



# 351 Exchange to AAUB

How a 351 Exchange to the Alpha Architect U.S. Equity 4 ETF (AAUB) may be used to retain broad exposure to the U.S. stock market and defer potential capital gains obligations on a diversified portfolio of highly appreciated U.S. securities.

## Standardized returns | as of 3/31/2026

Name	Ticker	Inception Date	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.	Gross	Net
Core Equity	AAUS	7/22/2025	--	--	--	--	--	--	--	--	5.19%	5.15%	0.0945%	0.0945%

**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 <https://funds.alphaarchitect.com/AAUB/>.**

Source: FactSet, YCharts, Alpha Architect. **Investing involves risk, including the loss of principal.** Returns are annualized total returns, except for those periods of less than one year, which are cumulative. 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. This Fund is new with a limited operating history. Short term returns may be atypical and not representative of performance throughout an entire market cycle. Performance shown is of a related portfolio with a substantially similar investment strategy. Returns are presented for illustrative purposes only and should not be construed as any indication of how AAUB will perform.

# The Alpha Architect portfolio team

Our team combines strong academic credentials with years of practical experience.



**Wesley Gray, Ph.D.**  
CEO, co-CIO, Portfolio Manager

- Ph.D. in Finance from University of Chicago; studied under Eugene Fama
- Served as a Captain in the US Marine Corps as Special Envoy to Iraqi Army
- Founded Alpha Architect in 2010



**Jack Vogel, Ph.D.**  
CFO, co-CIO, Portfolio Manager

- Ph.D. in Finance and Masters in Mathematics from Drexel University
- Research published in multiple academic journals; co-authored three books
- Joined Alpha Architect in 2010



**Josh Russell, Ph.D., CFA**  
Head of Trading

- Ph.D. in Electrical and Computer Engineering from UC – Santa Barbara
- Conducted research for NASA, the Army, and the Air Force
- Former Equity PM at Carson Group

## INVESTMENT CASE

# 351 Exchange to AAUB

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1. What is a 351 Exchange?
2. Do you Qualify?
3. Use Cases
4. Why Consider AAUB?
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## 351 Exchange?

### What is a 351 Exchange?

Section 351 of the Internal Revenue Code (IRC) enables individuals to contribute property such as stocks or ETFs, into a newly formed corporation.

§351 allows shareholders to transfer property to a corporation in exchange for stock **without recognizing gain or loss** IF they meet specific tests.

**PART III—CORPORATE ORGANIZATIONS AND REORGANIZATIONS**

Subpart A. Corporate organizations.  
Subpart B. Effects on shareholders and security holders.  
Subpart C. Effects on corporations.  
Subpart D. Special rule; definitions.

**Subpart A—Corporate Organizations**

Sec. 351. Transfer to corporation controlled by transferor.

**SEC. 351. TRANSFER TO CORPORATION CONTROLLED BY TRANSFEROR.**

(a) **GENERAL RULE.**—No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation and immediately after the exchange such person or persons are in control (as defined in section 368 (c)) of the corporation. For purposes of this section, stock or securities issued for services shall not be considered as issued in return for property.

(b) **RECEIPT OF PROPERTY.**—If subsection (a) would apply to an exchange but for the fact that there is received, in addition to the stock or securities permitted to be received under subsection (a), other property or money, then—

(1) gain (if any) to such recipient shall be recognized, but not in excess of—

(A) the amount of money received, plus

(B) the fair market value of such other property received; and

(2) no loss to such recipient shall be recognized.

(c) **SPECIAL RULE.**—In determining control, for purposes of this section, the fact that any corporate transferor distributes part or all

## Is a 351 Exchange new?

Section 351 exchange was established as part of **the Internal Revenue Code of 1954<sup>1</sup>**.

This legislation **aimed to promote business growth** and reorganization by deferring taxes on certain transactions, allowing businesses to restructure without immediate tax consequences.

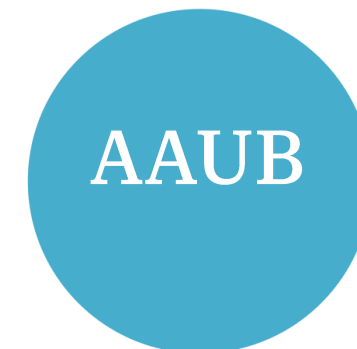
Subsequent amendments have since **clarified rules around "control" and the definition of "property."**

# In Alpha Architect's view, how could a 351 exchange apply to an investor?

If your equity portfolio  
feels like this...



A 351 Exchange to AAUB may help  
to consolidate your portfolio



**IMPORTANT INFORMATION.** THE RULES SURROUNDING A §351 EXCHANGE INVOLVING SECURITIES ARE COMPLEX. IT IS HIGHLY RECOMMENDED TO CONSULT WITH A TAX ADVISOR OR TAX ATTORNEY TO ENSURE COMPLIANCE WITH IRS REGULATIONS AND AVOID UNINTENDED TAX CONSEQUENCES. THE INFORMATION PRESENTED HEREIN SHOULD NOT BE CONSTRUED OR RELIED UPON AS TAX, LEGAL, OR FINANCIAL ADVICE.

Let's talk about **how.**

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# Basic qualifications to participate

## You must:

## Reasoning

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Be a U.S. person and not a corporation

Generally, individual or joint account offer the cleanest path to participate. Trust accounts and S-corps<sup>1</sup> may qualify; C-corps<sup>2</sup> **do not** qualify.

Contribute a diversified portfolio

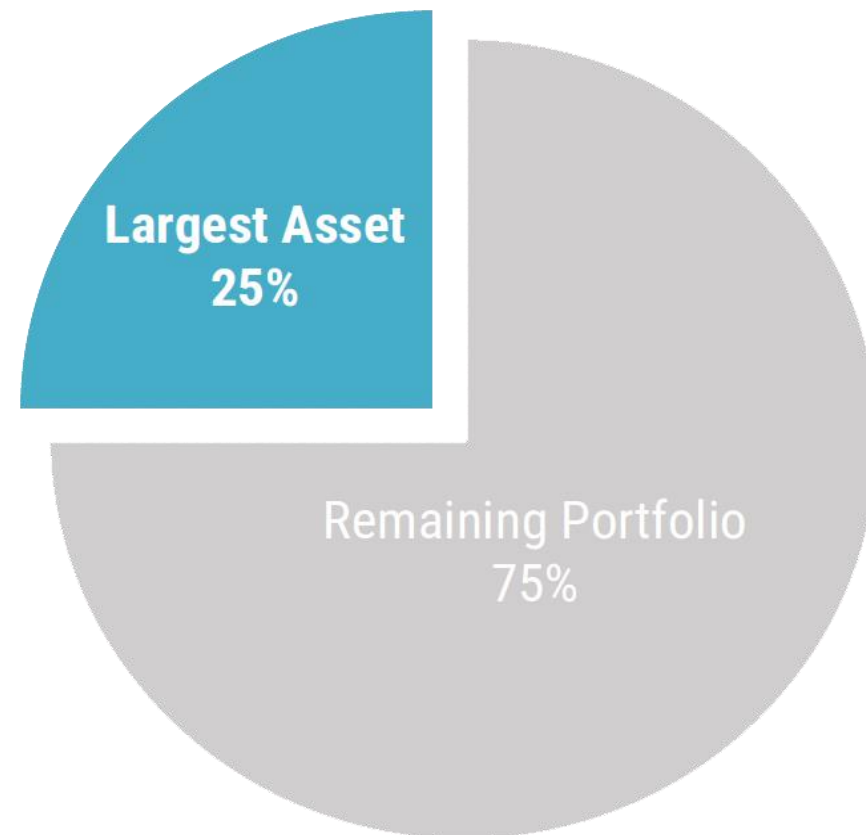
351 rules mandate that the portfolio must pass the 25% and 50% diversification tests<sup>3</sup> to contribute.

