

## Product update

# IMOM delivers strong returns in June

July 11, 2025

## Summary

- IMOM notches another strong month, marking back-to-back gains of over 6%.
- Despite the turmoil in the Middle East, Israeli stocks gain ground in IMOM's portfolio.
- With Industrials, Tech and Financials leading, international markets continued their sustained risk-on attitude.

[Please visit the IMOM fund page](#) for current holdings, standardized returns, and prospectus.

## Recap

The Alpha Architect International Quantitative Momentum ETF (IMOM) returned 6.15% (NAV)/6.03% (MKT) through June 30, 2025. Foreign Large Blend<sup>1</sup> returned 2.74% at NAV.

This was the second month in a row that IMOM delivered a return north of 6%, as ex-US market momentum appears to continue its strong year-to-date trend.

While international equities ended the month in positive territory, mid-month volatility emerged amid turmoil in the Middle East. Notably, IMOM managed to avoid some of that market choppiness, despite maintaining a 6% allocation to Israeli equities.

Thorough the month, Foreign Momentum<sup>2</sup> also beat Foreign Large Blend, but IMOM finished the ahead of the bunch.

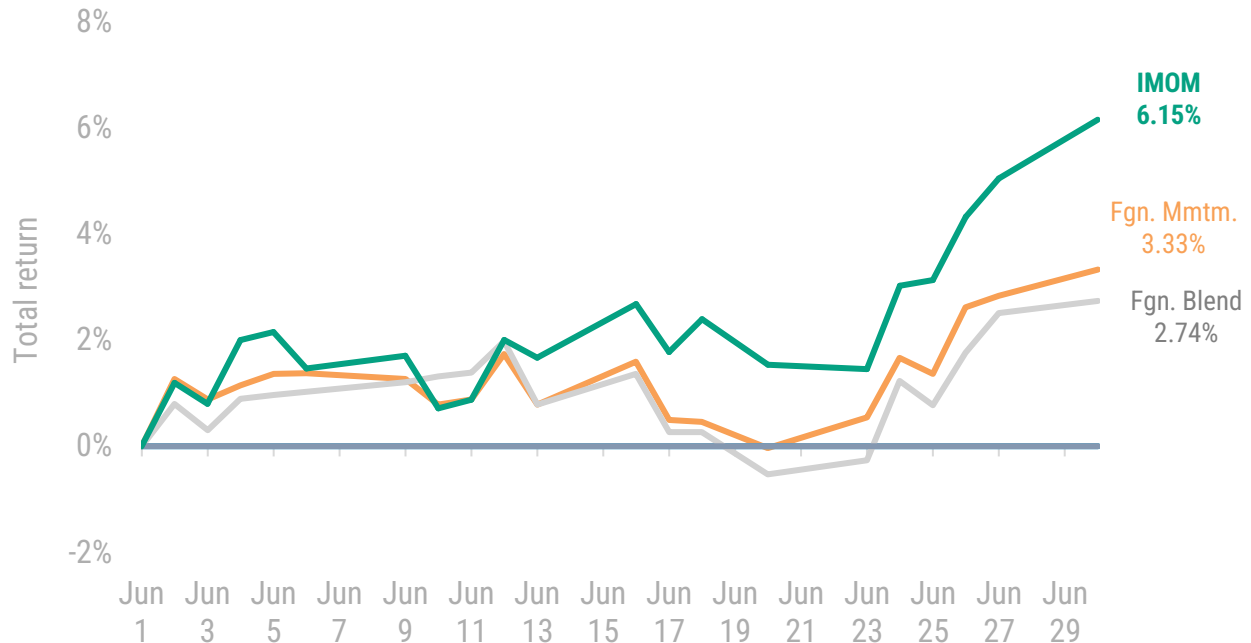
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<sup>1</sup> Foreign Large Blend represented by the average returns at NAV of the 50 biggest open-ended funds (ETFs and mutual funds) in the Foreign Large Blend category based on assets under management (AUM). Funds in the Foreign Large Blend category invest in stocks with market caps in the top 70% of developed markets, including Japan, Britain, France, and Germany. Categories determined by YCharts.

