

# Equity Diversifier Sleeve *Model portfolios*

As of 12/31/2023



## For advisors seeking *true diversification*

We built the Equity Diversifier Sleeve to provide investors a robust diversification solution at what we believe to be a reasonable cost.

Each model contains Alpha Architect’s three core alternative strategies: Tail Risk ETF (CAOS), High Inflation and Deflation ETF (HIDE), and 1-3 Month Box ETF (BOXX). We’ve included the funds alongside low cost, passive equity strategies to approximate an existing portfolio.

Our model portfolios aim to systematize portfolio management so you can spend less time tinkering with funds and more time finding your next great client.

For a personalized portfolio consultation, please contact Ryan Kirlin at [ryan@alphaarchitect.com](mailto:ryan@alphaarchitect.com)

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# Construction *methodology*

## Equities

The equity portion of this model represents a global allocation to the US, Developed International, and Emerging markets.

It approximates exposure to the MSCI All-Cap World Index (MSCI). The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets and 24 Emerging Markets countries. With 2,948 constituents, the index covers approximately 85% of the global investable equity opportunity set.

The [iShares Core S&P 500 ETFs \(IVV\)](#) provides exposure to US large-cap stocks; the [Vanguard FTSE Developed Market \(VEA\)](#) provides exposure to the Developed International market; the [SPDR Portfolio Emerging Markets ETF \(SPEM\)](#) provides exposure to Emerging Markets. All three funds are in the top 10% for assets under management and lowest 10% for expense ratio in their respective categories. Generally, high AUM implies reasonable liquidity. Categories determined by YCharts.

We emphasize that the selected equity funds are placeholder allocations meant to represent a global equity portfolio.

# Construction *methodology*

The models seek to provide a source of positive returns in three market environments:

## Elevated equity market volatility

The most common equity market environment. Historically, an allocation to cash or cash-equivalents, like Treasury Bills, has helped reduce overall portfolio volatility. The [Alpha Architect 1-3 Month Box ETF \(BOXX\)](#)<sup>1</sup> seeks to provide a similar risk profile as 1–3-month Treasury Bills with similar or potentially higher returns in a more tax efficient wrapper.

## Short, sharp equity market drawdowns

While less common, short, sharp drawdowns of -20% (or worse) can be highly destructive to investor discipline.

Historically, 7-10-year US Treasuries have produced positive returns in these market conditions (most of the time). We use the [Schwab Intermediate-Term US Treasury ETF \(SCHR\)](#) for exposure to US Treasuries because it is in the top 10% for assets under management (AUM) in its category and bottom 10% for expense ratio. High AUM implies greater liquidity.

So-called tail risk strategies utilizing deep out-of-the-money put options have produced similarly positive returns during these market conditions. However, correctly timing an allocation to this strategy *before* a major equity drawdown is almost impossible. The [Alpha Architect Tail Risk ETF \(CAOS\)](#)<sup>1</sup> seeks to provide asymmetric total returns during equity drawdowns and a modest positive return of 100-300 basis points above the US Aggregate Bond Index during “normal” equity conditions.

## Prolonged equity market drawdowns

Since 1972, there have been three periods where US equities remained in a drawdown for two years or longer: the Dotcom Bubble, 1970s Stagflation, and the Subprime Crisis. The [Alpha Architect High Inflation & Deflation ETF \(HIDE\)](#)<sup>1</sup> seeks to provide a source of uncorrelated returns by allocating to commodities, REITs, or 7-10-yr. US Treasuries, depending on market conditions.

<sup>1</sup>BOXX, CAOS, and HIDE are affiliated funds in the EA Series Trust. Both affiliated and non-affiliated funds have been selected based on the criteria described above. Non-affiliated funds may be replaced with other affiliated funds at any time.

Standardized *returns as of 12/31/2023*

	Ticker	Name	Inception Date	YTD		1 Yr.		Annualized 3 Yr. Total Return		Annualized 5 Yr. Total Return		Annualized 10 Yr. Total Return		Annualized Return Since Inception	
				NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.	NAV	Mkt.
EQUITIES	IVV	iShares Core S&P 500	5/15/2000	26.25%	26.31%	26.25%	26.31%	9.96%	10.00%	15.65%	15.64%	11.98%	11.99%	7.23%	7.22%
	VEA	Vanguard FTSE Dev. Mkts.	7/20/2007	17.76	17.93	17.76	17.93	3.59	3.69	8.39	8.44	4.55	4.51	3.12	3.10
	SPEM	SPDR Portfolio Emerging Markets	3/19/2007	10.28	10.53	10.28	10.53	-2.72	-2.70	4.74	4.78	3.47	3.34	3.92	3.72
DIVERSIFIERS	BOXX <sup>3</sup>	Alpha Architect 1-3 Month Box	12/27/2022	4.99	5.04	4.99	5.04	--	--	--	--	--	--	4.99	5.04
	SCHR	Schwab Int. Term US Tsy	8/5/2010	4.29	4.27	4.29	4.27	-3.16	-3.17	0.78	0.76	1.37	1.37	1.53	1.52
	CAOS <sup>3</sup>	Alpha Architect Tail Risk	8/14/2013	13.30	13.29	13.30	13.29	0.01	0.01	4.79	4.79	2.92	2.91	3.53	3.39
	HIDE <sup>3</sup>	Alpha Architect High Inflation & Deflation	11/16/2022	2.65	2.46	2.65	2.46	--	--	--	--	--	--	2.01	1.91

<sup>3</sup>Affiliated fund in the EA Series Trust. Source: Alpha Architect, YCharts. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results. Returns are annualized total returns, except for those periods of less than one year, which are cumulative. 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 [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds).** 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. Investing involves risk, including the loss of principal.

