Product update

HIDE sidesteps April volatility

May 22, 2025

Summary

- HIDE outperformed managed futures during April's elevated volatility
- The fund shifted to full exposure in Treasuries, reduced REITs to half-risk, and exited commodities to cash
- With the ability to rotate between risk assets and cash, HIDE offers a disciplined, rules-based way to stay invested during uncertain markets.

Please visit the HIDE fund page for current holdings, standardized returns, and prospectus.

Recap

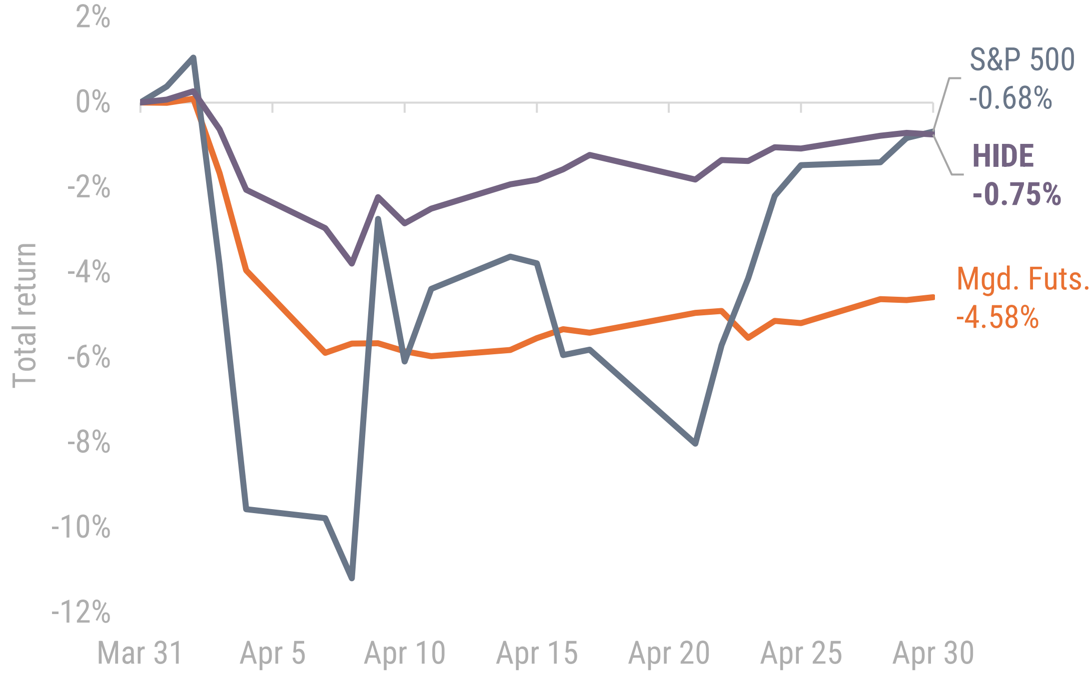
The Alpha Architect High Inflation & Deflation ETF (HIDE) returned -0.75% (NAV)/-0.63% (MKT) through April 30, 2025, closing the month in approximately the same spot as U.S. stocks[1], which finished April down -0.68%. **HIDE handily outperformed managed futures**,[2] which closed April down -4.58% at NAV.

[1] Represented by the S&P 500 Index. S&P 500 is a market-capitalization-weighted index that tracks the performance of 500 large-cap U.S. companies, representing roughly 80% of the total U.S. equity market. Companies are selected by a committee based on criteria including size, liquidity, and industry representation. The Index returns are gross of fees. The Index is unmanaged.

[2] Managed Futures are represented by the average returns at NAV of the largest open-ended funds (ETFs and mutual funds) in the Systematic Trend category, based on assets under management (AUM). Systematic-trend strategies primarily implement trend-following, price-momentum strategies by trading long and short liquid global futures, options, swaps, and foreign-exchange contracts. Categories determined by YCharts.

HIDE sidesteps April volatility

Total return at NAV



Source: YCharts, Alpha Architect. 4/1/2025 – 4/30/2025. Daily returns at NAV. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Returns are derived from sources believed to be accurate but are not guaranteed.

While every managed futures fund is managed differently, it appears the S&P 500's short, sharp drawdown to start the month caught most managed futures programs flat-footed. HIDE wasn't immune; however, our unlevered long/flat structure helped **minimize our downside participation**.