<sup>2</sup> Foreign Momentum peers represented by ETFs that we believe use a momentum-based strategy to manage its portfolio. Momentum defined as buying securities that have had high returns over a recent period and selling those that have had poor returns over the same period. Funds selected based on the appearance of "momentum" in the security's name and a portfolio that predominantly invests in developed international securities. Category defined by Alpha Architect. See category methodology below.

## IMOM finishes ahead of its peers

Total return at NAV | **IMOM** | Foreign Momentum | Foreign Large Blend



Source: YCharts, Alpha Architect. 6/1/2025 – 6/31/2025. 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.

While momentum returns sometimes come with periods of underperformance relative to passive exposures, this month was not one of those instances. IMOM delivered a notably strong performance relative to both foreign blend and momentum peers. Logically, if momentum continues to be a robust factor over our investment horizon, then—holding all else equal—**investing in the highest-ranked momentum stocks should, in theory, yield solid returns.** While we can't promise what the future holds, we can focus on what we *can* control—namely, the number and type of names we include in the portfolio. By concentrating on 50 stocks drawn from the top 10% of momentum names in our investment universe<sup>3</sup>, we seek to build a portfolio that more closely track the momentum factor. Accordingly, it's no surprise that our peers often landed somewhere between traditional foreign large blend exposures and IMOM.

Consistent with that design, IMOM continued to exhibit a higher momentum score<sup>4</sup>, smaller average market caps relative to its peers, and a lower correlation to the foreign large blend category.

<sup>3</sup> Our investable universe consists of approximately the 1,500 largest, most liquid stocks in the developed market.

<sup>4</sup> Momentum score is a system that scores companies based on their one-year total returns, excluding the last month of returns. Those that had the greatest returns will have the highest momentum scores, and those with the lowest returns

	Fgn. Lg. Blend	Fgn. Mmtm.	IMOM
Market cap.	\$91,605	\$89,482	\$35,462
P/E	17.57	17.56	25.32
Momentum	26.78%	52.67%	102.32%
Correlation	--	0.92	0.78
Avg. expense ratio	0.25%	0.59%	0.39%

Source: FactSet, YCharts. Characteristics as of 6/30/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM/](https://funds.alphaarchitect.com/IMOM/) for current holdings. Characteristics information is derived from sources believed to be accurate but is not guaranteed.

At first glance, IMOM's higher P/E ratio might suggest lower expected returns, making other exposures seem more appealing. And from a purely fundamental angle, that take isn't unreasonable. But it misses some of the key subtleties behind factor investing. Remember, valuation is only one side of the factor investing coin. **Momentum—at least the way we measure it—is, for the most part, independent of valuation.** Historically, blending the two has helped boost both diversification and returns in equity portfolios.

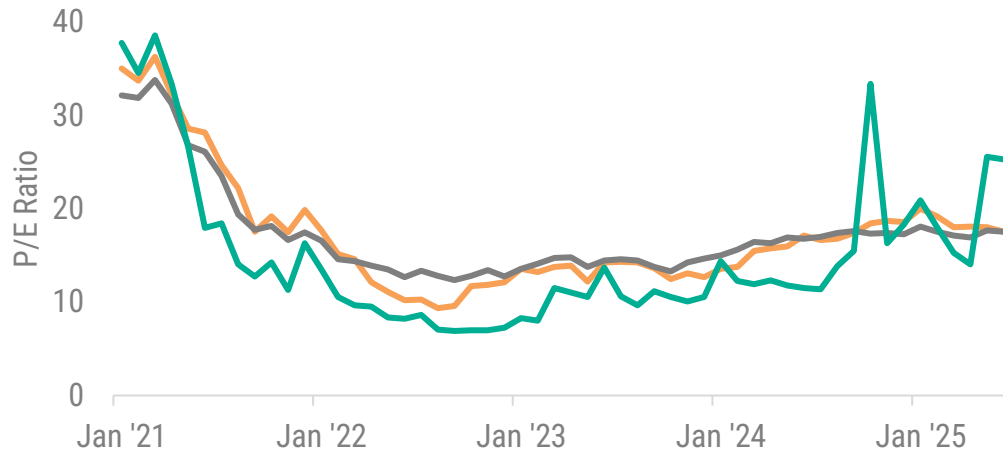
It's also worth noting that **momentum investing isn't the same as a static growth strategy.** Momentum tends to chase what's been working—often the market's top performers—while growth focuses more narrowly on companies with high valuations. Over time, momentum has shown a tendency to swing between growth and value, adapting as market trends shift. IMOM follows that same pattern, adjusting its holdings based on relative strength, not traditional style labels.

