

Alpha Architect US Equity 2 ETF (AAEQ)

Consider a way to consolidate your portfolio through a syndicated 351 exchange
A streamlined path to long-term U.S. equity exposure.

**Learn how AAEQ can help your clients—explore the investment deck at
funds.alphaarchitect.com/aaeq for details on use cases, timelines, and next steps.**

What is a 351 Exchange?

A 351 Exchange is a tax-free exchange that allows investors to contribute appreciated property in exchange for shares of a newly formed corporation. If done properly, this is a tax-free exchange.

In this case, the appreciated property can be both stocks and ETFs, and the newly formed corporation is a new ETF, the Alpha Architect US Equity 2 ETF, ticker AAEQ. We believe AAEQ via a 351 Exchange may help to simplify equity portfolios and maintain exposure to the US equity market.

Why it matters for advisors:

This structure provides a powerful way to consolidate client holdings, reduce concentration risk, and maintain exposure to U.S. equities — all while minimizing tax friction.

Do You Qualify for a 351 Exchange?

To qualify for a Section 351 Exchange, a portfolio must meet two IRS diversification tests:

1. **No more than 25%** in any single position
2. **No more than 50%** in the top five positions combined

Portfolios should be composed of stocks or ETFs

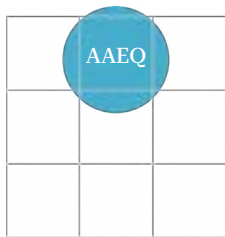
For the 351 diversification tests, ETFs are assessed on a look-through basis, meaning their underlying holdings are evaluated (not just the ticker)

Ineligible holdings include:

- ✗ Cryptocurrencies
- ✗ Mutual funds
- ✗ Private assets or restricted stock
- ✗ Options or short positions

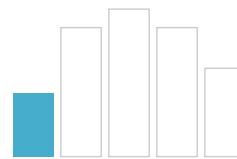
Why AAEQ?

AAEQ is purpose-built for **syndicated 351 exchanges**, giving advisors a tax-efficient path to consolidate complex portfolios.



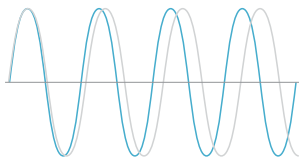
Core U.S. Equity Exposure

Broad, market-cap-weighted access to the largest U.S. companies



15 bps Expense Ratio *As of Dec 10, 2025

Low-cost structure designed for long-term investors



Dividend Management

May reduce taxable distributions through active dividend avoidance strategies



Clean Slate, Same Market Exposure

Consolidating 800 stocks or one stale ETF to one modern equity ETF - without realizing capital gains

AAEQ opens the door to consolidate your portfolio. Whether you're dealing with tax-loss harvested accounts, legacy ETFs, or an over-weight single-stock - **AAEQ may be your solution.**

Use Case: Diversified Stock Portfolio

Client Situation:

A \$1 million portfolio diversified across 25 individual stocks.

351 Opportunity:

This portfolio likely qualifies for a 351 exchange based on its diversification. The client can contribute shares in-kind to AAEQ and consolidate their holdings into a single ETF - **without triggering taxes** at the time of exchange.

AAEQ Possible Benefits:

- ✔ Simplifies tracking
- ✔ Maintains core U.S. equity exposure
- ✔ Avoids a taxable event



This example is for illustration purposes only and is not a recommendation to purchase or sell the companies pictured herein.

Use Case: Diversified ETF Portfolio

Client Situation:

A \$1 million portfolio composed of 15 diversified ETFs.

351 Opportunity:

Most ETFs qualify under the “look-through” diversification tests, making this type of portfolio a strong candidate for a 351 exchange into AAEQ.

AAEQ Benefit:

- ✔ Reduces fund count
- ✔ Streamlines statements and rebalancing
- ✔ Maintains exposure, minimizes disruption



This example is for illustration purposes only.

Use Case: Old Tax-Loss Harvesting Portfolio

Client Situation:

A tax-loss harvesting (TLH) portfolio with hundreds of tiny legacy positions, no more harvestable losses, and no ongoing contributions.

351 Opportunity:

This is a perfect candidate for a 351 exchange into AAEQ - replacing a tangled, static portfolio with a single core equity fund.

AAEQ Benefit:

- ✔ Consolidate TLH “deadweight”
- ✔ Clean slate without selling
- ✔ Preserve tax deferral



This example is for illustration purposes only.

Use Case: Extremely Complex Portfolio

Client Situation:

A legacy portfolio made up of 800 individual stocks and 100 ETFs - a rebalancing nightmare.

351 Opportunity:

Despite the complexity, if the holdings meet diversification thresholds, they may be contributed to AAEQ - turning a chaotic portfolio into a single position.

AAEQ Benefit:

- ✔ Dramatic simplification
- ✔ Easier tax reporting
- ✔ Reduces administrative burden for advisor and client



For illustrative purposes only

Use Case: Concentrated Stock Position

Client Situation:

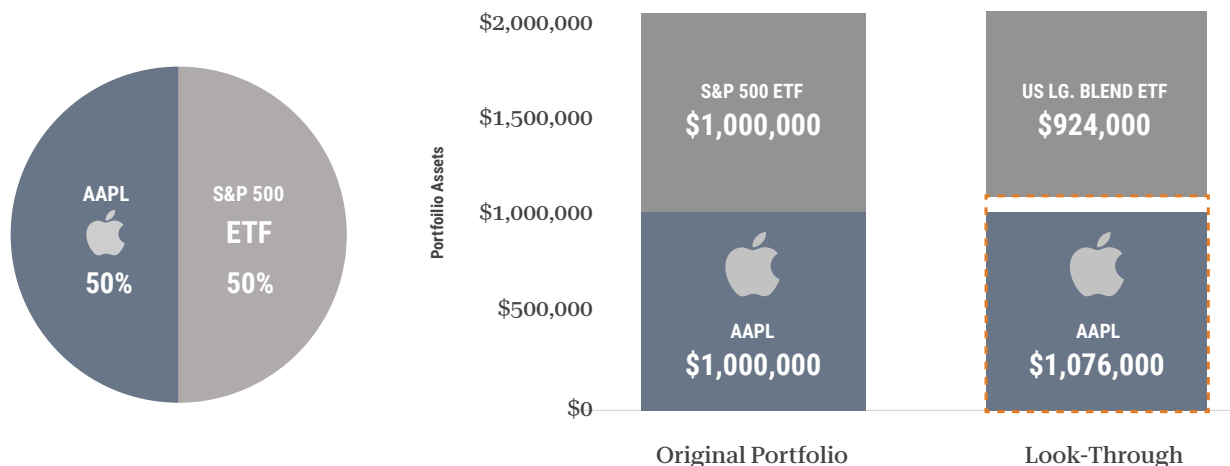
A client holds a large, concentrated position in a single stock (e.g., Apple) - and wants to reduce concentration risk, but avoid a taxable sale.

351 Opportunity:

The stock position may qualify if paired with a sufficiently diversified holdings (like a U.S. large-cap ETF). Look-through rules allow advisors to calculate indirect exposure and stay under the 25% threshold.

AAEQ Benefit

- ✔ Reduce single-stock risk
- ✔ Maintain market exposure
- ✔ Avoid triggering capital gains at the time of exchange



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Why Choose Alpha Architect for 351 Exchanges?

We didn't just adopt the 351 exchange structure - we helped define it.

Alpha Architect is a prominent **leader in syndicated 351 exchanges**, offering an established and operationally tested platform. We've built a **turnkey ecosystem** that simplifies every step of the process - from tax-lot uploads to onboarding paperwork and advisor support.

- **Purpose-Built Products:** AAEQ was specifically designed to meet a primary goal of many 351 exchange participants - core U.S. equity exposure.
- **Real-world Execution:** Our first syndicated 351 exchange ETF, the Alpha Architect U.S. Core Equity ETF (AAUS), launched with over \$445mm on launch day.
- **Real-world Infrastructure:** Our proprietary onboarding tool, clear timelines, and support team give advisors everything they need to confidently guide clients through the exchange. This tool has been used to successfully complete twenty-three 351 exchanges through 9/12/2025.
- **Education-First Approach:** From webinars to walkthroughs to dedicated one-on-one calls, we empower individuals and advisors through education to make the best informed decisions.

With Alpha Architect, you're not just investing in a product - you're partnering with the team that made 351 exchange investing accessible, understandable, and scalable.

Client Timeline & Next Steps

AAEQ Launch Timeline

Target Launch Date:
December 10, 2025



For illustration purposes, timeline may be subject to change.

DISCLOSURE

IMPORTANT INFORMATION

The Alpha Architect U.S. Equity 2 ETF (AAEQ) has an effective registration statement but is not currently trading. We anticipate AAEQ to begin trading in Q4 2025.

PROSPECTUS OFFER

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call (215) 882-9983 or visit our website funds.AlphaArchitect.com. Read the prospectus or summary prospectus carefully before investing.

In-Kind Contribution Risk. At its launch, the Fund expects to acquire a material amount of assets through one or more in-kind contributions that are intended to qualify as tax-deferred transactions governed by Section 351 of the Internal revenue Code. If one or more of the in-kind contributions were to fail to qualify for tax-deferred treatment, then the Fund would not take a carryover tax basis in the applicable contributed assets and would not benefit from a tacked holding period in those assets. This could cause the Fund to incorrectly calculate and report to shareholders the amount of gain or loss recognized and/or the character of gain or loss (e.g., as long-term or short-term) on the subsequent disposition of such assets.

Tax Advisory Disclaimer. Neither ETF Architect nor its affiliates provide tax advice. In compliance with IRS Circular 230, we wish to 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 discussed herein. We strongly advise that you consult an independent tax advisor to assess your specific circumstances.

Estate Planning Notice. The information included in this communication is not intended as a substitute for comprehensive estate planning and does not constitute legal or estate advice. It serves only as a preliminary outline of how tax-free conversions operate. For detailed guidance, we recommend consulting your legal counsel.

Investment Risk. When you sell your Shares, they could be worth less than what you paid for them. The Fund could lose money due to short-term market movements and over longer periods during market downturns. Securities may decline in value due to factors affecting securities markets generally or particular asset classes or industries represented in the markets. The value of a security may decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or group of industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected. Therefore, you may lose money by investing in the Fund.

Management Risk. The Fund is actively-managed and may not meet its investment objective based on the Sub-Adviser's or portfolio managers' success or failure to implement investment strategies for the Fund. The success of the Fund's investment program depends on the Sub-Adviser and the portfolio managers' skill in implementing the Fund's investment strategy. It is important to note that, as part of the security selection process, the Sub-Adviser does not perform any type of fundamental or quantitative analysis on the component companies. Security selection and weighting are driven primarily by a securities market capitalization.

New Fund Risk. The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the Fund will grow to or maintain an economically viable size.

The Funds are distributed by Quasar Distributors, LLC. The funds' investment advisor is Empowered Funds, LLC, which is doing business as ETF Architect. Alpha Architect, LLC serves as the Sub-adviser to the Funds. Quasar is not affiliated with ETF Architect or Alpha Architect.