Looking at 2025 year-to-date, **HIDE has largely sidestepped** the sharp reversals that have impacted stocks and managed futures. In fact, managed futures may have shown a stronger-than-expected correlation to the S&P 500 this year (at least so far).

HIDE has diversified 2025's volatility (so far)

Total return at NAV

Source: YCharts, Alpha Architect. 1/1/2025 – 4/30/2025. Daily returns at NAV. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Returns are derived from sources believed to be accurate but are not guaranteed.

Portfolio changes

HIDE's overall risk-on/risk-off posture is largely unchanged month-over-month, with about 40% in cash and 60% invested. Under the hood, Treasuries[3] moved to a full-risk position; REITs[4] downshifted to half risk; trends broke down in commodities[5], shifting risk to cash.

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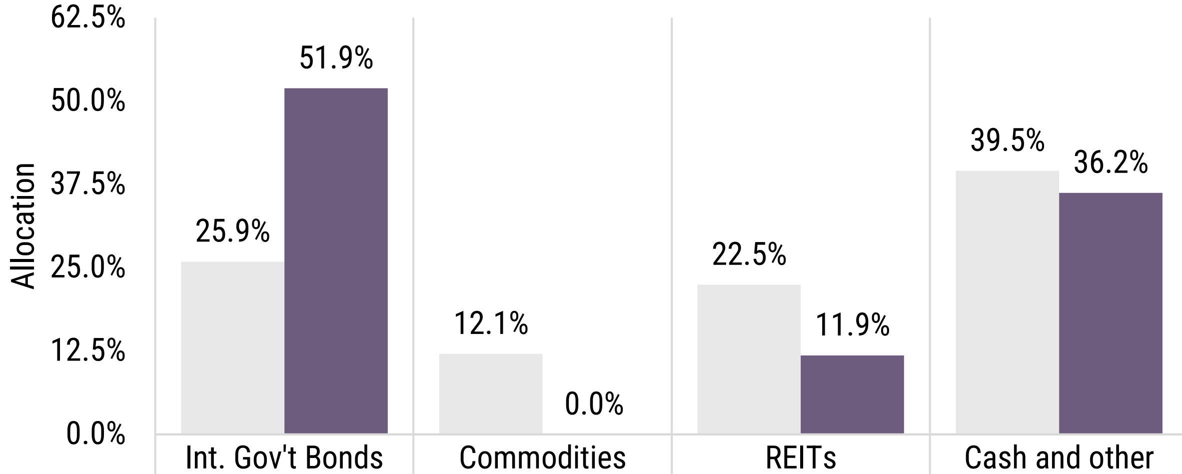
[3] Represented by an ETF in the Intermediate US Government bond category. As of 5/10/2025, HIDE uses the Schwab Intermediate-Term US Treasury ETF (SCHR) to represent a treasury position. The inclusion of third-party funds does not constitute a recommendation, solicitation, or endorsement of these products. The representative ETF is subject to change at any time without prior notice.

[4] Represented by an ETF in the Real Estate category. As of 5/10/2025, HIDE uses the Vanguard Real Estate Index Fund ETF (VNQ) to represent a REIT position. The inclusion of third-party funds does not constitute a recommendation, solicitation, or endorsement of these products. The representative ETF is subject to change at any time without prior notice.

[5] Represented by an ETF in the Commodities Broad Basket category. As of 5/10/2025, HIDE uses the Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF (PDBC) to represent a commodity position. The inclusion of third-party funds does not constitute a recommendation, solicitation, or endorsement of these products. The representative ETF is subject to change at any time without prior notice.

Treasuries move to full trend

Month-over-month allocation change



	Int. Gov't Bonds	Commodities	REITs	Cash and other
Apr '25	25.9%	12.1%	22.5%	39.5%
May '25	51.9%	0.0%	11.9%	36.2%

Source: Alpha Architect. 4/10/2025 – 5/10/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings.

As a reminder, HIDE applies two trend-following rules on Treasuries, REITs, and Commodities to adjust its portfolio based on market conditions. Our goal is to capture **positive, directional trends** and minimize downside risk.