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will have the lowest momentum score. Momentum is a characteristic of the security's underlying holdings and should not be construed as performance.

## IMOM historical valuation shifts

Trailing P/E | **IMOM** | Foreign Momentum | Foreign Large Blend



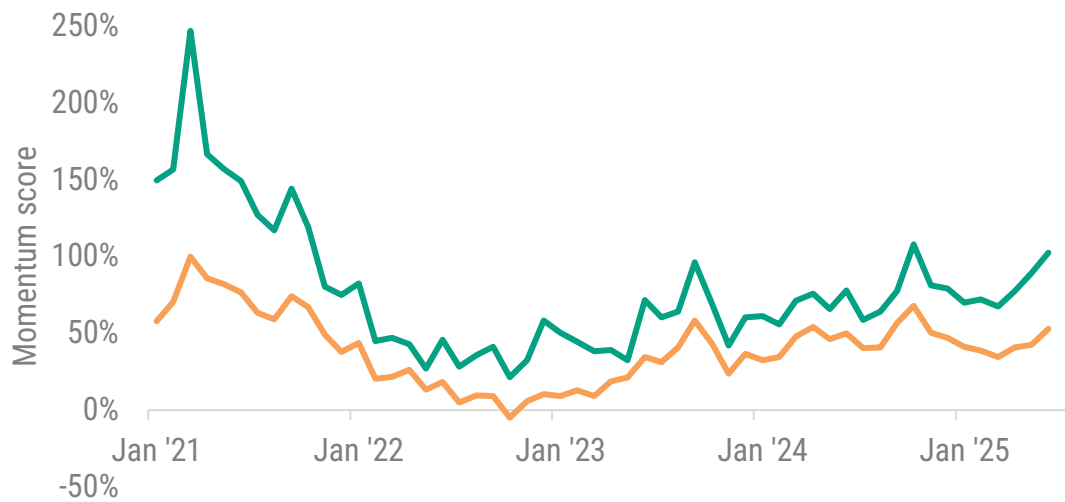
Source: FactSet. Trailing P/E. 1/1/2021 – 6/30/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM/](https://funds.alphaarchitect.com/IMOM/) for current holdings. Characteristics information is derived from sources believed to be accurate but is not guaranteed.

The net result is an IMOM portfolio that shifts in its fundamental characteristics over time, while still providing diversification benefits at the portfolio level, at least historically. Rather than targeting specific fundamental parameters, **IMOM laser-focuses on momentum**—allowing the fundamentals to adjust organically. This approach aims to capture the essence of momentum investing: **buying what's strong and exiting when that strength fades**. The outcome has been a portfolio that, over time, has tended to exhibit higher momentum scores than its peers.

(see chart below)

## IMOM has displayed stronger momentum

Trailing momentum | **IMOM** | Foreign Momentum



Source: FactSet, Alpha Architect, YCharts. Trailing momentum score 1/1/2021 – 6/30/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM/](https://funds.alphaarchitect.com/IMOM/) for current holdings. Characteristics information is derived from sources believed to be accurate but is not guaranteed.

