

Product update

# Dollar strength flexes on IVAL

For July 2025

## Summary

- A stronger US dollar erases late-month rally
- Following our rebalance, IVAL shifts exposure to Japan and Industrials
- IVAL finds a basket of single-digit P/E stocks within foreign developed markets

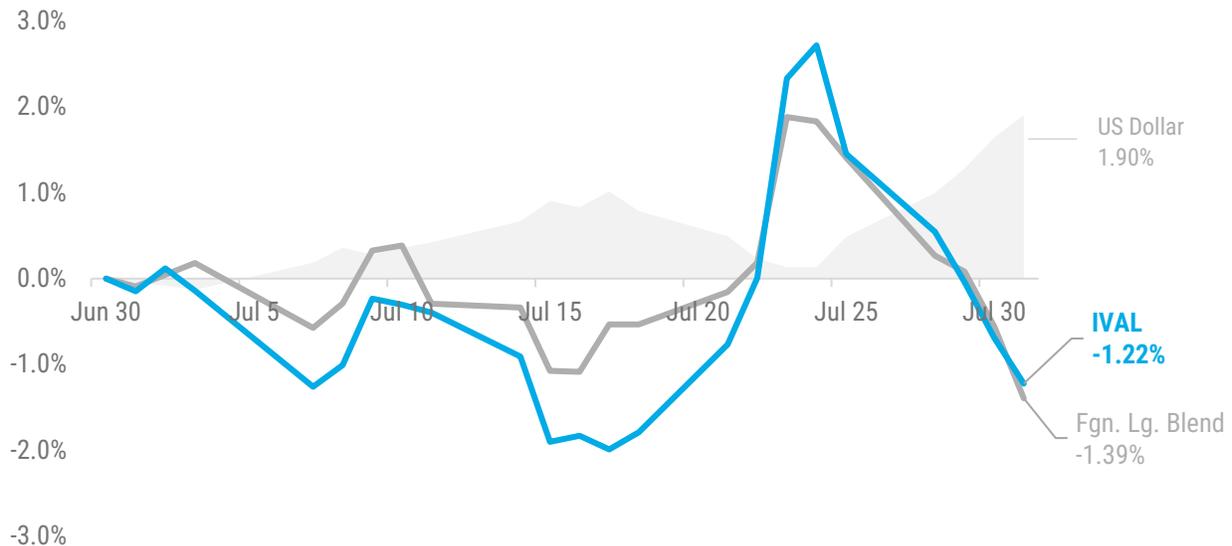
[Please visit the IVAL fund page](#) for current holdings, standardized returns, and prospectus.

## Recap

The Alpha Architect International Quantitative Value ETF (IVAL) returned -1.22% (NAV) / -1.19% (MKT) in July. While we can't be certain, a stronger US Dollar<sup>1</sup> may have contributed to losses.

### Stronger US Dollar erases late rally

US Dollar | Total return at NAV | IVAL | Fgn. Lg. Blend



<sup>1</sup> The **Trade Weighted U.S. Dollar Index**: Broad, Goods and Services ("US Dollar," "US Dollar Index") measures the value of the U.S. dollar against the currencies of major U.S. trading partners, weighted by their share of U.S. trade in goods and services. It reflects the dollar's overall competitiveness in global trade.

Source: FactSet, Alpha Architect. 7/1/2025 – 7/31/2025. **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.

## The Dollar Giveth... and the Dollar Taketh Away

While hardly linear, the past few months illustrate that there is some relationship between relative US Dollar strength, IVAL and Foreign Large Blend returns:

### IVAL returns relative to US Dollar direction

Month	US Dollar	Fgn. Lg. Blend	IVAL	Result
Jan-25	-0.63%	4.42%	1.89%	USD down, Foreign stocks up
Feb-25	-0.16%	2.19%	1.07%	USD down, Foreign stocks up
Mar-25	-1.19%	-0.07%	2.14%	USD down, Foreign Value up
Apr-25	-3.15%	3.97%	4.23%	USD down, Foreign stocks up
May-25	-0.68%	4.59%	4.87%	USD down, Foreign stocks up
Jun-25	-1.87%	2.72%	2.15%	USD down, Foreign stocks up
Jul-25	1.90%	-1.39%	-1.22%	USD up, Foreign stocks down

Source: FactSet, YCharts, Alpha Architect. 1/1/2025 – 7/31/2025. **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.

The underlying reason is simply **currency exchange**. Think about it like traveling abroad with U.S. dollars: in some countries, your dollar stretches further; in others, it doesn't go as far. The same idea applies when investing overseas.

When U.S. investors buy foreign stocks, the value of those holdings eventually are converted back into dollars. If the dollar is strong, each unit of foreign currency translates into fewer dollars. If the dollar is weaker, that same foreign currency **converts into more dollars**.

