

As of Date: 9/3/2020



**alpha architect**

# ***MONTHLY HEDGE UPDATE***

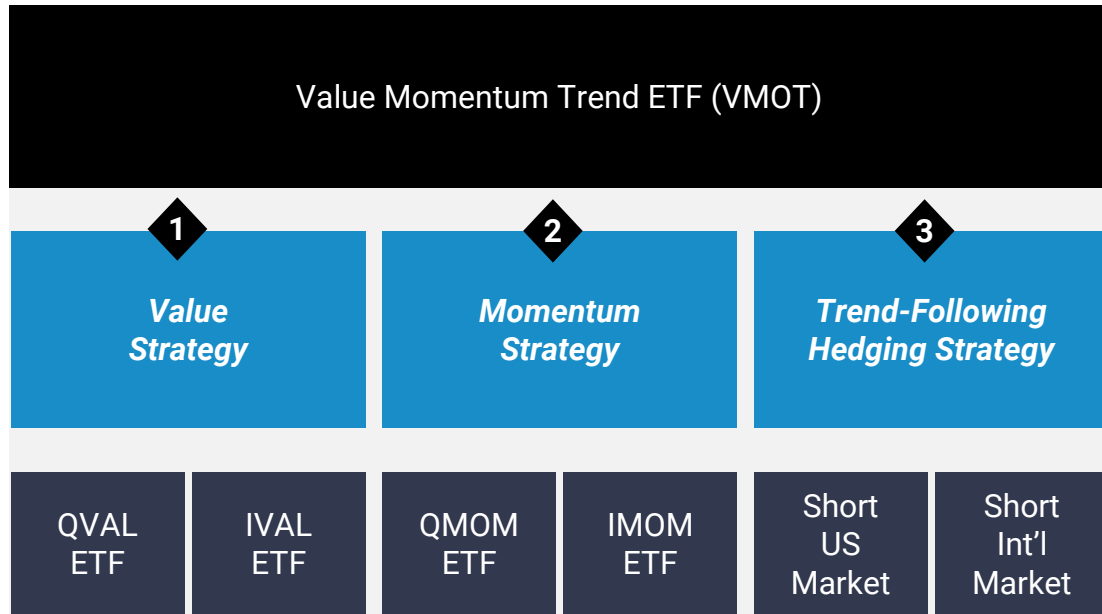
**ALPHA ARCHITECT  
VALUE MOMENTUM TREND ETF  
(VMOT)**

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# VMOT Process Overview and Current Hedge Status