Because of its high momentum score, IMOM's returns are likely to look quite different from standard core exposures. At a portfolio level, this degree of concentration has the potential to offer **valuable diversification benefits, efficient use of capital, and higher expected returns.**

All in all, we think IMOM's recent outperformance comes down to one key thing: **international momentum is currently in favor**, and IMOM leans heavily into it by concentrating in the highest-momentum names. When a factor is working, owning more of it tends to help—and that's exactly what IMOM did.

## IMOM adds Middle Eastern exposure

At the start of the month, IMOM held a significant overweight in Japanese equities, with approximately 42% of the portfolio allocated to companies domiciled in Japan. Other notable allocations included Germany at 20%, and Israel, Sweden, and Australia at roughly 6% each.

As a reminder, IMOM invests in developed international equities, with historical weightings concentrated in regions such as Europe, Japan, Australia, and the U.K. From time to time, smaller allocations have been made to less-represented developed markets like Hong Kong, Israel, and Singapore.

It may come as a surprise, then, that following the Israel–Iran conflict, IMOM nearly doubled its exposure to Israeli equities—from approximately 6% to 10% in its latest rebalance—with a special focus on the financial sector. As of the end of June, all Israeli holdings in the fund finished in positive territory, contributing roughly 0.90% to IMOM’s NAV return.

In contrast, Japan saw a 9% reduction in allocation during the most recent rebalance. To be clear, **this shift does not imply that Japan is facing significant trouble**. As a quantitative strategy, IMOM is largely country-agnostic, seeking high-momentum stocks across its investment universe regardless of geographic region. While the model can occasionally capture broader macroeconomic themes, its focus is primarily on identifying strong-performing individual companies. In this case, we interpret the reduced exposure to Japan as a relative momentum adjustment at the stock level, rather than a reflection of macro-level concerns.

In fact, Japanese stocks were net value-add to the portfolio, collectively contributing 3.02% to IMOM’s June return.

Following June’s rebalance, the majority of IMOM’s portfolio (>80%) is concentrated in Japanese, European and Israeli stocks.

Region	5/31/2025	6/30/2025	Change
Mid. East/Africa	6.11%	10.27%	4.16%
Australasia	6.03%	9.98%	3.94%
Developed Europe	39.92%	42.73%	2.81%
N. Am. (ex-US)	0.00%	0.00%	0.00%
Developed Asia	2.08%	2.07%	0.00%
United Kingdom	4.06%	2.02%	-2.04%
Japan	41.81%	32.94%	-8.87%

Source: ETF Action. Holdings as of 7/8/2025 for 6/30/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM/](https://funds.alphaarchitect.com/IMOM/) for current holdings.

## Month-over-month sector change (ex-cash/currencies<sup>5</sup>)

Sector	5/31/25	6/30/25	Change
Industrials	19.77%	25.80%	6.03%
Finance	19.89%	22.63%	2.74%
Materials	4.04%	6.11%	2.07%
Biz. Svcs.	0.00%	1.92%	1.92%
Cons. Svcs.	4.08%	5.93%	1.85%
Utilities	0.00%	0.00%	0.00%
Energy	0.00%	0.00%	0.00%
NA	4.20%	2.23%	-1.97%
Non-Cycl.	4.02%	1.96%	-2.06%
Healthcare	6.05%	3.89%	-2.16%
Cons. Cycl.	9.93%	7.76%	-2.17%
Technology	23.49%	19.52%	-3.97%

Source: FactSet. Holdings as of 7/7/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM](https://funds.alphaarchitect.com/IMOM) for current holdings. Sectors are based on the RBICS "economies" taxonomy, defined below. Sector categorization is believed to be accurate but is not guaranteed.

Sector return contributions were especially notable this month, with some serious standouts. Technology added a whopping 1.97% to the portfolio, with Japanese gaming legends Nintendo, Konami, Capcom, and Square Enix doing the heavy lifting, accounting for 1.26% of that total. Talk about leveling up!