For illustrative purposes only. <sup>1</sup>An **S Corporation (S-Corp)** is a tax designation that allows a corporation to pass income, losses, deductions, and credits directly to shareholders, avoiding double taxation. It provides limited liability protection while maintaining the tax benefits of a partnership or sole proprietorship. S-Corps must meet IRS requirements, including a limit of 100 shareholders and only one class of stock. <sup>2</sup>A **C Corporation (C-Corp)** is a legal business entity that is taxed separately from its owners, leading to potential double taxation—once at the corporate level and again on shareholder dividends. It offers limited liability, unlimited growth potential, and no restrictions on ownership or stock classes. <sup>3</sup>The 25% and 50% rule are from the Internal Revenue Code section 368(a)(2)(F) and related regulation.

# 351 Exchange portfolio diversification tests

# Rule #1 | No More Than 25% In A Single Asset<sup>1</sup>

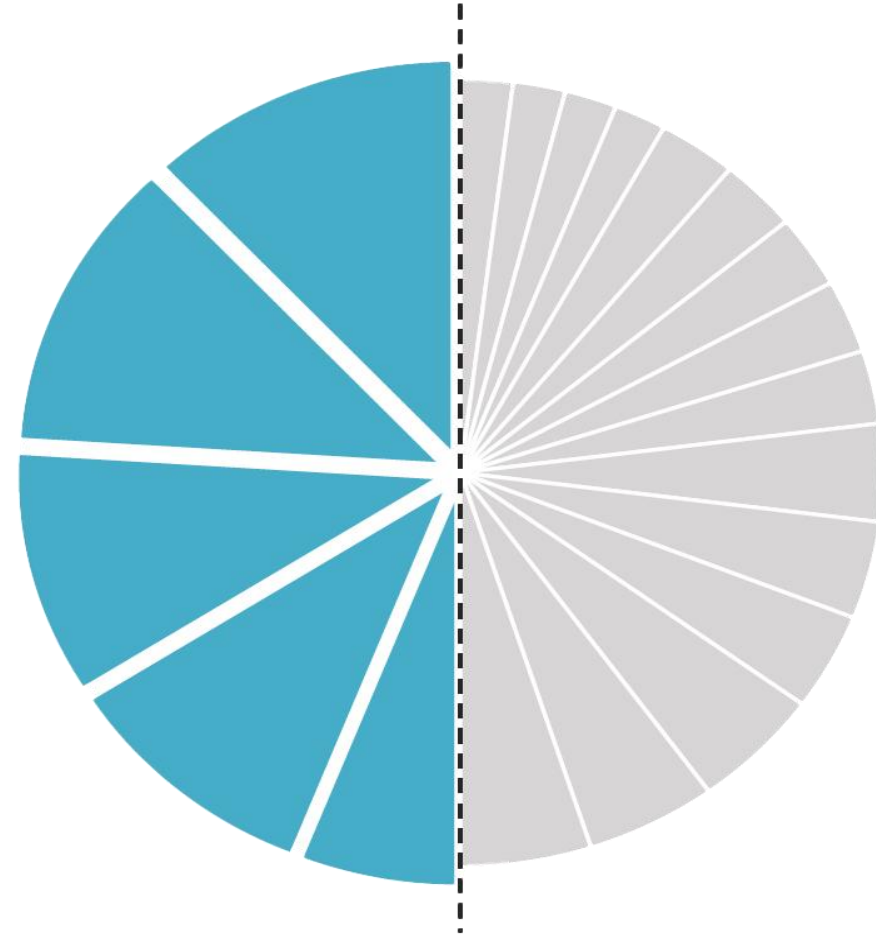
- Any contributing portfolio **must be considered diversified**.
- No one asset should constitute more than 25% of the portfolio.
- A single, concentrated position **doesn't qualify**.
- "Indirect" ownership (e.g., through an ETF) and direct ownership **may need to be considered**.



For illustrative purposes only. <sup>1</sup>The 25% rule is from the Internal Revenue Code section 368(a)(2)(F).

## Rule #2 | 50%/5 Securities<sup>1</sup>

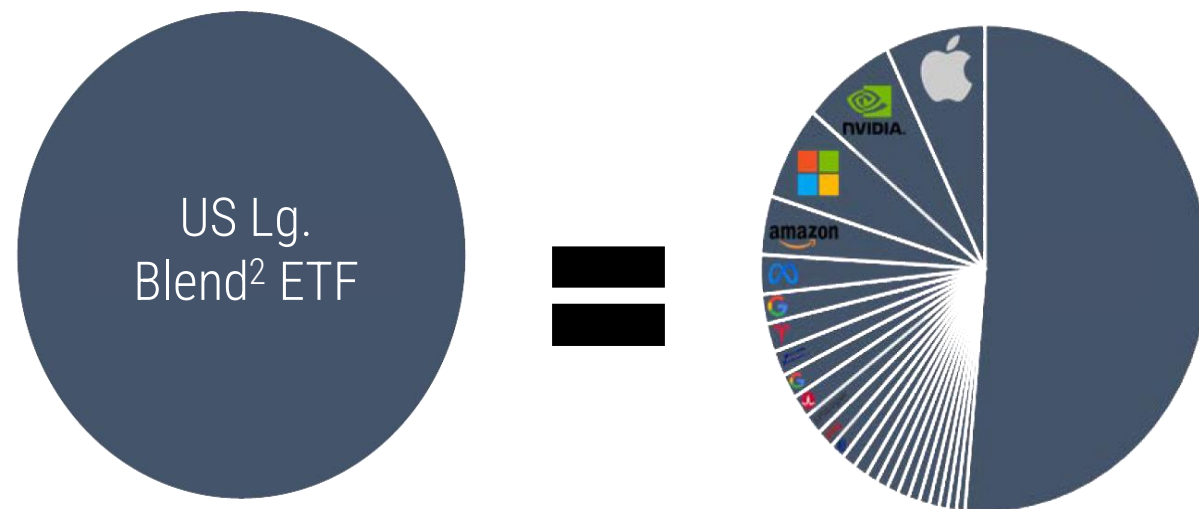
- No more than 50% of the portfolio's value can be concentrated in five securities or fewer.
- Practically, this means a portfolio of **<10 securities may not qualify.**
- Conservatively, 11-20 securities is more likely to qualify.
- "Indirect" ownership (e.g., through an ETF) and direct ownership **may need to be considered.**



For illustrative purposes only. <sup>1</sup>The 25% rule is from the Internal Revenue Code section 368(a)(2)(F).