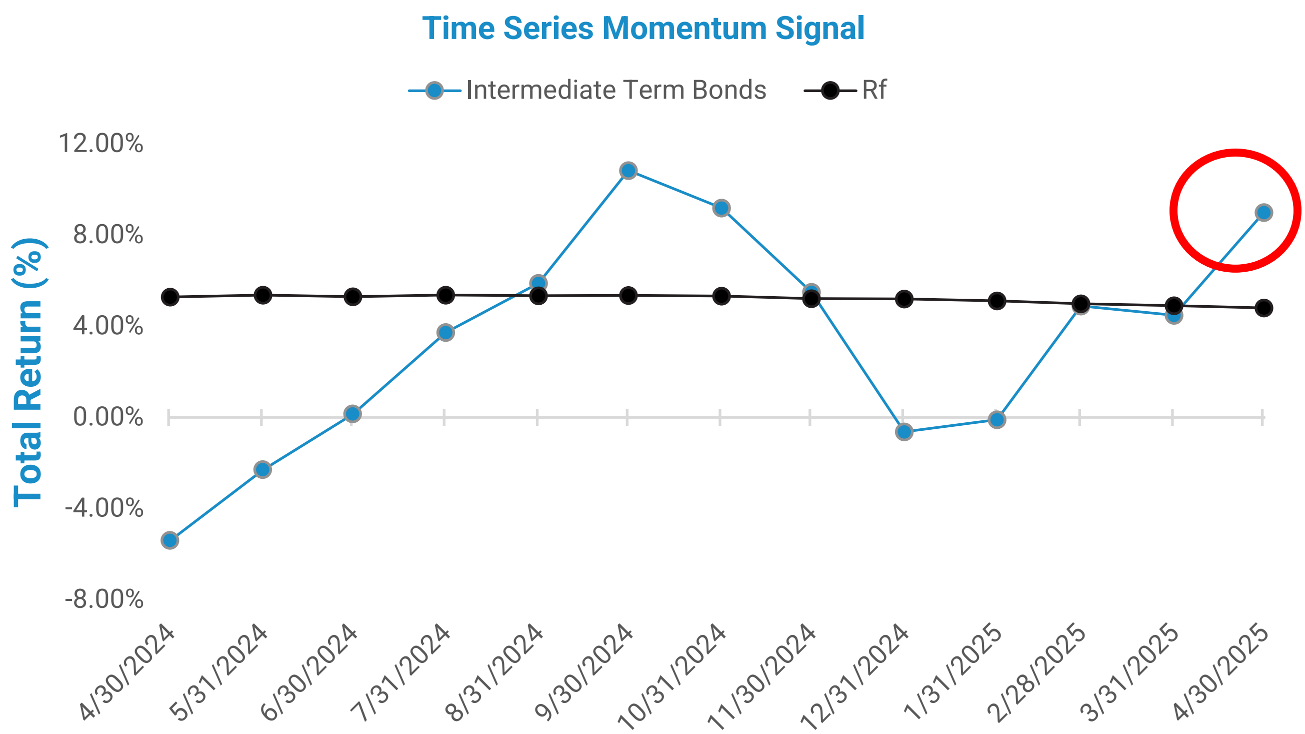
HIDE trend-following rules seek to scale exposure to an asset using two rules: a 12-month moving average rule and a 12-moth time-series momentum rule.

- **12-month moving average rule.** A momentum-based indicator that measures whether an asset's price is above or below its 12-month moving average. If the price is above the average, it signals a potential uptrend; if below, a downtrend.
- **12-month time-series momentum rule.** A trend-following strategy that compares an asset's 12-month total return to the risk-free rate. If the return is above cash (e.g., T-Bills), the asset is held; if below, the position is moved to cash.

We anticipate the net effect to be that HIDE can be a **source of uncorrelated returns**, particularly during "slow" or "sideways" equity markets.