And the hits kept coming. Music streaming giant Spotify (Sweden) rocked another strong month, adding 0.33% to IMOM's return and earning its spot on repeat in the lineup.

Industrials weren't about to be outshined, kicking in 1.39% overall. Within that crew, Rolls-Royce (U.K.) and Siemens Energy (Germany) revved their engines, contributing 0.27% and 0.31%, respectively.

Industrials gained ground in IMOM's portfolio this month, while—perhaps surprisingly—Technology saw a reduction in exposure. That shift isn't necessarily driven by sector views, but by the strategy's strict reliance on relative momentum signals. When certain Technology names lose steam, they get replaced by higher-momentum stocks—regardless of what sector they fall into. This month, that meant rotating out of some Tech and into stronger names elsewhere.

Let's now turn our eyes to IMOM's current top-10 holdings, ranked by momentum score.

<sup>5</sup> Table excludes cash and currencies we may hold, which can lead to higher variations in weighting. Holdings may not add up to 100% as a result.

## Top 10 holdings by momentum score

Ticker	Name	Sector	Momentum Score	Mkt. Cap.	IMOM	Foreign Lg. Blend Weighting
4506-TKS	Sumitomo Pharma	Healthcare	211.2%	(\$ bil)	Weighting	--%
4506-TKS	Rheinmetall AG	Industrials	285.4%	\$97,134	1.94%	0.50%
RHM-ETR	Siemens Energy AG	Industrials	253.8%	\$89,079	1.96%	0.41%
ENR-ETR	HENSOLDT AG	Industrials	190.6%	\$13,721	1.98%	--%
6532-TKS	Rakuten Group Inc	Finance	190.1%	\$7,650	1.98%	0.04%
8136-TKS	Sunevision Holdings Ltd ORD	Technology	189.0%	\$2,306	1.99%	--%
1686-HKG	Food & Life Companies Ltd	Cons. Svcs.	176.5%	\$5,926	2.05%	--%
TKA-ETR	Ryohin Keikaku Co Ltd	Non-Cycl.	156.1%	\$13,860	1.96%	--%
2726-TKS	PAL Group Holdings Co Ltd	Cons. Cycl.	150.8%	\$2,291	2.03%	--%
LDO-MIL	Leonardo SpA	Industrials	146.6%	\$31,639	1.95%	0.12%

Source: FactSet. Holdings as of 7/7/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/IMOM](https://funds.alphaarchitect.com/IMOM) for current holdings. Sectors are based on the RBICS "economies" taxonomy, defined below. Sector categorization is believed to be accurate but is not guaranteed.

When looking at IMOM's top-ranked stocks, fewer than half overlap with typical foreign large blend holdings. **The average market cap sits at just \$29.3B, with a median of \$13.7B**—well below the giants found in broader indexes. In practice, this reflects two key ideas:

- IMOM seeks to target momentum wherever it may be, without concern for how its holdings differ from more passive exposures, and
- The fund has the potential to enhance diversification by including companies that may attract less attention but rank among the highest momentum profiles in the investment universe.

That's why we see IMOM as a compelling core holding for investors who want a research-driven, evidence-based strategy. Lower potential correlation, higher potential return.



## Return drivers

Overall, IMOM continued to benefit from strong momentum in the Technology and Industrial sectors, which together contributed 3.36% to the fund's total return—**more than half of the month's overall gains**. Taken together, these attributions suggest that momentum is riding a continued risk-on tone in international markets.

Looking at current holdings, the strategy is well-positioned to take advantage of ongoing strength in Europe, Japan, and the Middle East—especially across Industrials, Financials, and Technology.

A continuously weakening U.S. dollar could also continue to add strong support, serving as a tailwind for international equities and offering an additional layer of diversification for U.S.-domiciled investors.

**For questions about IMOM**, please contact Jack Vogel, PhD, Alpha Architect's co-CIO, CFO, and portfolio manager. He can be reached at [jack@alphaarchitect.com](mailto:jack@alphaarchitect.com).