# ETFs are assessed on a “look-through” basis

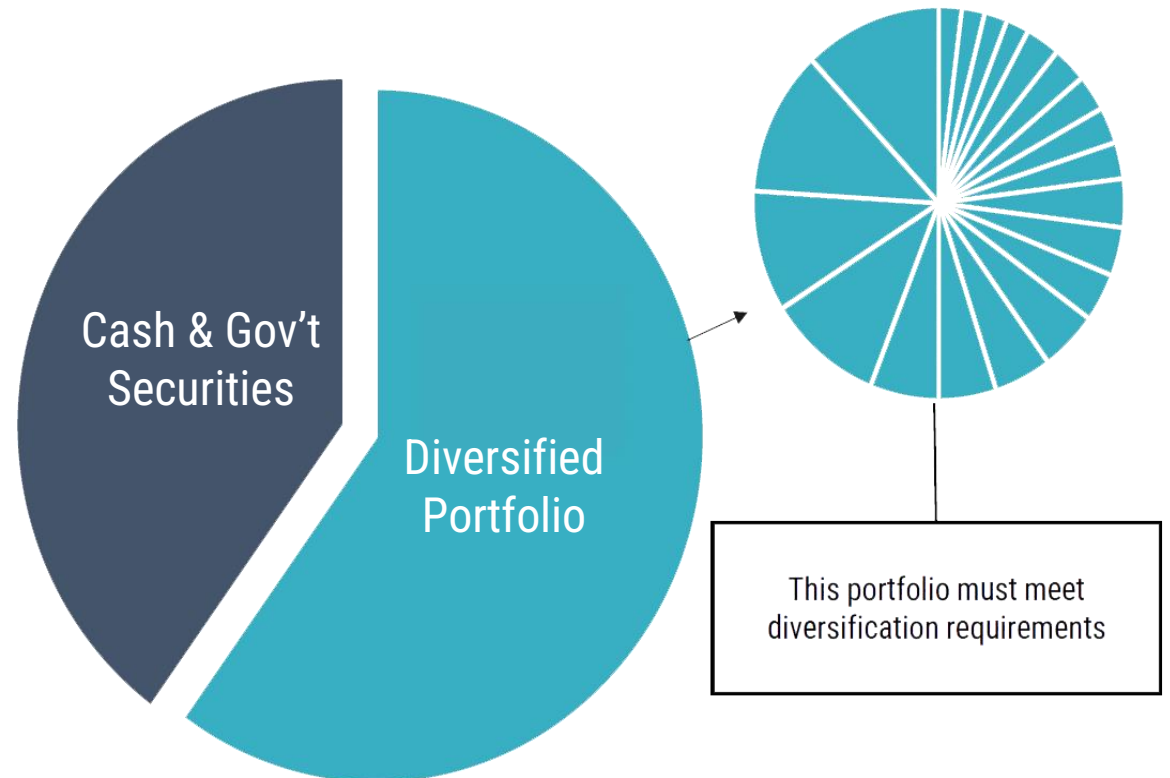
- Underlying holdings are analyzed against the 25% and 50% test.
- a passive US Lg. Blend ETF is not a single security holding, but rather **hundreds of individual securities**.



For illustrative purposes only. <sup>1</sup>While the look-through rule generally leads to a good result, it can pose a problem in some uncommon cases. For example, consider an investor who owns 24% in Apple stock and 50% in an US Lg. Blend ETF. Since Apple currently makes up approximately 7% of the US Lg. Blend, the ETF position would represent roughly 3.5% Apple stock. This brings the investor’s total Apple exposure to 27.5%, exceeding the 25% limit. While AAUB has an effective registration statement, it is not yet available for trading and therefore does not have current holdings. <sup>1</sup>US Lg. Blend tend to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts.

## Rule #3 | Must be exchange-traded

- Cash and government securities do not **qualify toward diversification test.**<sup>1</sup>
- Exchange-traded securities – stocks and ETFs – are the cleanest way to qualify.
- Mutual funds, spot crypto, private assets and restricted stock units **do not qualify.**



For illustrative purposes only. <sup>1</sup>The 25% rule is from the Internal Revenue Code section 368(a)(2)(F).

## INVESTMENT CASE

# 351 Exchange to AAUB

## KEY TAKEAWAYS

351 Exchange allows for a tax-free exchange into a new ETF if your portfolio qualifies. Your portfolio may qualify if:

1. Contribute a diversified portfolio of \$150,000 or more (if custodied at Schwab). Other custodians impose higher minimums.
2. The portfolio consists of liquid, exchange-traded securities. Those securities meet two diversification tests:
  - a) **No more than 25%** in a single issue;
  - b) **No more than 50%** of the portfolio's value can be concentrated in five issues or fewer.

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# Example #1 | Old tax-loss harvesting portfolios

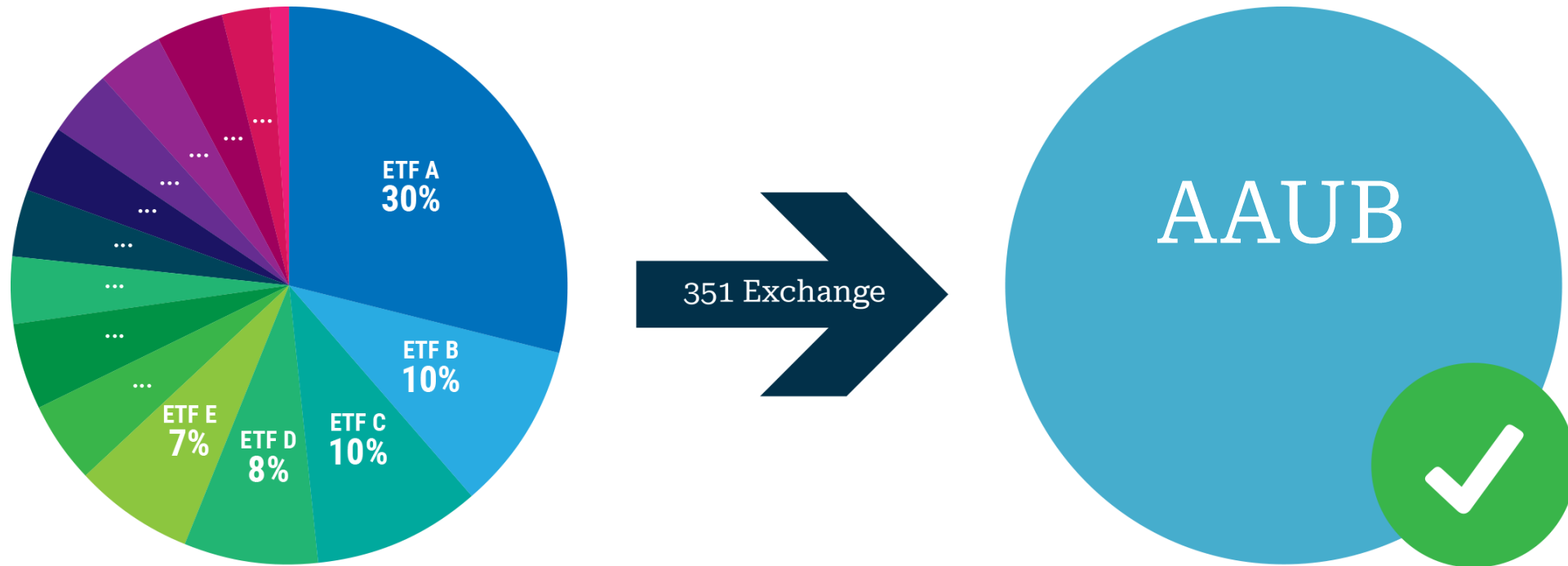


- Tax-loss harvesting portfolios that **no longer receive new contributions** and have **exhausted available losses** can be exchanged for shares in AAUB, potentially reducing complexity and fees while adding diversification benefits.
- Applicable across a wide range of tax-loss harvesting portfolios, including custom and direct indexing approaches.

