

## Product update

# QMOM beats peers in June, fueled by sustained trend in Tech

July 15, 2025

## Summary

- Tech stocks contributed most to QMOM's May, adding approx. 1.84%
- Momentum stocks seem to be picking up speed post "Day of Liberation"
- If the market rally carries on and bullish sentiment holds, QMOM may pick up further

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

## Recap

The Alpha Architect U.S. Quantitative Momentum ETF returned 5.18% (NAV) / 5.40% (MKT) through the end of June, beating both US large caps<sup>1</sup>, which rose 4.58% at NAV, and US momentum peers<sup>2</sup>, which gained 4.38% at NAV.

The Technology sector continues to show sustained strength, providing a tailwind for QMOM and contributing 1.84% to the fund's total return. Within the sector, children's entertainment powerhouse **Roblox** drove a large share of the gains, adding 0.45% to the fund's total return. Since adding the company at the end of February 2025, QMOM has kept it in the lineup—and that bet has paid off thus far.

On the other side of the ledger, the Consumer Non-Cyclicals sector weighed on results, detracting 0.23% from total returns. Following weaker-than-expected sales guidance tied to soft seasonal

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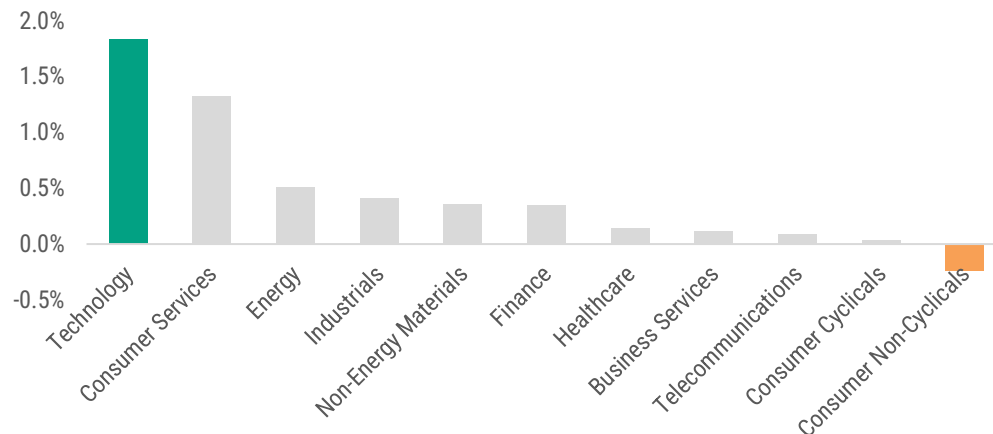
<sup>1</sup> US stock market ("US stocks," "stocks") represented by the average return at NAV of the 50 largest ETFs in the Large Blend category based on assets under management (AUM). These portfolios tend to invest across the spectrum of US industries. Large is assigned to stocks in the top 70% of the capitalization stack. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Categories determined by YCharts.

<sup>2</sup> US momentum peers ("US momentum") refers to the average performance or characteristics of U.S.-based mutual funds, ETFs (Exchange Traded Funds), or investment strategies that employ a momentum investing approach. Momentum investing is a strategy that seeks to capitalize on the continuance of existing market trends. It involves buying securities that have had high returns over the past three to twelve months and selling those with poor returns over the same period.

demand, bottled water staple **Primo Brands** (*Zephyrhills, Mountain Valley Spring Water*) detracted 0.20% from the fund's return, accounting for nearly all of the sector's losses.

## Tech trends boost QMOM returns

Return contribution by sector



Source: FactSet. 6/1/2025 – 6/30/2025. 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.

## QMOM doubles-down on Tech

In its latest rebalance, QMOM pushed more chips onto the table, increasing its Technology exposure. **While the fund's mandate is to chase the strongest momentum across the stock universe**, that approach can sometimes look like cross-sector bets. In this case, the signals are clear: Technology is once again in favor, and QMOM has picked up on the trend.