Target *allocations*

	Ticker	Prospectus Expense Ratio	0/100	10/90	20/80	30/70	40/60	50/50	60/40	70/30	80/20	90/10	100/0
EQUITIES	IVV	0.03%	0.00%	6.50%	13.00%	19.50%	26.00%	32.50%	39.00%	45.50%	52.00%	58.50%	65.00%
	VEA	0.05%	0.00%	3.00%	6.00%	9.00%	12.00%	15.00%	18.00%	21.00%	24.00%	27.00%	30.00%
	SPEM	0.07%	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%
DIVERSIFIERS	BOXX <sup>3</sup>	0.19%	5.00%	4.50%	4.00%	3.50%	3.00%	2.50%	2.00%	1.50%	1.00%	0.50%	0.00%
	SCHR	0.03%	25.00%	22.50%	20.00%	17.50%	15.00%	12.50%	10.00%	7.50%	5.00%	2.50%	0.00%
	CAOS <sup>3</sup>	0.63%	20.00%	18.00%	16.00%	14.00%	12.00%	10.00%	8.00%	6.00%	4.00%	2.00%	0.00%
	HIDE <sup>3</sup>	0.29%	50.00%	45.00%	40.00%	35.00%	30.00%	25.00%	20.00%	15.00%	10.00%	5.00%	0.00%
Weighted avg. expense ratio			0.29%	0.26%	0.24%	0.21%	0.19%	0.16%	0.14%	0.11%	0.09%	0.06%	0.04%

<sup>3</sup>Affiliated fund in the EA Series Trust. Source: Alpha Architect, YCharts. **Investing involves risk, including the potential for loss of principal. Past performance does not guarantee future results. Returns are annualized total returns, except for those periods of less than one year, which are cumulative. 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 [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds).** 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. Investing involves risk, including the loss of principal.

# 1-3 Month Box *BOXX*

# 1-3 Month Box

## BOXX

### Objective

The Alpha Architect 1-3 Month Box ETF (BOXX) seeks to provide investment results that, before fees and expenses, equal or exceed the price and yield performance of an investment that tracks the 1-3 month sector of the United States Treasury Bill market.

### Portfolio Management Strategy

Seeks to capture the spread between synthetic long and synthetic short S&P 500 option positions.

The combination seeks to eliminate market risk for the composite position and isolate a payoff equal to the spread in the strike price between the synthetic long and the synthetic short.

The difference between the known payoff and the price paid for the box spread approximates the return the investor would get by buying the box spread.

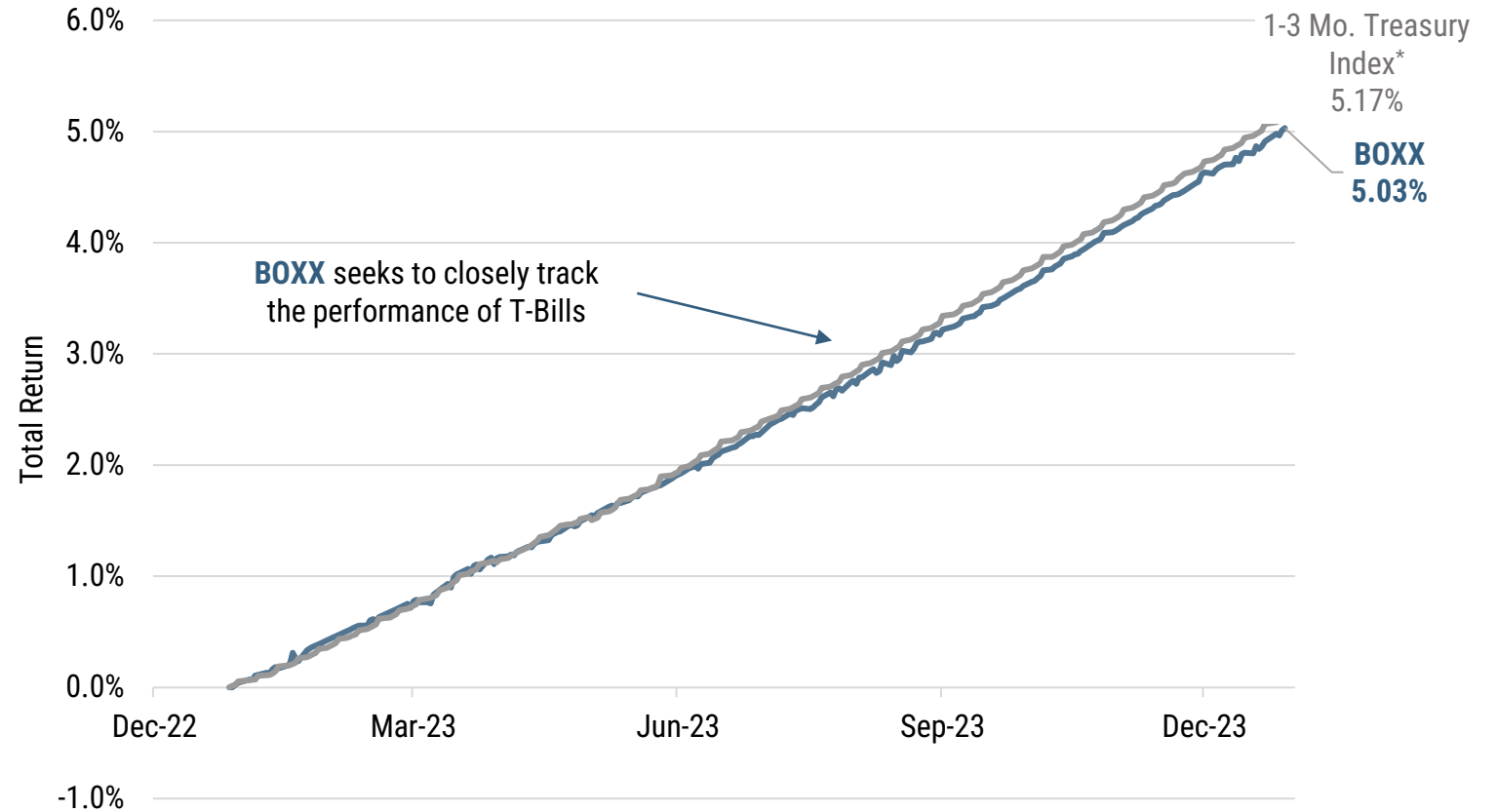
### Potential Investor Profile

BOXX may be a fit for investors seeking:

- A tax-efficient cash management tool
- A cash position to potentially mitigate periods of equity market volatility



# Total return at NAV



Source: Alpha Architect, FactSet. 12/27/2022 – 12/31/2023. Daily returns. **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 [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds).** 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. Investing involves risk, including the loss of principal. \*1-3 Mo. Treasury Index represented by the Solactive 1-3 month US T-Bill Index, which seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities less than or equal to three months. Indexes are unmanaged, do not reflect management or trading fees, and one cannot invest directly in an index.

# Box spread FAQs

## Are box spreads a new market phenomenon?

No. **As early as November 1985**, Billingsley and Chance published “Options Market Efficiency and the Box Spread Strategy” in [Financial Review](#).