# Example #2 | \$1m portfolio diversified across 25 stocks



# Example #3 | \$1m portfolio diversified across 15 ETFs



For illustrative purposes only.

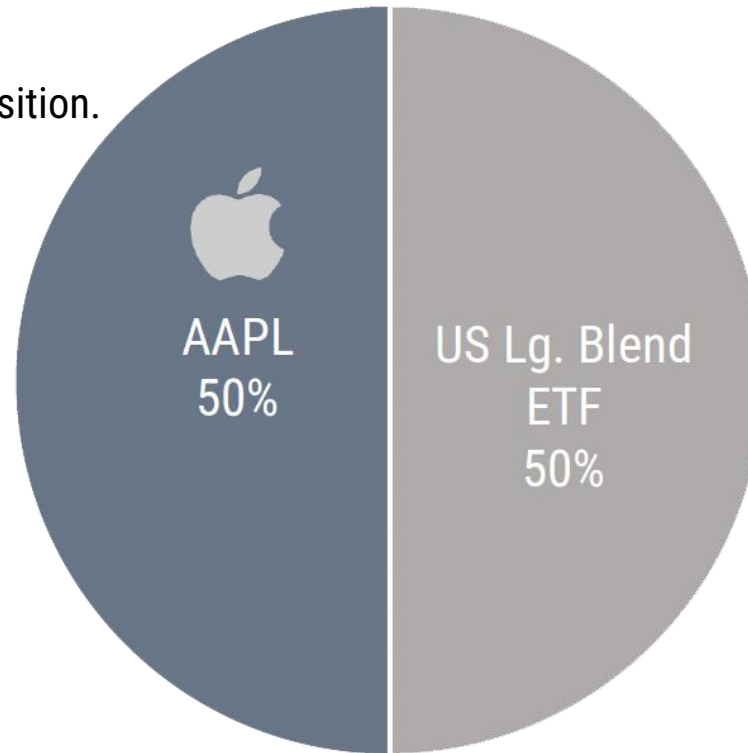
# Example #4 | A complete mess: 800 stocks, 10 ETFs



For illustrative purposes only.

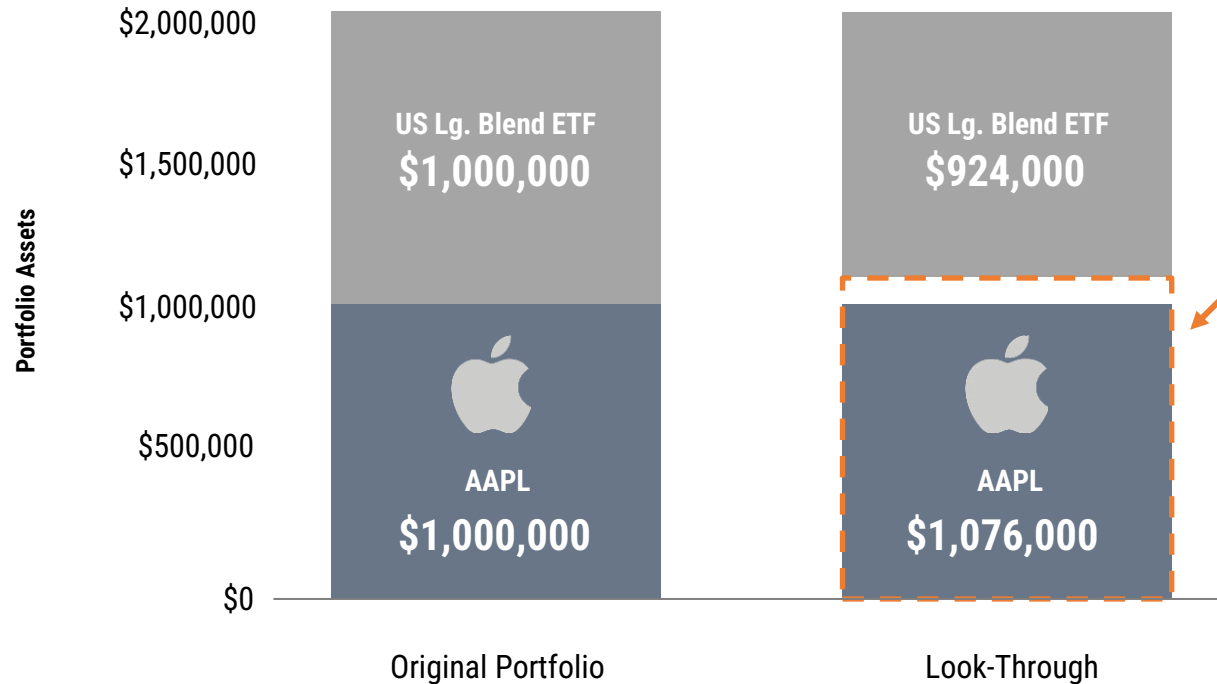
## Example #5 | Significant concentrated position

- **GOAL:** Reduce the single stock position.
- How can it qualify?



For illustrative purposes only. US Lg. Blend tend to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts.