Sector	5/31/2025	6/30/2025	Change
Technology	28.17%	33.75%	5.58%
Finance	7.89%	12.24%	4.35%
Cons. Svcs.	10.06%	12.15%	2.09%
Industrials	4.02%	5.80%	1.79%
NA	2.11%	2.48%	0.38%
Materials	2.07%	2.03%	-0.04%
Energy	10.10%	9.45%	-0.65%
Non-Cycl.	9.90%	8.08%	-1.81%
Utilities	5.88%	3.95%	-1.93%
Telecom.	3.94%	1.99%	-1.95%

Cons. Cycl.	3.94%	1.98%	-1.97%
Biz. Svcs.	1.97%	0.00%	-1.97%

Source: Alpha Architect. Holdings as of 6/3/2025 and 7/7/2025. 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.

Together, the Technology, Finance, and Consumer Services sectors account **for more than 58% of the fund**, positioning QMOM to catch the waves of risk-on momentum that may sweep through the market.

## Are we on the cusp of a momentum comeback?

One of the quirks of momentum is that the factor often shows seasonal patterns. Historically, **momentum has tended to perform best at quarter-end**—likely a result of window-dressing, where managers buy recent winners or hold on to strong performers just before disclosing their holdings to embellish their portfolios.

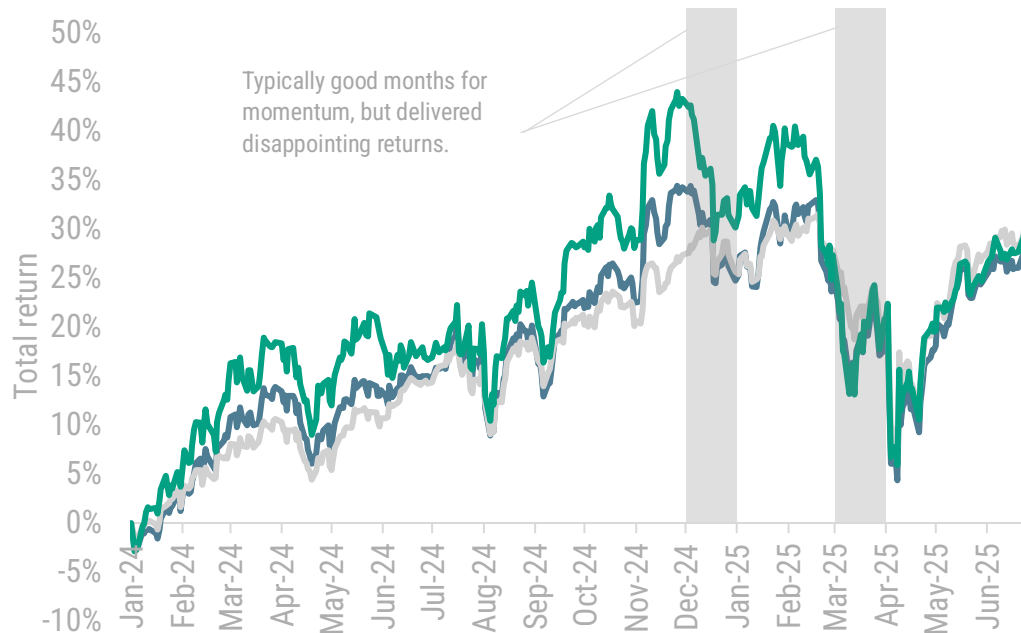
Another seasonality effect appears at year-end, when tax-motivated investors hold on to their winners to avoid realizing capital gains before the close of the year. **Historically, December has tended to be a particularly strong month for momentum**, while January often proves weaker as some investors sell those winners once the new tax year begins.

It might have come as a surprise that after a particularly strong rung in 2024 (43.21% at NAV from January through the end of November), QMOM then bled -9.15% in December, giving up some of their gains from that year. But that’s not the only seasonality pattern QMOM broke. January was a particularly strong month (6.61% at NAV), while March was a weak month (down -5.15% at NAV).

(see chart below)

## Seasonality breaks for momentum

Total return at NAV | **QMOM** | US Momentum | US Lg. Blend



Source: YCharts, Alpha Architect. 1/1/2024 – 6/30/2025. 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.