## Who participates in the box spread market?

Multiple market participants: options **market makers**, proprietary **trading desks**, and **hedge funds** make up a large portion of the market.

## Why does the box spread market exist?

Box spreads have historically allowed institutions **an efficient alternative market** to borrow and/or lend.

## What about “early” exercise risk associated with box spreads?

BOXX ETF trades and holds “European” style options which are **only exercisable at expiration**, thus, eliminating early exercise risk.

## What about counter-party risk?

Box spreads are backed by the Options Clearing Corporation (OCC). The OCC is a [Systemically Important Financial Market Utility \(SIFMU\)](#) with a **similar credit rating as US government** debt obligations.

# Tail Risk

## CAOS

# Put option *strategy risks*

## Cost of premium

Buyers must pay a premium for the right to sell an asset at a specified strike price. The **cost of these premiums can be substantial**, especially during periods of market volatility.

## Rolling costs

To maintain protection over an extended period, investors often need to roll over their put options by selling the existing ones and buying new ones with later expiration dates. **Rolling over options can incur additional costs.**

## Limited duration

If the market remains stable or experiences a prolonged period of volatility without a significant decline, the put options may expire worthless, and investors will lose the premium paid for them. Investors need to **continually manage** and roll over their options to maintain protection.

## False alarms

Not every market correction or dip constitutes a significant tail event. **If an investor overreacts** to minor market fluctuations by purchasing put options regularly, they can accumulate substantial premium costs without experiencing the desired hedge benefits.

# Tail Risk CAOS

## Objective

The Fund seeks to maximize total return through a combination of capital appreciation and current income.

## Portfolio Management Strategy



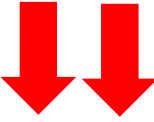





- Potentially profit from market dislocations using deep out-of-the-money put options. A deep out-of-the-money put option is a type of financial contract where the option's strike price is significantly lower than the underlying asset's price.
- Seek opportunities to monetize volatility
- Potentially minimize options premium drag through active collateral yield

## Potential Investor Profile

CAOS may be a fit for investors seeking to:

- Avoid the timing risk associated with attempting to anticipate potential equity market drawdowns
- Hedge the potential downside risk associated with short, sharp equity market drawdowns
- Add a source of returns that may be uncorrelated from rising or falling interest rates

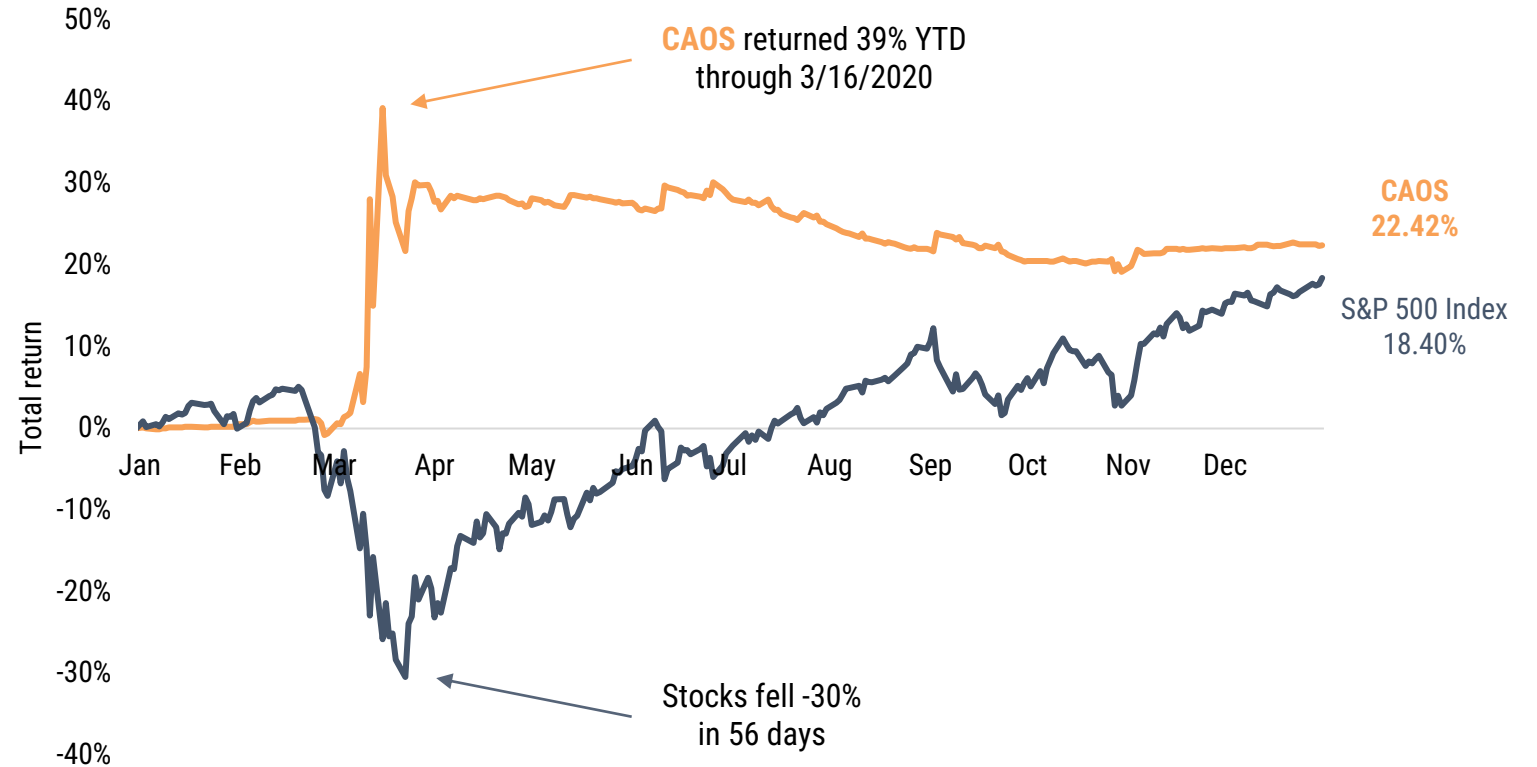
# CAOS potential *return profiles*

Stock Market Return Profile	Potential CAOS Return Profile
 <p>Stocks experience sharp drawdown of <b>-10%</b> or worse in 60 days or less</p>	 <p>May produce strong positive absolute returns</p>
 <p>Stocks experience a prolonged drawdown of <b>-10%</b> or more over 60 days or more</p>	 <p>May produce flat to negative returns</p>
 <p>Stocks experience a shallow drawdown of less than <b>-10%</b></p>	 <p>May produce flat to negative returns</p>
 <p>Stocks experience a bull run</p>	 <p>May produce flat to positive returns thanks to collateral yield</p>

For illustrative purposes only.

