



*Webinar*

# Stranger Things: Fundamentals Don't Lie

Eleven reasons factors might be coming out of the upside down.

*January 22, 2026*

# Executive Team

**Alpha Architect is led by Wesley R. Gray, PhD and Jack R. Vogel, PhD.**



**Wesley R. Gray, PhD**  
**Alpha Architect CEO | co-CIO**

- PhD/MBA from the University of Chicago – Booth School of Business; studied under Nobel Prize Winner Eugene Fama
- BS The Wharton School of the University of Pennsylvania, magna cum laude
- United States Marine Corps Captain (2004-2008)
- Published in multiple academic journals, including the Journal of Portfolio Management, the Journal of Investing, the Journal of Quantitative Finance, and more. Authored or co-authored four books.



**Jack R. Vogel, PhD**  
**Alpha Architect CFO | co-CIO**

- PhD Finance and an MS in Mathematics from Drexel University
- BS in Mathematics and Education, summa cum laude from The University of Scranton
- Published in multiple academic journals, including the Journal of Portfolio Management, the Journal of Investing, the Journal of Quantitative Finance, and more. Co-authored two books.

**Standardized returns** | as of 12/31/2025

Name	Ticker	Inception Date	1 Yr.		Annualized 3 Yr. Total Return		Annualized 5 Yr. Total Return		Annualized 10 yr. Total Return		Annualized Return Since Inception		Expense Ratios	
			NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	Gross	Net
Tail Risk	CAOS	8/14/2013	2.58%	2.55%	6.94%	6.96%	1.55%	1.56%	3.05%	3.06%	3.51%	3.51%	0.73%	0.63% <sup>1</sup>
US Quant. Value	QVAL	10/21/2014	11.03%	10.99%	16.85%	16.94%	13.61%	13.65%	10.03%	10.02%	8.14%	8.15%	0.29%	0.29%
Int'l Quant. Value	IVAL	12/17/2014	34.59%	34.94%	17.15%	17.35%	7.77%	7.70%	6.35%	6.40%	5.59%	5.32%	0.39%	0.39%
US Quant. Momentum	QMOM	12/1/2015	2.63%	2.36%	13.48%	13.49%	5.45%	5.45%	11.32%	11.27%	10.71%	11.31%	0.29%	0.29%
Int'l Quant. Momentum	IMOM	12/22/2015	46.96%	47.19%	19.04%	19.12%	5.43%	5.54%	6.35%	6.42%	6.56%	6.57%	0.39%	0.39%
High Inflation & Deflation	HIDE	11/16/2022	5.15%	5.32%	2.26%	2.27%	--	--	--	--	2.15%	2.26%	0.34%	0.29% <sup>2</sup>

The performance data quoted represents past performance and does not guarantee future results. 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. For performance data current to the most recent month end, please call (215) 882-9983 or visit <https://funds.alphaarchitect.com>.

Source: FactSet, YCharts, Alpha Architect. **Investing involves risk, including the loss of principal.** Returns are annualized total returns, except for those periods of less than one year, which are cumulative. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times. A fund's NAV is the sum of all assets less any liabilities, divided by the number of shares outstanding. <sup>1</sup>The Adviser has contractually agreed to waive receipt of its management fees to the extent necessary to offset any acquired fund fees and expenses relating to the Fund's investment in the Alpha Architect 1-3 Month Box ETF. Any AFFE associated with Fund investments in any other acquired funds are not included in the fee waiver. In its sole discretion, the Fund's Board of Trustees may terminate this Waiver Agreement only by a majority vote of the "non-interested" trustees of the Trust (as defined in the 1940 Act). <sup>2</sup>The Adviser has contractually agreed to waive receipt of its management fees to the extent necessary to offset AFFE. This agreement is in effect until January 31, 2026

# Welcome to the Upside Down

---

Explore the eerie realms of factor investing

While factors have robust academic backing and a long track record of historical performance, the past 10 years have been stranger than usual.

Our factor world may have been disrupted by **powerful forces**.

Whether you blame ZIRP, the AI revolution, passive flows... the real question remains:

***When will factors get out of the upside down?***

In this webinar we will explore 11 reasons we believe factors may be coming out of the upside down.



# Webinar Agenda

Topics we will cover today

## CONTENTS

1. Where are markets today?
2. How are our factors ETFs positioned?
3. How are our diversifiers positioned?

# Webinar Agenda

Topics we will cover today

## CONTENTS

1. Where are markets today?

2. How are our factors ETFs positioned?

3. How are our diversifiers positioned?

**In our view**, while markets may trend over medium-term horizons, they are long-term mean reverting.

Here are **four** potential factors that may be mean reverting in the near future.



# 1. Valuations Act Like Gravity

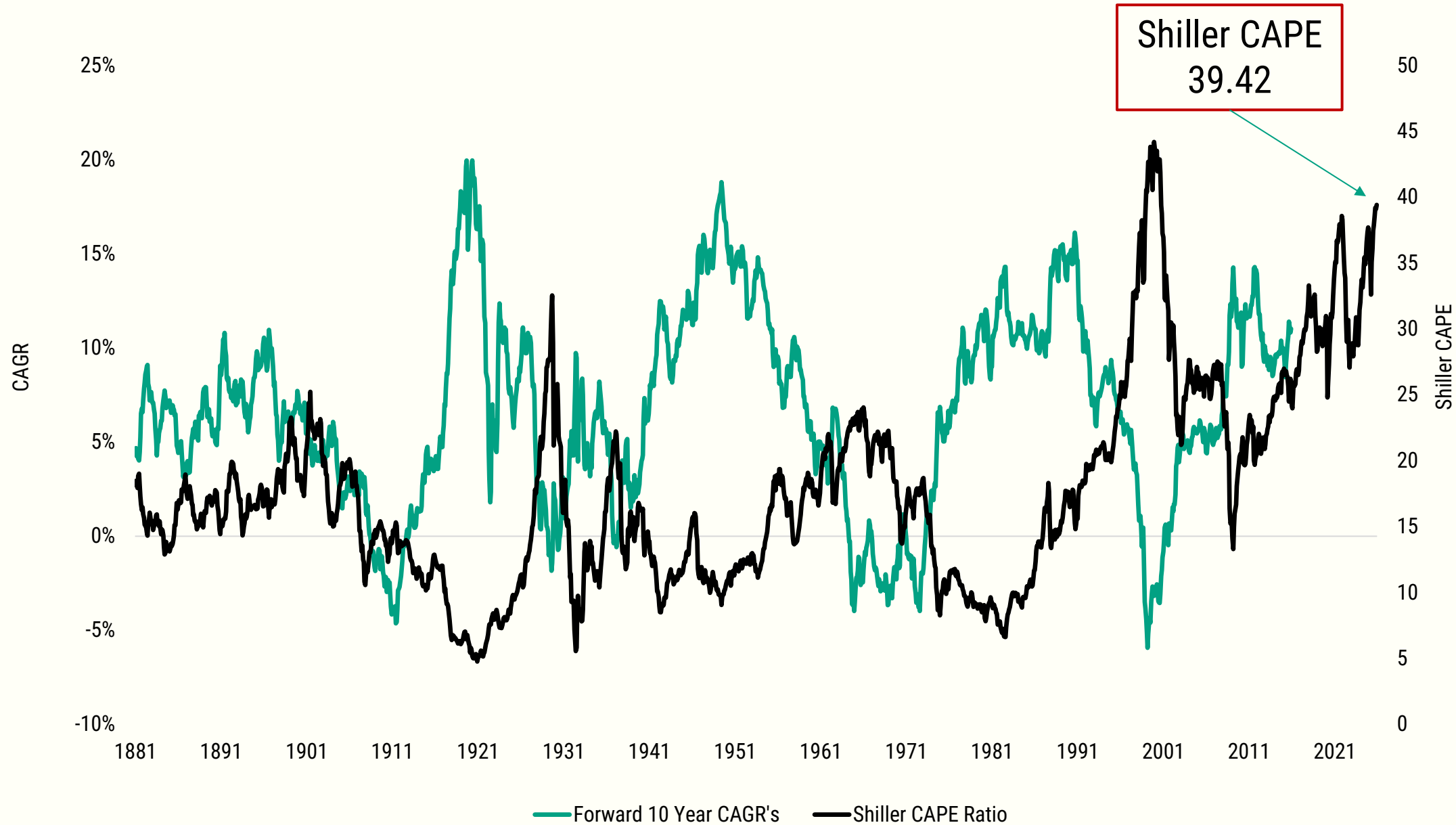
# Shiller CAPE Ratio<sup>1</sup> vs. Forward 10 Year CAGR<sup>2</sup> | U.S. Market

## Valuations matter like gravity matters

Predicting market returns using valuations will likely yield noisy results at best.

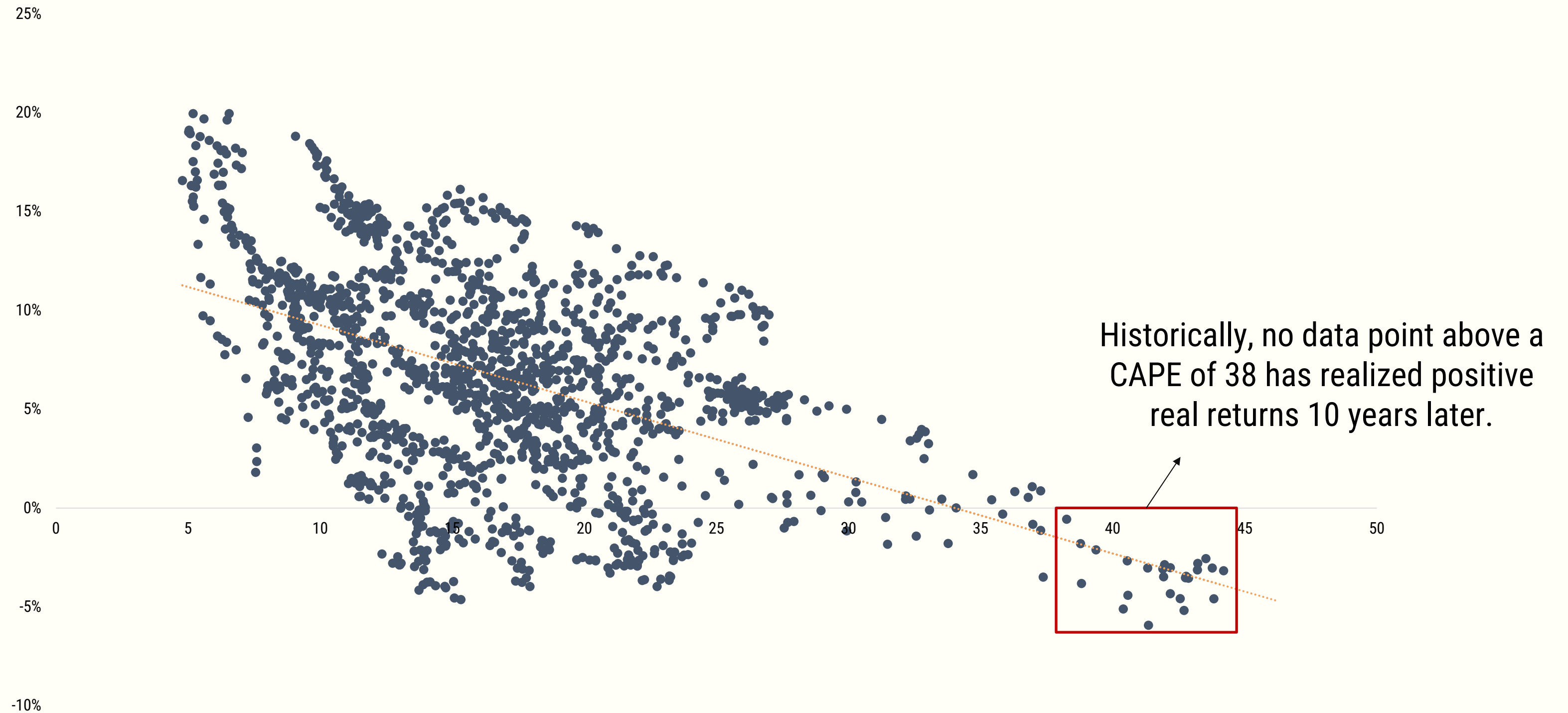
That said, high valuations have tended to weigh on forward real returns.

Historically, valuations (**black line**) and forward realized returns (**green line**) have displayed a heavy **negative correlation**.