Treasuries move to full risk

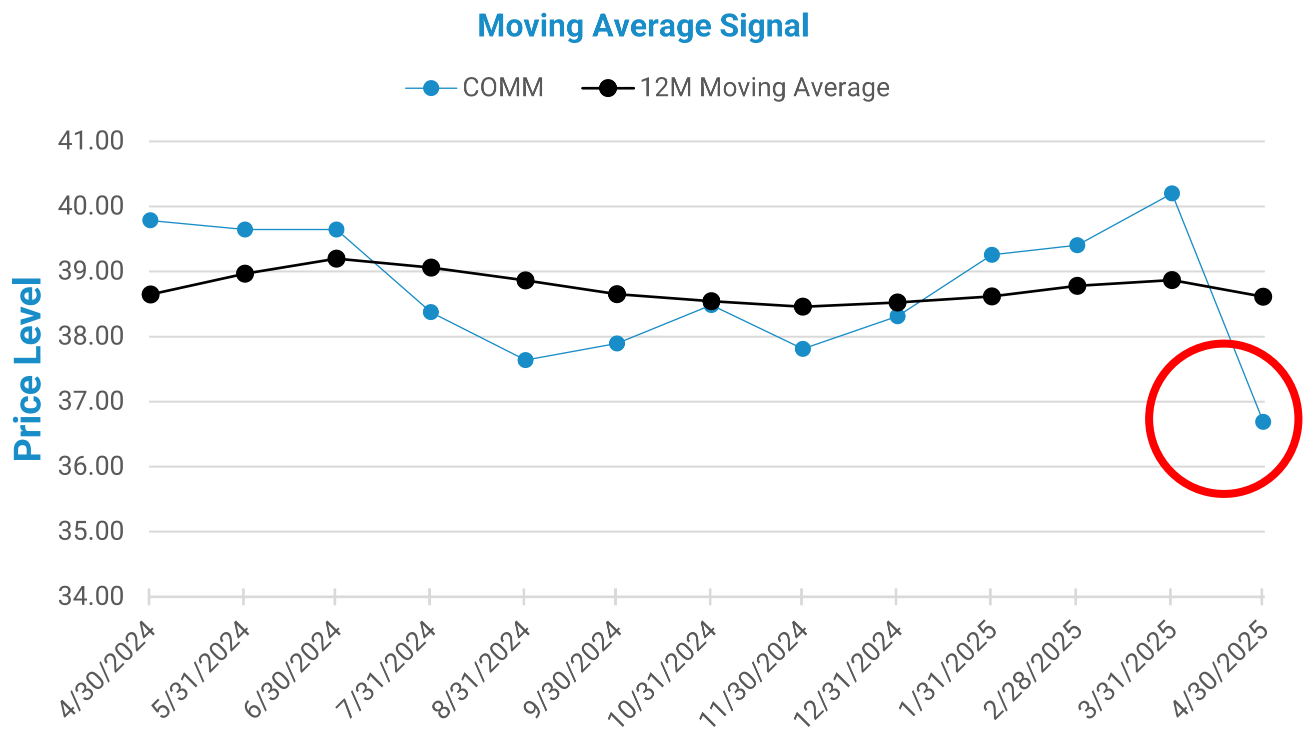
HIDE rotated toward Treasuries thanks to a sustained uptrend in bonds. After several months at half-risk, our time series momentum signal turned positive, which **triggered a reallocation** to a full risk-on position. As a reminder, Treasuries' full risk-on allocation is approximately 50%.



Source: Alpha Architect. 4/30/2024 – 4/30/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings. “Rf” refers to cash or cash equivalents.

Commodities exit to cash

Commodities moving average signal broke down following a sharp fall in prices, breaking through the 12-month moving average signal. In response, HIDE moved to cash.