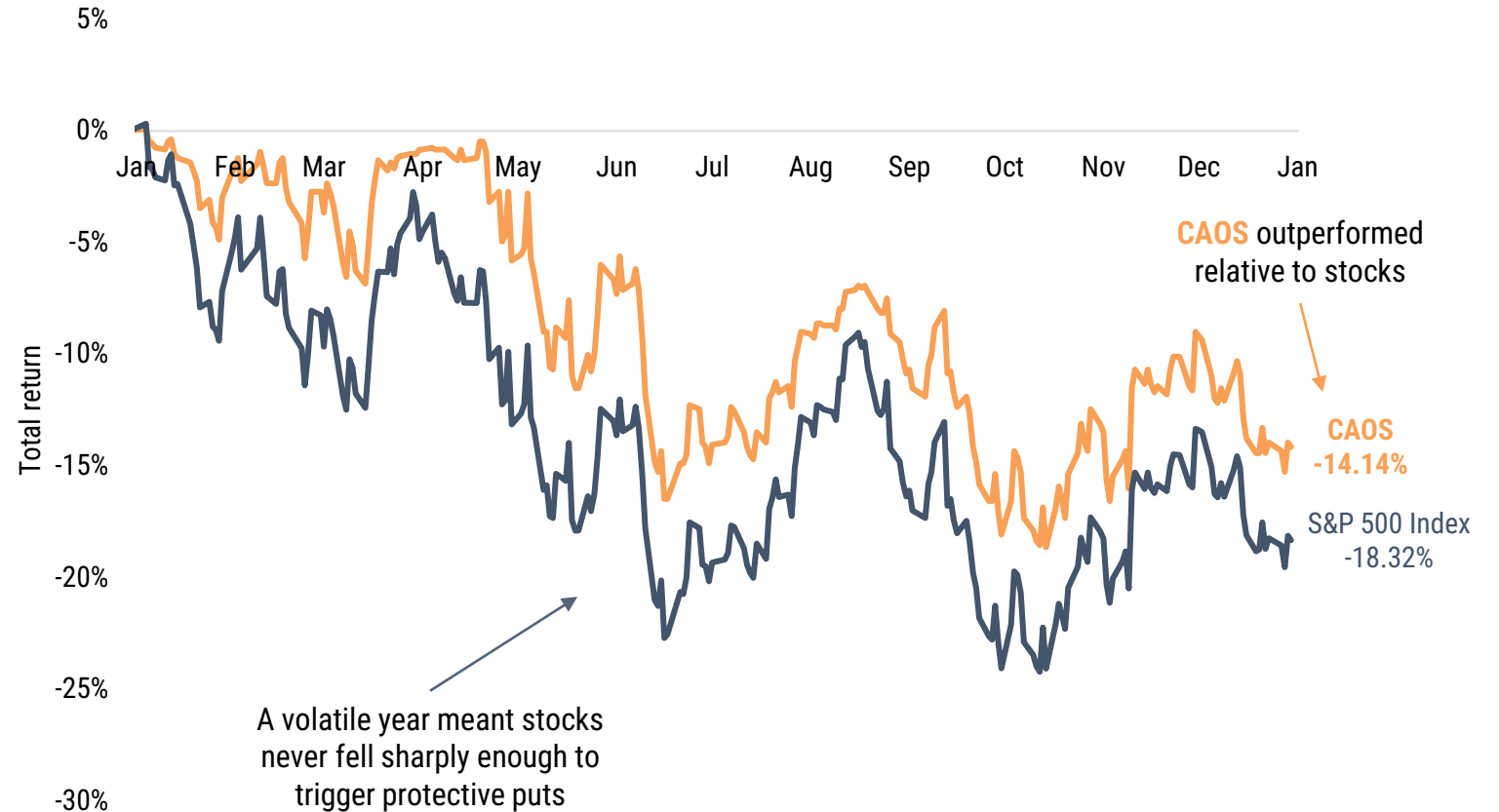
Portfolio holdings are subject to change. Investing involves risk, including the loss of principal. **Collateral Yield** refers to the return or profit earned on collateral assets that are pledged as security for a loan or financial transaction. **Drawdown is** a drop from peak to bottom in the value of a portfolio before a new peak is achieved in a given period. **Bull run** is an idiomatic expression to describe a period when investors generally have a positive outlook on the market, leading to increased buying activity and upward price movements.

# Sharp drawdown: 2020



Source: YCharts, Alpha Architect, FactSet. Daily returns. 1/1/2020 – 12/31/2020. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. **Stocks** represented by the S&P 500 Index Total Return Index, which tracks the 500 largest US companies by market cap. You cannot invest directly in a category average or index. Categories determined by YCharts.