Source: Robert Shiller. 01/01/1881 – 12/31/2025. Data downloaded on 01/08/2026. Investing involves risk, including the loss of principal. Past performance does not guarantee future results. Returns data is believed to be accurate but is not guaranteed. <sup>1</sup>Shiller CAPE Ratio adjusts for economic cycles and measures how much an investor is willing to pay for one dollar of earnings of the market as a whole. <sup>2</sup>CAGR stands for compounded annualized growth rate, which represents the rate at which an investment would have grown if it had grown at the same rate every year and the profits were reinvested at the end of each year

## Scatter Plot | CAPE Ratio vs. 10 Year Forward Real CAGRs, Monthly



Source: Robert Shiller. 01/01/1881 – 12/31/2025. Data downloaded on 01/08/2026. *Investing involves risk, including the loss of principal. Past performance does not guarantee future results.* Returns data is believed to be accurate but is not guaranteed. <sup>1</sup>**Shiller CAPE Ratio** adjusts for economic cycles and measures how much an investor is willing to pay for one dollar of earnings of the market as a whole. <sup>2</sup>**CAGR** stands for compounded annualized growth rate, which represents the rate at which an investment would have grown if it had grown at the same rate every year and the profits were reinvested at the end of each year

**In our view,** adding value in 2026 means playing both defense and offense.



## 2. Size Is Beaten Down

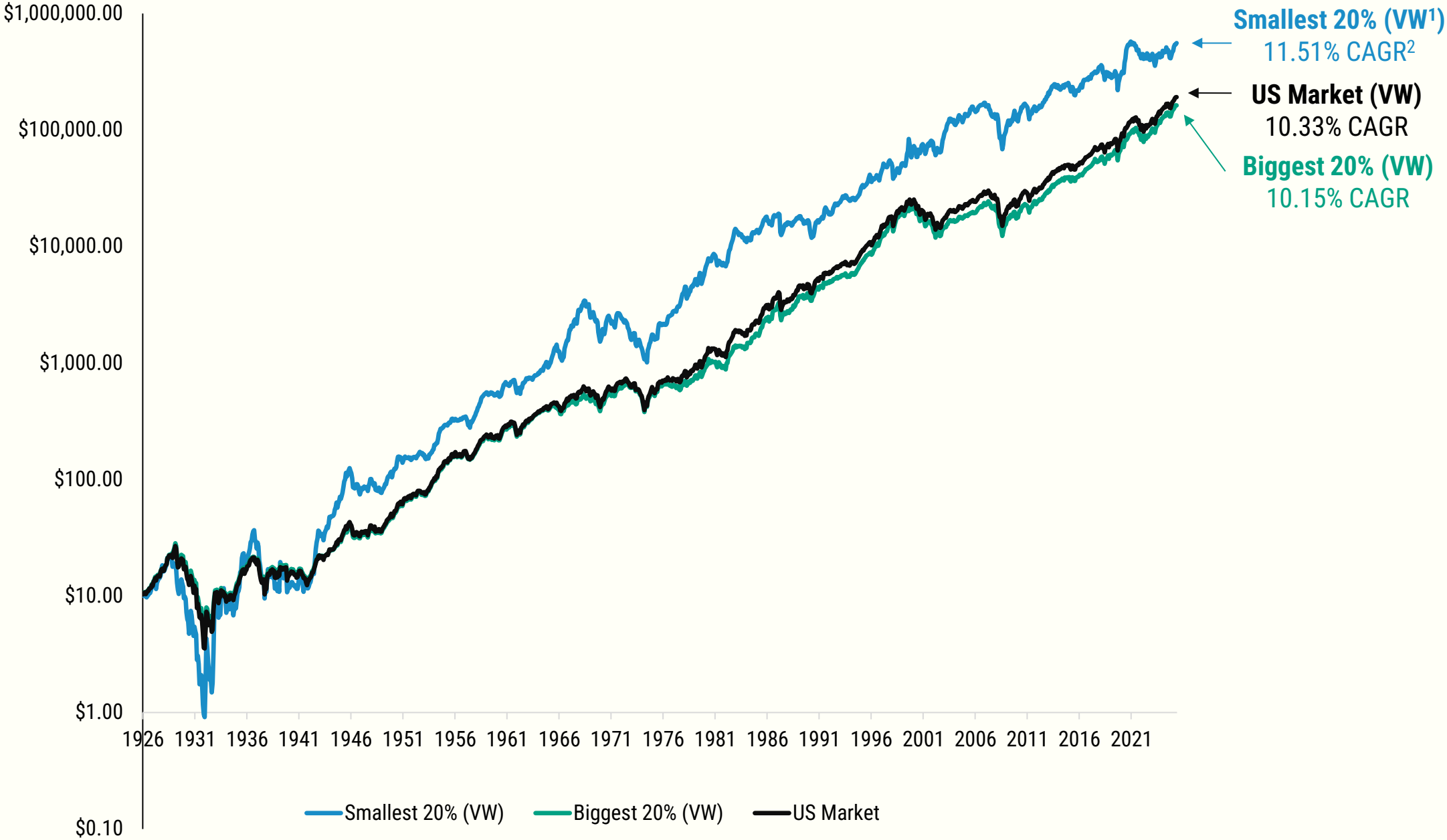
# Smaller stocks have beaten larger stocks historically

While the market turned \$10 into **\$191,751**, the smallest quintile turned \$10 into **\$556,783**.

The biggest quintile, on the other hand, turned \$10 into **\$163,020**, which is less than the market returned.

However...

### Growth of \$10 | Log Scale



Source: Kenneth French. Dartmouth College. 7/31/1926 - 11/30/2025. *Investing involves risk, including the loss of principal. Past performance does not guarantee future results.* Returns data is believed to be accurate but is not guaranteed. <sup>1</sup>Value-weighted (VW) refers to a method of constructing a portfolio, index, or performance measure in which each constituent's weight is proportional to its market value, typically measured by market capitalization. <sup>2</sup>CAGR stands for compounded annualized growth rate, which represents the rate at which an investment would have grown if it had grown at the same rate every year and the profits were reinvested at the end of each year. The results are hypothetical results and are NOT an indicator of future results and do NOT represent returns that any investor actually attained. Indexes are unmanaged and do not reflect management or trading fees, and one cannot invest directly in an index.

# In 2025, this was upside down

In fact, small stocks have outperformed big stocks in only 3 out of the past 10 years



Source: Kenneth French. Dartmouth College. 1/1/2016 - 11/30/2025. **Investing involves risk, including the loss of principal. Past performance does not guarantee future results.** Returns data is believed to be accurate but is not guaranteed. The results are hypothetical results and are NOT an indicator of future results and do NOT represent returns that any investor actually attained. Indexes are unmanaged and do not reflect management or trading fees, and one cannot invest directly in an index.

**In our view, while size is not a robust standalone factor, there is one big reason size underperformance matters..**

3. Concentration Is  
At All-Time-Highs

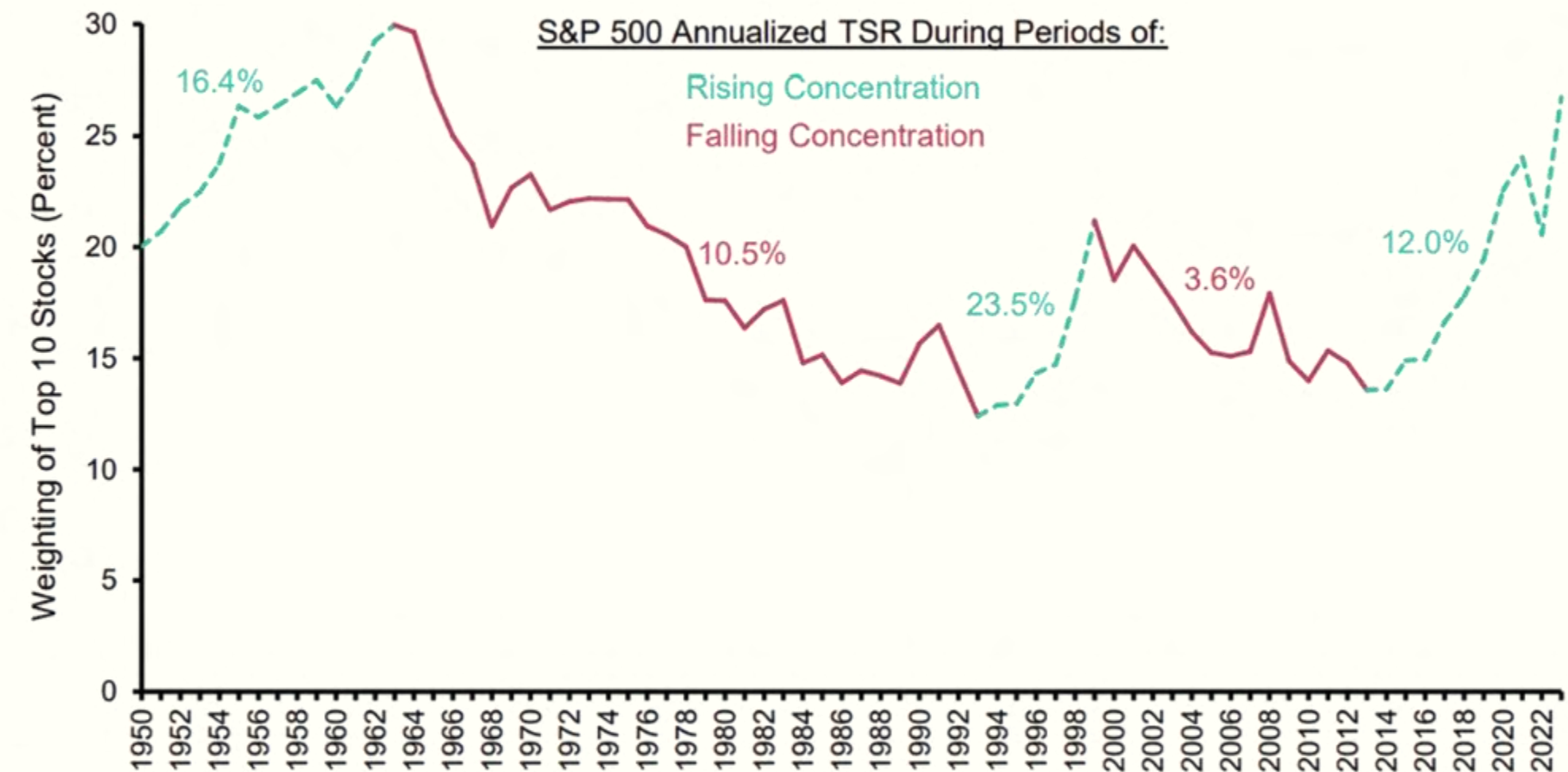
## Concentration is good... As long it's rising

By design, market cap weighted strategies will continue buying the largest stocks.

If these stocks grow at a higher pace than the rest of the market, concentration grows... but also do returns, at least historically!

Unfortunately, the reverse is also true. **Diluting markets have earned lower average returns.**

Exhibit 9: S&P 500 Annual Returns During Rising and Falling Concentration, 1950-2023



Source: FactSet and Counterpoint Global.

# In 2025, concentration hit an all-time-high

Rising concentration has been a tailwind for market cap weighted exposures

Over the past six years, concentration went from elevated (20% range), to concerning (30% range), to **all time highs** (40% range).

If concentration keeps rising, market cap weighted passive products should continue to benefit.

But at what point does concentration warrant caution?

50s? 70s? 90s? **Now?**

**U.S. Market** | % in Top 10 Holdings



# With valuations to match...

PE ratios<sup>1</sup> have also expanded

## Q1 '19

Symbol	Name	% Weight	PE Ratio
MSFT	Microsoft Corp.	3.8%	26.21
AAPL	Apple, Inc.	3.6%	15.97
AMZN	Amazon.com, Inc.	3.1%	74.34
META	Meta Platforms, Inc.	1.7%	24.74
BRK.B	Berkshire Hathaway, Inc.	1.7%	18.46
JNJ	Johnson & Johnson	1.6%	25.89
GOOG	Alphabet, Inc.	1.5%	29.43
GOOGL	Alphabet, Inc.	1.5%	29.52
XOM	Exxon Mobil Corp.	1.5%	18.62
JPM	JPMorgan Chase & Co.	1.4%	10.93
V	Visa, Inc.	1.1%	33.43
<b>TOTAL   AVERAGE</b>		<b>22.4%</b>	<b>27.81</b>



## Q4 '25

Symbol	Name	% Weight	PE Ratio
NVDA	NVIDIA Corp.	7.7%	52.90
AAPL	Apple, Inc.	6.9%	39.81
MSFT	Microsoft Corp.	6.1%	33.95
AMZN	Amazon.com, Inc.	3.8%	39.73
GOOGL	Alphabet, Inc.	3.1%	23.53
AVGO	Broadcom Inc.	2.8%	190.17
GOOG	Alphabet, Inc.	2.5%	23.67
META	Meta Platforms, Inc.	2.5%	24.48
TSLA	Tesla, Inc.	2.2%	192.98
BRK.B	Berkshire Hathaway, Inc.	1.6%	10.98
JPM	JPMorgan Chase & Co.	1.5%	12.14
<b>TOTAL   AVERAGE</b>		<b>40.7%</b>	<b>62.07</b>

Source: YCharts. 01/01/2019 – 12/31/2025. U.S. Market holdings are represented by the SPDR S&P 500 ETF. <sup>1</sup>PE ratio is a financial ratio that normalizes a stock's earnings by its current market price. It can be interpreted to be mean how much an investor is willing to pay for one dollar of earnings. It is calculated by dividing the share price by the annual net income earned by the firm. Because GOOG and GOOGL represent different share classes of the same company, their PE ratios are averaged in the calculation and contribute one-tenth of the weight of the group average.

**In our view,** adding smaller stocks in 2026 means playing both defense and offense.



## 4. International Stocks: Still Cheap

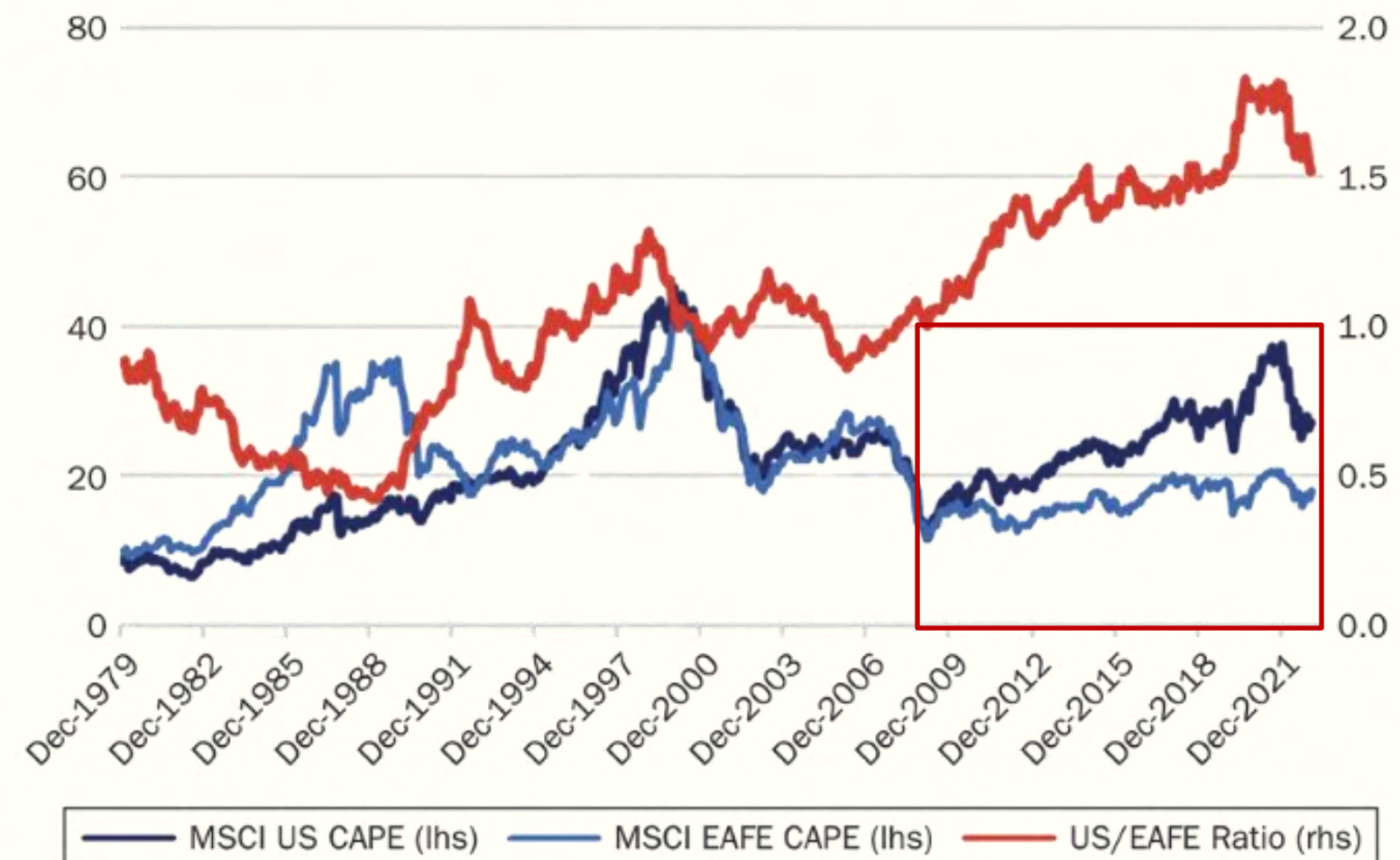
## Why has the U.S. trounced international stocks?

