

Product update

HIDE cushions Treasury drawdown

June 11, 2025

Summary

- As rising yields sent Treasuries lower, HIDE's dynamic portfolio largely mitigated our downside participation.
- Despite Treasury volatility, HIDE's portfolio composition remains unchanged
- 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 -0.07% (NAV)/-0.21% (MKT) for the month of May 2025. Managed futures¹ finished the month -0.65% at NAV.

We entered May in a modestly risk-on posture, with about **63% invested** and the remaining 37% in cash. Treasuries² accounted for about 51% of the portfolio, with the remaining 12% allocated to REITs³. As far as an inflationary or deflationary stance, HIDE was positioned to benefit most from a deflationary environment (falling rates).

¹ Managed Futures 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.

² 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.

³ 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.

It was a great month for the US stock market⁴, which gained 5.98% in May. While a small position, **our REIT allocation participated** in some of the upside, gaining about 1.16%. This return profile tracks with expectations, given REITs' relatively high correlation with the broad stock market, historically.

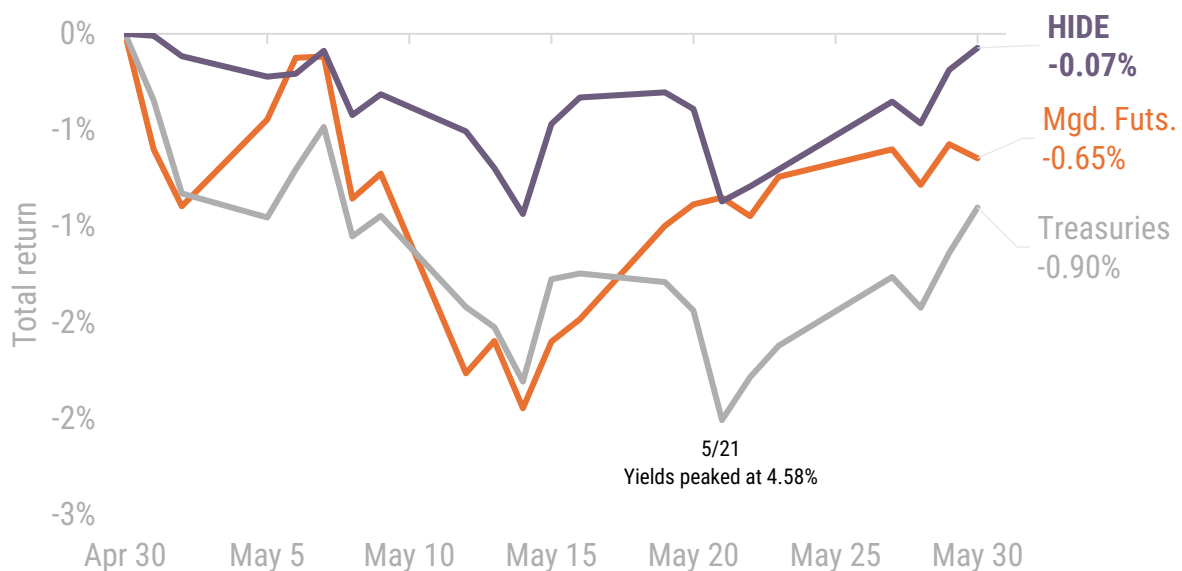
Treasuries detracted from returns, falling approximately -0.90%, a loss largely attributed to the modest jump in yields last month. Generally, when yields rise, prices of existing bonds fall.

The 10-year US Treasury yield increased from 4.25% to 4.41%, a 0.16% increase, peaking at 4.58% on May 21. This peak in yields corresponded to the low point for the total return to Treasuries.

It turned out that cash position came in handy in May. REITs gave us some upside while the cash position cushioned against Treasuries downside move. All-in, HIDE finished May with much less downside risk than Managed Futures or Treasuries.

HIDE cushions Treasury drawdown

Total return at NAV | **HIDE** | **Managed futures** | Treasuries



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.

