

## Product update

# Tech drives QMOM's May returns

June 16, 2025

## Summary

- Tech stocks contributed most to QMOM's May, adding approx. 1.91%
- Following our rebalance, tech stocks now make up approx. 28% of QMOM's portfolio
- QMOM's portfolio favors small- to mid-cap stocks, setting us up to potentially diversify market cap-weighted strategies, should momentum continue in these stocks

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

## Recap

The Alpha Architect U.S. Quantitative Momentum ETF returned 5.00% (NAV) / 4.78% (MKT) through May 31, 2025, roughly in line with the US stock market<sup>1</sup>, which rose 5.98% at NAV.

Last month, QMOM rotated out of healthcare and consumer services and into technology, telecom, and non-cyclical names<sup>2</sup>. Trimming healthcare proved timely, as the healthcare sector within the broad market index was the worst performer in May, falling -2.31%. Despite reducing exposure, QMOM still delivered a positive return of approximately 0.30% in the sector.

Our increased allocation to tech stocks also helped. QMOM's **tech holdings returned approximately 2.02% for the month**. Leading contributors included Roblox (RBLX), which added 0.60%, along with Twilio (TWLO) and CommVault (CVLT), which contributed 0.43% and 0.19%, respectively. Portfolio mainstay Spotify (SPOT) added 0.16%, **continuing its streak** as a monthly contributor and securing its place in the portfolio for another round.

Overall, we'd consider this month a win: QMOM largely kept up with the market and diversified mega-cap exposure by **finding smaller, higher momentum** stocks to drive returns.

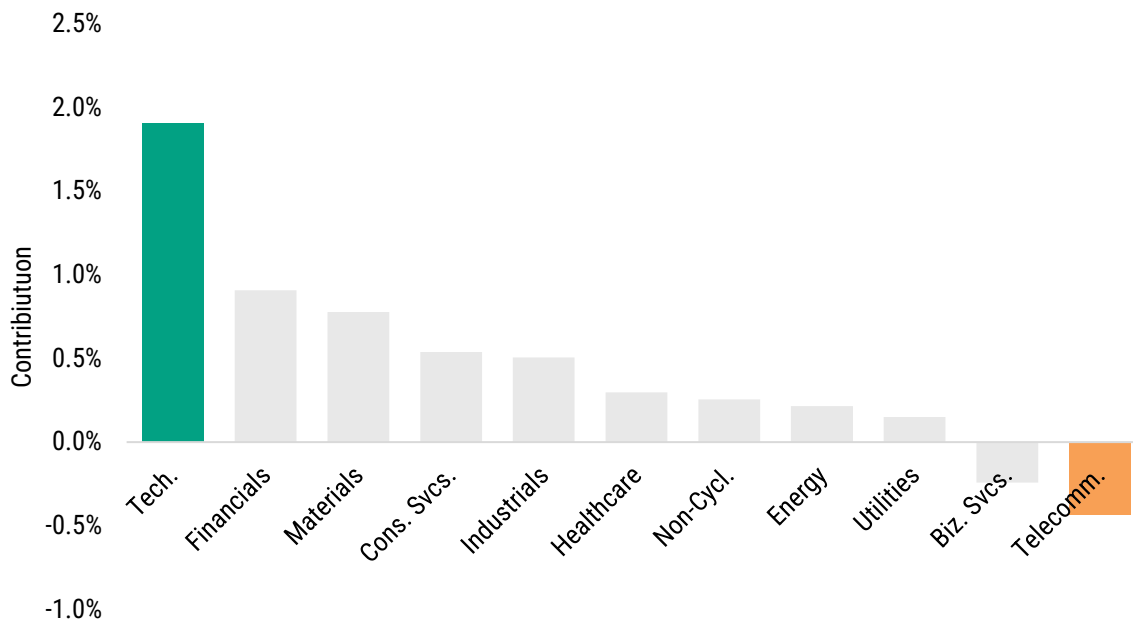
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<sup>1</sup> US stock market ("US stocks," "stocks") represented by the average return at NAV of the 50 largest ETFs in the Large Blend category based on assets under management (AUM). These portfolios tend to invest across the spectrum of US industries. 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.