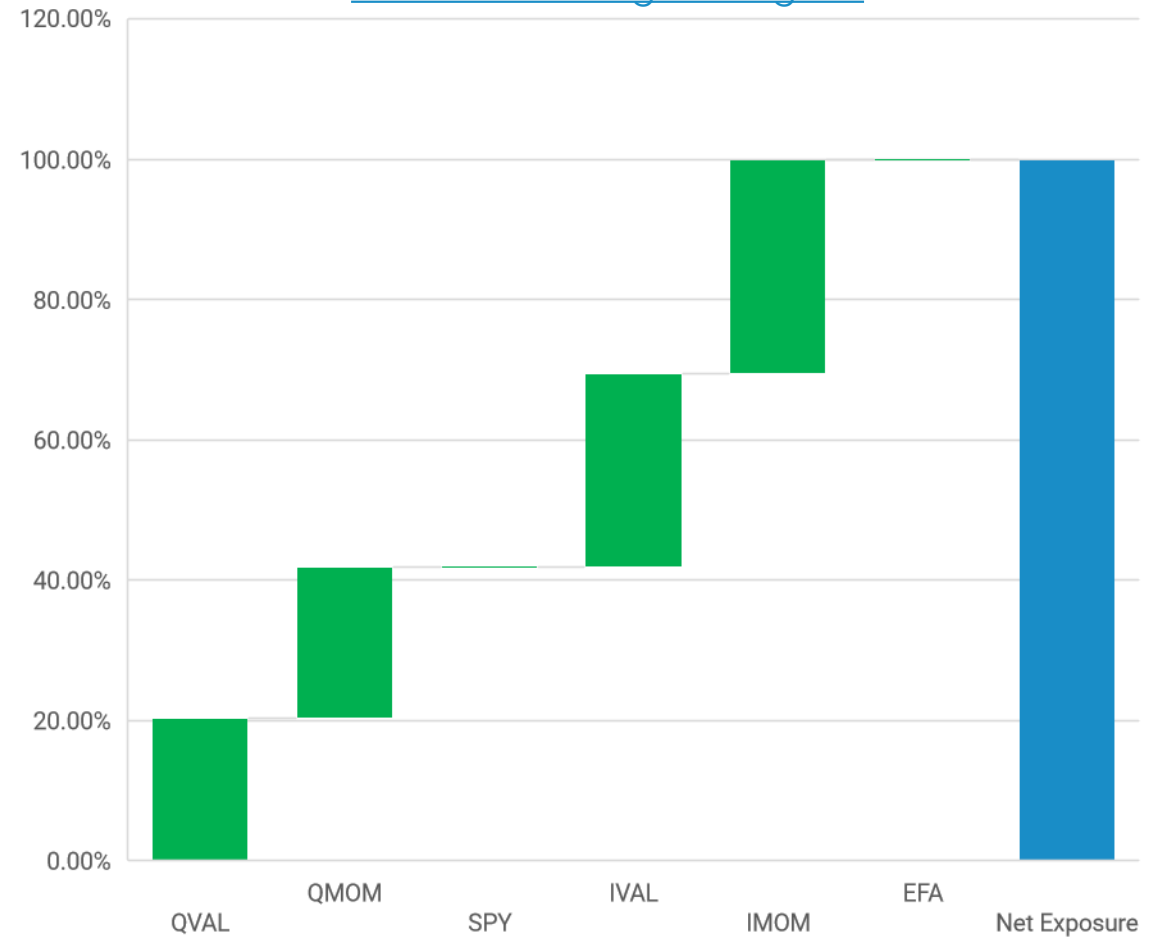
## VMOT Process Overview



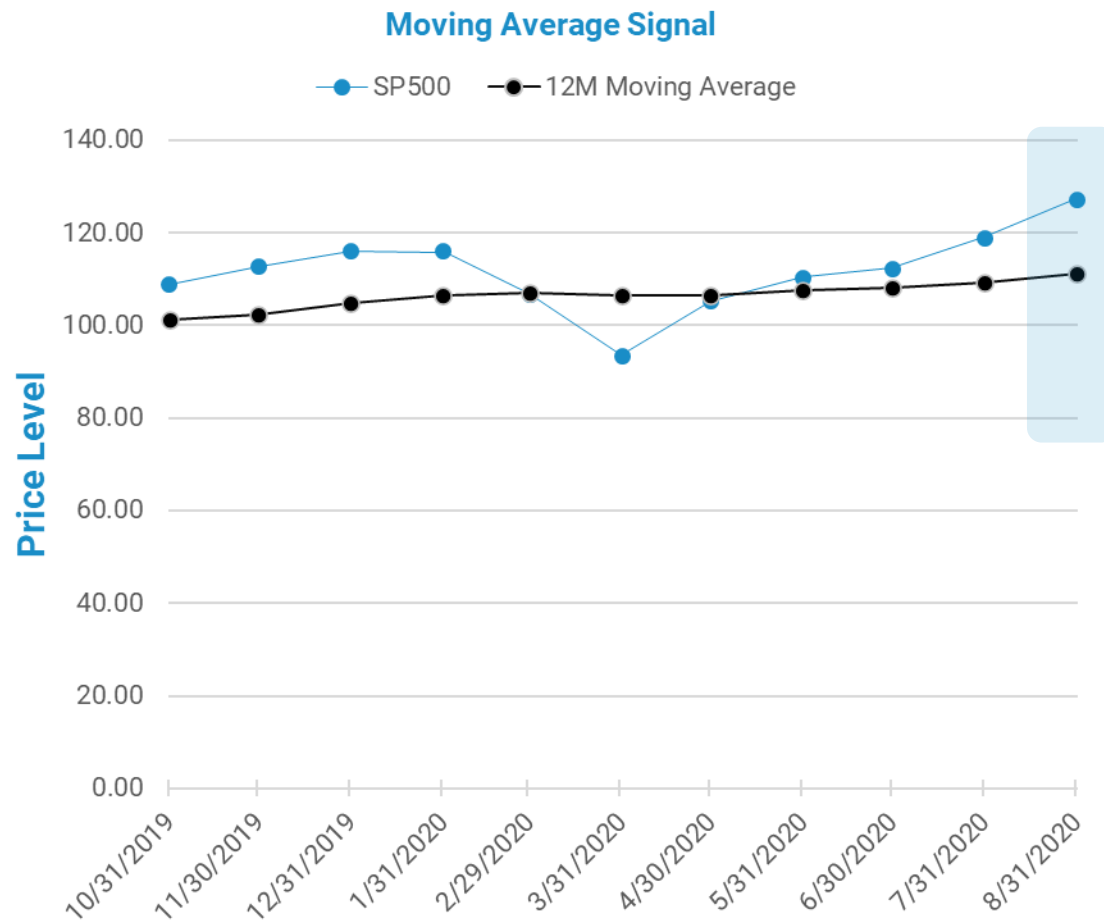
## VMOT Current Hedge Status

Domestic Equity Signal	International Equity Signal
No Hedge	No Hedge

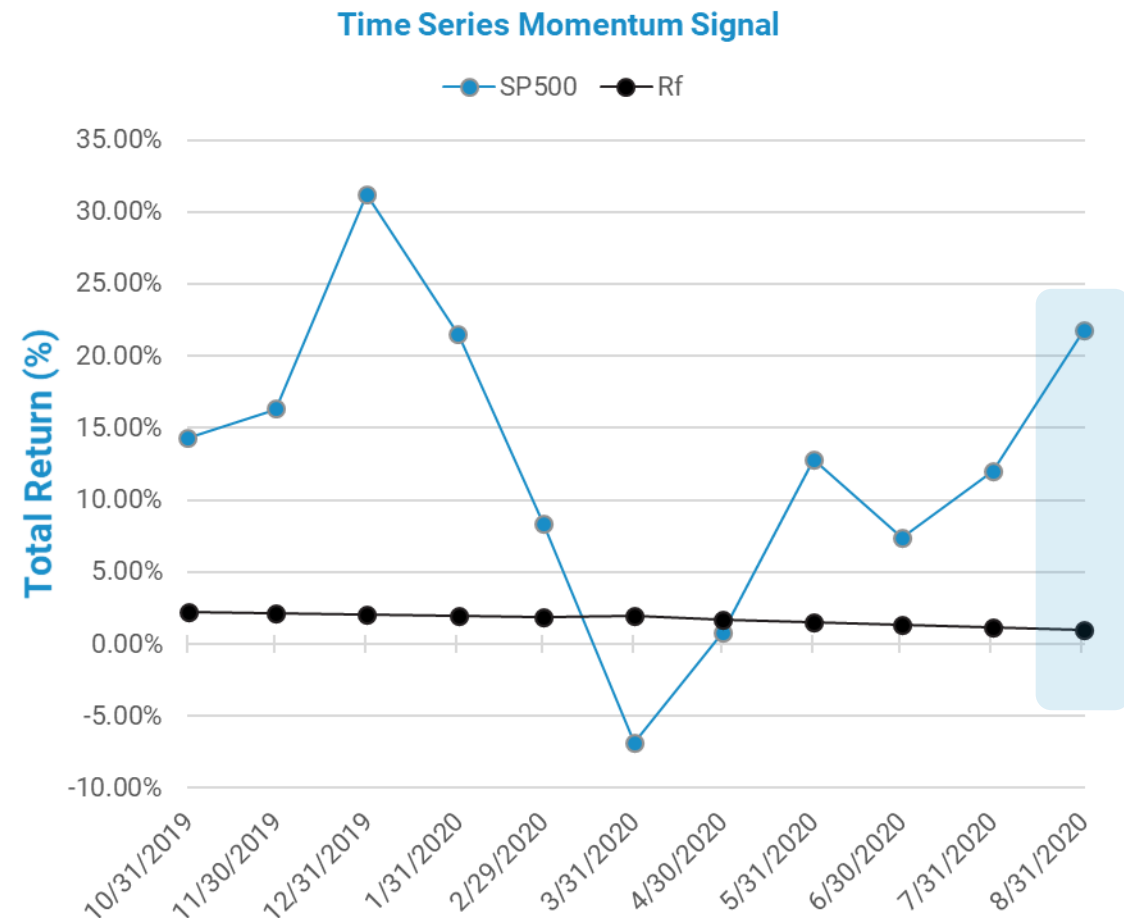
## VMOT Holdings Weights



# Current Exposure: 100% US Equity (No