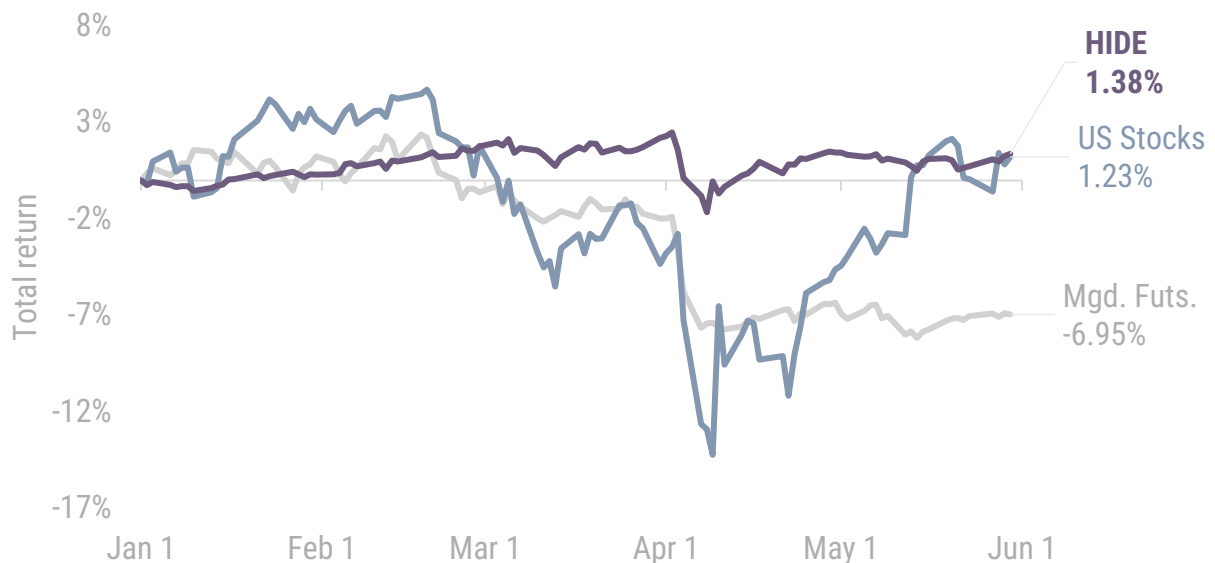
⁴ US Stock Market ("US Stocks," "stocks") returns represented by the average return at NAV of the 50 largest ETFs in the Large Blend category based on assets under management (AUM). These portfolios tend to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts.

Year-to-date, HIDE has a similar returns to US stocks, with HIDE up 1.38% at NAV compared to 1.23% for US stocks, with much less downside risk and volatility. In other words, a return profile that's fairly typical of a trend-following program.

While the visual is awesome, and we'll take the win, **HIDE is built to diversify the stock market**, not track it. Meaning, expect HIDE to retain generally lower correlation to US stocks, with lower downside risk but also less upside than US stocks, especially if the market continues its upward trajectory. HIDE should be **more comparable** to managed futures.

HIDE offsets stocks in volatile 2025 (YTD)

Total return at NAV | **HIDE** | US Stocks | Managed futures



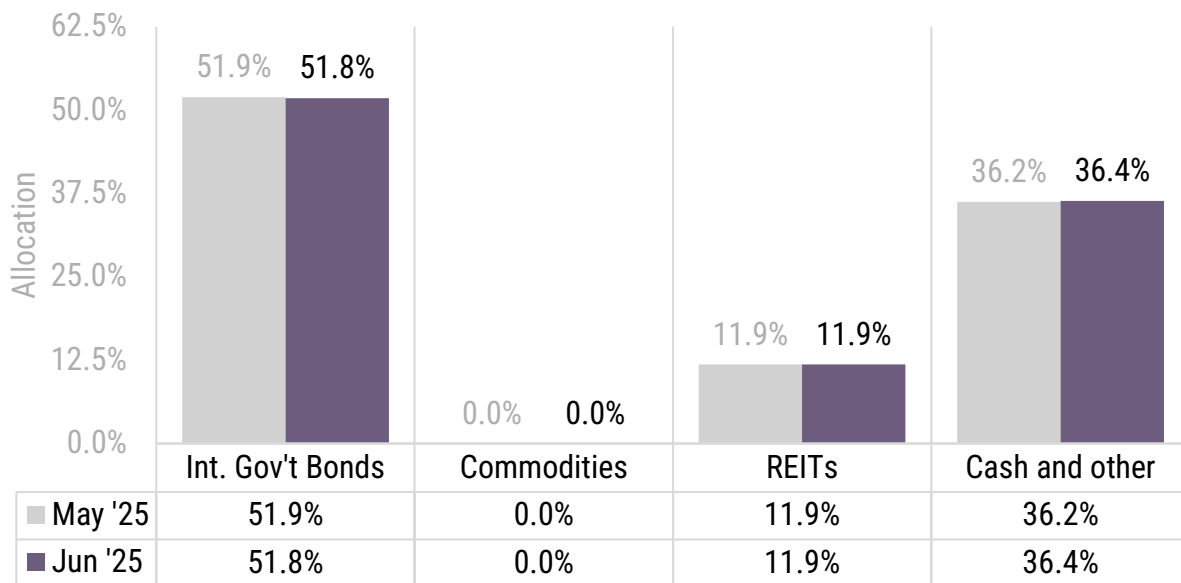
Source: YCharts, Alpha Architect. 1/1/2025 – 5/31/2025. Daily returns at NAV. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Returns are derived from sources believed to be accurate but are not guaranteed.