# Example #5 | Significant concentrated position

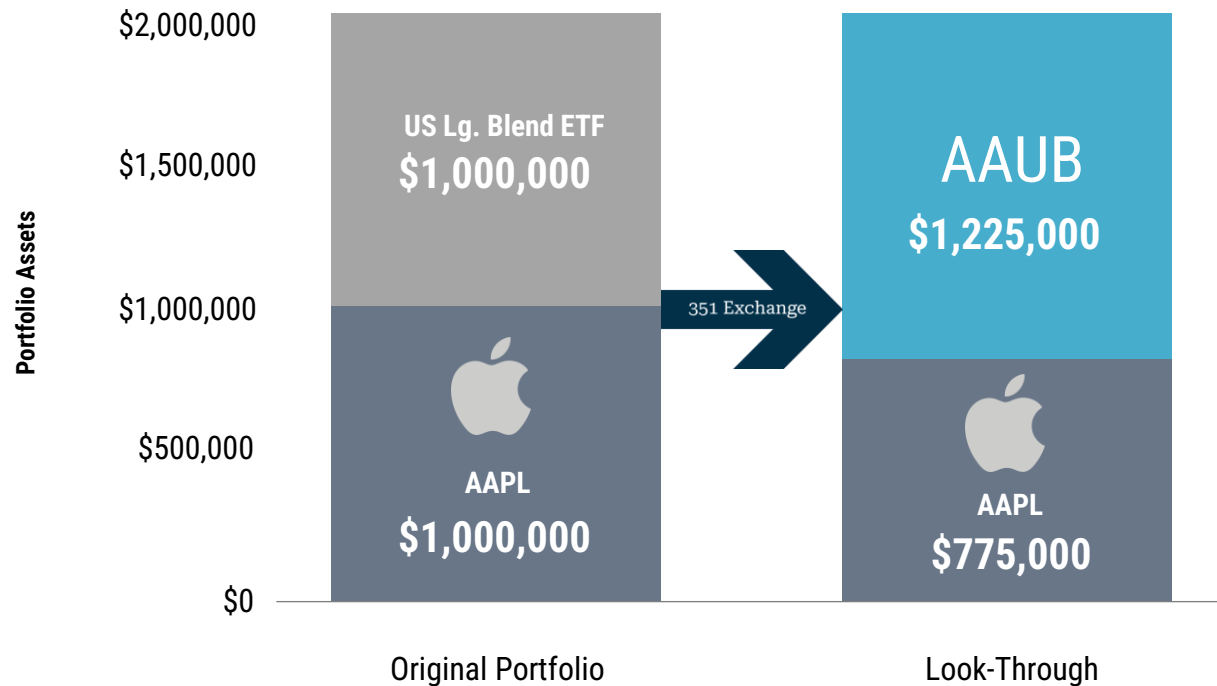


**For 351 Exchange purposes, the US Lg. Blend position in Apple needs to be considered**

- For this example, **AAPL makes up 7.60%** of the US Lg. Blend ETF.<sup>1</sup>
- With a \$1m US Lg. Blend position, this is \$76,000 of Apple<sup>2</sup>
- The total Apple position is \$1,076,000<sup>3</sup>
- The US Lg. Blend positions, ex-AAPL total \$924,000<sup>4</sup>

For illustrative purposes only. <sup>1</sup>Hypothetical holding weight of Apple in a US Large Blend strategy. References to third-party funds are for informational purposes only and should not be considered investment advice or a recommendation of any particular security, strategy, or investment product. <sup>2</sup>7.6% \* \$1M = \$76,000. <sup>3</sup>\$1M in single stocks, and \$76,000 in AAPL exposure in an ETF equal \$1,076,000 in AAPL exposure. <sup>4</sup>A \$2M portfolio with \$1,076,000 in AAPL exposure equals \$924,000 in other non-AAPL exposures. **US Lg. Blend** tends to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts.

# Example #5 | Significant concentrated position



- We reduced the Apple position by \$225,000!
- The contributing portfolio stays under 25% in Apple per the diversification rules.

For illustrative purposes only. **US Lg. Blend** tend to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts. Note, if one contributed \$250k Apple in addition to the \$1mm US Lg. Blend ETF, the total Apple contribution would be \$326,000 (including the Apple portion from the US Lg. Blend ETF), and the total contribution would be \$1,250,000. The percentage of Apple of  $\$326,000 / \$1,250,000 = 26.08\%$  would be over 25%, one of the diversification tests. This is not tax advice.

## INVESTMENT CASE

# 351 Exchange to AAUB

## KEY TAKEAWAYS

A more efficient portfolio is possible by contributing qualifying securities to receive shares of AAUB via a 351 exchange.

1. The three cleanest use cases are portfolios that contain significant ETF or individual equity holdings.
2. Concentrated positions are possible but depend on the circumstances.
3. These examples are for illustrative purposes only. Contact [info@alphaarchitect.com](mailto:info@alphaarchitect.com) if you believe your portfolio may qualify, but you're unsure of specific details.

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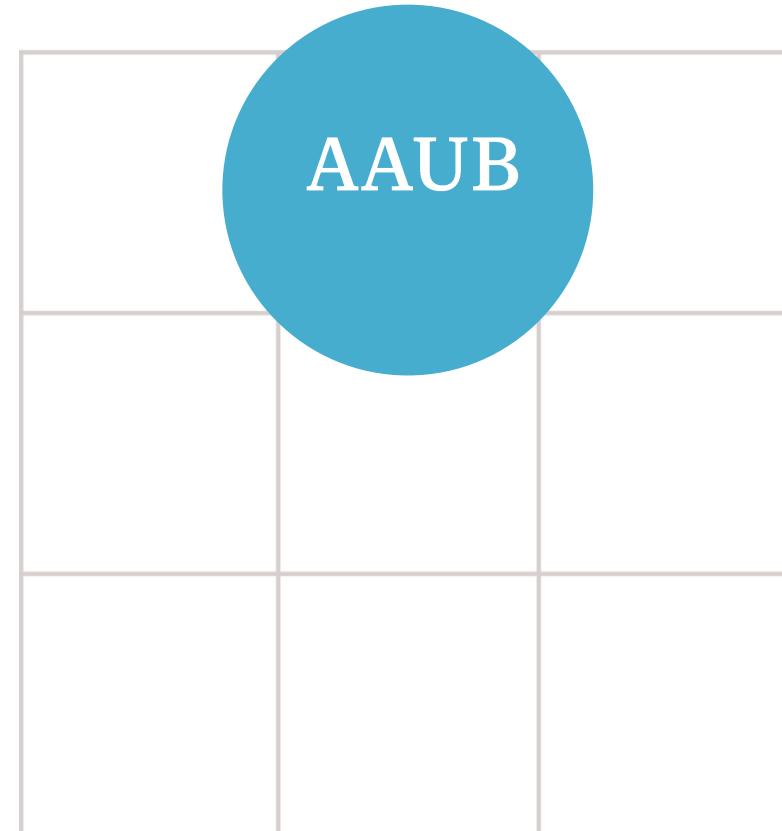
# 351 Exchange to AAUB

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# Primary Objective: Core US Equity Exposure

- AAUB seeks to provide broad exposure to the U.S. stock market.
- AAUB is market cap-weighted to the largest US stocks.
- We do not anticipate any specific value or growth tilts to the portfolio.



For illustrative purposes only. Per the prospectus: The Fund's primary strategy seeks to achieve broad-based exposure to the U.S. equity market through a diverse group of U.S. companies across market sectors, styles (e.g., value or growth), and industry groups or ETFs that provide similar exposure to U.S. companies.