<sup>2</sup> Sectors defined below.

## Tech exposure powers QMOM's May returns

Return contribution by sector



Source: FactSet. 5/1/2025 – 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.

## Sector changes: long summer, long tech

Month-over-month, we cut our financials exposure from nine stocks as of 5/10/2025 down to four as financials momentum stalled out. We rotated our exposure from financials to Consumer Services, adding stocks like Live Nation (LYV), Brinker Int'l (EAT – the holding company for Chili's and Maggiano's chains), DoorDash (DASH), and Royal Caribbean Cruises (RCL). Sure looks like there's an appetite for **summer vacation!**

Sector	4/30/2025	5/31/2025	Change
Cons. Svcs.	4.01%	10.06%	6.05%
Cons. Cycl.	0.00%	3.94%	3.94%
Energy	7.76%	10.10%	2.34%
Technology	26.09%	28.17%	2.08%
Utilities	3.94%	5.88%	1.94%
Healthcare	9.49%	9.93%	0.44%
Non-Cycl.	9.56%	9.90%	0.34%
Biz. Svcs.	2.08%	1.97%	-0.11%

Industrials	4.42%	4.02%	-0.40%
Telecom.	5.96%	3.94%	-2.02%
Materials	6.02%	2.07%	-3.95%
Finance	18.43%	7.89%	-10.54%
Cash & other	2.12%	2.11%	-0.01%

Source: Alpha Architect. Holdings as of 5/10/2025 and 6/3/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change. Visit [funds.alphaarchitect.com/qmom/](https://funds.alphaarchitect.com/qmom/) for current holdings. Sectors defined below. Sectors based on the RBICS “economies” taxonomy.

Tech stocks remain **our largest holding** by sector weighting, increasing from 26.09% to 28.17% of the portfolio month-over-month.

Given that it’s nearly one-third of the portfolio, let’s look at how our exposure differs from the index, since tech now has the most opportunities to drive returns.

## A closer look at QMOM’s tech exposure

QMOM’s tech portfolio skews **significantly smaller** than the broad US tech sector. The average market cap of QMOM’s tech holdings is just \$91.6 billion, less than one-sixth the \$623.5 billion average of the market’s tech sector. Despite their strong momentum characteristics, eight of the 14 holdings aren’t part of the broad US large blend index.

Name	Ticker	Market Cap.	Momentum	QMOM Weighting	US Lg. Blend <sup>3</sup>
Netflix Inc	NFLX	\$528,336	82.47%	2.00%	1.03%
Int’l Business Machines	IBM	\$249,887	52.06%	2.01%	0.48%
Spotify Technology SA	SPOT	\$146,053	105.34%	2.02%	–%
Fortinet Inc	FTNT	\$80,323	80.58%	1.99%	0.13%
Roblox Corp	RBLX	\$64,980	114.88%	2.07%	–%
Cloudflare Inc	NET	\$62,275	84.24%	2.08%	–%
Take-Two Interactive	TTWO	\$42,562	34.14%	2.00%	0.08%
VeriSign Inc	VRSN	\$26,763	62.40%	2.00%	0.04%

<sup>3</sup> Holdings data derived from the iShares Core S&P 500 ETF (IVV). References to third-party funds are for informational purposes only and do not constitute a recommendation, solicitation, or endorsement of these products. The reference fund is subject to change at any time without prior notice.

Duolingo Inc	DUOL	\$23,316	142.56%	1.97%	--%
Twilio Inc	TWLO	\$18,585	74.80%	1.99%	--%
F5 Inc	FFIV	\$16,967	61.05%	2.03%	0.03%
Pegasystems Inc	PEGA	\$8,721	59.58%	2.01%	--%
CommVault Systems	CVLT	\$8,321	59.06%	1.99%	--%
InterDigital Inc	IDCC	\$5,896	86.36%	2.02%	--%

Source: Alpha Architect. Holdings as of 6/3/2025. Investing involves risk, including the potential loss of principal. Holdings are subject to change.

QMOM features an **equal-weighted portfolio**, which gives each position an equal opportunity to contribute to performance. So while tech stocks have the largest sector allocation this month, our equal weighting means our returns aren't dependent on any single sector to drive results.