Currency fluctuations can either boost or reduce the returns you see at home. For example, before July, a weaker dollar helped improve positive returns coming from foreign markets because it bought *more* US Dollars.

It is possible to mute currency effects via hedging. However, that decision comes with trade-offs we don't think are worth it. Hedging isn't free, which often means higher fees to cover the cost. And currency hedging isn't precise: you can be hedged and **still get it wrong**. Instead, we've chosen to accept currency effects in exchange for greater upside potential when the dollar moves in our favor, as it has over the first six months of the year.

For what it’s worth, out of 542 open-ended in the Foreign Large Blend, Growth, and Value categories, **just seven are currency hedged**<sup>2</sup>: five in Foreign Large Blend, and one apiece in Foreign Large Growth and Value. Meaning, unless you are explicitly looking for a currency hedged position, most issuers – Alpha Architect included – are willing to accept dollar fluctuations for the potential upside a weaker dollar offers.

## Regional changes: IVAL nudges up U.K. exposure

IVAL rotated some risk away from Japan and Developed Europe toward the United Kingdom. Japan remains IVAL’s largest regional position, followed by Developed Europe (e.g., France, Germany, Spain, etc.).

### IVAL month-over-month regional changes, sorted by change

Region	July 2025	August 2025	Change
U.K.	7.86%	11.83%	<b>3.97%</b>
N. Am. (ex-US)	--%	--%	--%
Mid. East/Africa	--%	--%	--%
Dev. Asia	--%	--%	--%
China	2.28%	2.09%	-0.19%
AUS/NZ	6.33%	6.03%	-0.30%
Japan	47.54%	45.83%	-1.71%
Dev. Eur.	35.99%	34.22%	<b>-1.77%</b>

Source: ETF Action, Alpha Architect. Holdings as of 7/7/2025 and 8/7/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/ival/](https://funds.alphaarchitect.com/ival/) for current holdings. Regions defined below.

IVAL’s Japanese equity exposure is notable: at 45.8%, it’s the largest exposure among Foreign Large Blend, Value, or Growth, with the next highest at 37%.<sup>3</sup> From a value perspective, this makes sense. **Japanese companies often trade at lower valuations than peers** in other developed markets, and many maintain large cash balances that make them look especially attractive on certain value ratios.

For investors, that creates an opportunity to buy **conservatively managed businesses at a discount**. The trade-off is that these discounts can persist longer, as the market may be slower to

<sup>2</sup> Source: YCharts. As of 8/18/2025. Sample filtered to only reference ETFs and mutual funds. In the event of multiple share classes, the share class with the most assets under management is referenced. Whether a fund is currency hedged or not determined by YCharts. Results are derived from sources believed to be accurate but are not guaranteed and subject to change.

<sup>3</sup> Source: YCharts. As of 8/18/2025. Sample filtered to only reference ETFs and mutual funds. In the event of multiple share classes, the share class with the most assets under management is referenced. Japanese exposure determined by YCharts. Results are derived from sources believed to be accurate but are not guaranteed and subject to change.

reward companies that are cautious with capital. Still, from a value investor’s standpoint, the depth and consistency of these opportunities explain why Japanese stocks are consistently a large percentage of IVAL’s regional exposure.

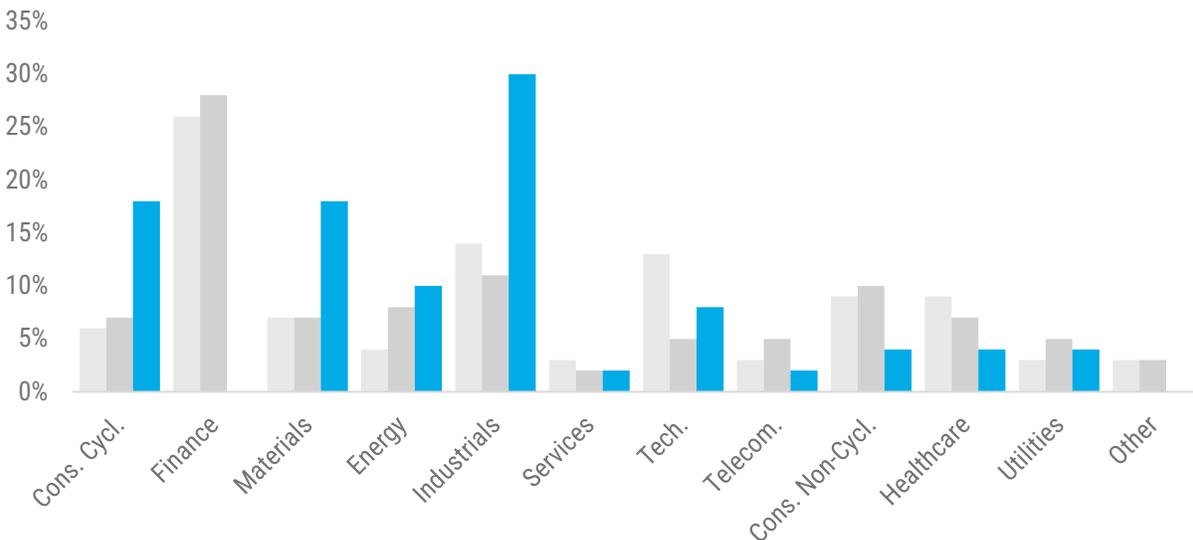
Think of Japanese stocks like someone who likes to keep a bigger-than-normal **emergency savings account**. While there’s nothing wrong with that approach, it just means that their net worth will be less volatile than someone who takes more risk in the market.