# Secondary Objective: Potentially Lower Distributions

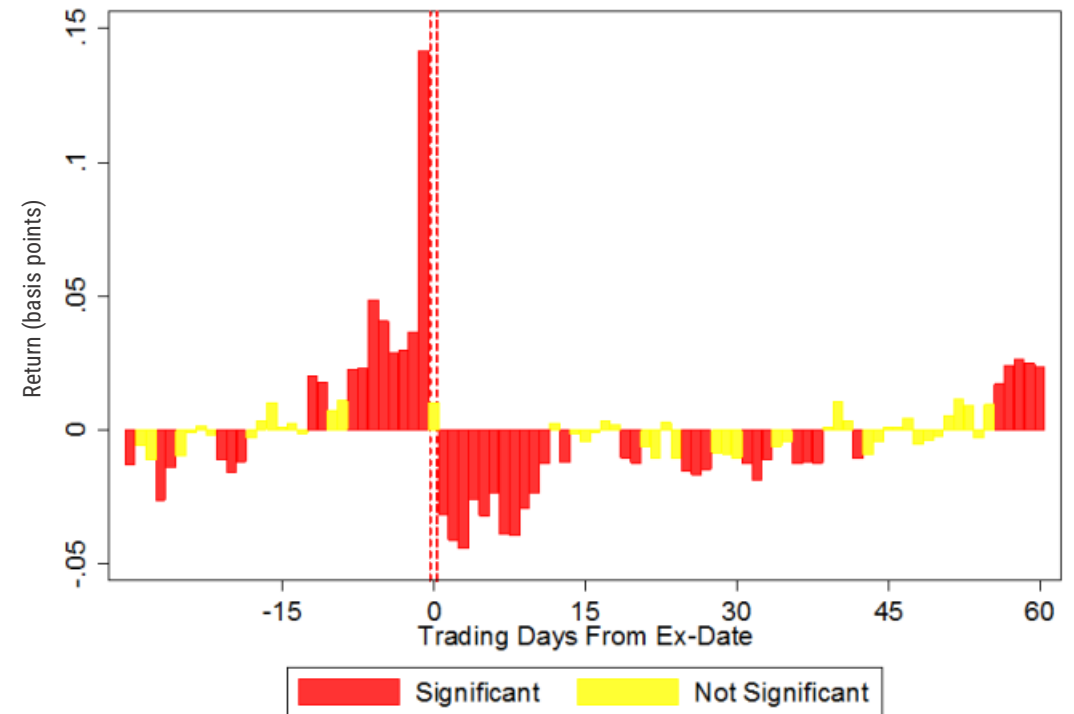
Academic research suggests there is a robust price pattern around stocks expected to pay a dividend, which may offer a mispricing opportunity.

“[W]e document **a robust price pattern** – companies have predictably higher returns in months when they are expected to pay a dividend...

[T]here are substantial returns in the interim period between announcement and ex-day (around 31% of the total returns of the dividend period), and **significant reversals** in the 40 days after the ex-dividend day.”

- Samuel M. Hartzmark and David H. Solomon, The Dividend Month Premium (2011)

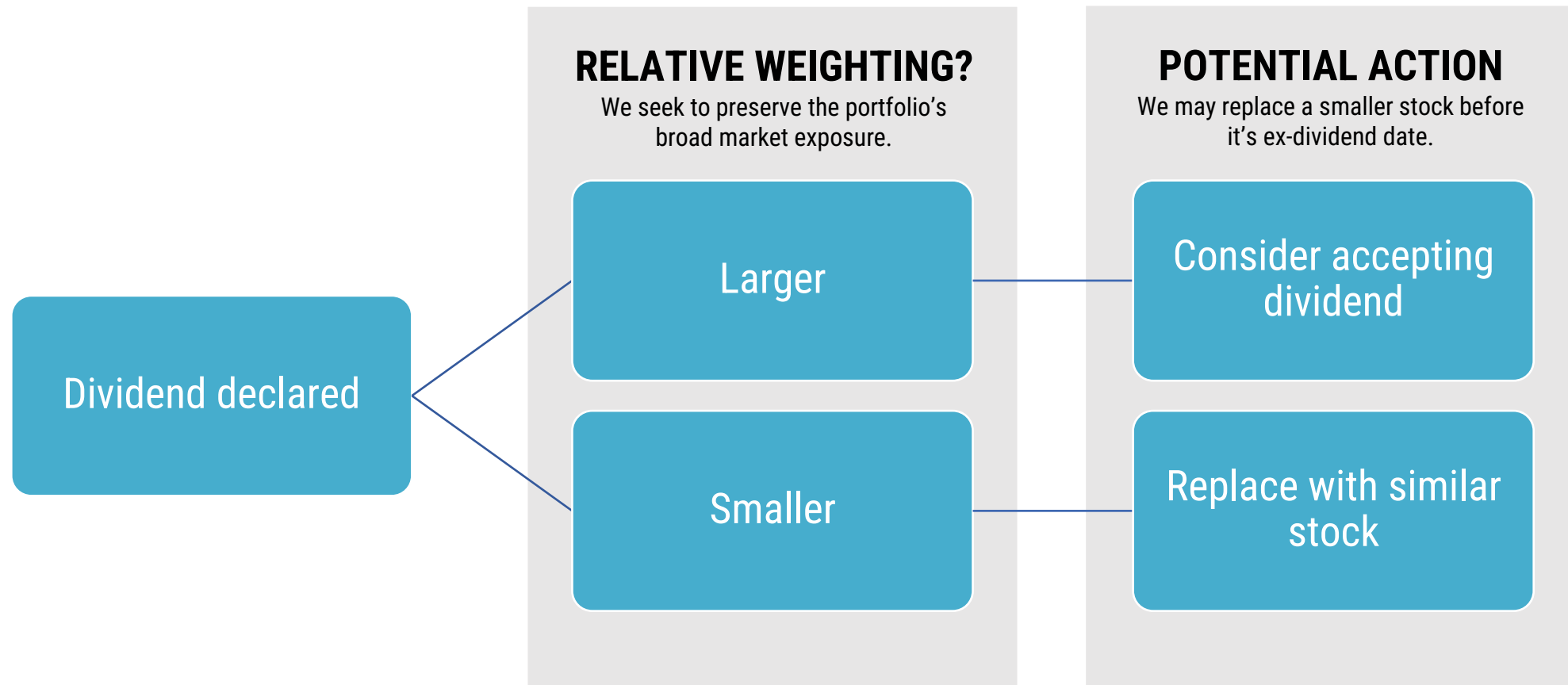
Figure 4 – Abnormal Volume Around Ex-Dividend Date



For illustrative purposes only. Source: Hartzmark, Samuel M. and Solomon, David H., The Dividend Month Premium (October 1, 2012). Journal of Financial Economics (JFE), Vol. 109, No. 3, 2013, Available at SSRN: <https://ssrn.com/abstract=1930620> or <http://dx.doi.org/10.2139/ssrn.1930620>. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. **Basis point** is a unit of measurement commonly used in finance and represents one one-hundredth of a percentage point, or 0.01%.

# How we apply this research to our process

We seek to take advantage of the potential imbalances that dividend demand creates while preserving broad market exposure.



For illustrative purposes only.

# Dividend timing examples

We consider a stock's relative weight within in the index and the current dividend/price.

Sector	Ticker	Name	US Lg. Blend Weighting <sup>1</sup>	Dividend/price <sup>2</sup>	Potential U.S. Core Equity action
Technology	AAPL	Apple	6.86%	0.38%	<b>We may accept</b> AAPL's dividend and retain AAPL exposure, given its relative weight in the underlying index.
Consumer Defensive	MO	Altria	0.43%	5.97%	<b>We may replace</b> MO with a similar stock before it distributes its dividend, given its dividend per share.
Communications	NFLX	Netflix	0.57%	--%	<b>We may retain</b> NFLX in the strategy given that NFLX does not pay a dividend.

Source: YCharts. Weighting and dividend/price as of 3/31/2026. Weighting derived from the iShares S&P 500 Core ETF (IVV). References made to registered funds issued by third-party companies are for informational purposes only and do not constitute a recommendation, solicitation, or endorsement of these products. <sup>2</sup>**Dividend/price** measures the income from dividends relative to the value of an investment. It shows how much a company has paid out in dividends each year relative to its price. Stocks are selected for illustrative purposes only. For current holdings, please visit [funds.alphaarchitect.com/aaub/](https://funds.alphaarchitect.com/aaub/).