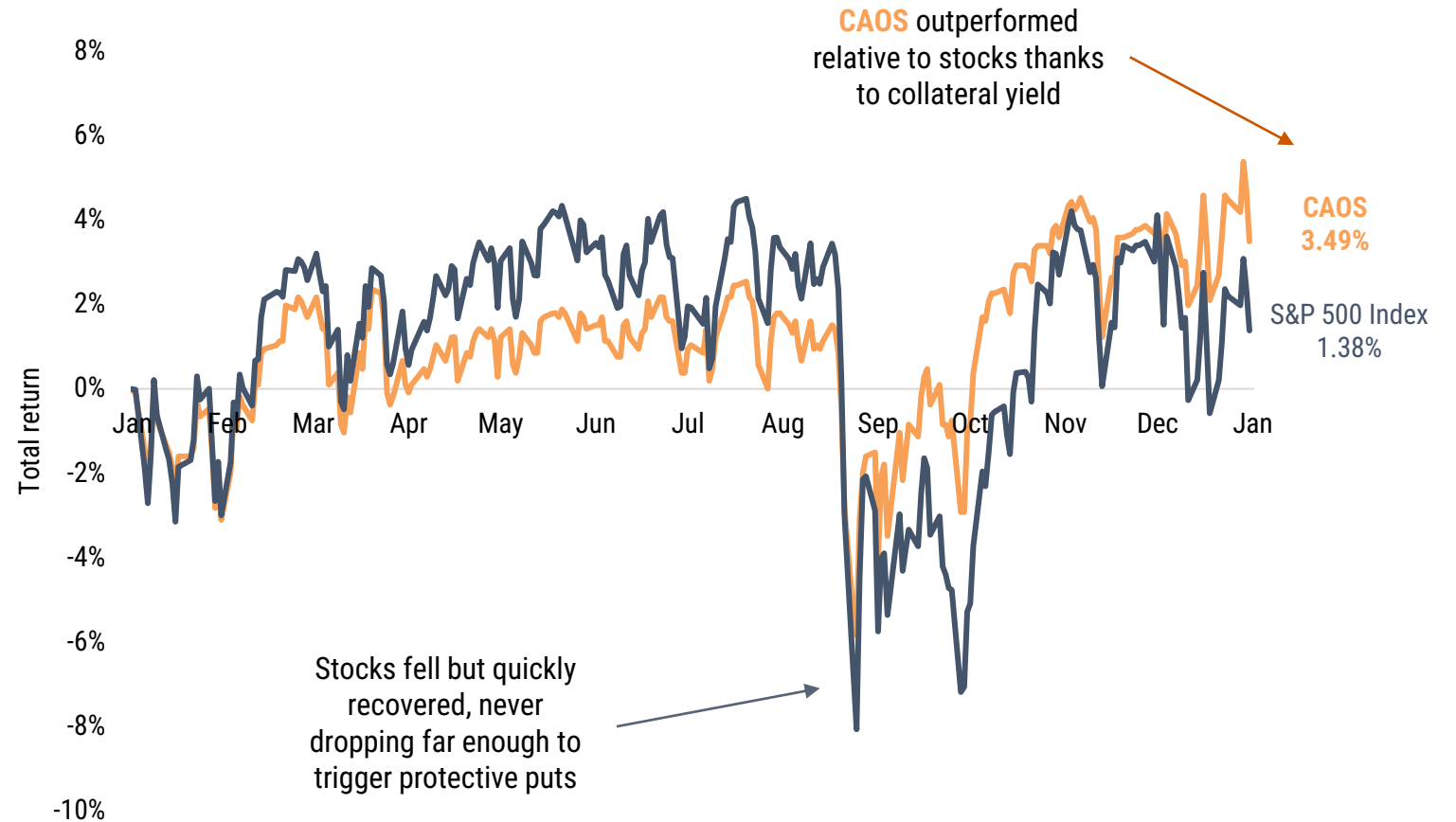
# Prolonged drawdown: 2022



Source: Alpha Architect, FactSet. Daily returns. 1/1/2022 – 12/31/2022. **Stocks** represented by the S&P 500 Index Total Return Index, which tracks the 500 largest US companies by market cap. You cannot invest directly in an index. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day.