The main culprit: **valuation repricing**. As earnings grew, investors bid large U.S. stocks and valuations expanded.

The net result: a more expensive U.S. market with lower expected returns, and a cheaper international market with higher expected returns.

### EXHIBIT 2

Valuations of US and Other Equity Markets, January 1980–February 2023



**NOTES:** Country-level CAPE (cyclically adjusted price-to-earnings ratio) metrics are created by comparing the recent equity index price with 10-year past average earnings. The EAFE composite is created by taking country-level data and weighting it according to the MSCI weights.

**SOURCE:** Bloomberg, MSCI, Consensus Economics.

*“Since 1990, the vast majority of the US’s outperformance versus the MSCI EAFE Index (currency hedged) of a whopping +4.6% per year, was due to **changes in valuations.***”

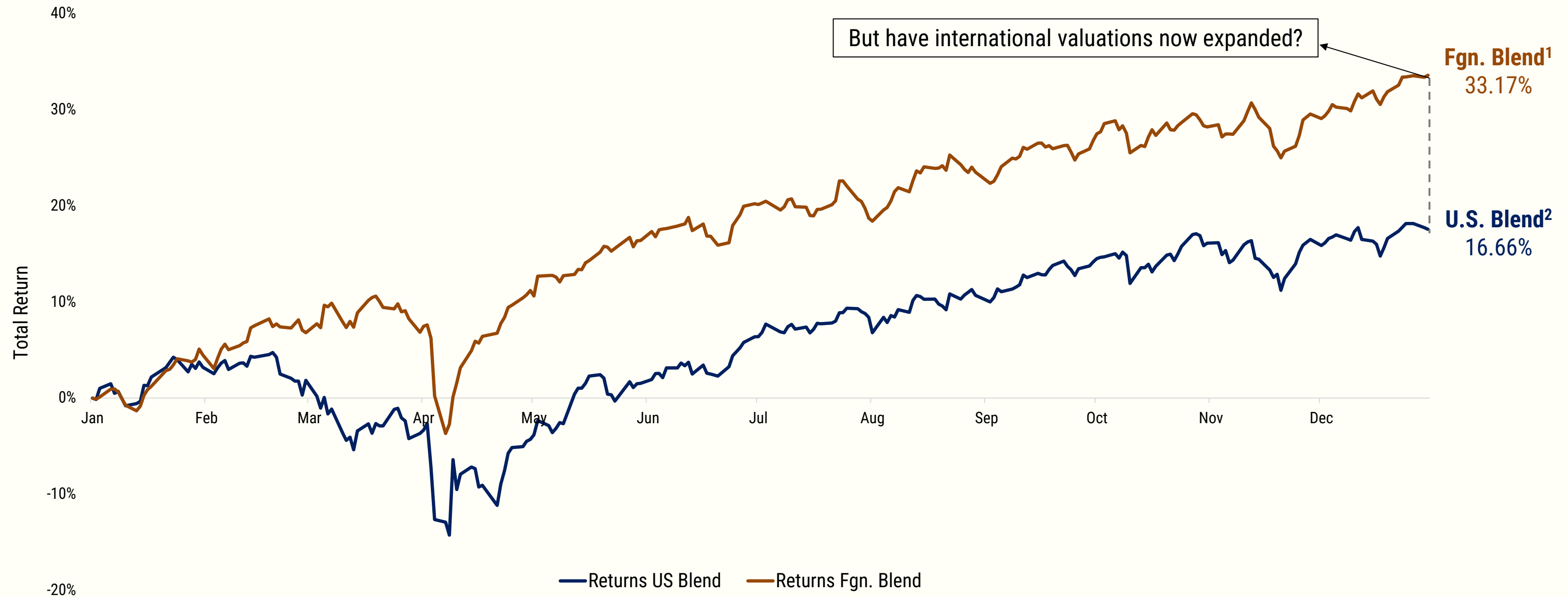
*The culprit: In 1990, US equity valuations (using Shiller CAPE) were about half that of EAFE; at the end of 2022, they were 1.5 times EAFE.*

*Once you control for this tripling of relative valuations, the 4.6% return advantage falls to a **statistically insignificant 1.2%**”*

Source: International Diversification—Not So Crazy after All These Years. Cliff Asness, Antti Ilmanen, Daniel Villalon. AQR. <https://www.aqr.com/Insights/Research/Journal-Article/International-Diversification-Still-Not-Crazy-after-All-These-Years>. Past performance is not a guarantee of future results.

# In 2025, the story changed

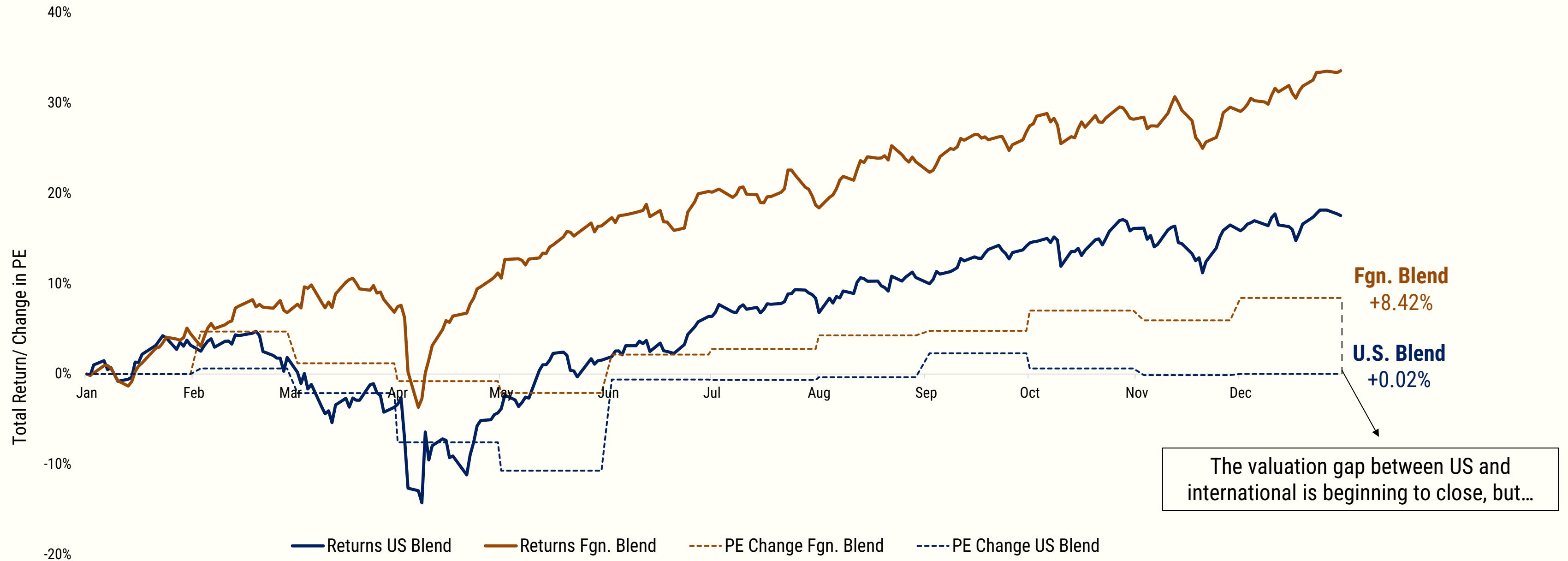
International stocks outperformed U.S. stocks by the widest margin since the early 90's



Source: YCharts. 01/01/2025 – 12/31/2025. Total returns at NAV. Past performance is not a guarantee of future results. <sup>1</sup>Fgn. Blend represented by a category average. <sup>2</sup>U.S. Blend represented by a category average. [See definitions and note regarding category average methodology.](#) You cannot invest directly in a category average.

# In 2025, the story changed

International stocks outperformed U.S. stocks by the widest margin since the early 90's



Source: YCharts. FactSet. Alpha Architect. 01/01/2025 – 12/31/2025. Total returns at NAV. **Past performance is not a guarantee of future results.** Price-to-Earnings Ratio (PE) is a financial ratio that normalizes a stock's earnings by its current market price. It can be interpreted to be mean how much an investor is willing to pay for one dollar of earnings. It is calculated by dividing the share price by the annual net income earned by the firm. [See definitions and note regarding category average methodology.](#) You cannot invest directly in a category average.

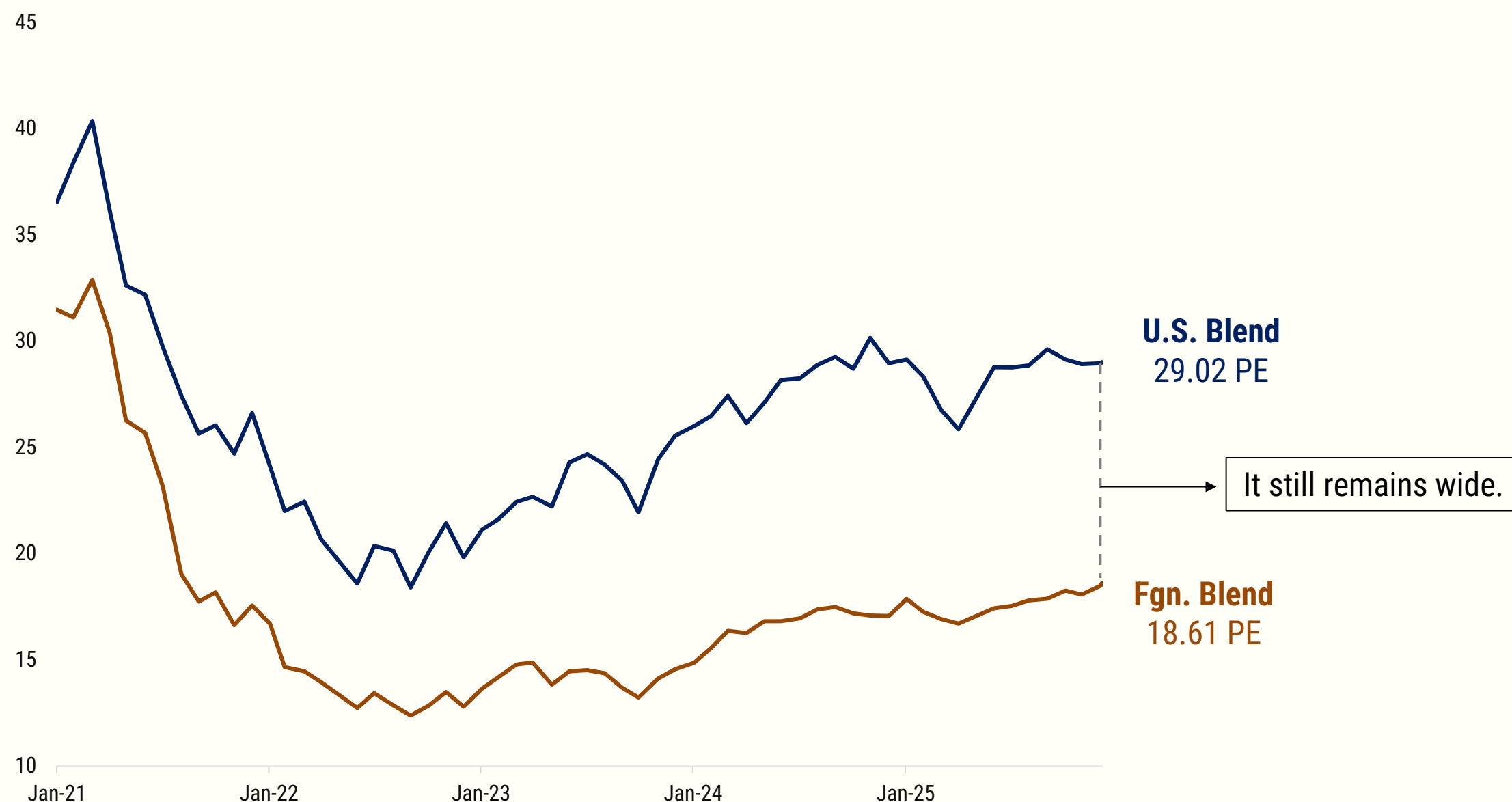
# In 2025, the story changed

International stocks outperformed U.S. stocks by the widest margin since the early 90's

## The valuation gap remains wide

If 2025 was the beginning of a secular rotation into international stocks, it is **not** too late to invest. In fact, the valuation gap remains historically high.

Even assuming that valuations found a long-term steady state, international stocks still represent a **diversification opportunity** for U.S. based investors.