It's fair to say that seasonality has not been a strong driver for momentum lately. This has coincided with weaker returns for the momentum factor following the impressive run that began in November 2023 and peaked at the end of November 2024.

In general, when a factor is in favor, strategies that are heavily concentrated in that factor tend to outperform those that closet-index or dilute their exposure. The opposite also tends to hold true. When a factor falls out of favor, high active-share strategies and products often underperform more vanilla, broadly diversified approaches.

When reviewing QMOM's returns for the year, the results are unsurprising: the broad market has led, momentum peers are close behind, and QMOM has lagged. Because QMOM concentrates its holdings in just 50 of the highest momentum names within our universe, **its performance tends to mirror the momentum factor much closer**—and year-to-date, momentum has been lacking.

(see chart below)

## Stock Returns | 2025 YTD

Total return at NAV | **QMOM** | US Momentum | US Lg. Blend



Source: YCharts, Alpha Architect. 1/1/2025 – 6/30/2025. 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.

That would be a sad end to the story. However, there is a bright spot in what has been a challenging year for U.S. momentum exposures: following the “Day of Liberation,” **QMOM and its peers have outperformed U.S. large-cap exposures.** This may indicate that a sustained risk-on posture is taking shape in the market after President Trump’s announcement to postpone many of the harsher tariff measures to allow room for negotiations.

(see chart below)

## Is momentum making a comeback?

Total return at NAV | **QMOM** | US Momentum | US Lg. Blend



Source: YCharts, Alpha Architect. 4/9/2025 – 6/30/2025. 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.

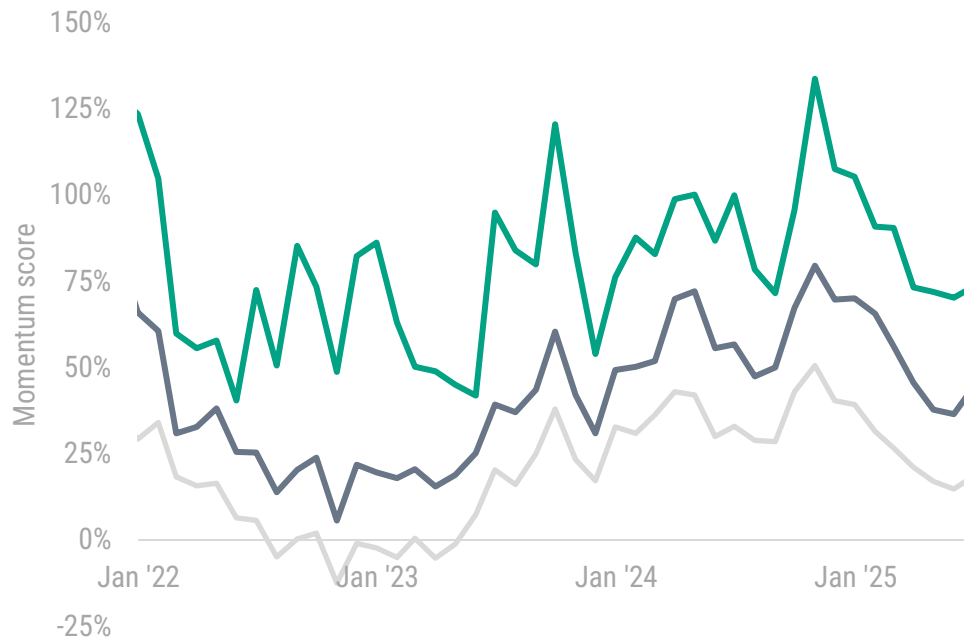
While roughly three months of returns is far too short a sample period to draw firm conclusions, a continued market rally could evolve into a sustained momentum rally. If that happens, we believe **QMOM has the potential to capture another bull run.** After all, QMOM continues to show a higher momentum score than its peers<sup>3</sup>—and if momentum makes a comeback, there’s a lot of “gas” in QMOM’s tank.