No change to portfolio composition this month

HIDE's overall risk-on/risk-off posture is largely unchanged month-over-month, with 37% in cash and 63% invested. Despite a volatile month with rates rising, we remain in a full-risk position for Treasuries at 51.8% of the portfolio; REITs remain at 11.9%, with the balance in cash. We have **no position** in commodities as of this month.

HIDE's portfolio composition unchanged

Month-over-month allocation change



Source: Alpha Architect. 5/12/2025 – 6/5/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings.

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.

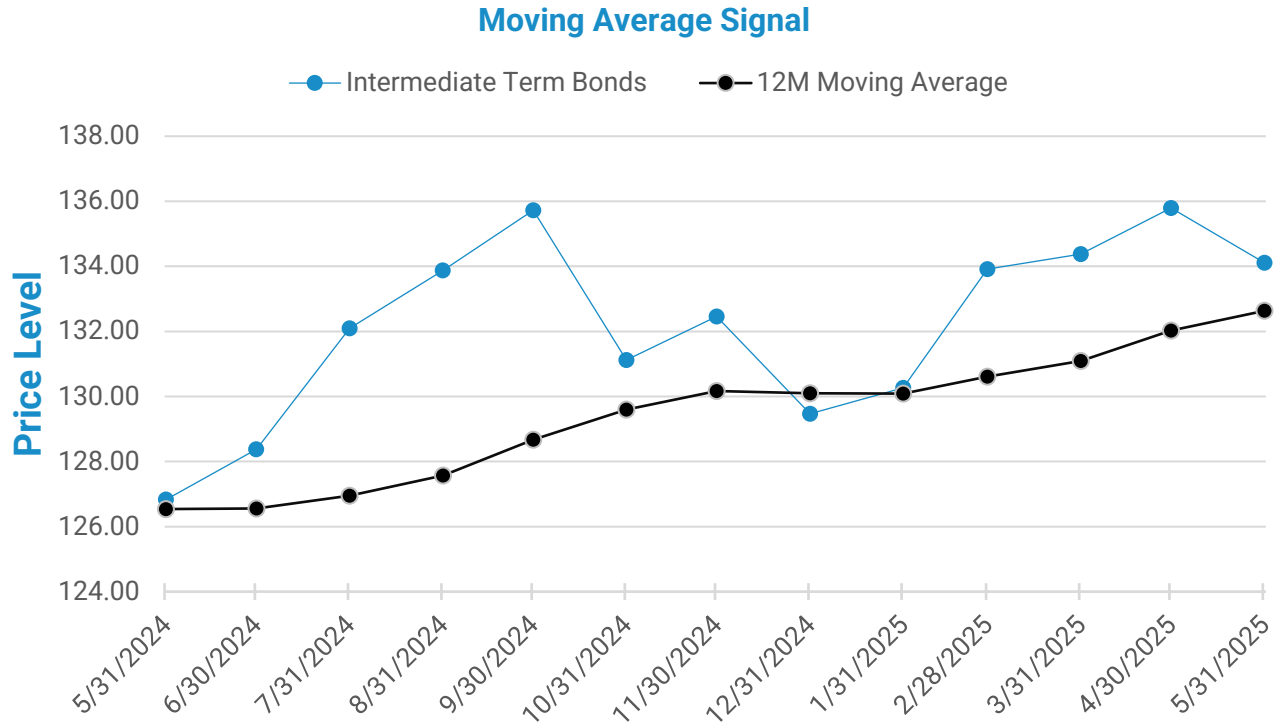
HIDE trend-following rules seek to scale exposure to an asset using two rules: a 12-month moving average rule and a 12-month time-series momentum rule.