This structure also leads to meaningful differences from broad market indices. We often hold stocks that aren't in traditional benchmarks, or if they are, we own them at much higher weights. For example, while most U.S. stock market indices might allocate about 1% to Netflix, we hold it at 2%. In fact, the total combined exposure to these 14 names in a typical market-cap weighted index **is just 1.79%**—compared to 28.17% in QMOM.

As a result, QMOM investors get a more concentrated, high-conviction portfolio of momentum leaders offering a very different exposure than simply owning a broad-based index.

## Top 10 holdings by momentum score

Our top-10 holdings show a strong cross-section of sectors – technology, healthcare, finance, industrials, and more. Notably, eight of these stocks have no representation in US Large Blend index, and the two that do – Texas Pacific Land (TPL) and Axon (AXON) – carry minimal index weight (<0.10% each).

Ticker	Name	Sector	Momentum Score	Mkt. Cap. (\$ bil)	QMOM Weighting	US Lg. Blend Weighting
DUOL	DuoLingo, Inc. Cl. A	Technology	142.6%	\$23,336	1.97%	--%
ADMA	ADMA Biologics, Inc.	Healthcare	139.8%	\$4,885	2.03%	--%
TPL	Texas Pacific Land Corp	Finance	129.95	\$25,892	1.95%	0.04%
AXON	Axon Enterprise, Inc	Industrials	125.5%	\$59,094	2.02%	0.11%
SFM	Sprouts Farmers Market	Non-Cycl.	120.6%	\$17,146	1.98%	--%
RBLX	Roblox Corp., Cl. A	Technology	114.9%	\$61,012	2.07%	--%
DOCS	Doximity, Inc., Cl. A	Healthcare	114.7%	\$10,051	2.04%	--%

SPOT	Spotify Tech., SA	Technology	105.3%	\$136,794	2.02%	--%
CRS	Carpenter Technology Corp.	Materials	95.6%	\$12,261	2.07%	--%
GWRE	Guidewire Software, Inc.	Finance	91.2%	\$18,301	2.01%	--%

Source: YCharts, Alpha Architect. Holdings as of 6/3/2025. 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/](https://funds.alphaarchitect.com/hide/) for current holdings. Sectors defined below.

QMOM targets the highest momentum stocks on the US stock market on the expectation that these stocks will outperform over time. We're doing our job if QMOM's portfolio is among the highest – or, optimally, *the* highest – momentum portfolio on the market. Through May 31, 2025, QMOM's portfolio's weighted average momentum score is 70.3%, **double that** of peer US momentum ETFs, which average 36.49%.

We believe QMOM offers a distinct return profile that's historically uncorrelated with broad market benchmarks, a profile we believe to be ideal for investors seeking to own what's working based on momentum, **not just what's big**.

## Return drivers

Given QMOM's relatively high allocation to tech stocks, a continued rally in the tech sector would likely support performance. However, since tech is also the largest sector in most U.S. Large Blend indices, such a rally could result in **another month like May**: profitable for QMOM while still trailing the index.

Due to the equal-weighting approach, **QMOM is better positioned** to generally outperform if smaller-cap stocks rally relative to their large- and mega-cap peers, particularly in sectors where we're overweight compared to the broad U.S. market; namely: Energy, Consumer Services, Healthcare, and Consumer Non-Cyclicals.

**For questions about QMOM**, 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 QMOM Resources

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

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

**Diversifying with Value and Momentum.** What's the best diversifier for momentum? Value! See how we our US Quantitative Value ETF (QVAL) works alongside QMOM to diversify concentration risk.

## 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.

**Momentum investing risk.** Momentum is investing in or having exposure to securities that have had above-average recent returns. These securities may be more volatile than a broad cross-section of securities. Returns on securities that have previously exhibited momentum may be less than returns on other styles of investing or the overall stock market. Momentum can turn quickly and cause significant variation from other types of investments, and stocks that previously exhibited high momentum may not experience continued positive momentum. In addition, there may be periods when the momentum style is out of favor, and during which the investment performance of the Fund using a momentum strategy may suffer.

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

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