# Illustrative timeline

REPLACE STOCK



Ex-Dividend Date  
January 14

AVOID DIVIDEND



Dividend Payment Date  
January 17

REACQUIRE STOCK



30 Days After  
February 16

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## INVESTMENT CASE

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## IMPORTANT INFORMATION & FAQs

1. What happens to the tax lots?
2. Is a 351 Exchange a one-time event?
3. Are there deadlines associated with participating in the 351 exchange?
4. Are there securities that cannot be contributed to the 351 exchange?
5. Which entities are eligible to contribute securities to the 351 exchange?
6. Has Alpha Architect sponsored a 351 Exchange before?

To learn more about the 351 Exchange into AAUB, contact Jack Vogel, PhD at [info@alphaarchitect.com](mailto:info@alphaarchitect.com).

# Q1. What happens to the tax lots?

Holding	Purchased	Tax Lots	Value	Cost Basis
ETF A	1/3/2022	1	\$100,000	\$50,000
ETF A	2/4/2023	2	\$250,000	\$150,000
ETF B	6/20/2019	1	\$500,000	\$350,000
ETF C	4/22/2020	1	\$150,000	\$100,000
ETF C	1/16/2021	2	\$50,000	\$10,000
ETF C	4/27/2022	3	\$200,000	\$150,000

Holding	Purchased	Tax Lots	Value	Cost Basis
AAUB	1/3/2022	1	\$100,000	\$50,000
AAUB	2/4/2023	2	\$250,000	\$150,000
AAUB	6/20/2019	3	\$500,000	\$350,000
AAUB	4/22/2020	4	\$150,000	\$100,000
AAUB	1/16/2021	5	\$50,000	\$10,000
AAUB	4/27/2022	6	\$200,000	\$150,000

Tax Lots	Value	Cost Basis
6	\$1,250,000	\$810,000

Tax Lots	Value	Cost Basis
6	\$1,250,000	\$810,000

For illustrative purposes only. This example is provided for context and does not represent tax, legal, nor should it be construed as financial advice, a recommendation, or a solicitation. Conversions are complex. Consult tax and legal professionals for more information. Not all custodians treat tax lots the same. Please contact your custodian for additional details and information on post-transaction lot treatment.

## Q2. Is a 351 Exchange a one-time event?

### **YES. A 351 Exchange is ONE-TIME event.**

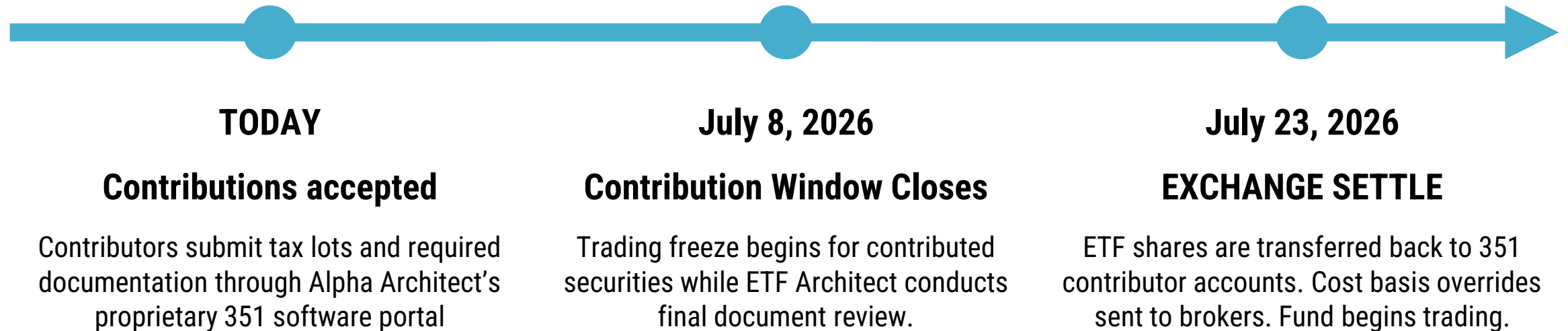
351 accounting can be complex. As much administrative lead time as possible is appreciated.

As we are not tax advisers, Alpha Architect has retained third-party legal counsel to assist with facilitating the 351 Exchange.

For more information, contact Jack Vogel, PhD, at [info@alphaarchitect.com](mailto:info@alphaarchitect.com).

## Q3. Are there deadlines associated to participate?

### Timeline to participate in the AAUB 351 Exchange



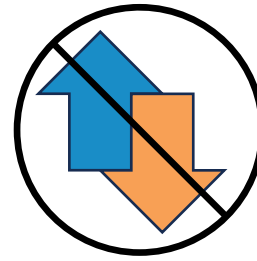
# Q4. Are there securities that cannot be contributed?



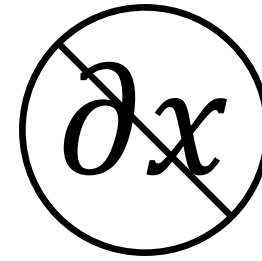
Mutual funds and private  
assets like LPs interest



Cryptocurrencies or  
crypto-based ETFs



Long/short portfolios,  
margined securities



Derivatives like futures,  
options, or others

This is a non-exhaustive list. If you have questions about your specific case, email Jack Vogel, PhD, at [info@alphaarchitect.com](mailto:info@alphaarchitect.com).

# Q5. Which types of investors are eligible to contribute?



Trusts  
(generally)



LLCs and Partnerships  
(potentially)



S-Corporations  
(potentially)



C-Corporations  
**NO.**

This is a non-exhaustive list. If you have questions about your specific case, email Jack Vogel, PhD, at [info@alphaarchitect.com](mailto:info@alphaarchitect.com).

## Q6. Has Alpha Architect sponsored a 351 Exchange before?

Our first ETF seeded via a 351 exchange, the Alpha Architect U.S. Equity ETF, ticker **AAUS**, was launched on 7/22/2025 with over \$445M in assets.

Our second ETF seeded via a 351 exchange, the Alpha Architect U.S. Equity 2 ETF, ticker **AAEQ**, was launched on 12/10/2025 with over \$479M in assets.

Our third ETF seeded via a 351 exchange, the Alpha Architect U.S. Equity 3 ETF, ticker **AAUA**, was launched on 12/10/2025 with over \$328M in assets.

All ETFs feature a gross and net expense ratio of 0.0945%.

# Q6. Has Alpha Architect sponsored a 351 Exchange before?

Since inception, **AAUS** is 0.98 correlated to US Lg. Blend



Source: YCharts, Alpha Architect. 7/23/2025 – 2/27/2026. Daily returns at NAV. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Investing involves risk, including the potential loss of principal. U.S. Large Blend** (“US Lg. Blend”) represented by a category average. Category derived by Alpha Architect based on categories determined by YCharts. [See note regarding category average, including methodology.](#) You cannot directly invest in a category average. Returns derived from sources believed to be accurate but are not guaranteed. **Correlation** measures how closely two investments’ returns move together over time, ranging from -1 to +1 (+1 = move together, 0 = no consistent relationship, -1 = move in opposite directions). This Fund is new with a limited operating history. Short term returns may be atypical and not representative of performance throughout an entire market cycle. Performance shown is of a related portfolio with a substantially similar investment strategy. Returns are presented for illustrative purposes only and should not be construed as any indication of how AAUB will perform.