- **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 12-month average, it signals a potential uptrend; if below, the position is moved to cash.
- **12-month time-series momentum rule.** A trend-following strategy that compares an asset's 12-month total return to the return on cash. If the return is above cash' return (e.g., T-Bills), the asset is held; if below, the position is moved to cash.

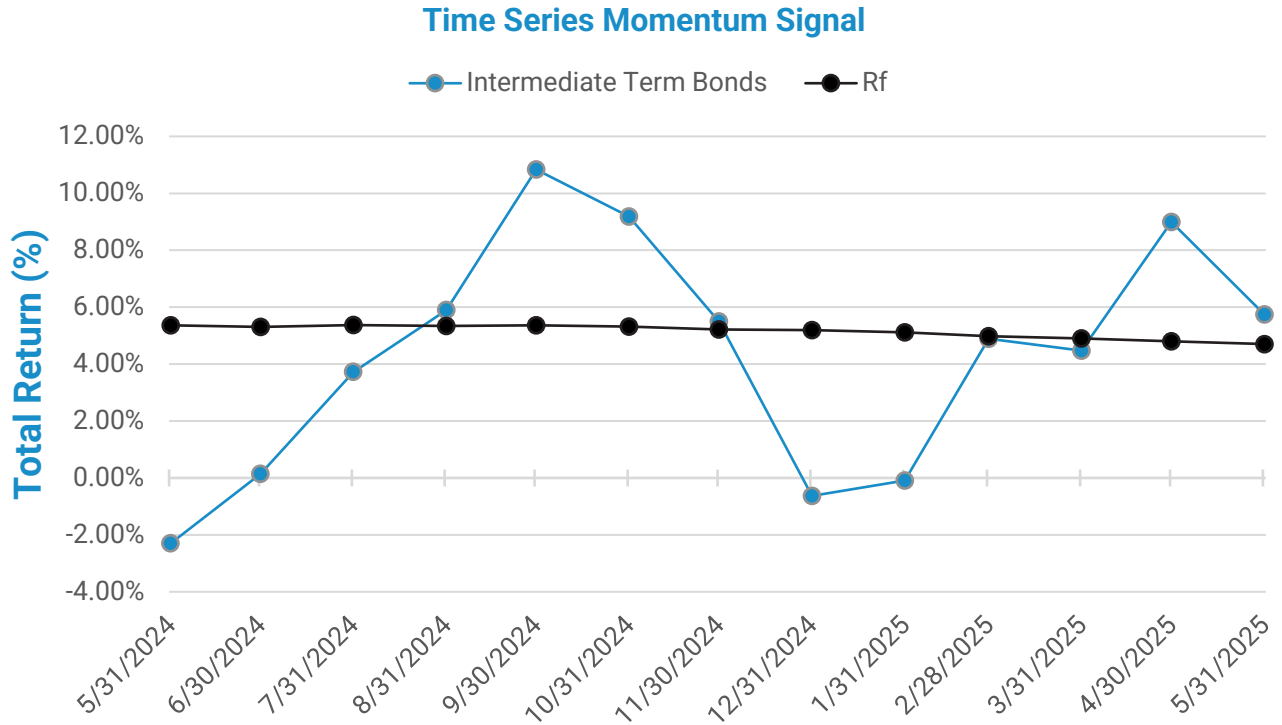
We anticipate the net effect to be that HIDE can be a **source of uncorrelated returns**, particularly during "slow" or "sideways" equity markets.

Treasuries remain in an uptrend (for now)

The recent action in Treasuries is why we follow a system: while it might be tempting to take our foot off the gas to avoid any more downside risk, our trend rules still say “full speed ahead.”



Source: Alpha Architect. 5/31/2024 – 5/31/2025. 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.