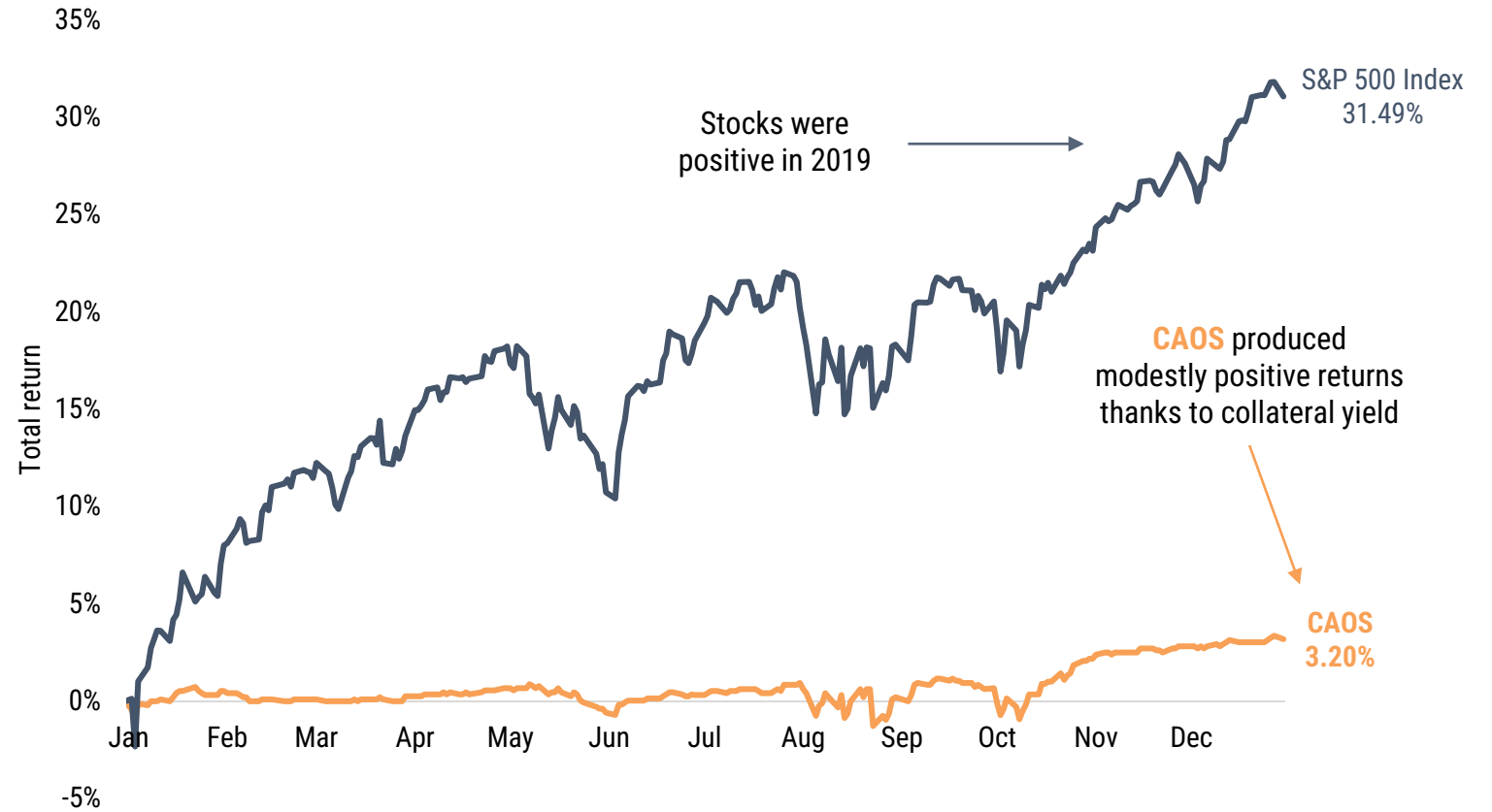


# Shallow drawdown: 2015



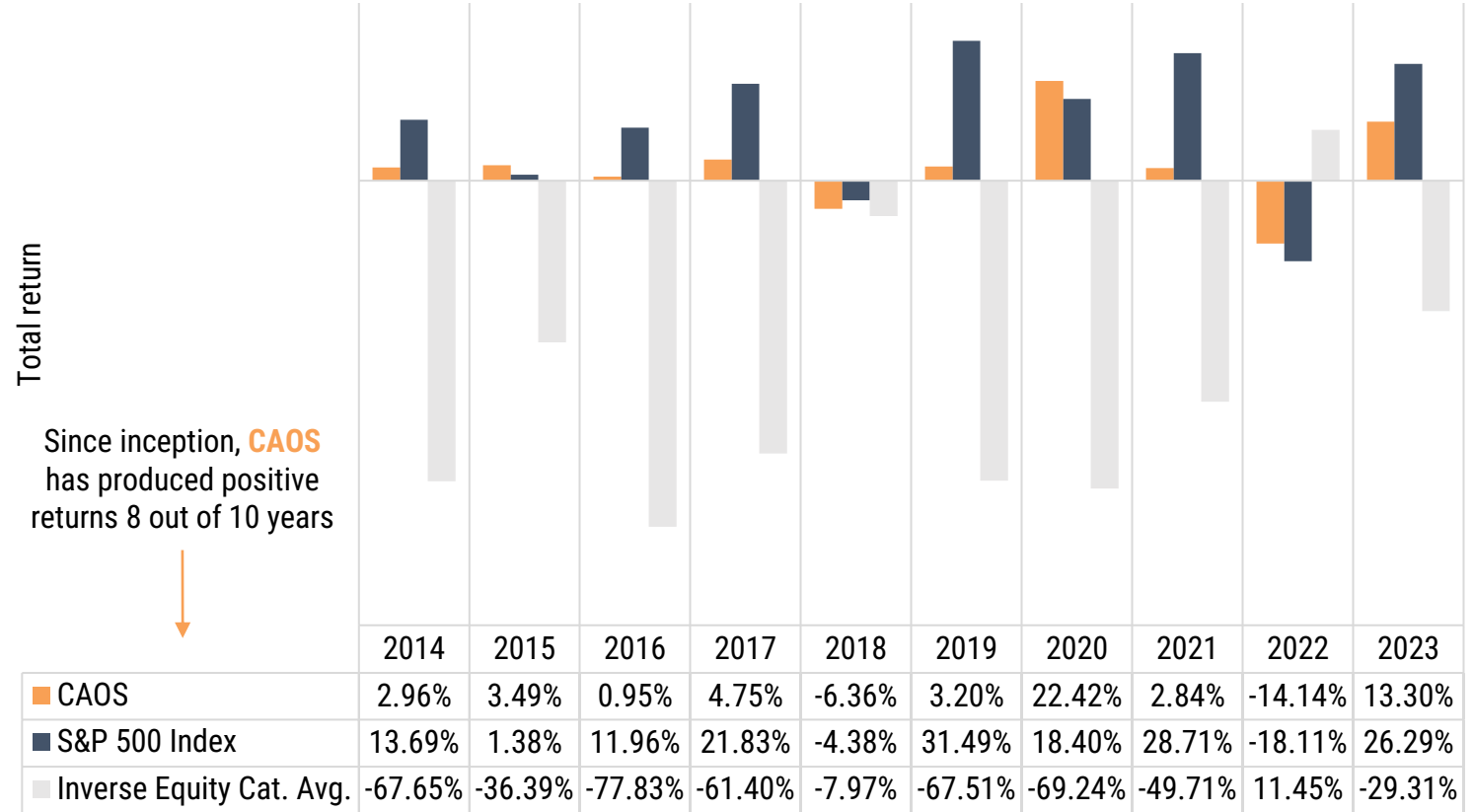
Source: Alpha Architect, FactSet. Daily returns. 1/1/2015 – 12/31/2015. **Stocks** represented by the S&P 500 Index Total Return Index, which tracks the 500 largest US companies by market cap. You cannot invest directly in an index. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day.

# Bull market: 2019



Source: Alpha Architect, FactSet. Daily returns. 1/1/2022 – 12/31/2022. **Stocks** represented by the S&P 500 Index Total Return Index, which tracks the 500 largest US companies by market cap. You cannot invest directly in an index. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day.

# Annual returns at NAV



Source: Alpha Architect, YCharts. Monthly returns reported annually for years where CAOS has a full year's track record. 1/1/2014 – 12/31/2023. **The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. S&P 500** represented by the S&P 500 Index Total Return, which tracks the 500 largest US companies by market cap. **Inverse Equity category** is represented by strategies that seek to generate returns equal to an inverse fixed multiple of short-term returns of an equity index. The category represented here includes ETFs and mutual funds (ex-duplicate share classes) with a minimum ten-year track record since inception. You cannot invest directly in an index.

# High Inflation & Deflation *HIDE*

# High Inflation & Deflation *HIDE*

## Objective

The Fund seeks long-term total return by dynamically allocating to REITs, Commodities, or Intermediate Government Bonds based on past price action.

## Portfolio Management Strategy

- Uses two trend-following signals to determine a long-only allocation to REITs, Commodities, or Int. Gov't Bonds
- If no asset is in a positive trend, the Fund moves to cash via T-Bills or equivalent

## Potential Investor Profile

HIDE may be a fit for investors seeking:

- A potential source of uncorrelated returns
- A risk-managed alternative to passive bonds
- A risk-managed way to own real assets

## HIDE FAQs

### Why use REITs, Commodities, and Intermediate US Treasury Bonds?

Historically, REITs, Commodities, and Intermediate US Treasury Bonds have produced positive returns **across a variety of market regimes**. These assets have low correlation to one another historically, making them a potentially attractive way to diversify long-only stocks and bonds.

### Is HIDE long/short?

No. HIDE uses a long/flat approach. Meaning, if one of the three assets isn't in a positive trend, **the strategy will go to cash instead of going short**.