## Ready to learn more?

Whether you have a few follow-up questions or want to discuss a strategy in depth, a call with our portfolio team is often the fastest way to get answers.

[I'm In!](#)

I'm in! Send me more information on next steps.

[Book a Meeting](#)

Book a meeting with our onboarding team to learn more.

[Register for a Webinar](#)

Register for a LIVE Webinar focused on 351 Exchange Funds.

## IMPORTANT INFORMATION

This material has been distributed for informational purposes only and should not be considered 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.

**IMPORTANT RISK INFORMATION: 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 <https://funds.alphaarchitect.com/aaub/>. Read the prospectus or summary prospectus carefully before investing.**

**An investment in the Fund involves risks, including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.**

### PRINCIPAL INVESTMENT RISKS

Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs' net asset value (NAV), and are not individually redeemable directly with the ETFs. Brokerage commissions and ETF expenses will reduce returns. ETFs are subject to specific risks, depending on the nature of the underlying strategy of the Funds, which should be considered carefully when making investment decisions. For a complete description of the Funds' principal investment risks, please refer to the prospectus.

**Management Risk.** The Funds are actively managed and may not meet its investment objective based on the SubAdviser's success or failure to implement investment strategies for the Funds.

**Investment Risk.** When you sell your Shares, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund(s). The Fund(s) 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, such as geopolitical events and environmental disasters. The value of a security may also decline due 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(s).

**High Portfolio Turnover Risk.** The Fund(s)'s investment strategy may from time-to-time result in higher turnover rates. This may increase brokerage commission costs, which could negatively impact performance. Rapid portfolio turnover also exposes shareholders to a higher current realization of short-term capital gains, distributions of which would generally be taxed to you as ordinary income and thus cause you to pay higher taxes.

**Equity Investing Risk.** An investment in the Fund involves risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. The values of equity securities could decline generally or could underperform other investments. In addition, securities may decline in value due to factors affecting a specific issuer, market or securities markets generally.

**Large-Capitalization Companies Risk.** Large-capitalization companies may trail the returns of the overall stock market. Large-capitalization stocks tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for as long as several years. Larger, more established companies may be slow to respond to challenges and may grow more slowly than smaller companies.

**Small- and Mid-Capitalization Company Risk.** Investing in securities of small- and mid-capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies. Often small- and mid-capitalization companies and the industries in which they focus are still evolving and, as a result, they may be more sensitive to changing market conditions.

**Annual Reevaluation Risk.** The Fund's investment universe will be reevaluated annually by the Sub-Adviser. As a result, the Fund's exposure to one or more securities may be affected by significant price movements promptly following the annual re-evaluation. Such lags between re-evaluations may result in significant performance swings relative to the broader equity markets.

**Buying or Purchasing Options Risk.** Options are instruments whose value is derived from that of other assets, rates, or indexes. Since many factors influence the value of an option, including the price of the underlying asset, the exercise price, the time to expiration, the interest rate, and the dividend rate of the underlying asset, the buyer's success in implementing an option buying strategy may depend on an ability to predict movements in the prices of individual assets, fluctuations in markets, and movements in interest rates. There is no assurance that a liquid market will exist when the buyer seeks to close out any option position.

**Investment Strategy Risk.** There is no guarantee that the Fund will be able to successfully minimize the taxable income generated by an investment in Fund Shares.

**Non-Diversification Risk.** Because the Fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the Shares and greater risk of loss.

## IMPORTANT INFORMATION

**Sector Risk.** If the Fund's portfolio is overweighted in a certain sector, any negative economic, financial, market, business, or other developments affecting that sector will have a greater impact on the Fund than on a fund that is not overweighted in that sector. A certain sector may underperform other sectors or the market as a whole. Economic or market factors, regulation or deregulation, and technological or other developments may negatively impact all companies in a particular sector. This may increase the risk of loss associated with an investment in the Fund and increase the volatility of the Fund's net asset value per share.

**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.

### 351 Exchange Risks

**Section 351** of the US Internal Revenue Code ("IRC") permits the transfer of ownership in a basket of securities with unrealized capital gains to a newly-formed ETF without recognizing those gains at the time of transfer, assuming certain conditions are met. IRC section 368(a)(2)(F) requires registered investment companies (RICs) to satisfy diversification requirements of at least 50% of assets in positions representing no more than 5% per issuer and 10% of an issuer's voting securities, and no more than 25% of assets in any one issuer (or controlled group or Qualified Publicly Traded Partnership (QPTP)). The rules surrounding a §351 exchange involving securities are complex. It is highly recommended to consult with a tax advisor or tax attorney to ensure compliance with IRS regulations and avoid unintended tax consequences. The information presented herein should not be construed or relied upon as tax, legal, or financial advice.

**New Fund Risk.** The Fund(s) are 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.

**In-Kind Contribution Risk.** At its launch, the Fund(s) expect 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(s) 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(s) 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-related matters

**Tax disclaimer.** Neither Alpha Architect nor its affiliates provide tax advice.

**IRS Circular 230 disclosure.** To ensure compliance with requirements imposed by the IRS, we 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 addressed herein. You should seek advice based on your particular circumstances from an independent tax advisor. The information contained in this communication is not meant to substitute for a thorough estate planning and is not meant to be legal and/or estate advice. It is intended to provide you with a preliminary outline of your goals. Please consult your legal counsel for additional information.

**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.

# IMPORTANT INFORMATION

## **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**

Unless otherwise noted, the given category is represented by the 50 biggest funds based on assets under management (AUM). 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. 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. In the event of multiple share classes, the share class with the highest AUM is referenced. In the event of a duplicate ETFs and mutual funds from the same fund family, the ETF is referenced. Category returns are a straight average of the total return of the constituent funds over the given period.

Wherever possible, we reference the 50 biggest funds by AUM to provide what we believe to be a reasonable sample of the most popular strategies that includes a mix of passive and active approaches. The highest AUM funds tend to have more established track records, providing what we believe to be a reasonable basis for returns. We reference all funds in the category in the event there are fewer than 50 funds open for investment.

## **Limited universe**

The information presented regarding peer ETFs may be based on a limited universe of comparable funds that we believe are relevant to the strategy, investment style, and asset class of this ETF. This comparison is not exhaustive and may exclude other funds that also offer similar exposures or strategies. Investors are encouraged to conduct their own research and consider other products in the marketplace that may provide comparable investment objectives or characteristics. Past performance is no guarantee of future results, and differences in fees, structures, or market conditions may lead to different outcomes between peer funds and this ETF. Investors should consider factors such as risk tolerance, fees, liquidity, and investment goals before making any investment decisions based on peer comparisons. This disclosure is not an endorsement of any peer fund, nor should it be interpreted as financial advice.

## **Category averages referenced**

**US Large Blend** is represented by the 50 biggest ETFs in the Large Blend category based on assets under management (AUM). Large Blend portfolios are fairly representative of the overall US stock market in size, growth, rates, and price. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of US industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index. Category derived by Alpha Architect based on categories determined by YCharts. As of 3/31/2026, there are 1,293 open-ended funds (ETFs and mutual funds) in the category.

## **Shares of the Funds are not FDIC Insured, may lose value, and have no bank guarantee.**

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

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