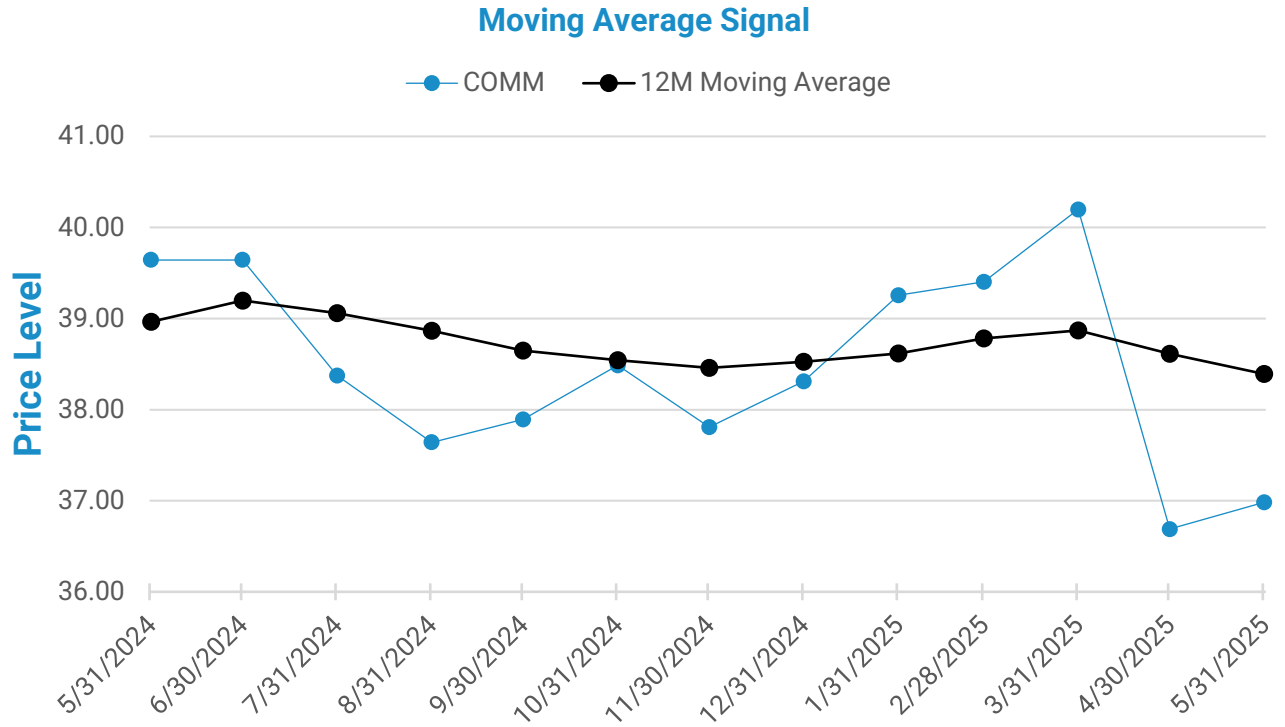


Source: Alpha Architect. 5/31/2024 – 5/31/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings. "Rf" refers to cash or cash equivalents.

Based on these two signals, it would take a fairly significant move to shake us out of Treasuries entirely, given the decent amount of room between the 12m moving average and the risk-free rate, respectively. Another month like May and we'll likely trim exposure to half (~25%), though time will tell!