Hedge)



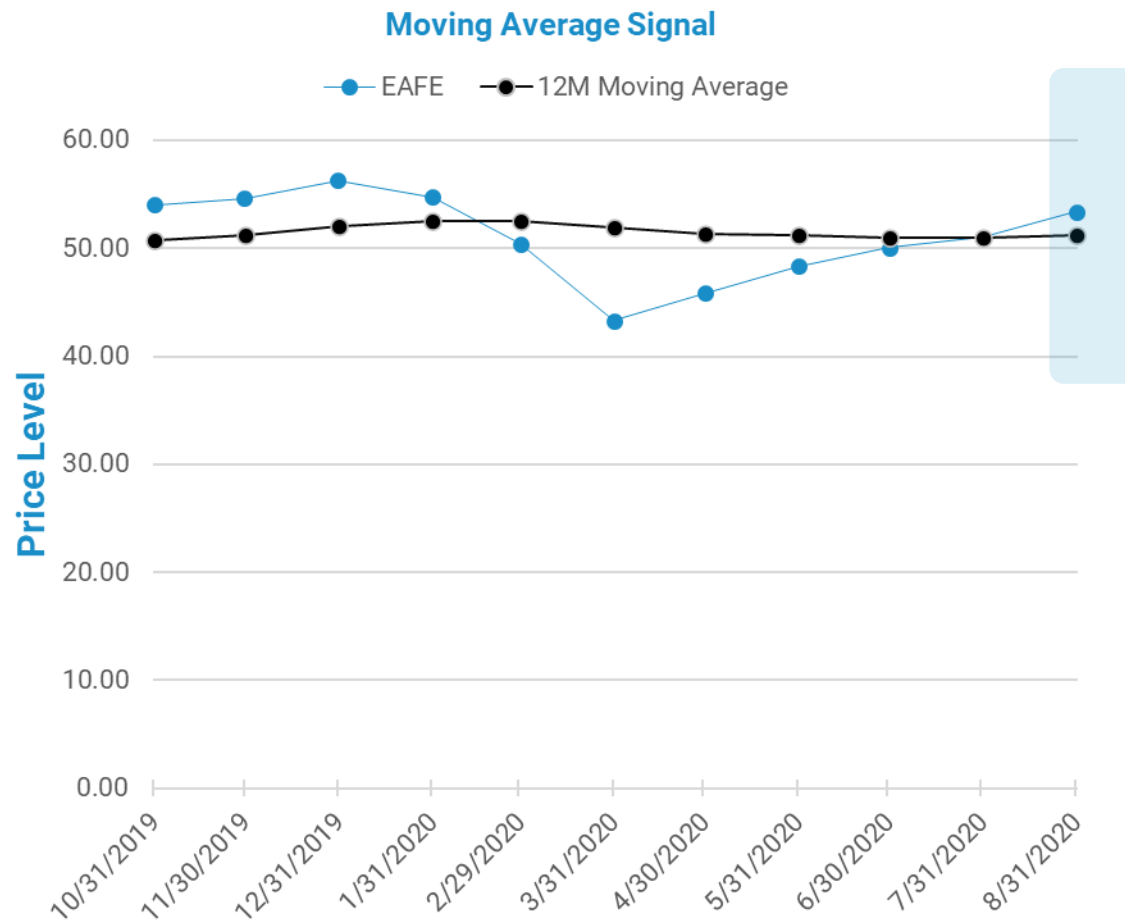
No Hedge



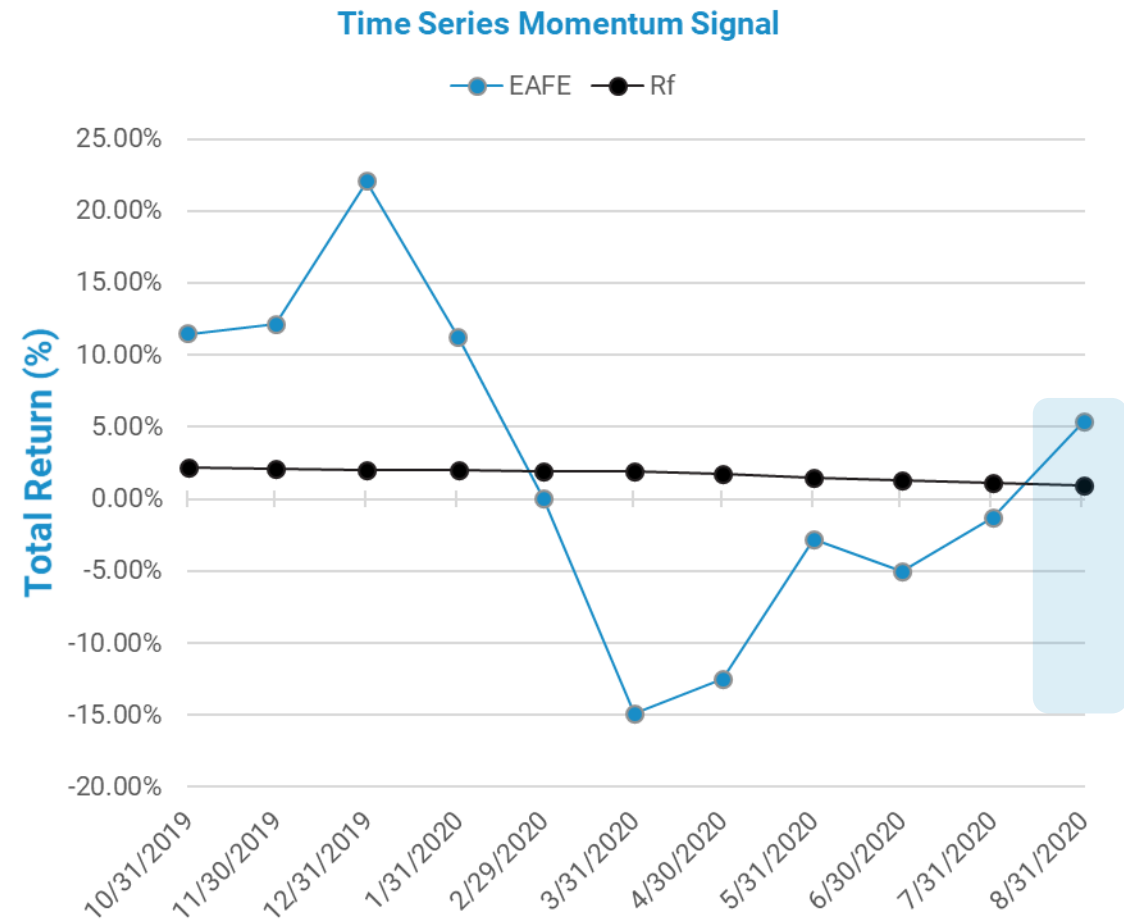
No Hedge

The graph on the left plots the total returns of the SPDR® S&P 500® ETF Trust (SPY), which seeks to track the S&P 500 Index, against the 12-month moving average of SPY. The graph on the right plots the 12-month total returns of SPY against the 12-month total returns of the SPDR® Bloomberg Barclays 1-3 Month T-Bill ETF (BIL), which seeks to track the Bloomberg Barclays 3 Month T-Bill Index. The S&P 500 Index is a capitalization-weighted index that measures the performance of the broad U.S. equity market. The Bloomberg Barclays 3 Month T-Bill (Rf) seeks to provide exposure to zero coupon U.S. Treasury securities that have a remaining maturity of 1-3 months. Indexes are unmanaged, do not reflect management or trading fees, and one cannot invest directly in an index. Signals are calculated monthly and end on the last day on the month.