# Webinar Agenda

Topics we will cover today

## CONTENTS

1. Where are markets today?

2. How are our factors ETFs positioned?

3. How are our diversifiers positioned?



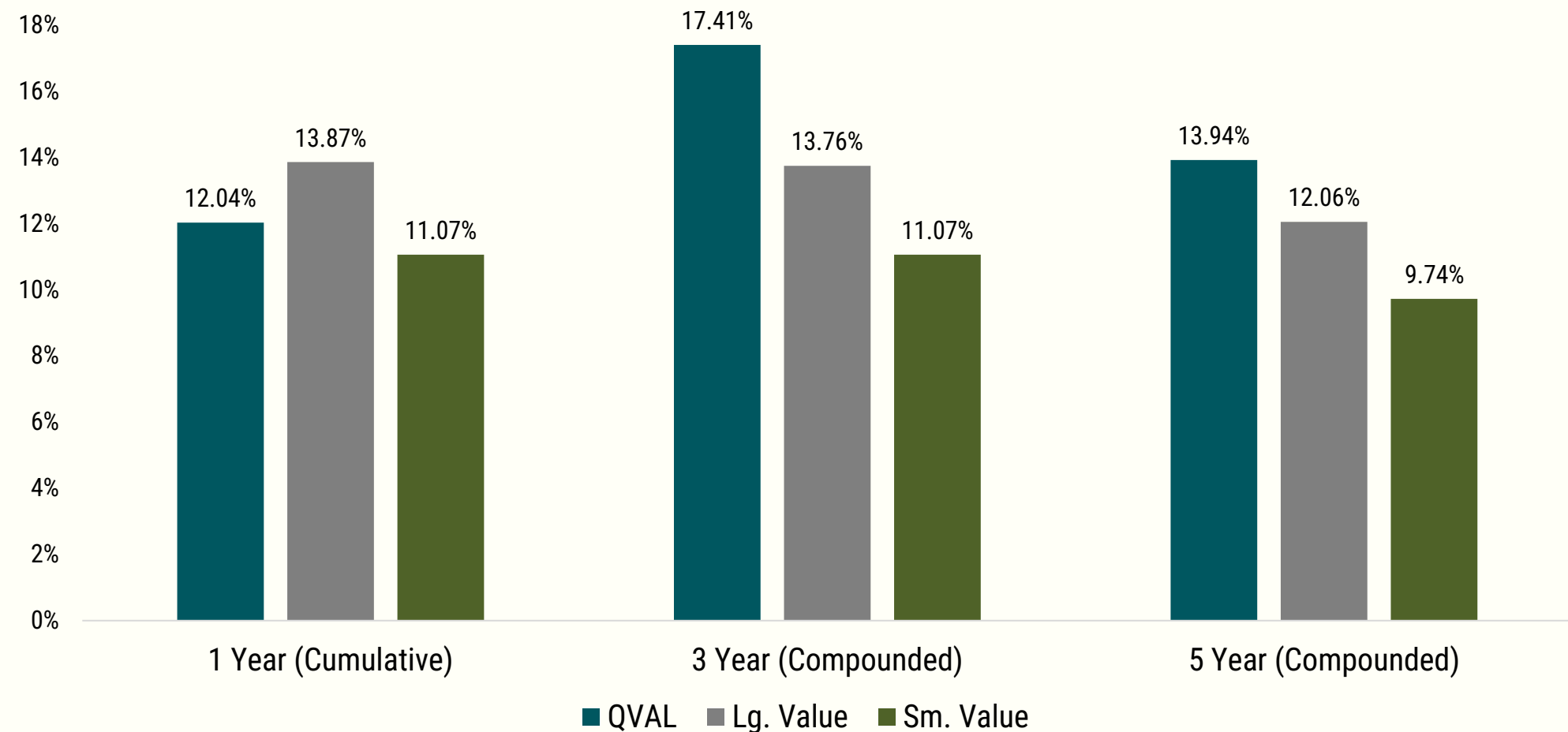
5. QVAL: Quietly  
Outperforming

# QVAL beat small value over the past 1, 3 and 5 years

Not all value is made equal

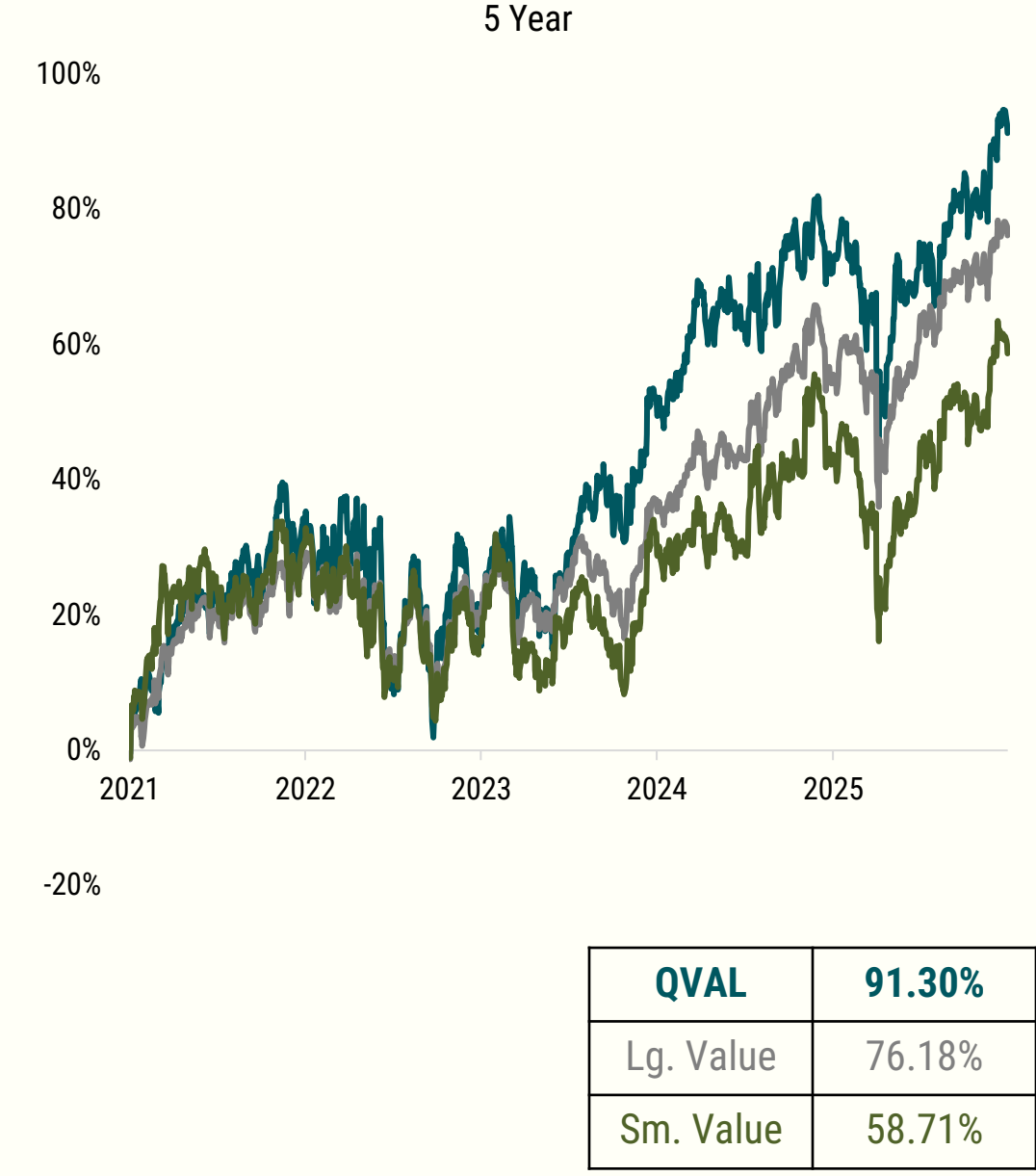
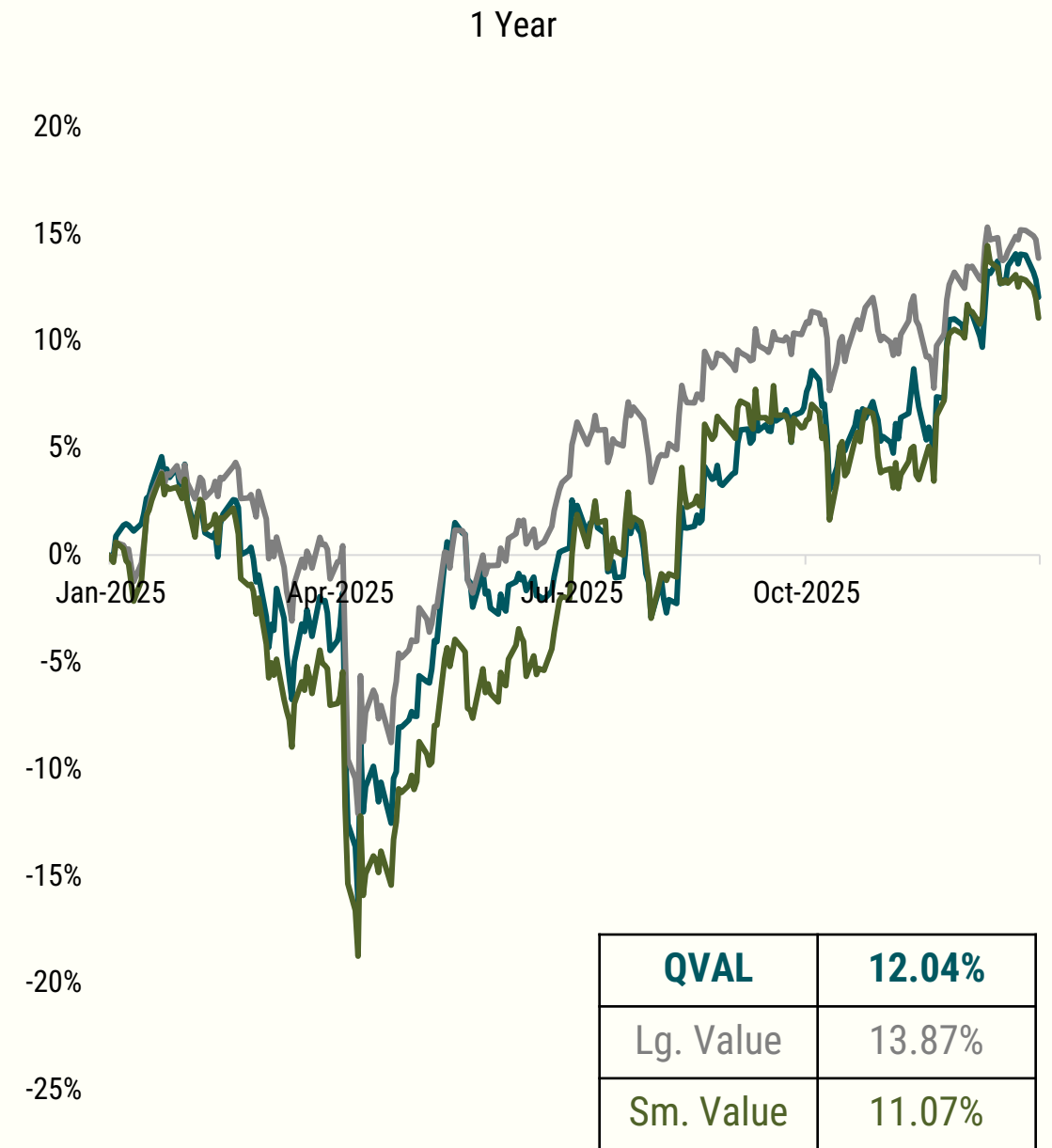
While size has been out of favor, it is unlikely that **QVAL**'s size-agnostic construction methodology fully explains its outperformance relative to small value, particularly given that QVAL also outperformed large value over the three- and five-year lookback periods.

We believe that **purser value loadings, higher quality exposures and superior stock selection** has contributed to QVAL's outperformance.



# QVAL beat small value over the past 1, 3 and 5 years

Not all value is made equal



— QVAL — Lg. Value — Sm. Value

Source: YCharts. 01/01/2021 – 12/31/2025. Total cumulative returns at NAV. **Past performance is not a guarantee of future results.** Lg. Value represented by a category average. Sm. Value represented by a category average. [See definitions and note regarding category average methodology.](#) You cannot invest directly in a category average. **Compounded** represents the annualized rate at which an investment would have grown if it had grown at the same rate every year and the profits were reinvested at the end of each year.