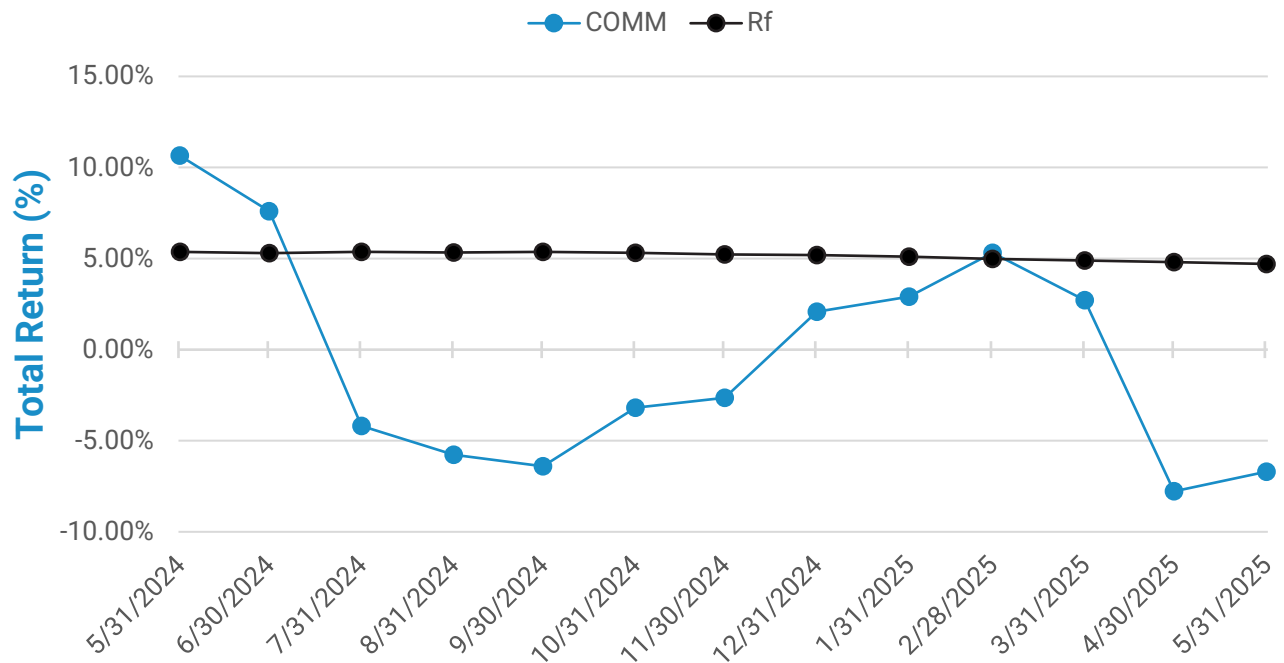
No commodities

HIDE moved to cash after the commodities' moving average signal broke down last month. Based on the distance between current levels and the buy signal, commodities won't be part of the portfolio, at least not this month!



Source: Alpha Architect. 5/31/2024 – 5/31/2025. 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.

Time Series Momentum Signal

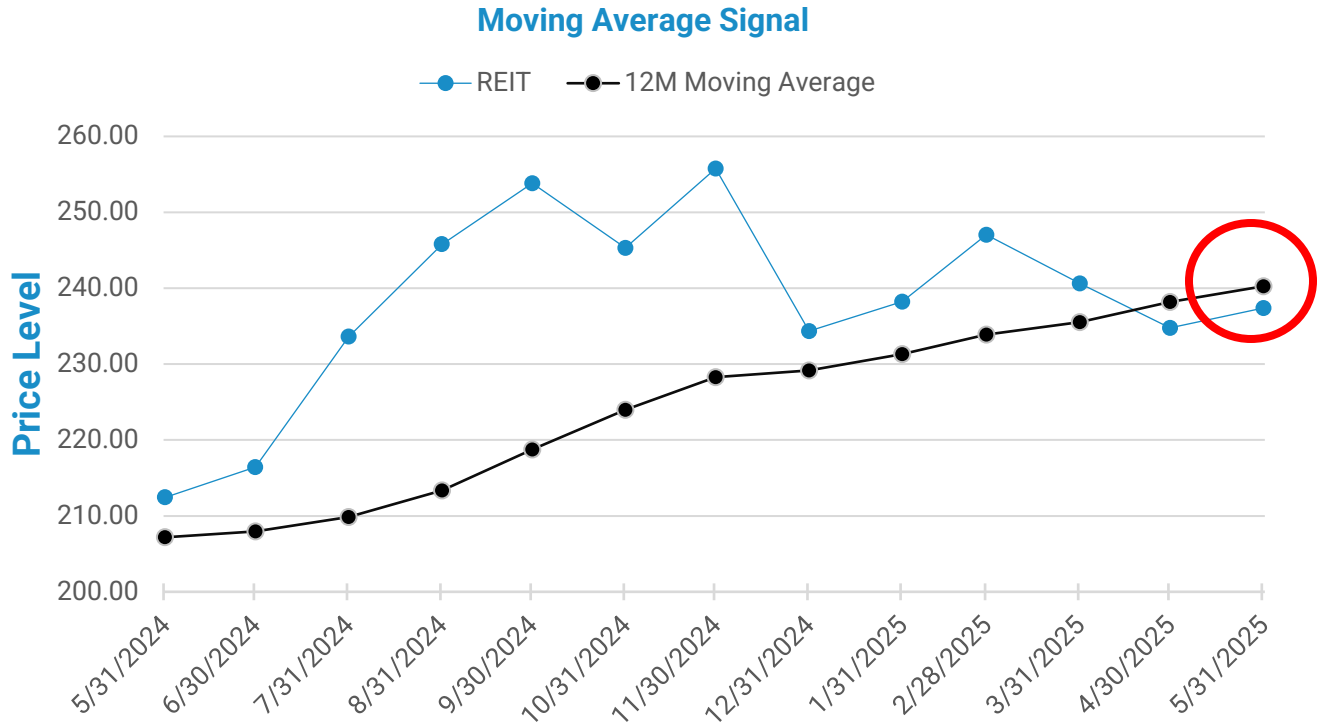


Source: Alpha Architect. 5/31/2024 – 5/31/2025. Monthly returns. **PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit funds.alphaarchitect.com/hide/ for current holdings. "Rf" refers to cash or cash equivalents.