### What are the costs & benefits of your trend-following approach?

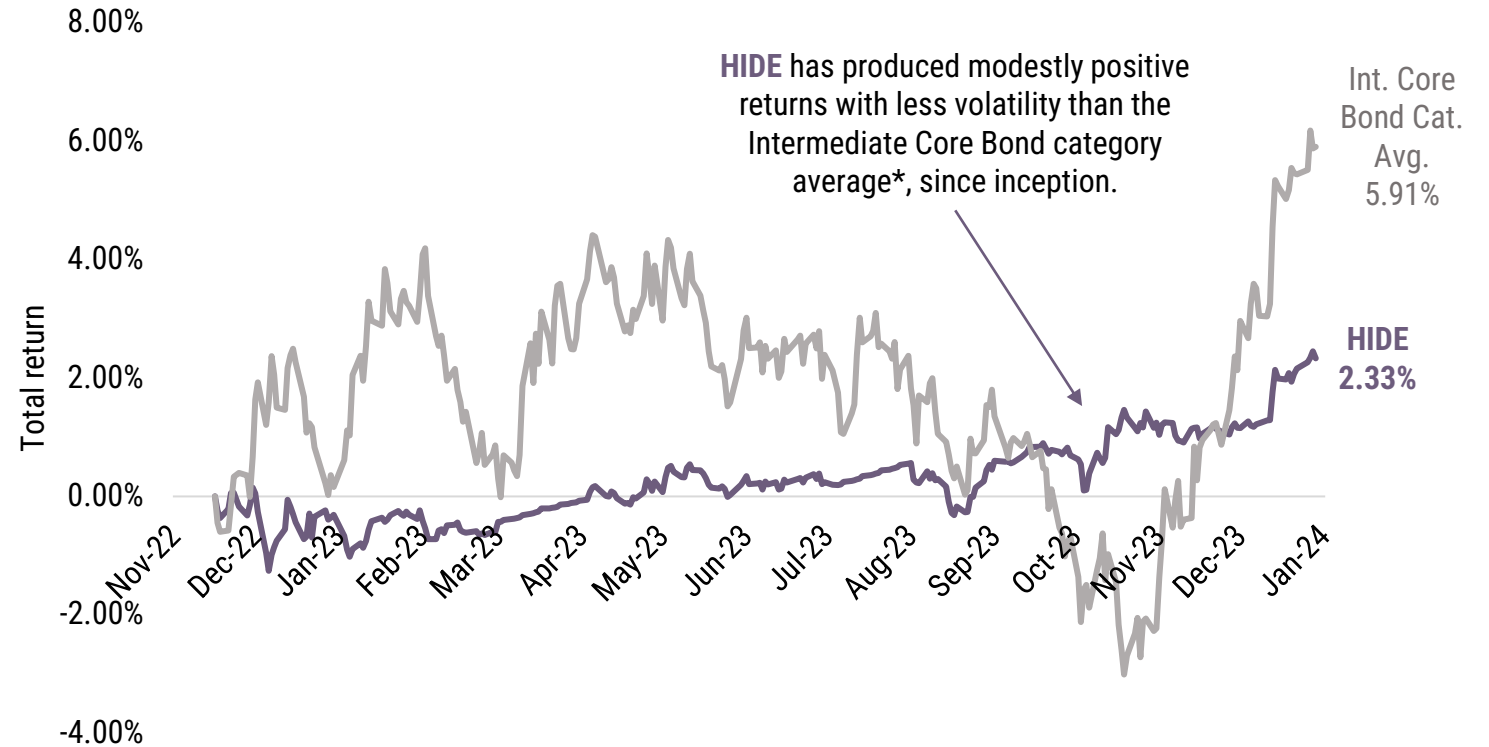
Like any trend-following strategy, HIDE is sensitive to whipsaw markets conditions and delayed entry/exit. We seek to mitigate whipsaw markets by using cash instead of going short. Our Robust Asset Allocation (RAA) approach uses a **conservative, scaled entry/exit discipline** that seeks to catch some or all of an asset's positive price trend.

### Which strategies can HIDE complement or replace?

**HIDE's closest match is a managed futures strategy**. These strategies tend to feature above-average expense ratios, opaque processes, and high tracking error performance. Also, they're commonly available as mutual funds, which may not be as tax-efficient as an ETF.

Historically, government bonds have exhibited the most persistent positive trends over REITs or commodities, fueled, in part, by falling interest rates. As a result, **HIDE may provide a dynamic complement to long-only bond exposure**.

# Performance *since inception*



Source: Alpha Architect, FactSet, YCharts. Daily returns. 11/16/2022 – 12/31/2023.. **Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.** The NAV 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 higher or lower than the performance quoted. For performance data current to the most recent month end, please call 215.882.9983 or visit [www.alphaarchitect.com/funds](http://www.alphaarchitect.com/funds). Market price is the price at which shares in the ETF can be bought or sold on the exchanges during trading hours, while the net asset value (NAV) represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. **\*Intermediate Core Bond category average** is represented by portfolios that invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the core bond index. The category average represented here is composed of ETFs and mutual funds (ex-duplicate share classes) with a minimum ten-year track record.

# Our mission is to empower investors *through education*

Founded in 2010 by Wesley R. Gray, Ph.D., Alpha Architect has established itself as an industry thought leader for research and insight into factor investing, systematic strategies, portfolio construction, and behavioral finance. The firm aims to deliver “Affordable Alpha” by turning rigorous academic research into highly differentiated investment products at lower costs, thereby giving sophisticated investors what we believe is a higher chance of winning, after of fees and taxes.

Alpha Architect offers exchange-traded funds (ETFs) and Separately Managed Accounts (SMAs) to investment advisers and sophisticated investors. Assets under management currently exceed \$1 billion as of 6/30/2023. Alpha Architect is a service-disabled and minority-owned firm based in a suburb of Philadelphia, PA.

*Let's work together.*

Click here to schedule your  
portfolio consultation.