(see chart below)

<sup>3</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 will have the lowest momentum score. Momentum is a characteristic of the security's underlying holdings and should not be construed as performance. Currently, QMOM has a momentum score of 73.3% vs. 43.3% for US momentum peers.

## QMOM scores higher on momentum

Trailing momentum score | **QMOM** | US Mmtm. peers | US Large Blend



Source: FactSet, Alpha Architect, YCharts. Trailing momentum score. 1/1/2022 – 6/30/2025. 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. Characteristics information is derived from sources believed to be accurate but is not guaranteed.

Of course, nothing in investing is guaranteed, and there are countless scenarios that could disrupt a momentum build-up. Even so, if momentum comes back in style, we believe that QMOM is the place where you want to be.

## Top 10 holdings by momentum score

Heading now into QMOM's top 10 holdings ranked by momentum score, currently only two stocks – Axon Enterprise and Howmet Aerospace – have any weights whatsoever in US large blend.

Ticker	Name	Sector	Momentum Score	Mkt. Cap. (\$ bil)	QMOM Weighting	US Lg. Blend Weighting
DUOL	Duolingo, Inc. Class A	Technology	142.6%	\$18,021	1.90%	–%
AXON	Axon Enterprise Inc	Industrials	139.8%	\$62,449	1.93%	0.11%
RBLX	Roblox Corp. Class A	Technology	129.9%	\$73,092	2.01%	–%
EAT	Brinker International, Inc.	Cons. Svcs.	125.5%	\$7,709	2.05%	–%
CRS	Carpenter Technology Corporation	Materials	120.6%	\$13,975	2.03%	–%

SPOT	Spotify Technology SA	Technology	114.9%	\$150,089	1.90%	—%
HWM	Howmet Aerospace Inc.	Industrials	114.7%	\$72,762	1.95%	0.14%
DOCS	Doximity, Inc. Class A	Healthcare	105.3%	\$11,431	2.03%	—%
TWLO	Twilio, Inc. Class A	Technology	95.6%	\$18,548	1.94%	—%
NET	Cloudflare Inc Class A	Technology	91.2%	\$66,844	1.96%	—%

Source: YCharts, Alpha Architect. Holdings as of 7/7/2025. **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.

This lack of overlap with US stocks highlights QMOM diversification benefits. Additionally:

- Higher momentum stocks tend to behave differently from market exposures. Adding them to a portfolio can potentially **improve diversification and expected returns**.
- With an average market cap of \$49.5B in its top 10 holdings, QMOM targets smaller exposures that have insignificant-to-zero weight in broader market exposures.

Among these top 10 holdings, a few names may jump at you:

- Mean bird and language-learning giant, **Duolingo**, raised prices and increased its guidance while continuing to scale globally through its freemium-to-subscription model.
- **Spotify** continues to chip away at returns, empowered by popular AI integrated features like *DJ X* and continued subscriber growth.
- Cloud-communications heavyweight **Twilio** lifted its outlook after announcing a hefty share buyback, all while expanding its reach with customer-engagement tools worldwide.

While some of these are certainly recognizable, others are more obscure—which we actually like! In theory, **momentum works because there is an initial underreaction to stock news**. As a result, some holdings may be benefiting from that very inattention effect.

Take **Doximity**, for example, a LinkedIn-like professional network specifically for physicians and healthcare professionals. It's not the kind of stock most would bother to analyze over morning coffee. But in the world of systematic investing, the world is our oyster, and those under-the-radar names can help power returns and broaden diversification.

## Return drivers

Given QMOM's relatively high allocation to technology stocks, **a continued rally in the tech space would likely provide a meaningful boost to performance**. In an environment where investors maintain a risk-on mindset—seeking growth and momentum rather than hiding in defensive sectors—those tech-heavy exposures can thrive.



QMOM's equal-weighting approach also plays an important role. Because the fund allocates evenly across its holdings rather than concentrating in the largest names, it stands to benefit more when smaller- and mid-cap stocks outperform their large- and mega-cap counterparts. In other words, **if risk appetite continues to broaden beyond the biggest market leaders**, QMOM is positioned to capture that momentum and translate it into stronger relative returns.

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

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