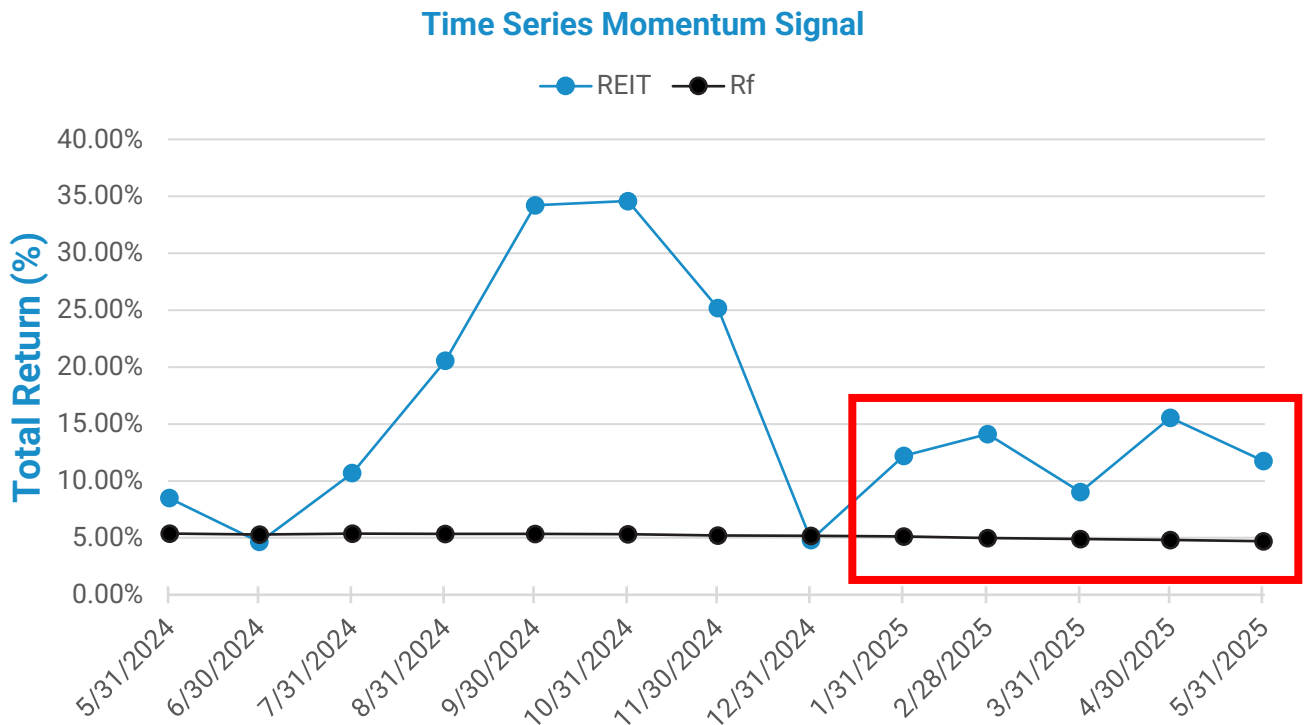
Of all the asset classes HIDE trades, commodities have the highest standard deviation, by far, so there's a *chance* commodities could revert this month, though it would have to be a fairly significant move.

REITs stay at half-risk

We're keeping REITs at half-risk despite a relatively positive May since they're trading below their 12-month moving average.



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.



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.

HIDE return drivers

HIDE will benefit most should Treasuries find their footing and resume the uptrend they started mid-May. However, just like last month, our upside will be capped relative to a long-only Treasuries position, due to our ~37% cash position. **REITs are basically stocks-lite**, so a continued uptrend in stocks should provide some upside participation, though we’d temper expectations, given that about ~12% of the portfolio is in REITs. All that said, 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. It is also a great portfolio solution for those who are looking for an alternative to a simple buy-and-hold bond portfolio that might be concerned about the complexity and volatility of managed futures.

This flexibility, while also being simple, 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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