

# ALPHA ARCHITECT U.S. QUANTITATIVE VALUE ETF

DEC 31, 2019

## STRATEGY OVERVIEW

The Index seeks to invest in the cheapest, highest quality value stocks<sup>1</sup>.

## INDEX 5-STEP INVESTMENT PROCESS

QVAL is a self-indexing fund that seeks to track the total return performance, before fees and expenses, of the Alpha Architect Quantitative Value Index (the “Index”).

The process consists of 5 sequential steps:

1. **Identify Investable Universe:** The Index universe generally consists of mid to large capitalization exchange traded stocks.
2. **Forensic Accounting Screens:** The Index algorithm uses statistical models to avoid firms that may incur financial distress or are at risk for financial statement manipulation.
3. **Valuation Screens:** The Index screens for stocks with low enterprise values relative to operating earnings.
4. **Quality Screens:** The Index ranks the cheapest stocks on their long-term business fundamentals and current financial strength.
5. **Invest:** The Index seeks to invest in the cheapest, highest quality value stocks.

1) Identify Investable Universe

2) Forensic Accounting Screens

3) Valuation Screens

4) Quality Screens

5) Invest with Conviction

SEEK TO BUY THE  
CHEAPEST, HIGHEST  
QUALITY VALUE  
STOCKS

## WHY INVEST IN QVAL?

### VALUE PHILOSOPHY

The Index follows a classic value investment approach, which means the Index focuses on the common stock of firms with low prices relative to fundamentals.

### SYSTEMATIC

The Index stock selection algorithm is fully automated, which has the potential benefit of minimizing human cognitive bias in the investment process.

### BEHAVIORAL FINANCE

The Index is built to exploit systematic mispricing caused by investor behavioral bias and to provide access to a highly focused value factor risk premium.

### VALUE FACTOR FOCUS

Index-based access to a specific value factor which has historically driven a significant part of companies’ risk and return.<sup>2</sup> The Index seeks to deliver a focused exposure that has the potential to strongly deviate from broad-based passive indexes. The stock selection process identifies a portfolio that generally holds 40 stocks.

# ALPHA ARCHITECT QUANTITATIVE VALUE ETF

DEC 31, 2019

## KEY FACTS

|                    |                      |
|--------------------|----------------------|
| Ticker Symbol      | QVAL                 |
| Inception Date     | 10/22/2014           |
| CUSIP              | 02072L102            |
| Fund Type          | Index ETF            |
| Expense Ratio      | 0.49%                |
| Total Assets       | \$103,552,144.84     |
| INAV Ticker        | QVAL.IV              |
| Index Manager      | Alpha Architect, LLC |
| Number of Holdings | 41                   |
| Exchange           | CBOE                 |

Alpha Architect  
213 Foxcroft Road  
Broomall, PA 19008  
T: +1.215.882.9983  
[www.AlphaArchitect.com/funds](http://www.AlphaArchitect.com/funds)

## PERFORMANCE (AS OF DEC 31, 2019)

|              | 3<br>Month | 1<br>Year | 5<br>Year | Since<br>Inception |
|--------------|------------|-----------|-----------|--------------------|
| NAV          | 10.21%     | 23.53%    | 4.82%     | 5.39%              |
| Market Value | 10.09%     | 24.08%    | 4.74%     | 5.37%              |

Returns are average annualized total returns, except those for 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 higher or lower than the performance quoted. 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. 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).

## TOP TEN HOLDINGS% (AS OF DEC 31, 2019)

|                          |       |
|--------------------------|-------|
| LEAR CORP                | 2.81% |
| URBAN OUTFITTERS INC     | 2.75% |
| MACYS INC                | 2.73% |
| KOHL'S CORP              | 2.67% |
| ROBERT HALF INTL INC     | 2.66% |
| TIMKEN CO                | 2.64% |
| WYNDHAM DESTINATIONS INC | 2.63% |
| ACUITY BRANDS INC        | 2.61% |
| TAPESTRY INC             | 2.59% |
| OSHKOSH CORP             | 2.58% |

Fund holdings are subject to change at any time and are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

## ABOUT ALPHA ARCHITECT

The Alpha Architect mission is to empower investors through education in order to develop sustainable investors. We are a research-intensive asset management firm with a focus on concentrated factor exposures. Our core beliefs are 1) Transparency 2) Evidence-Based Investing, 3) Systematic Decision Making, and 4) Win-Win client relationships.

We currently offer our services via Exchange-Traded Funds (ETFs), Separately Managed Accounts (SMAs), and pooled vehicles.

The foundation for our approach is as follows:

1. We identify unique stock characteristics that are associated with systematic mispricing.
2. We design portfolios that seek to deliver concentrated exposure to these unique characteristics.

The firm is based in the suburbs of Philadelphia, PA. For more information visit [www.AlphaArchitect.com/funds](http://www.AlphaArchitect.com/funds).



After serving as a Captain in the United States Marine Corps, Dr. Gray earned an MBA and a PhD in finance from the University of Chicago where he studied under Nobel Prize Winner Eugene Fama. Next, Wes took an academic job in his wife's hometown of Philadelphia and worked as a finance professor at Drexel University. Dr. Gray's interest in bridging the research gap between academia and industry led him to found Alpha Architect, an asset management firm dedicated to an impact mission of empowering investors through education. He is a contributor to multiple industry publications and regularly speaks to professional investor groups across the country. Wes has published multiple academic papers and four books, including *Embedded* (Naval Institute Press, 2009), *Quantitative Value* (Wiley, 2012), *DIY Financial Advisor* (Wiley, 2015), and *Quantitative Momentum* (Wiley, 2016).

Dr. Gray currently resides in the suburbs of Philadelphia with his wife and three children.

## ABOUT THE INDEX MANAGER

# ALPHA ARCHITECT QUANTITATIVE VALUE ETF

DEC 31, 2019

## IMPORTANT DISCLOSURES

**Past performance does not guarantee future results.**

**The fund's 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, and it may be obtained once available by calling 215-882-9983 or visiting [www.AlphaArchitect.com/Funds](http://www.AlphaArchitect.com/Funds). Read it carefully before investing.**

**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. Investments in mid cap companies involve limited liquidity and greater volatility than larger companies.**

**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. The Funds are not actively managed. Maintaining investments regardless of market conditions or the performance of individual investment could cause the fund's return to be lower than if the fund employed an active strategy. The performance of the Fund and its Index may differ due to tracking error.**

The Securities and Exchange commission (SEC) does not approve or disapprove of any investment.

This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. References to other funds should not to be interpreted as an offer of these securities.

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

1. As of February 1, 2017 the fund now operates under passive exemptive relief and no longer operates under active exemptive relief. The performance prior to February 1st, 2017 reflects the fund's performance under its former exemptive relief. Performance after February 1st, 2017 reflects the fund's current objective reflected in this material and current prospectus.

2. Source: Wesley Gray and Jack Vogel, "Analyzing Valuation Measures: A Performance Horse Race over the Past 40 Years," *The Journal of Portfolio Management* 39, pg. 112-121.