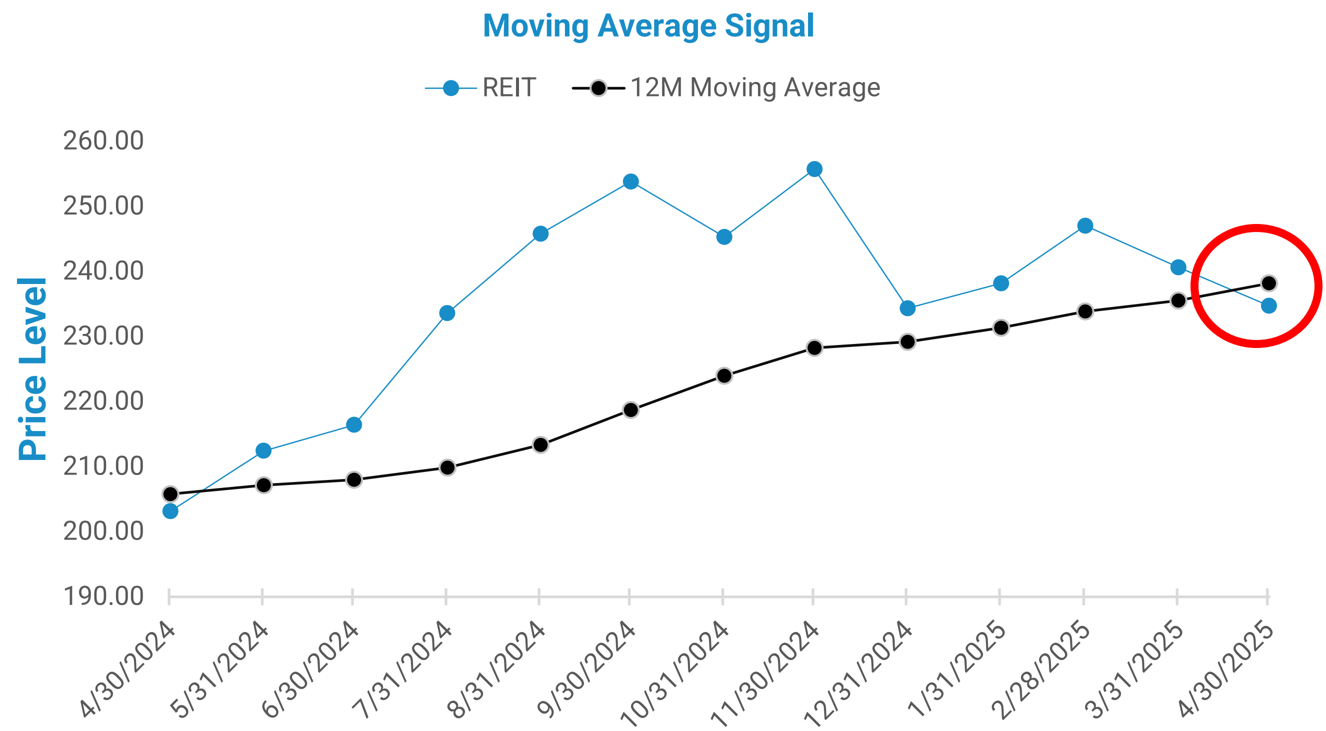


Source: Alpha Architect. 4/30/2024 – 4/30/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings.

Historically, commodities are one of the highest volatility asset classes one can own, due, in no small part, to their sensitivity to supply and demand shocks. Trend-following, at least in a modern sense, was developed to navigate the **significant ups and downs of commodity trading**. And generally, it's worked: where trend-following usually means sacrificing some returns for lower downside risk, trend-following commodities has meant higher returns and lower downside risk over many periods, historically.

