category based on total assets under management (AUM) with live track records over the period represented. The AUM figure is point-in-time and is not retroactively applied to constituent funds. In the event fewer than 50 funds are available in a given category, all funds are used in to calculate returns. Unless otherwise indicated, mutual funds are excluded from category average constituents. Funds that may have been open for investment over the given period but are no longer active are not included. The number of constituent funds in a given category average may affect represented returns.

## DEFINITIONS – Sectors

“Sectors” based on the RBICS Economies taxonomy. [https://assets.ctfassets.net/lmz2w5z92b9u/67nHF3lo7Zg8Ka1eQsqWsi/73277f7a9bc6250c727c8625bdc55164/factset\\_rbics\\_methodology\\_guide.pdf](https://assets.ctfassets.net/lmz2w5z92b9u/67nHF3lo7Zg8Ka1eQsqWsi/73277f7a9bc6250c727c8625bdc55164/factset_rbics_methodology_guide.pdf)

**Business Services** composed of companies that offer services targeted toward businesses, including administrative, support, janitorial, and professional services.

**Consumer Services** composed of companies that offer services targeted toward individuals, including accommodation; food and beverage retail; gaming, arts, entertainment and recreation; and television, radio, film, and print media.

**Consumer Cyclical**s composed of companies that offer products targeted toward individual or household use, including apparel, toys, school and art supplies, and electronics; motor vehicle sales and rental, and automotive parts and services; building materials, garden supplies, furniture, appliances, cabinetry, window treatments, and carpets.

**Energy** composed of companies that primarily engage in oil and gas exploration and production, pipeline transportation, refineries, and oil and gas equipment and services; leasing, mining and processing of coal and coke; uranium, radium, and vanadium mining.

**Finance** composed of companies that offer financial products and services in banking, insurance, investment, specialty finance, and real estate.

**Healthcare** composed of companies that offer products and services that are designed, developed, and utilized in the promotion of health and well-being, including medical services, health plans, medical devices, and biopharmaceuticals.

**Industrials** composed of companies that offer products and services for industrial use or with applications in aerospace, defense, or security; transportation, construction, and related infrastructure; or farming, including equipment and machinery manufacture, wholesale, rental, and distribution and related support activities.

**Non-Energy Materials** composed of companies that offer basic and intermediate material products, including non-energy mining; forestry, timber logging, and lumber production; and chemical, plastic, paper, metal, and textile manufacturing.

**Consumer Non-Cyclical**s composed of companies that offer products targeted toward individual and consumer needs, including groceries, beverages, health and personal care items, kitchenware, decorative items, and household cleaning products.

**Technology** composed of companies that offer semiconductor, electronic, and optics based products and related software and services that directly or indirectly facilitate the creation, transfer, storage, manipulation, or interpretation of data, audio, and video.

**Telecommunications** composed of companies that offer services designed to promote or enhance transmission of voice, data, and video over various communications mediums, including cable, satellite, terrestrial-based wireless, and wireline mediums.

**Utilities** composed of companies that offer gas, electricity, and water services delivered directly to residential and commercial users.



#### DEFINITIONS – Risk and Return Statistics

**Annualized standardized deviation** measures the degree to which an investment's historical returns deviate from its mean. Higher standard deviation implies greater deviation. Standard deviation and volatility are often synonymous.

**Compounded annualized growth rate (CAGR)** is the rate at which an investment would grow if it grew at a steady rate over a specified period.

**Correlation** measures the degree to which two variables move in relation to each other. Higher correlation implies a tighter relationship.

**Max Drawdown** measures the largest single drop from peak to bottom in the value of a portfolio before a new peak is achieved. It may be considered an indicator of a given investment's historical downside risk.

**Total return** is the change in price over a specific period that includes dividends and distributions paid but less the expense ratio.

**Tracking error** measures the degree that an investment's returns deviate from a given benchmark. Tracking error is calculated as the standard deviation of the difference in the return of the security and the benchmark. Higher tracking error implies greater deviation.