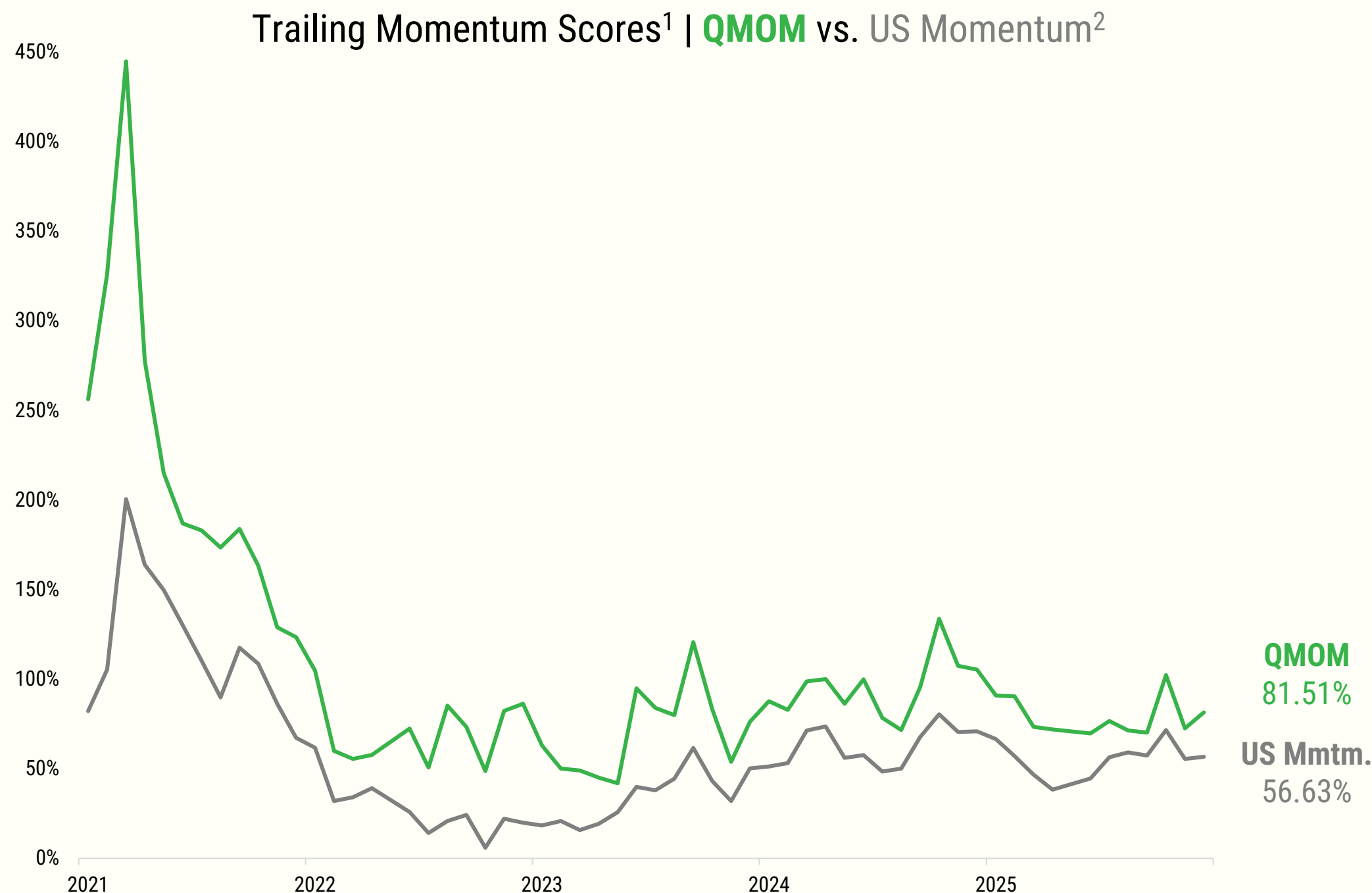
# 6. QMOM: Higher Momentum

# QMOM continues to load higher on momentum scores

While in 2025 **QMOM** lagged the market and its peers, it continued investing in the highest momentum names as evidenced by its trailing momentum score.

As such, we believe that in 2025 **momentum was out of favor**. This caused QMOM to underperform.

Outperformance in momentum peers likely had to do with other factors such as **size, rebalance timing luck** and **overconcentration**.



Source: FactSet. Alpha Architect. 01/01/2021 – 12/31/2025. **Past performance is not a guarantee of future results.** <sup>1</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. <sup>2</sup>**US Momentum** represented by a category average. [See definitions and note regarding category average methodology.](#) You cannot invest directly in a category average.

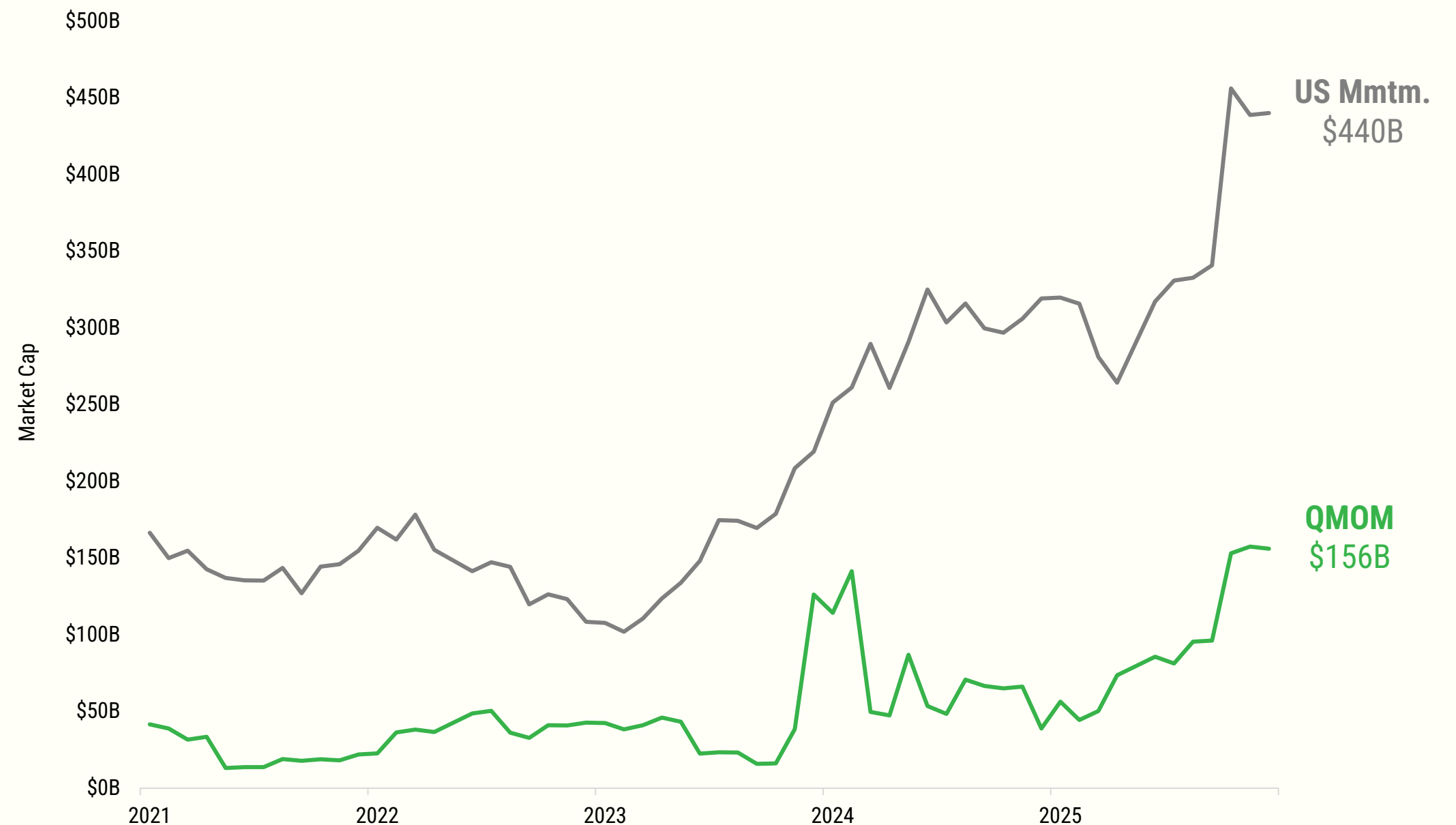
# QMOM continues to target smaller stocks

**QMOM** seeks to equal weight the **highest momentum names**, regardless of size (excluding illiquid microcaps).

As a result, QMOM has generally held smaller stocks than its peers, many of which have experienced a gradual drift toward mega-cap names that already carry significant weights in the market index.

We believe our methodology allows QMOM to offer a more **diversifying** and **pure momentum** opportunity for investors.

Trailing Avg. Market Cap | **QMOM** vs. US Momentum



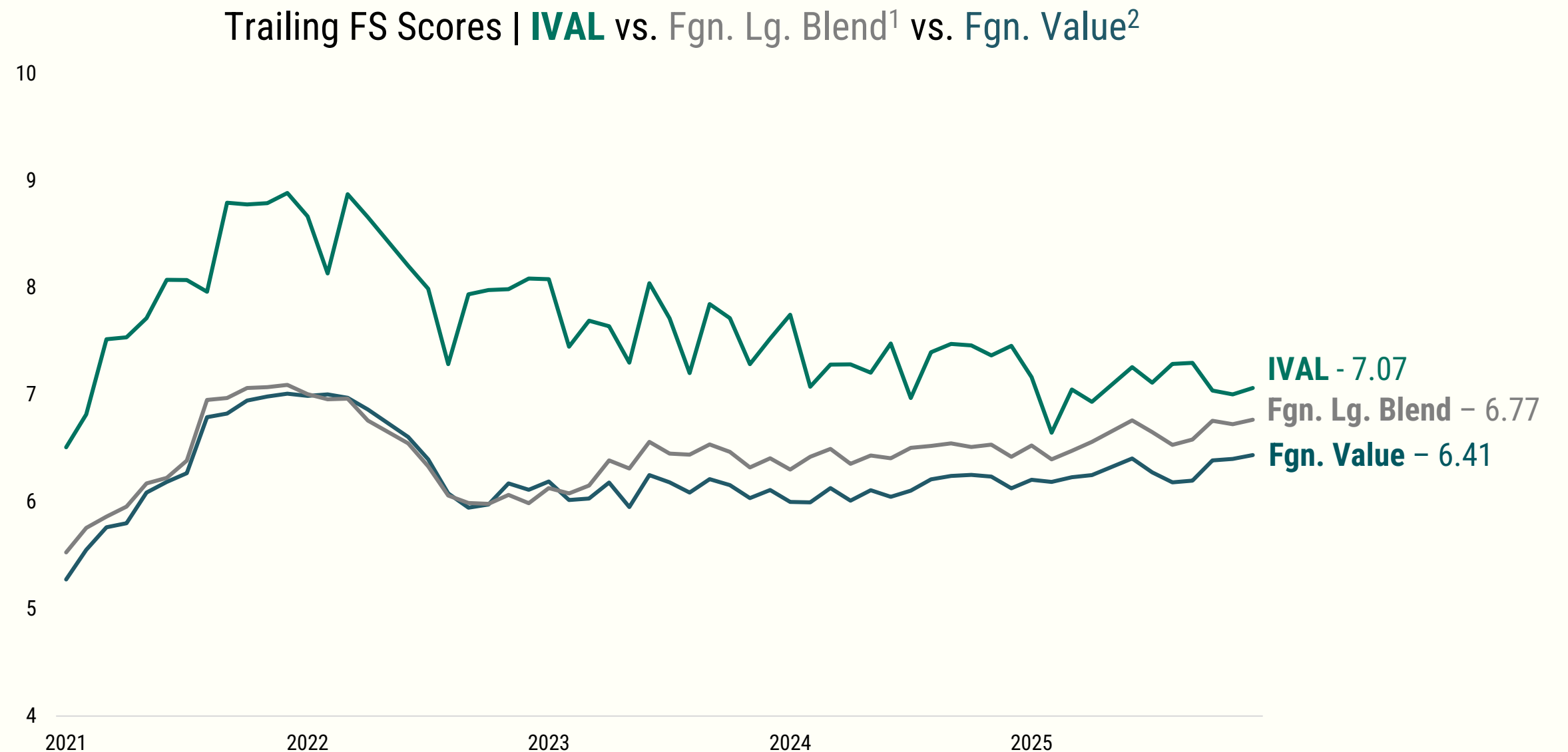


7. *IVAL*:  
A Play on Quality

# IVAL continues to target higher quality stocks

Historically, **IVAL** has targeted higher quality stocks relative to its peers and foreign large blend, according to their trailing financial strength (FS) scores.

The **financial strength score** is a quality metric that measures balance sheet strength, management quality, financial stability, profitability and operational momentum.





## 8. IMOM: Loudly Outperforming

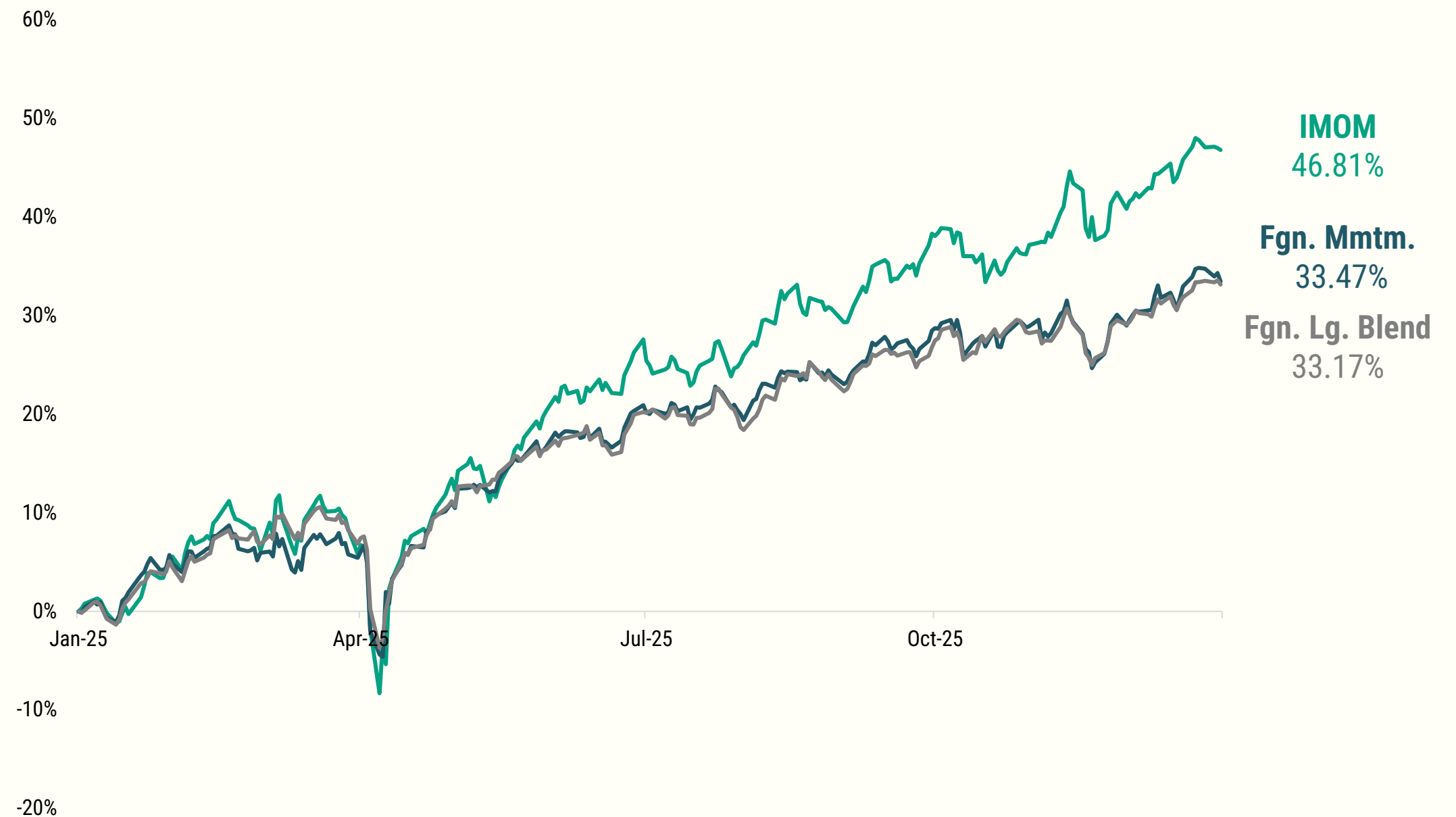
# IMOM had its best-ever year

Is international momentum signaling a cross-roads?