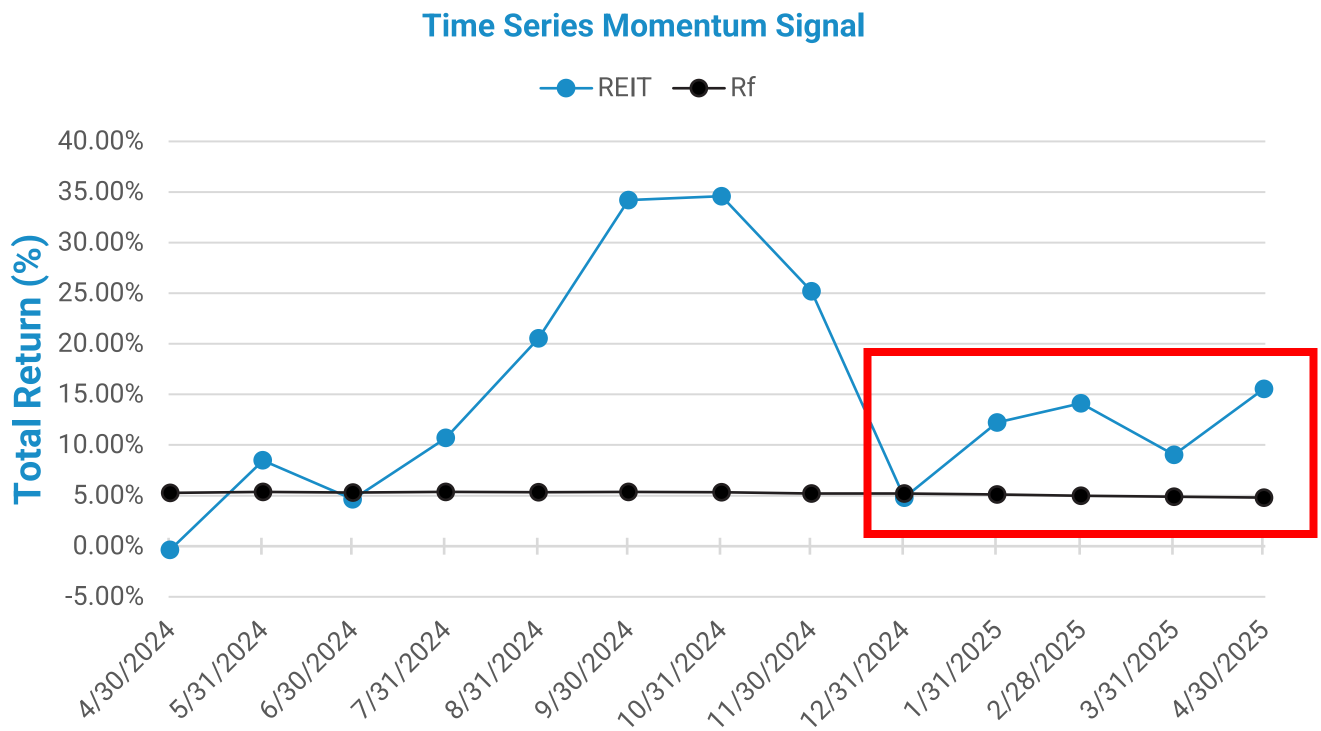
REITs shift to half-risk

REITs barely broke through their 12-month moving average signal, triggering HIDE to move to half-risk. Looking at the chart, it looks almost too close to call…



Source: Alpha Architect. 4/30/2024 – 4/30/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings.

…But, this is why we **follow our system**. Looking at the 12-month Time-Series Momentum Rule, we still see a positive signal. We don't know if this is a headfake and we'll be right back into REITs at full strength next month, or it's the start of a potentially longer downtrend. Given that REITs have a relatively high beta to the S&P 500, we would expect that a recovery in the S&P 500 will likely benefit REITs.



Source: Alpha Architect. 4/30/2024 – 4/30/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings. "Rf" refers to cash or cash equivalents.

There's still **a decent cushion** between total return and cash, so it's possible we retain a half-risk position in REITs, assuming we don't see a major reversal in May.

HIDE return drivers

Given our current positioning, HIDE will benefit most **should the uptrend in Treasuries continue**, though that upside will be capped relative to a long-only Treasuries position, thanks to approximately 40% in cash or T-Bills. While a ~12% allocation to REITs might be enough to close the gap, it would require a significant uptrend. Conversely, our cash allocation should provide a nice cushion should market direction reverse.

Last word: how HIDE can help client conversations

Periods of elevated volatility can prompt some investors to wonder if they should "hit the eject button," whether that's rotating assets to reduce risk or selling a particularly painful position to cash.

We think HIDE is a great solution for any investor who may be feeling pain due to market volatility, thanks to our ability to adjust cash levels in response to changing market conditions. This flexibility is a big reason why HIDE anchors our Equity Diversifier Model.

For questions about HIDE or the Equity Diversifier Model, please contact Jack Vogel, PhD, Alpha Architect's co-CIO, CFO, and portfolio manager. He can be reached at jack@alphaarchitect.com.

Additional HIDE Resources

HIDE Investment Case. Learn more about the Fund's process. Includes options pay-off diagrams, a look under the hood during 2020, and potential portfolio use cases alongside other assets such as bonds, managed futures, and more.

Why choose HIDE (YouTube). The Alpha Architect team discusses HIDE vs. managed futures and why we think HIDE offers a superior alternative for fiduciaries and financial professionals.

Equity diversifier model factsheet. See target allocations and rationales for the equity diversifier model, anchored by HIDE.

IMPORTANT INFORMATION

Investors should carefully consider the investment objectives, risk, charges, and expenses of the funds. 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. Obtain the fund's prospectus and/or performance data current to the most recent end by calling (215) 882-9983 or by visiting www.AlphaArchitect.com/funds. The prospectus should be read carefully before investing.

PRINCIPAL RISKS

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.

Management Risk. The Fund is actively managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for 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.

Non-Diversification Risk. The Fund is non-diversified, meaning that it is permitted to invest a larger percentage of its assets in fewer issuers than diversified funds.

Quantitative Security Selection Risk. The Adviser uses a quantitative model, and its processes could be adversely affected if erroneous or outdated data is utilized. In addition, securities selected using a quantitative model could perform differently from the financial markets as a whole, as a result of the characteristics used in the analysis, the weight placed on each characteristic and changes in the characteristic's historical trends.

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. 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

Intermediate Core Bond represented by the average returns at NAV of the 50 biggest open-ended funds (ETFs and mutual funds) in the Intermediate Core Bond category, based on assets under management. Intermediate-term core bond funds invest primarily in investment-grade US fixed-income issues, including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Categories determined by YCharts.

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

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