# Current Exposure: 50% International Equity (Partial Hedge)



**No Hedge**

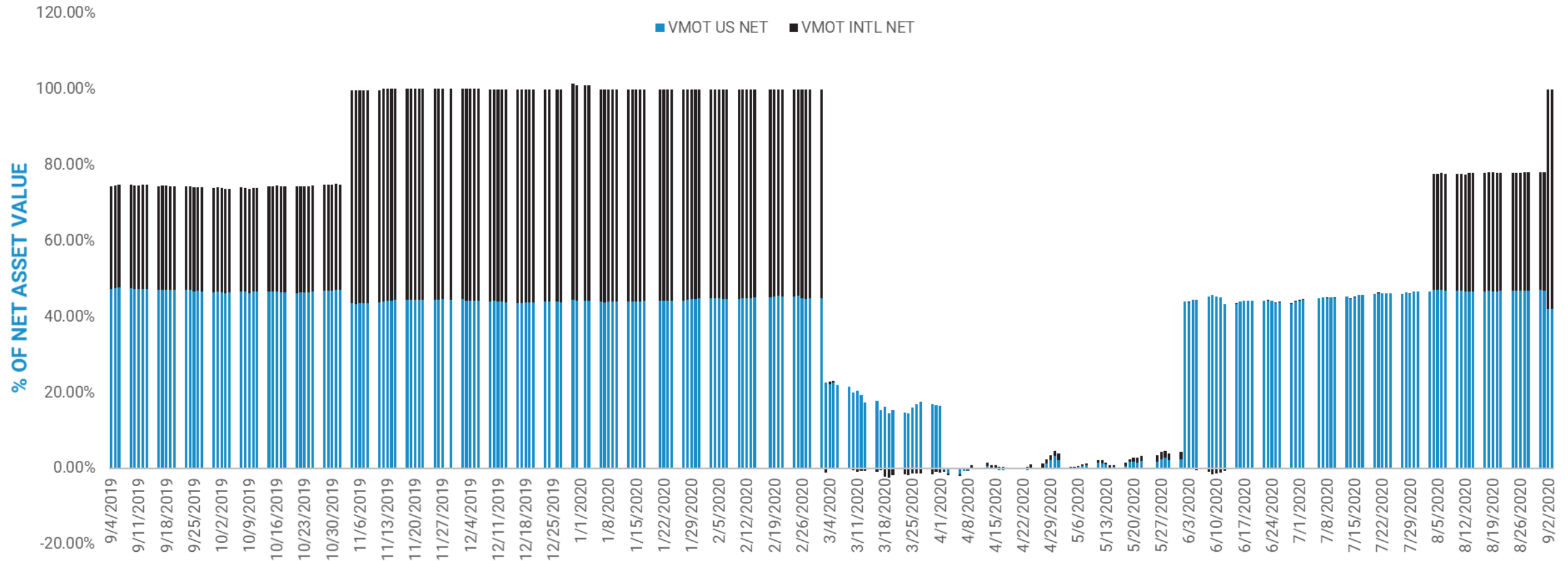


**Full Hedge**

The graph on the left plots the total returns of the iShares MSCI ETF (EFA), which seeks to track the MSCI EAFE Index, against the 12-month moving average of EFA. The graph on the right plots the 12-month total returns of EFA against the 12-month total returns of the SPDR® Bloomberg Barclays 1-3 Month T-Bill ETF (BIL), which seeks to track the Bloomberg Barclays 3 Month T-Bill Index. The MSCI EAFE Index (EAFE) is a capitalization-weighted index that measures the performance of developed market equities, excluding the U.S. and Canada. The Bloomberg Barclays 3 Month T-Bill (Rf) seeks to provide exposure to zero coupon U.S. Treasury securities that have a remaining maturity of 1-3 months. Indexes are unmanaged, do not reflect management or trading fees, and one cannot invest directly in an index. Signals are calculated monthly and end on the last day on the month.

# VMOT Recent Market Exposure (% of Net Asset Value)

## RECENT EXPOSURE (% OF NET ASSET VALUE)



The exposures above are calculated as follows: VMOT US NET is equal to the sum of the market values of the QVAL, QMOM, and US hedge holdings divided by the Net Asset Value of the Fund. VMOT INT'L NET is equal to the sum of the market values of the IVAL, IMOM, and International hedge holdings divided by the Net Asset Value of the Fund. The most recent 252 trading days are included in the chart. Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day.



# VMOT Trend-Following Process

# Overview of Our Trend-Following Methodology

## Identify Asset Classes to Assess

- 1) US Equity
- 2) Int'l Equity

## Assess Trend - Following Rules

- 1** Rule #1:  
Time Series  
Trend Following
- 2** Rule #2:  
Moving Average  
Trend Following