In 2025, **IMOM** became a stellar performer, gaining **46.81%** for the year, beating both foreign momentum and foreign large blend by double-digits.

As international cyclicals continue outperforming, IMOM is heavily invested in **financials** (roughly 28%) as it seeks to continue profiting from this trend.

**Sentiment seems to finally be shifting in favor of international equities.**



# Webinar Agenda

Topics we will cover today

## CONTENTS

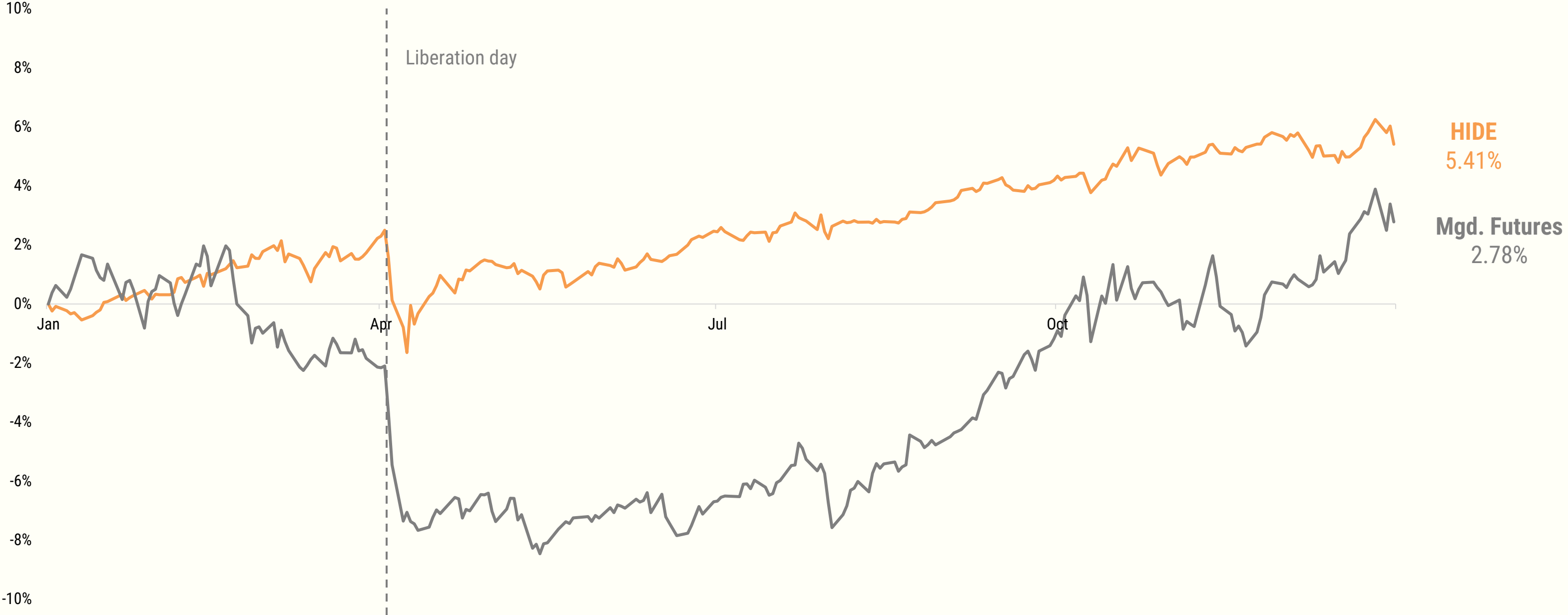
1. Where are markets today?
2. How are our factors ETFs positioned?
3. How are our diversifiers positioned?



9. HIDE:  
A Bet on Metals

# In 2025, HIDE beat managed futures

Volatility: a headwind for managed futures in 2025



Source: YCharts. 01/01/2025 – 12/31/2025. Total returns at NAV. Past performance is not a guarantee of future results. <sup>1</sup>Mgd. Futures represented by a category average. [See definitions and note regarding category average methodology.](#) You cannot invest directly in a category average.

# HIDE bets on metals

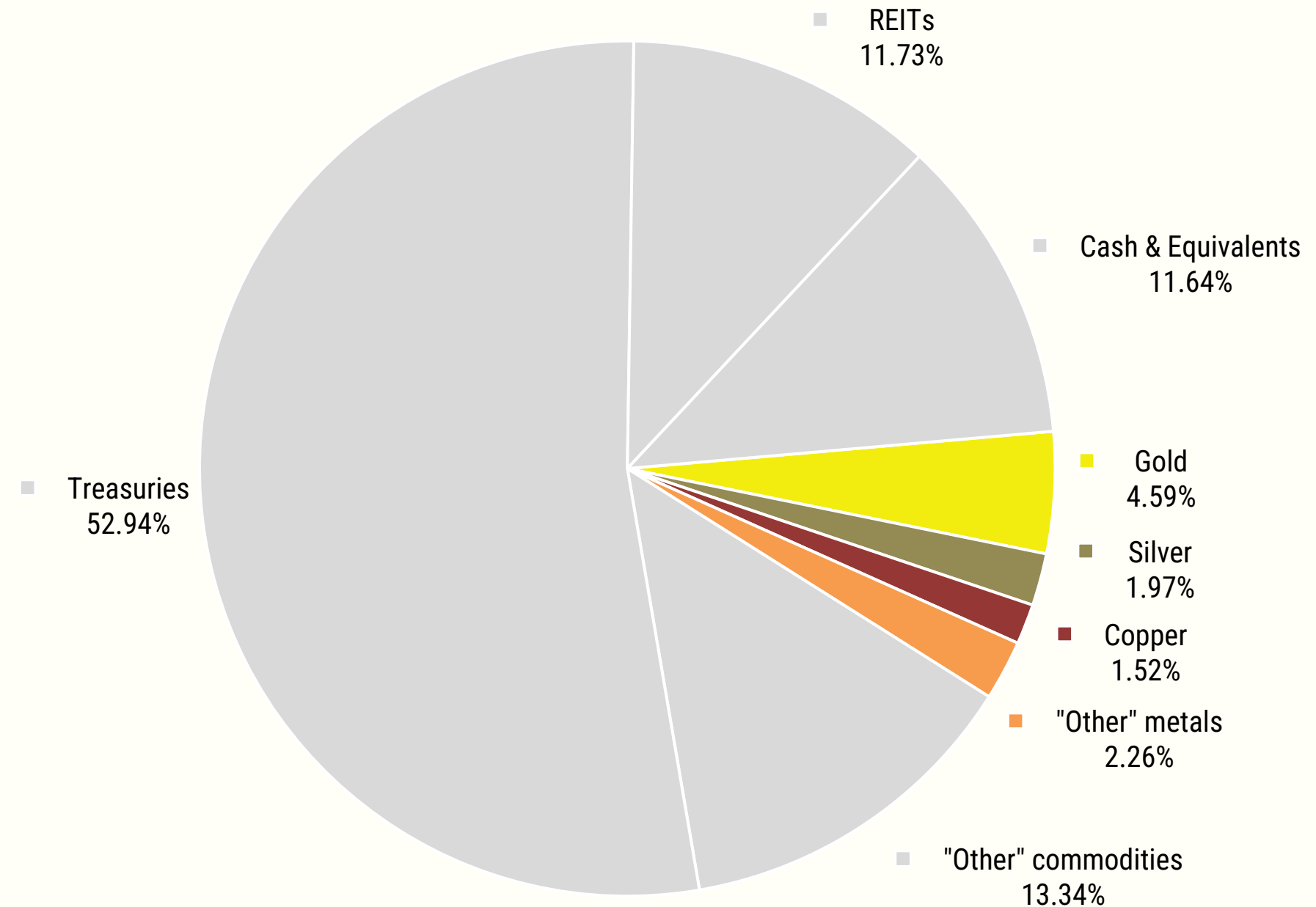
Golden opportunity or head fake?

## Got gold?

In 2025, **gold** and **silver** were two of the most prominent return drivers in trend following programs. As central banks continued purchasing gold reserves, concerns about dollar debasement increased, investors piled in, and capital flowed into precious metals.

**HIDE** currently has about **10.35%** in metals, including 4.59% in gold and 1.97% in silver.

HIDE | Weighted Holdings



# HIDE bets on metals

Golden opportunity or head fake?

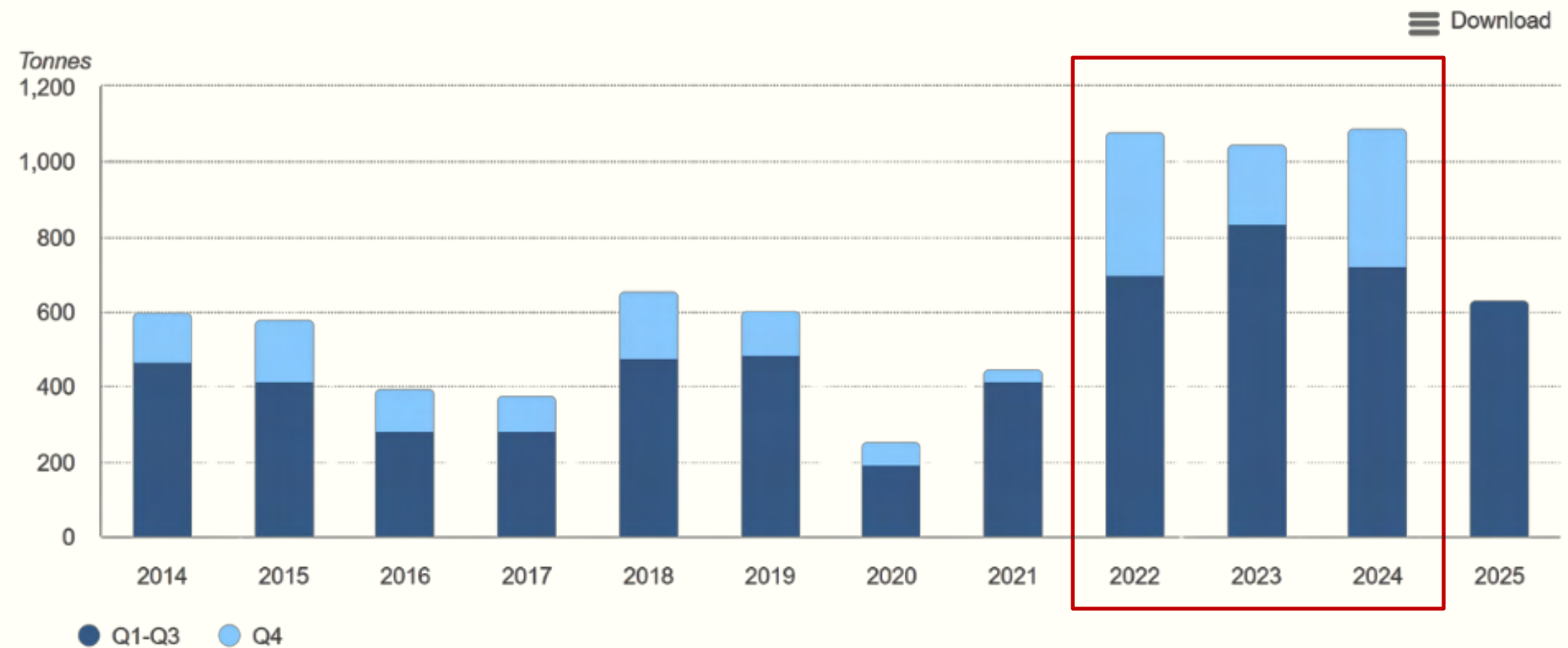
After the Russian invasion of Ukraine, central banks began purchasing gold reserves at a neck-breaking speed.

While more muted, 2025 represented a continuation of this prevailing dynamic.

The question is: **will this trend continue?**

Chart 7: Central bank gold demand remains on course for another stellar year

Annual central bank gold demand, tonnes\*



Sources: Metals Focus, World Gold Council; Disclaimer

\*Data as of 30 September 2025.

10. CAOS:  
Slowly... Then All  
Of A Sudden!

# Convexity: Slowly... Then All of a Sudden

Where was my CAOS pop during liberation day?