**Weighted average expense ratio** calculates the average cost of investing in a portfolio of securities. It accounts for the expenses associated with each individual investment within the portfolio, and the weight of each investment relative to the total portfolio.

### DEFINITIONS – Equity Characteristics

**Active share** measures the percentage of a portfolio's holdings that differ from its benchmark index. Calculated relative to the S&P 500 Index (represented by the SPDR S&P 500 ETF). **Beta** measures a given investment's sensitivity to the movement of a defined benchmark. In CAPM, it is used to represent systematic risk.

**Book/price** compares a company's market value (its current stock price) to its book value, which is calculated by total assets minus intangible assets and liabilities.

**Cash flow/yield** compares free cash flow and market cap. It is a representation of the income (free cash flow) created by an investment.

**Dividend/price** is the sum of a company's annual dividends per share, divided by the current price per share.

**EBIT/TEV** is a financial ratio that compares a company's earnings before interest and taxes (EBIT) to its total enterprise value. It is used to measure the operating profitability of a company relative to its total value, and can provide insight into how efficiently a company is using its assets to generate profits.

**Earnings/Share (EPS)** is a financial metric that represents the portion of a company's earnings that is allocated to each outstanding share of its common stock. EPS is calculated by dividing a company's net income (profit) by the number of outstanding shares of its common stock.

**Market Cap** is a measurement of business value based on share price and number of shares outstanding. It generally represents the market's view of a company's stock value and can be a determining factor in stock valuation.

**Momentum Score** is a system that scores companies based on their one-year total returns, excluding the last month of returns. Those that had the greatest returns will have the highest momentum scores, and those with the lowest returns will have the lowest momentum score. Momentum is a characteristic of the security's underlying holdings and should not be construed as performance.

**P/E Ratio** measures how much an investor is willing to pay for one dollar of earnings. It is calculated by dividing the share price by the annual net income earned by the firm.

**Return on Assets (ROA)** measures the rate of return (after tax) being earned on all of the firm's assets regardless of financing structure (debt vs. equity). It is a measure of how efficiently the company is using all stakeholders' assets to earn returns.

**Return on Equity (ROE)** measures the rate of return on the money invested by common stock owners and retained by the company thanks to previous profitable years.

**Shareholder yield** is a financial metric that measures the return generated for shareholders through dividends and stock buybacks, indicating how much cash a company is returning to its shareholders relative to its market value.

#### DEFINITIONS – Indices and Categories averages

**Large Blend Category** is represented by ETFs that are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

**Large Value Category** is represented by ETFs that invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**Large-growth Category** is represented by portfolios that invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

**Mid-Cap Growth Category** is represented by ETFs that target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. As of 5/15/2024, there are 35 ETFs in the category.

**Mid-cap Value Category** is represented by ETFs that focus on investing in either medium-size companies or because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). As of 5/15/2024, there are 47 ETFs in the category.

**Mid-Cap Blend Category** is represented by portfolios that invests in U.S. stocks of various sizes and styles, giving it a middle-of the-road profile. Most shy away from high-priced growth stocks but aren't so price-conscious that they land in value territory. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

**Small Blend Category** is represented by portfolios that favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

**Small-growth Category** is represented by portfolios that focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). As of 5/15/2024, there are 21 ETFs in the category.

**Small-value Category** is represented by portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). As of 5/15/2024, there are 39 ETFs in the category.

**DEFINITIONS – Indices and Categories averages**

**Foreign Large-Blend Category** is represented by ETFs that invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

**Diversified Emerging Markets Category** is represented by ETFs that tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets.

**Foreign Large Growth Category** is represented by ETFs that focus on high-priced growth stocks, mainly outside of the United States. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). These portfolios typically will have less than 20% of assets invested in U.S. stocks. As of 5/15/2024, there are 24 ETFs in the category.

**Foreign Large Value** is represented by ETFs that invest mainly in big international stocks that are less expensive or growing more slowly than other large-cap stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). As of 5/15/2024, there are 48 ETFs in the category.

**Intermediate Core Bond Category Average** is represented by portfolios that invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the core bond index.

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