## Determine Portfolio Hedging Posture

**BOTH RULES TRIGGERED**

100% hedged

**ONE RULE TRIGGERED**

50% hedged

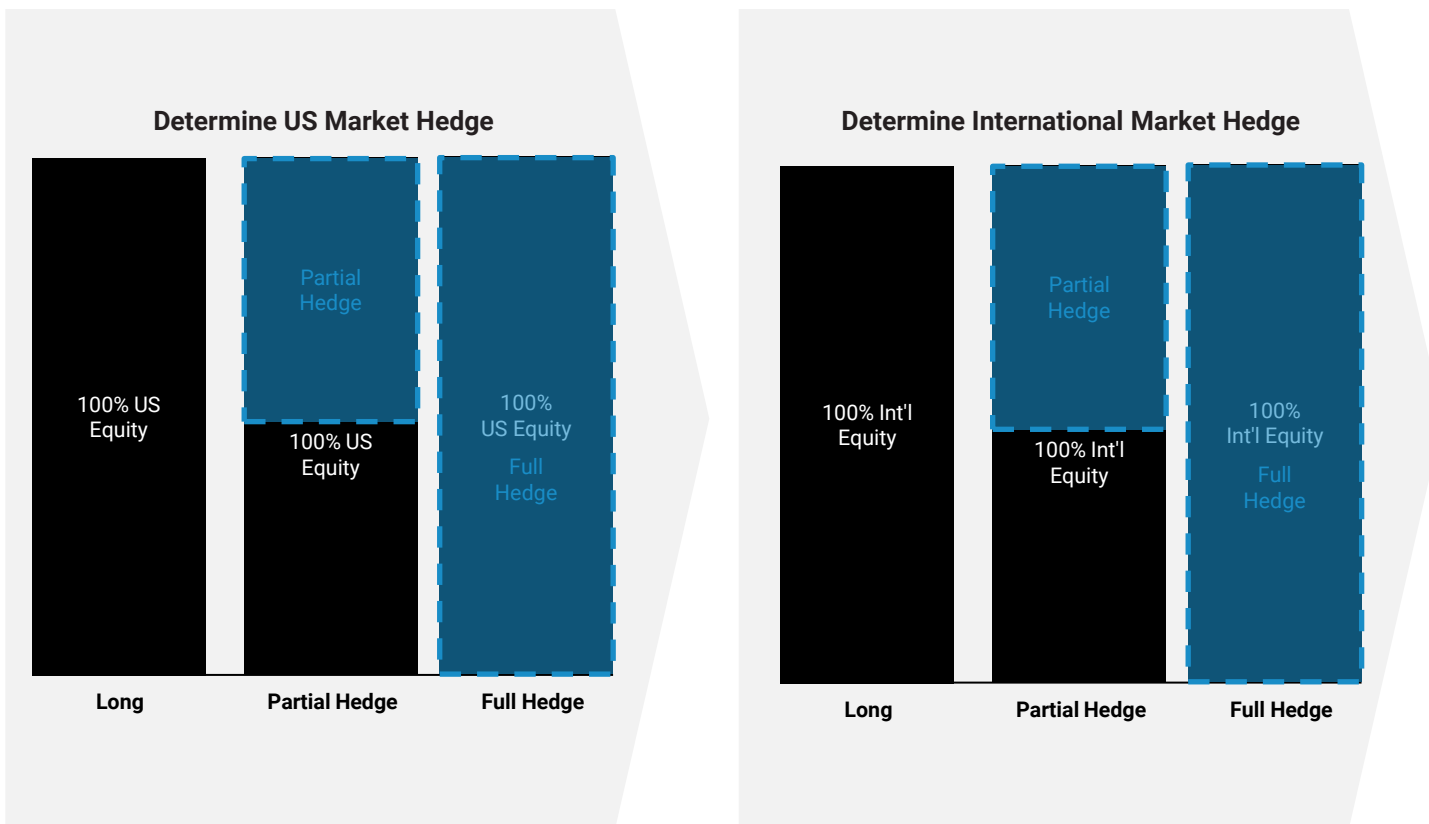
**NO RULES TRIGGERED**

0% hedged

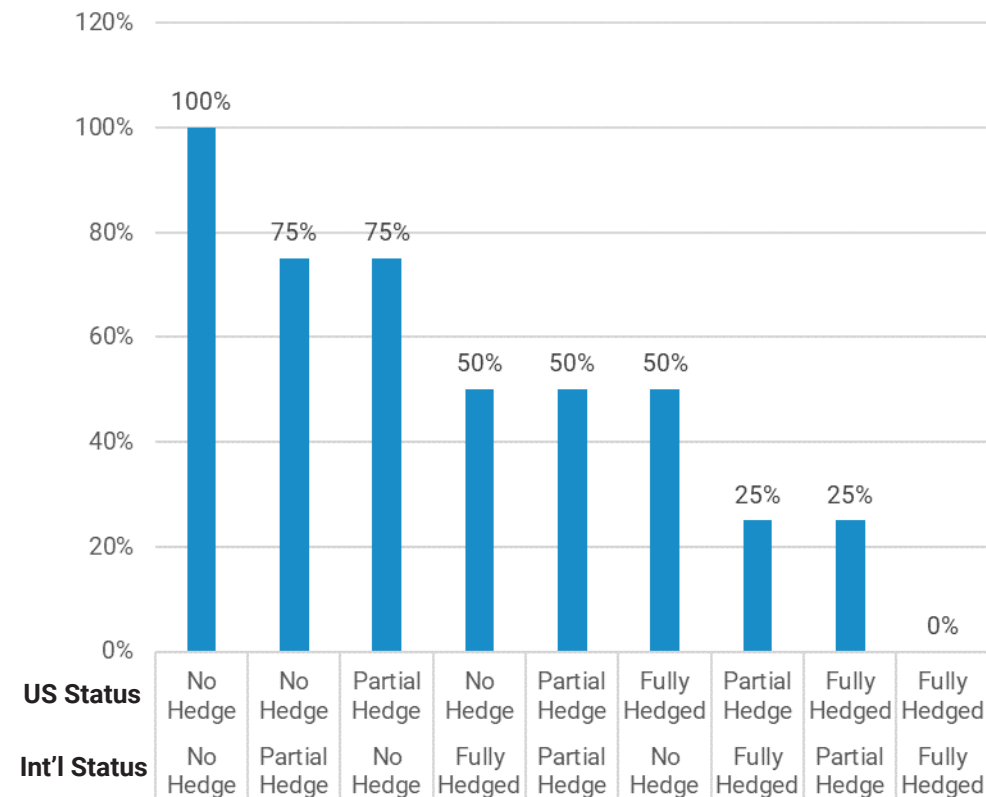
Our Trend-Following Models may not work in all situations and could fail to achieve their objectives. VMOT will engage in hedging of its U.S./International portfolio by shorting a representative broad-based U.S./International securities index ETF when either one or both of the following conditions are met. First, VMOT will hedge if the U.S./International equity markets' total return over a rolling twelve calendar month period is less than or equal to U.S. Treasury bill returns over the same period. Second, VMOT will hedge when the U.S./International equity markets' twelve-month moving average exceeds current prices. There is a 50 percent weight to each rule. If both rules are triggered VMOT's U.S./International equity portfolio will be fully hedged; if one rule is triggered VMOT's U.S./International equity portfolio will be 50 percent hedged; and if no rules are triggered VMOT's equity portfolio will have no hedge.