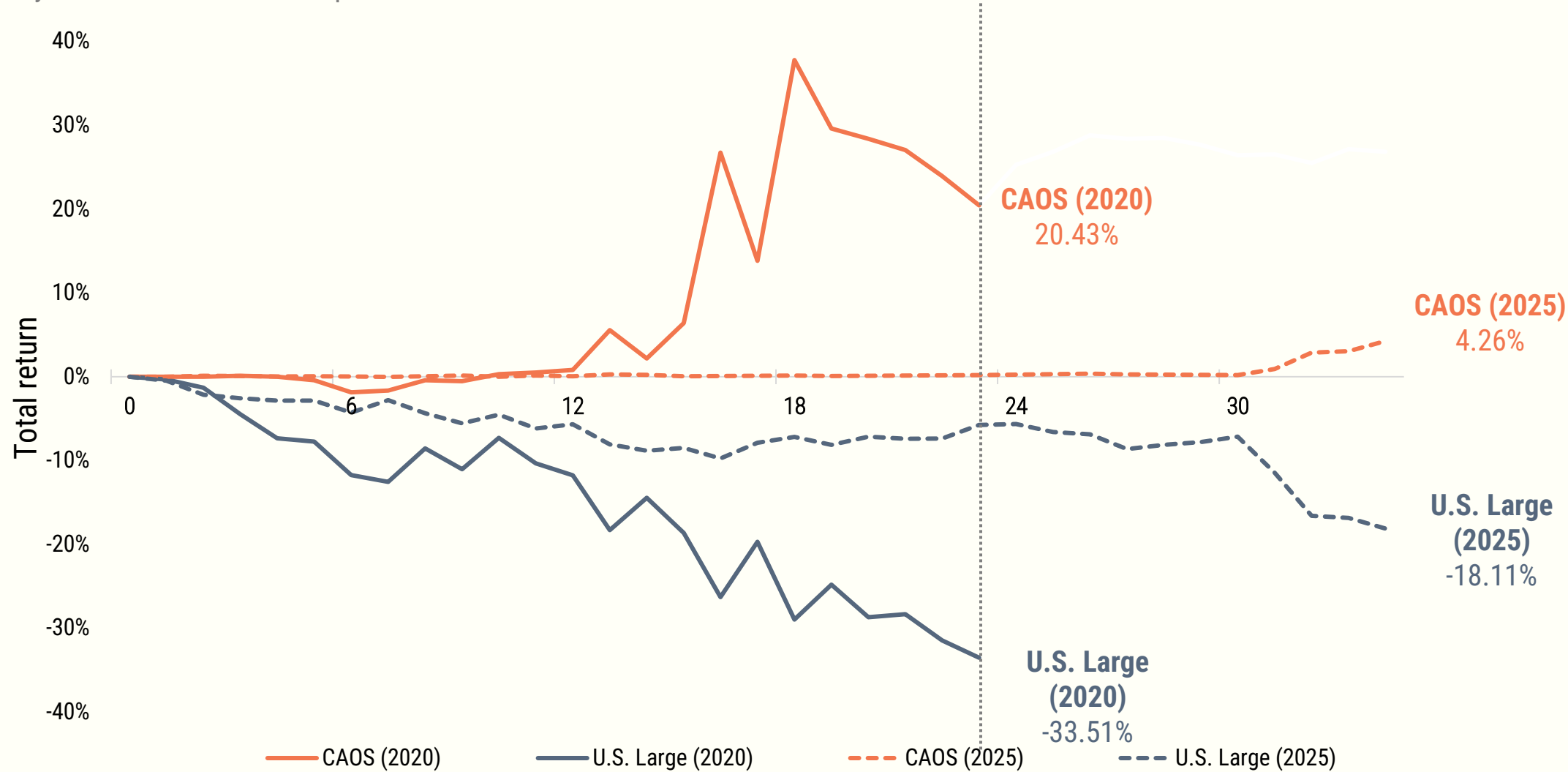
## “Where is my crisis alpha?!”

That’s a question we kept receiving after the liberation day crash. We decided to write a whitepaper to give a detailed answer.

If one were to compare the returns of CAOS in 2020 vs. 2025, it’s clear that in 2020, **CAOS** delivered higher returns—almost **5 times more**<sup>1</sup> than it did in 2025.

So, what happened?

Return differential in CAOS | 2020 vs. 2025  
Days after 2/19 | Returns stop at market bottoms



Source: “Convexity: Slowly...Then All of a Sudden”. YCharts, Alpha Architect, FactSet. NAV total daily returns. 2/19/2020 – 3/23/2020 & 2/19/2025 - 4/8/2025. **Past performance is not a guarantee of future results. U.S. Large Blend** represented by the average returns at NAV of the biggest 50 ETFs in the US Large Blend category based on assets under management (AUM). Categories are determined by YCharts. <sup>1</sup>Charted returns stop at market bottoms. At its peak in 2020, CAOS delivered over 9 times more than it did in 2025.

# Convexity: Slowly... Then All of a Sudden

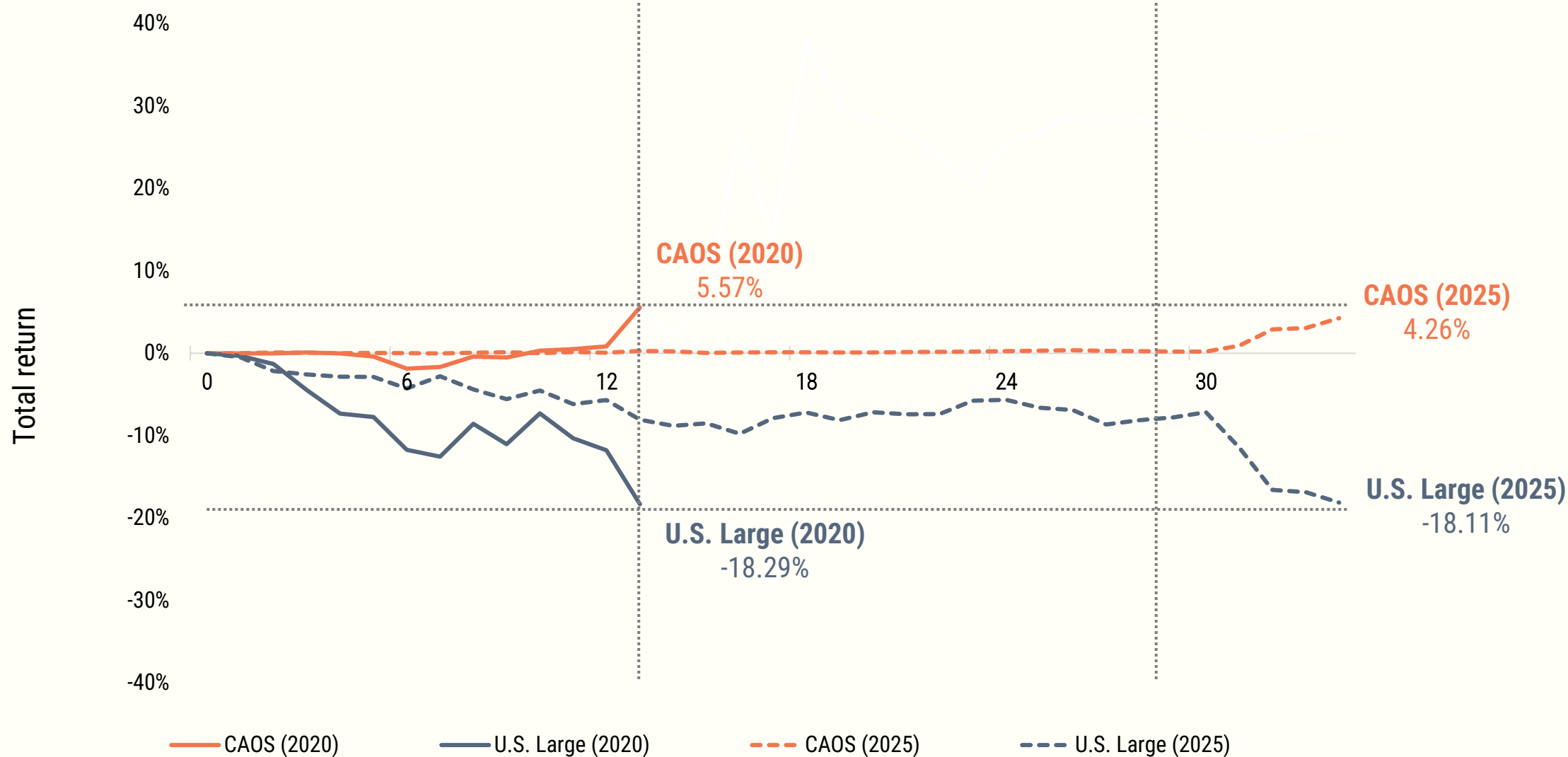
Where was my CAOS pop during liberation day?

## Nothing!

In our view, while the April 2025 crash caused nervousness, it did not cause a **panic**.

By comparing the returns in 2020 and 2025 adjusted for the level of drawdown, **CAOS** performed just as we would have expected it to perform.

Peak-to-trough Returns | Number of days after 2/19



Source: "Convexity: Slowly...Then All of a Sudden". YCharts, Alpha Architect, FactSet. NAV total daily returns. 2/19/2020 – 3/23/2020 & 2/19/2025 - 4/8/2025. **Past performance is not a guarantee of future results.** U.S. Large Blend represented by the average returns at NAV of the biggest 50 ETFs in the US Large Blend category based on assets under management (AUM). Categories are determined by YCharts.

# Webinar Agenda

Topics we will cover today

## CONTENTS

1. Where are markets today?
2. How are our factors ETFs positioned?
3. How are our diversifiers positioned?
4. BONUS: New research.

# 11. The Long Volatility Factor (?)

# Do long volatility portfolios lose money?

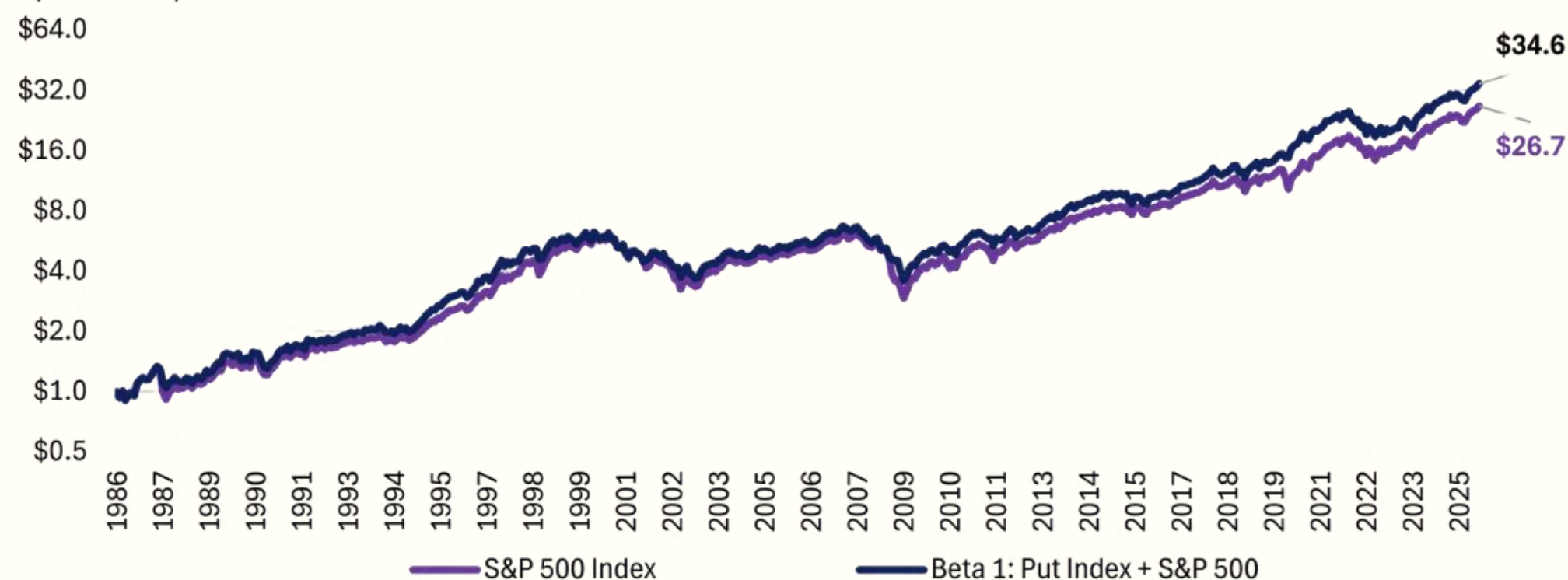
Why purchasing puts is not the worst idea.

**Long volatility portfolios may gain more over the long term.**

In his paper *“Heretical Thinking: The Long Volatility Premium”* Patrick Kazley discusses the idea that portfolios with traditional long volatility exposures via put-buying lose money because they do not **adjust for the negative loading to beta**.

By adjusting for beta (much like a traditional factor does), put-buying portfolios realize net positive long-term returns.

Exhibit 1: Growth of \$1  
July 1986 – September 2025



Source: One River, Bloomberg, CBOE. The Bloomberg ticket for the index is “PPUT Index”. The beta adjustment methodology is disclosed in the paper.

While calling long volatility a factor *may* be a stretch, portfolios with **long volatility** need the correct benchmark for proper analysis.

Contact

Reach Out to Us  
in Hawkins

WEBSITE

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

---

EMAIL

[info@alphaarchitect.com](mailto:info@alphaarchitect.com)

---



# We saw a clear problem.

Our founders uncovered a pattern of high fees and low value. The solution became our firm.

Alpha Architect was founded in 2010 by Wesley R. Gray, Ph.D., with Jack R. Vogel, Ph.D., joining soon after.

Since inception, Alpha Architect's mission has been to empower investors through education. We started as a blog to share practical, data-driven research. The blog's reach quickly attracted a loyal audience of over 100,000 monthly readers at its peak.

The success of the blog led a multi-billion-dollar family office to hire Wes and Jack to conduct manager due diligence for their portfolios. In short order, Wes and Jack found a recurring problem: most so-called "active" managers charged high fees for portfolios that closely tracked their benchmarks. By replacing them with transparent, systematic strategies, Wes and Jack saved the family millions.

Recognizing the opportunity to put their findings into practice, Wes and Jack launched their first ETF in 2014, thanks, in part, to \$50 million in seed funding from the family office.

Today, Alpha Architect manages over \$12 billion across our focused ETF lineup, as of 12/31/2025. We apply our rigorous, disciplined approach to our ETF lineup, only bringing something to market if we believe it will give investors a higher chance of success, net of fees.

# IMPORTANT INFORMATION

Investors should carefully consider the investment objectives, risk, charges, and expenses of the funds. This and other important information is in the indicated fund's prospectus, which may be obtained by calling (215) 882-9983 or by visiting <https://funds.alphaarchitect.com/documents/>. The prospectus should be read carefully before investing.

## **PRINCIPAL INVESTMENT RISKS**

An investment in the Funds involves risks, including possible loss of principal. Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs' net asset value (NAV), and are not individually redeemable directly with the ETFs. Brokerage commissions and ETF expenses will reduce returns. ETFs are subject to specific risks, depending on the nature of the underlying strategy of the Funds, which should be considered carefully when making investment decisions. For a complete description of the Funds' principal investment risks, please refer to the prospectus.

**Management Risk.** The Funds are actively managed and may not meet its investment objective based on the SubAdviser's success or failure to implement investment strategies for the Funds.