## IMPORTANT INFORMATION

**This information should not be solely relied upon as the basis for an investment decision. Only an investor and/or a financial professional know enough about their circumstances to make an investment decision.**

**Carefully consider the investment objectives, risk factors, charges, and expenses of funds within the model portfolios before investing. This and other information can be found in the funds' prospectuses or, if available, the summary prospectuses, which may be obtained by visiting each fund company's website, contacting your financial professional, or by visiting [www.sec.gov/edgar/search](http://www.sec.gov/edgar/search). For Alpha Architect Funds, please visit [www.etfsite.alphaarchitect.com](http://www.etfsite.alphaarchitect.com). Read the prospectuses carefully before investing.**

**Investing involves risk, including possible loss of principal. Asset allocation and diversification may not protect against market risk, loss of principal, or volatility of returns. Investors should read and consider the information carefully before investing.**

The Alpha Architect model portfolios are provided for illustrative and educational purposes only. The Alpha Architect model portfolios do not constitute research, are not personalized investment advice or an investment recommendation from Alpha Architect to any client of a third-party financial professional and are intended as a resource to help build a portfolio or as an input in the development of investment advice for its own clients. Such financial professionals are responsible for making their own independent judgments as to how to use the Alpha Architect model portfolios. Alpha Architect does not have investment discretion over, or place trade orders for, any portfolios or accounts derived from the Alpha Architect model portfolios. Alpha Architect is not responsible for determining the appropriateness or suitability of the Alpha Architect model portfolios or any of the securities included therein for any client of a financial professional. Information and other marketing materials provided by Alpha Architect concerning the Alpha Architect model portfolios – including holdings, performance, and other characteristics – may vary materially from any portfolios or accounts derived from the Alpha Architect model portfolios. There is no guarantee that any investment strategy or model portfolio will be successful or achieve any particular level of results. The Alpha Architect model portfolios, allocations, and data are subject to change. The Alpha Architect model portfolios themselves are not funds.

The Alpha Architect model portfolios include investments in shares of funds. Clients will indirectly bear fund expenses in respect of portfolio assets allocated to funds, in addition to any fees payable associated with any applicable advisory or wrap program.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. Some investors may be subject to federal or state income taxes or the Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable. An investment in a treasury Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets and in concentrations of single countries. Funds that concentrate investments in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.

A fund's use of derivatives may reduce a fund's returns and/or increase volatility and subject the fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A fund could suffer losses related to its derivative positions because of a possible lack of liquidity in the secondary market and as a result of unanticipated market movements, which losses are potentially unlimited. There can be no assurance that any fund's hedging transactions will be effective.

## IMPORTANT INFORMATION

There can be no assurance that performance will be enhanced or risk will be reduced for funds that seek to provide exposure to certain quantitative investment characteristics ("factors"). Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. In such circumstances, a fund may seek to maintain exposure to the targeted investment factors and not adjust to target different factors, which could result in losses.

Alternative investments present the opportunity for significant losses and some alternative investments have experienced periods of extreme volatility. Alternative investments may be less liquid than investments in traditional securities.

Commodities' prices may be highly volatile. Prices may be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the prices of precious metals.

Actively managed funds do not seek to replicate the performance of a specified index. Actively managed funds may have higher portfolio turnover than index funds.

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Model performance results are hypothetical and may have inherent limitations, some of which are described in this brochure. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. There are numerous other factors related to the markets in general or to the implementation of any specific trading strategy which cannot be fully accounted for in the preparation of model performance results and all of which can adversely affect actual trading results.

## RISK DISCLOSURE

**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.

**Quantitative security selection risk.** 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 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.

**Small to mid-sized capitalization.** The Funds may invest in small to mid-sized capitalization companies or a particular sector making the Fund more sensitive to changing market conditions. Smaller capitalization companies may be more volatile and less liquid than those of more established companies. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods.

**Fund-of-funds risks.** Because the Funds may invest in other funds, the Funds' investment performance largely depends on the underlying Alpha Architect ETFs. An investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Some of the underlying funds may be concentrated in a particular sector or invest in smaller to mid-sized capitalization companies making the Fund more sensitive to changing market conditions. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods.

**Momentum investing risk.** Momentum investing is investing in or having exposure to securities with positive 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 positive momentum. In addition, there may be periods when the momentum style is out of favor, during which the investment performance of the Fund using a momentum strategy may suffer.

**Value investing risk.** Value investing is subject to the risk that intrinsic values of investments may not be recognized by the broad market or their prices may decline. Investments utilizing quantitative methods may perform differently than the market as a result of the characteristics and data used and changes in trends. Periodic reallocation could cause the Fund's market exposure to be affected by significant market movement or lag market direction after a reconstitution.

**Hedging strategy risk.** Hedging strategies could limit the Fund's gains in rising markets and may expose the Fund to costs to which it would otherwise not have been exposed. The Fund's use of hedging strategies based on mathematical models may not produce the desired result or risk that the Adviser is unable to trade certain derivatives effectively or in a timely manner. The use of derivatives in connection with the Fund's hedging strategies may expose the Fund to losses (some of which may be sudden and could amplify volatility) due to unexpected changes in the market that it would not have otherwise been exposed to if it had only invested directly in equity securities. When the Fund sells futures contracts or other securities short, the Fund is exposed to the risks associated with short sales, which involve certain risks and special considerations. Theoretically, losses from short sales are potentially unlimited.

**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.

**Commodity Risk.** Investing in physical commodities is speculative and can be extremely volatile.

**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.

## RISK DISCLOSURE

**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.

**Selling or Writing Options Risk.** 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.

**Buying or Purchasing Options Risk.** If a call or put option is not sold when it has remaining value and if the market price of the underlying asset, in the case of a call option, remains less than or equal to the exercise price, or, in the case of a put option, remains equal to or greater than the exercise price, the buyer will lose its entire investment in the call or put option.

**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). If one or more of these individual option positions are modified or closed separately prior to the option contract's expiration, then the Box Spread may no longer effectively eliminate risk tied to the underlying asset's price movement.

**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.

**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.

## Definitions

**Intermediate Core Bond category average** is represented by portfolios that invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the core bond index. The category average represented here is composed of ETFs and mutual funds (ex-duplicate share classes) with a minimum ten-year track record.

**1-3 Mo. Treasury Index** represented by the Solactive 1-3 month US T-Bill Index, which seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities less than or equal to three months. Indexes are unmanaged, do not reflect management or trading fees, and one cannot invest directly in an index.

**Standard deviation** measures the degree to which an investment's historical returns deviate from its mean. Higher standard deviation implies greater deviation. Standard deviation and volatility are often synonymous.

**Stocks** represented by the S&P 500 Index Total Return Index, which tracks the 500 largest US companies by market cap.

**Inverse Equity category** is represented by strategies that seek to generate returns equal to an inverse fixed multiple of short-term returns of an equity index. The category represented here includes ETFs and mutual funds (ex-duplicate share classes) with a minimum ten-year track record since inception. You cannot invest directly in an index.

**Net Expense Ratio** represents the cost of owning a fund. It expresses the percent of assets deducted each fiscal year to cover various fund expenses, including 12b-1 fees, management and administrative charges, operational expenditures, and all other costs tied to managing and operating a fund, less any fee waivers or other rebates.

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

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