## Additional IMOM Resources

**IMOM Investment Case**. Learn about IMOM's process and performance to see how we compare to other momentum ETFs. Not every momentum strategy fund is built the same!

**Model portfolio**. Want to invest in IMOM but unsure of how much to own? We have a solution! See our complete model portfolio that steps through our entire allocation methodology.

## 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 [funds.alphaarchitect.com/qmom/](https://funds.alphaarchitect.com/qmom/). 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.

**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.

**Security Selection Risk.** Data for some companies may be less available and/or less current than data for companies in other markets. 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 the 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.

**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.

**Value investing risk.** 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. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are magnified in emerging markets.

### 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. Unless otherwise indicated, mutual funds are excluded from category average constituents. 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.

#### **Category averages referenced**

**Foreign Large Blend** represented by the average returns at NAV of the 50 biggest open-ended funds (ETFs and mutual funds) in the Foreign Large Blend category based on assets under management (AUM). Funds in the Foreign Large Blend category invest in stocks with market caps in the top 70% of developed markets, including Japan, Britain, France, and Germany. Categories determined by YCharts.

**Foreign Value peers** represented by the average returns at NAV of the 50 biggest ETFs in the Foreign Large and Small/Mid Value category based on assets under management (AUM). Foreign large-value portfolios invest mainly in big international stocks that are less expensive or growing more slowly than other large-cap stocks. Foreign small/mid-value portfolios invest in international stocks that are smaller and less expensive than other stocks. These portfolios primarily invest in stocks that fall in the bottom 30% of each economically integrated market (such as Europe or Asia ex-Japan). Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). Category defined by YCharts.

#### **RBICS Sector Definitions**

**Business Services** is composed of companies that offer services targeted toward businesses, including administrative, support, janitorial, and professional services.

**Consumer Cyclical**s is composed of companies that offer products targeted toward individual or household use, including apparel, toys, school and art supplies, and electronics; motor vehicle sales and rental, and automotive parts and services; building materials, garden supplies, furniture, appliances, cabinetry, window treatments, and carpets

**Consumer Non-Cyclical**s is composed of companies that offer products targeted toward individual and consumer needs, including groceries, beverages, health and personal care items, kitchenware, decorative items, and household cleaning products

**Consumer Services** is composed of companies that offer services targeted toward individuals, including accommodation; food and beverage retail; gaming, arts, entertainment and recreation; and television, radio, film, and print media

**Energy** is composed of companies that primarily engage in oil and gas exploration and production, pipeline transportation, refineries, and oil and gas equipment and services; leasing, mining and processing of coal and coke; uranium, radium, and vanadium mining

**Finance** is composed of companies that offer financial products and services in banking, insurance, investment, specialty finance, and real estate

**Healthcare** is composed of companies that offer products and services that are designed, developed, and utilized in the promotion of health and well-being, including medical services, health plans, medical devices, and biopharmaceuticals

**Industrials** is composed of companies that offer products and services for industrial use or with applications in aerospace, defense, or security; transportation, construction, and related infrastructure; or farming, including equipment and machinery manufacture, wholesale, rental, and distribution and related support activities

**Non-Energy Materials** is composed of companies that offer basic and intermediate material products, including non-energy mining; forestry, timber logging, and lumber production; and chemical, plastic, paper, metal, and textile manufacturing

**Technology** is composed of companies that offer semiconductor, electronic, and optics based products and related software and services that directly or indirectly facilitate the creation, transfer, storage, manipulation, or interpretation of data, audio, and video

**Telecommunications** is composed of companies that offer services designed to promote or enhance transmission of voice, data, and video over various communications mediums, including cable, satellite, terrestrial-based wireless, and wireline mediums

**Utilities** is composed of companies that offer gas, electricity, and water services delivered directly to residential and commercial users

**NA or Other** is a catchall designation for cash, cash alternatives, or holdings that may have been delisted in the proceeding periods from when a fund may have held the security.

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