**Investment Risk.** When you sell your Shares, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund(s). The Fund(s) could lose money due to short-term market movements and over longer periods during market downturns. Securities may decline in value due to factors affecting securities markets generally or particular asset classes or industries represented in the markets. The value of a security may decline due to general market conditions, economic trends or events that are not specifically related to the issuer of the security, such as geopolitical events and environmental disasters. The value of a security may also decline due to factors that affect a particular industry or group of industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected. Therefore, you may lose money by investing in the Fund(s).

**High Portfolio Turnover Risk.** The Fund(s)'s investment strategy may from time-to-time result in higher turnover rates. This may increase brokerage commission costs, which could negatively impact performance. Rapid portfolio turnover also exposes shareholders to a higher current realization of short-term capital gains, distributions of which would generally be taxed to you as ordinary income and thus cause you to pay higher taxes.

## **Risks common to QVAL, QMOM, IVAL and IMOM**

**Quantitative Security Selection Risk.** Data for some companies may be less available and/or less current than data for companies in other markets. The Sub-Adviser uses quantitative models, 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.

**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.

**Large-Capitalization Companies Risk.** Large-capitalization companies may trail the returns of the overall stock market. Large-capitalization stocks tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for as long as several years. Larger, more established companies may be slow to respond to challenges and may grow more slowly than smaller companies.

**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.

# IMPORTANT INFORMATION

## Risks common to QVAL and IVAL

**Value Style Investing Risk.** A value stock may not increase in price if other investors fail to recognize the company's value and bid up the price, or the markets favor faster-growing companies. Cyclical stocks in which the Fund may invest tend to lose value more quickly in periods of anticipated economic downturns than non-cyclical stocks. Companies that may be considered out of favor, particularly companies emerging from bankruptcy, may tend to lose value more quickly in periods of anticipated economic downturns, may have difficulty retaining customers and suppliers and, during economic downturns, may have difficulty paying their debt obligations or finding additional financing.

## Risks common to IVAL and IMOM

**Foreign Investment Risk.** Returns on investments in foreign securities could be more volatile than, or trail the returns on, investments in U.S. securities. Investments in or exposures to foreign securities are subject to special risks, including risks associated with foreign securities generally, including differences in information available about issuers of securities and investor protection standards applicable in other jurisdictions; capital controls risks, including the risk of a foreign jurisdiction imposing restrictions on the ability to repatriate or transfer currency or other assets; currency risks; political, diplomatic and economic risks; regulatory risks; and foreign market and trading risks, including the costs of trading and risks of settlement in foreign jurisdictions.

## Risks common to QMOM and IMOM

**Momentum Style Risk.** Investing in or having exposure to securities with the highest relative momentum entails investing in 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 highest relative 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.

## Risks specific to CAOS

**Counterparty Risk.** Counterparty risk is the risk that a counterparty to a financial instrument held by the Fund or by a special purpose or structured vehicle invested in by the Fund may become insolvent or otherwise fail to perform its obligations, and the Fund may obtain no or limited recovery of its investment, and any recovery may be significantly delayed. Exchange listed options, including FLEX Options, are issued and guaranteed for settlement by the Options Clearing Corporation ("OCC"). The Fund's investments are at risk that the OCC will be unable or unwilling to perform its obligations under the option contract terms. In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses.

**Selling or Writing Options.** Writing option contracts can result in losses that exceed the seller's initial investment and may lead to additional turnover and higher tax liability. The risk involved in writing a call option is that there could be an increase in the market value of the underlying or reference asset. **Valuation Risk.** Some portfolio holdings, potentially a large portion of the Fund's investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity. Unlike most other ETFs, the Fund expects to effect a substantial portion of its creations for cash, rather than in-kind securities. The use of cash creations may also cause the Fund's shares to trade in the market at greater bid-ask spreads or greater premiums or discounts to the Fund's NAV. As a practical matter, only institutions and large investors, such as market makers or other large broker dealers, create or redeem shares directly through the Fund. Most investors will buy and sell shares of the Fund on an exchange through a broker-dealer. During market conditions in which short-term interest rates are at low levels, the Fund's yield can be very low, and the Fund may have a negative yield (i.e., it may lose money on an operating basis). During these conditions, it is possible that the Fund will generate an insufficient amount of income to pay its expenses. The Fund's investment strategy is expected to result in a higher portfolio turnover rate (100% or more). This will increase the Fund's brokerage commission costs, which could negatively impact the performance of the Fund. The Fund is a recently organized management investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. There can be no assurance that the Fund will grow to or maintain an economically viable size.

# IMPORTANT INFORMATION

**Box Spread Risk.** A Box Spread is a synthetic bond created by combining different options trades that have offsetting spreads (e.g., purchases and sales on the same underlying instrument, such as an index or an ETF, but with different strike prices). **Counterparty Risk.** Counterparty risk is the risk that a counterparty to a financial instrument held by the Fund may become insolvent or otherwise fail to perform its obligations, and the Fund may obtain no or limited recovery of its investment, and any recovery may be significantly delayed. **Equity Securities Risk.** Investments in securities whose performance is linked to that of equity securities, such as SPX Options, may fluctuate in value in response to many factors, including the activities of the individual issuers included in the Index, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject the Fund to potential losses.

**Limited Number of Authorized Participants, Market Makers and Liquidity Providers.** The Fund has a limited number of financial institutions that may act as Authorized Participants (“APs”). **Cash Creation Unit Risk.** Unlike most other ETFs, the Fund expects to effect a substantial portion of its creations for cash, rather than in-kind securities. The use of cash creations may also cause the Fund’s shares to trade in the market at greater bid-ask spreads or greater premiums or discounts to the Fund’s NAV.

**FLEX Options Risk.** FLEX Options are exchange-traded options contracts with uniquely customizable terms like exercise price, style, and expiration date. Due to their customization and potentially unique terms, FLEX Options may be less liquid than other securities, such as standard exchange listed options.

**Derivatives Risk.** Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates, or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments.

## Risks specific to HIDE

**Fund of Funds Risk.** Investment performance will largely depend on the investment performance of the selected underlying funds. An investment in the Fund(s) is subject to the risks associated with the underlying funds that then-currently comprise the Fund’s portfolio. At times, certain of the segments of the market represented by the Fund’s underlying funds may be out of favor and underperform other segments. The Fund will indirectly pay a proportional share of the expenses of the underlying funds in which it invests (including operating expenses and management fees), which are identified in the fee schedule above as “Acquired Fund Fees and Expenses.”

**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.

**Commodity Risk.** Investing in physical commodities is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; domestic and foreign political and economic events and policies; diseases; pestilence; technological developments; currency exchange rate fluctuations; and monetary and other governmental policies, action and inaction. When the Fund obtains exposure to commodities through its investments in other underlying funds, it will be indirectly exposed to the foregoing risks.

**Real Estate Investment Risk.** Companies in the real estate sector include companies that invest in real estate, such as real estate investment trusts (REITs) and real estate management and development companies. Companies that invest in real estate are subject to the risks of owning real estate directly as well as to risks that relate specifically to the way that such companies operate, including management risk (such companies are dependent upon the management skills of a few key individuals and may have limited financial resources). Adverse economic, business or political developments affecting real estate could have a major effect on the value of an underlying fund’s investments. Investing in real estate is subject to such risks as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent, possible lack of availability of mortgage financing, market saturation, fluctuations in rental income and the value of underlying properties and extended vacancies of properties. Certain real estate securities have a relatively small market capitalization, which may tend to increase the volatility of the market price of these securities. Real estate securities have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. Real estate securities are also subject to heavy cash flow dependency and defaults by borrowers or tenants. The Fund’s investments in REITs are subject to additional risks, such as poor performance by the manager of the REIT or failure by the REIT to qualify for tax-free pass through of income under the Code.

# IMPORTANT INFORMATION

**Fixed Income Risk.** The market value of fixed income securities will change in response to interest rate changes and other factors, such as changes in the effective maturities and credit ratings of fixed income investments. During periods of falling interest rates, the values of outstanding fixed income securities and related financial instruments generally rise. Conversely, during periods of rising interest rates, the values of such securities and related financial instruments generally decline. Fixed income investments are also subject to credit risk.

**Risk of U.S. Treasury Bills.** Direct obligations of the U.S. Treasury have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary.

## INDEX DEFINITIONS

**MSCI EAFE Index** seeks to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

**MSCI US Index** is designed to measure the performance of the large and mid cap segments of the US market.

**S&P 500** is a market-capitalization-weighted index that tracks the performance of 500 large-cap U.S. companies, representing roughly 80% of the total U.S. equity market. Companies are selected by a committee based on criteria including size, liquidity, and industry representation.

Indexes are unmanaged and not available for direct investment.

# IMPORTANT INFORMATION

## CATEGORY AVERAGES REFERENCED

**Foreign Blend/ 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.

**U.S. Blend** is represented by ETFs that are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

**Foreign Value** 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.

**Large Value** represented by the average returns at NAV of the 50 biggest ETFs in the US Large Value category based on assets under management (AUM). Large-value portfolios invest primarily in big US companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. 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.

**Small Value** represented by the average returns at NAV of the 50 biggest ETFs in the US Small Value category based on assets under management (AUM). Small-value portfolios invest in small US companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the US equity market are defined as small cap. Stocks in the bottom 10% of the capitalization of the US equity market are defined as small cap. 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.

**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.

**US Momentum** 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 US securities. Category determined by Alpha Architect.

**Foreign Momentum** 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. As of 12/31/2025, there are four ETFs that meet the given criteria.

# IMPORTANT INFORMATION

## CATEGORY AVERAGES REFERENCED

**Momentum Category Methodology.** There is no explicit “momentum” category. Generally, momentum funds tend to fall into the “growth” category, however, that standard is not uniformly applied by third party data providers such as FactSet, Morningstar, YCharts, or others. To facilitate what we believe to be fair and balanced comparison, we build a momentum category using the following criteria.

**US Momentum.** 1. Exclude Alpha Architect funds 2. Exclude non-USD denominated funds 3. Exclude mutual funds. We do this to facilitate a fair comparison at a structural level (ETF to ETF) and to facilitate accurate advanced characteristics data, such as active share and momentum score 4. Filter for Broad Asset Class: US Equity & Sector Equity. We include sector momentum ETFs on the basis that a sector-based momentum strategy could be a reasonable alternative to a broad-based momentum approach. Filtering for funds in the US Equity broad asset class excludes alternatives such as long/short momentum funds. Our goal is to identify “peer” momentum strategies that are long-only. 5. Filter for US Equity Exposure  $\geq 50\%$ . Here we seek to avoid strategies that aren’t focused on US equities. 6. Remove funds that contain the word “value” or variations in the fund’s name. This removes funds that blend value and momentum together, which may cause performance deviations. 7. Filter funds that contain the word “momentum” or variations in the fund name. We believe this is a reasonable approach to identify most funds seeking to hold themselves out as a momentum strategy, and therefore, a peer to our momentum strategy. As of 9/30/2025, 28 ETFs meet these criteria.

**Foreign Momentum.** 1. Exclude Alpha Architect funds 2. Exclude non-USD denominated funds 3. Exclude mutual funds. We do this to facilitate a fair comparison at a structural level (ETF to ETF) and to facilitate accurate advanced characteristics data, such as active share and momentum score 4. Filter for Broad Asset Class: International Equity & Sector Equity. We include sector momentum ETFs on the basis that a sector-based momentum strategy could be a reasonable alternative to a broad-based momentum approach. Filtering for funds in the International Equity broad asset class excludes alternatives such as long/short momentum funds. Our goal is to identify “peer” momentum strategies that are long-only. 5. Filter for US Equity Exposure  $< 50\%$ . We seek to avoid strategies that aren’t focused on International Developed equities. 6. Filter for Emerging Market exposure  $< 20\%$ . Our Quantitative Int’l Momentum ETF (IMOM) excludes emerging market equities in its process; as a result, we remove funds focused on emerging market to facilitate what we believe to be a fair and balanced comparison. 7. Remove funds that contain the word “value” or variations in the fund’s name. This removes funds that blend value and momentum together, which can cause performance deviations. 8. Filter funds that contain the word “momentum” or variations in the fund. While this step likely understates the number of funds that use momentum in their investment strategy, we believe this is a reasonable approach to identify funds seeking to hold themselves out as a momentum strategy.

**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.

# IMPORTANT INFORMATION

## 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.

Sectors defined by FactSet based on the RBICS "economies" taxonomy.

# IMPORTANT INFORMATION

## STYLEBOX DEFINITIONS

**Large Blend** portfolios tend to invest across the spectrum of US industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 index. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Large is assigned to stocks in the top 70% of the US equity market capitalization stack. Determined by YCharts.

**Large Growth** portfolios target large-cap stocks with growth characteristics. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Large is assigned to stocks in the top 70% of the US equity market capitalization stack. Determined by YCharts. .

**Large Value** portfolios target large-cap stocks with value characteristics. 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). Large is assigned to stocks in the top 70% of the US equity market capitalization stack. Determined by YCharts.

**Mid Blend** focus varies. Some portfolios focus on medium-sized companies, while others land here because they own a mix of small-, mid-, and large-cap stocks. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Mid is assigned to stocks in the middle 20% of the US equity market capitalization stack. Determined by YCharts.

**Mid Growth** portfolios target mid-cap stocks with growth characteristics. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Mid is assigned to stocks in the middle 20% of the US equity market capitalization stack. Determined by YCharts.

**Mid Value** portfolios target mid-cap stocks with value characteristics. 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). Mid is assigned to stocks in the middle 20% of the US equity market capitalization stack. Determined by YCharts.

**Small Blend** focus varies. Some portfolios focus on medium-sized companies, while others land here because they own a mix of small-, and mid-cap stocks. Blend is assigned to portfolios where neither growth nor value characteristics predominate. Small is assigned to stocks in the bottom 10% of the US equity market capitalization stack. Determined by YCharts.

**Small Growth** portfolios target small-cap stocks with growth characteristics. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Small is assigned to stocks in the bottom 10% of the US equity market capitalization stack. Determined by YCharts.

**Small Value** portfolios target small-cap stocks with value characteristics. 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). Small is assigned to stocks in the bottom 10% of the US equity market capitalization stack. Determined by YCharts.

**Shares of the Funds are not FDIC Insured, may lose value, and have no bank guarantee.**

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

ETFAC-5126868-01/26