## Sector changes: Industrials attract more exposure

Following our rebalance, IVAL reallocated some risk in the Services sector toward Industrials, bringing our exposure to approx. 32%. Industrials are IVAL’s largest overweight relative to peer Lg. Value ETFs by a wide margin – 32% to 11%, a 19% difference.

### IVAL tilts toward Industrials, Cyclical, and Materials

% Exposure | Fgn. Lg. Blend | Fgn. Lg. Value | IVAL



Source: FactSet, Alpha Architect. Holdings as of 8/7/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/ival/](https://funds.alphaarchitect.com/ival/) for current holdings. Regions defined below. Sectors defined below. Sectors based on the RBICS “economies” taxonomy.

While our equal-weighted approach means returns could conceivably come from anywhere, Industrials, Cyclical, and Materials represent the most likely place for us to **potentially outperform**, given our high weighting relative to peers.

## Top-10: Cheaper and smaller

We equal-weight IVAL's portfolio, so listing our holdings by portfolio weight isn't terribly meaningful, in our opinion. Instead, we list our top-10 holdings by P/E ratio to give you an idea of where our process has identified the most attractively valued stocks within our universe.

### IVAL top-10 holdings sorted by P/E ratio

Country	Sector	Name	Mkt. Cap (\$b)	P/E Ratio	IVAL %	Fgn. Lg. Blend % <sup>4</sup>
Switzerland	Materials	Holcim Ltd.	\$47,354	2.42	2.17%	0.22%
Denmark	Industrials	A.P. Moeller-Maersk A/S	\$33,885	4.57	2.12%	0.05%
Japan	Industrials	Seibu Holdings, Inc.	\$10,769	5.41	1.68%	--%
Germany	Cons. Svcs.	TUI AG	\$4,610	7.35	2.01%	--%
Japan	Industrials	Central Japan Railway Co.	\$26,309	7.73	2.19%	0.10%
Norway	Energy	Equinor ASA	\$63,323	7.78	1.96%	0.12%
Japan	Technology	DeNA Co., Ltd.	\$2,021	7.82	1.71%	--%
Singapore	Industrials	Yangzijiang Shipbuilding	\$8,779	7.93	2.27%	0.03%
Netherlands	Industrials	Signify NV	\$3,234	7.98	1.78%	--%
Italy	Materials	Buzzi Spa	\$9,555	8.58	1.65%	--%

Source: YCharts, Alpha Architect. Holdings as of 8/7/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/ival/](https://funds.alphaarchitect.com/ival/) for current holdings. Sectors defined below.

IVAL's top holdings highlight just how attractively valued the portfolio is today, with several companies trading at single-digit P/E ratios – Holcim Ltd., for example, sits at only 2.4x earnings, a steep discount **compared to many U.S. stocks**.

Industrials feature prominently, making up half of the list and spanning markets from Japan to Denmark, Singapore, and the Netherlands, which shows where our process is currently uncovering the most value opportunities.

Japan also stands out, with three of the top ten holdings, including not only industrials like Seibu Holdings and Central Japan Railway but also technology names such as DeNA, underscoring the country's significant role in the fund's overall positioning.

## Last Word

<sup>4</sup> Foreign Large Blend holdings derived from the iShares MSCI EAFE ETF (EFA). 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.

The late strength of the Dollar turned what had the makings of a positive month into a small loss. While frustrating, currency moves are outside our control and **not something we dwell on**. What matters is that we continued to follow our disciplined, rules-based process. With a meaningful allocation to Japan and an overweight in Industrials, Cyclical, and Materials, we believe the portfolio is **well-positioned to benefit** if these areas deliver positive returns.

Thank you for your continued support of Alpha Architect.

**For questions about IVAL**, 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 IVAL Resources

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

**Model portfolio**. Want to invest in IVAL 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/IVAL/](https://funds.alphaarchitect.com/IVAL/). 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.

#### **RBICS Sector Definitions**

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

**Consumer Cyclical** 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** 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 preceding periods from when a fund may have held the security.

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

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