# Details of Our Trend-Following Methodology

## Identify Asset Class Hedging Status



## Possible Hedging Postures



Our Trend-Following Models may not work in all situations and could fail to achieve their objectives. VMOT will engage in hedging of its U.S./International portfolio by shorting a representative broad-based U.S./International securities index ETF when either one or both of the following conditions are met. First, VMOT will hedge if the U.S./International equity markets' total return over a rolling twelve calendar month period is less than or equal to U.S. Treasury bill returns over the same period. Second, VMOT will hedge when the U.S./International equity markets' twelve-month moving average exceeds current prices. There is a 50 percent weight to each rule. If both rules are triggered VMOT's U.S./International equity portfolio will be fully hedged; if one rule is triggered VMOT's U.S./International equity portfolio will be 50 percent hedged; and if no rules are triggered VMOT's equity portfolio will have no hedge.



# IMPORTANT INFORMATION - DISCLOSURES

The Funds are distributed by Quasar Distributors, LLC. The Funds' investment advisor is Empowered Funds, LLC which is doing business as Alpha Architect.

References to other funds should not be interpreted as an offer of these securities.

Holdings are subject to change at any time and are not recommendations to buy or sell any security.

Investments involve risk. Principal loss is possible. Redemptions are limited and often commissions are charged on each trade. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value.

Value investing is subject to the risk that intrinsic values of investments may not be recognized by the broad market or that their prices may decline. Investments utilizing quantitative methods may perform differently than the market as a result of characteristics and data used and changes in trends. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are magnified in emerging markets.

Momentum investing is investing in or having exposure to securities with positive momentum entails investing in securities that have had above-average recent returns. These securities may be more volatile than a broad cross-section of securities. Returns on securities that have previously exhibited momentum may be less than returns on other styles of investing or the overall stock market. Momentum can turn quickly and cause significant variation from other types of investments, and stocks that previously exhibited high momentum may not experience continued positive momentum. In addition, there may be periods when the momentum style is out of favor, and during which the investment performance of the Fund using a momentum strategy may suffer.

The Funds are not actively managed. Maintaining investments regardless of market conditions or the performance of an individual investment could cause the Funds' returns to be lower than if the Funds employed an active strategy. The performance of the Funds and their Indices may differ due to tracking error.

Because it invests primarily in other funds, the Value Momentum Trend Fund's investment performance largely depends on the investment performance of those underlying Alpha Architect ETFs. An investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Derivatives can be volatile and involve various types and degrees of risks including hedging risk. The use of derivatives in connection with the Alpha Architect Value Momentum Trend Index's hedging strategies may expose the Index (and therefore the Value Momentum Trend Fund) to losses (some of which may be sudden) that it would not have otherwise been exposed to if it had only invested directly in equity securities.

*The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company. Click here for the VMOT [Prospectus](#) and [SAI](#). All fund documents can be found at <https://etfsite.alphaarchitect.com/documents/>. A free hardcopy of any prospectus may be obtained by calling +1.215.882.9983. Read carefully before investing.*

Unless otherwise noted, all data is assigned the as of date stated on the first page of this presentation.