

**Firm Brochure**  
(Part 2A of Form ADV)  
**Alpha Architect**

**213 Foxcroft Road**  
**Broomall, PA 19008**

**Telephone: 215-882-9983**

**Fax: 216-245-3686**

**Email: [compliance@alphaarchitect.com](mailto:compliance@alphaarchitect.com)**

**Web: [www.alphaarchitect.com](http://www.alphaarchitect.com)**

This brochure ("Brochure") provides you with information about the qualifications, business practices and nature of advisory services of Alpha Architect, LLC ("Alpha Architect" or the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). All of the information herein should be considered before becoming a discretionary or non-discretionary advisory service client ("Client") of our firm. If you have any questions about the content of this Brochure, please contact us at 215-882-9983 or [compliance@alphaarchitect.com](mailto:compliance@alphaarchitect.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 153905.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT.

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## ITEM 2 MATERIAL CHANGES

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### ANNUAL UPDATE

This section of our brochure will reflect the annual update of any material changes that occur after issuance and delivery of our firm's brochure. Because this section of the Brochure addresses only those material changes that have been incorporated since its last annual update, and because other amendments were made to this Brochure that are not discussed in this summary, please read this Brochure in its entirety.

### MATERIAL CHANGES SINCE THE LAST UPDATE

This brochure dated March 12, 2020 is and other than annual amendment and replaces the brochure dated February 14, 2020, which was an annual amendment.

- The Adviser clarified language throughout the document to be clearer as well as eliminated redundant language in the document.
- The Adviser has updated the firm description, services provided and amount of assets under management in Item 4.
- The Adviser has updated the fee minimums, terms, and ranges in Item 5 as well as clarified invoicing policies.
- The Adviser highlighted 1042 QRP billing procedures in Item 5.
- The Adviser has updated disclosures for performance fees and side by side management in Item 6.
- The Adviser has updated the account minimum disclosures in Item 7.
- The Adviser has removed redundant and duplicative risk disclosures in Item 8.
- The Adviser has updated firm affiliations and conflicts of interest in Item 10.
- The Adviser has updated and clarified order aggregation procedures in Item 12.
- The Adviser has added solicitor agreements to Item 14.
- The Adviser has added non-discretionary accounts to Item 16.

### FULL BROCHURE AVAILABLE

If you would like to receive a copy of our Firm Brochure, please contact us by telephone at 215-882-9983 or by email at [compliance@alphaarchitect.com](mailto:compliance@alphaarchitect.com).

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**ITEM 4**                      **ADVISORY SERVICES**

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**A. FIRM DESCRIPTION**

Alpha Architect (“Adviser”) is an investment adviser and Delaware limited liability company with its principal place of business in Broomall, Pennsylvania. The Adviser commenced operations as an SEC registered investment adviser in August, 2010. Empirical Finance, LLC (“Empirical”) is the sole member and principal owner of Alpha Architect. Wesley R. Gray Ph.D. is the principal owner and founder of Alpha Architect through its controlling affiliate, Empirical and owns the majority of Empirical.

Alpha Architect specializes in academic finance research. Alpha Architect leverages this research to develop proprietary models that execute systematic, quantitative investment strategies. Alpha Architect provides investment advisory and asset management services on a discretionary or non-discretionary basis by serving as investment manager to separately managed accounts (“Managed Accounts”) and privately placed pooled investment vehicles (“Private Funds”). Private Funds and owners of Managed Accounts shall be collectively referred to herein as “Clients”<sup>1</sup>. Alpha Architect provides advice to Clients based on specific investment objectives and strategies. Alpha Architect will agree to tailor advisory services to the individual needs of a Client. For example, institutional investors may impose restrictions on their Managed Accounts, such as prohibiting certain securities or certain types of securities or controlling sector and industry concentrations in their portfolios.

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<sup>1</sup> Alpha Architect, as it deems appropriate and as permitted by law, creates seed or incubator accounts in order to develop performance track records in new investment strategies or products prior to offering them to outside investors. Alpha Architect also advises other Clients who are largely employees of Alpha Architect.

## B. TYPES OF ADVISORY SERVICES

### *1. Separately Managed Accounts*

Alpha Architect offers discretionary portfolio management services or non-discretionary advisory services to individuals, high-net-worth individuals, pooled investment vehicles, corporations and other business entities based on the specific needs and objectives of such Clients. Alpha Architect does not limit services to the type of Clients we currently serve. Our advice regarding constructing portfolios and managed accounts includes investing in listed and over-the counter Equities and Equity derivatives, Futures, Mutual Funds and Exchange Traded Funds (ETFs), Bonds, as well as use of Leverage and Naked Option Strategies.

#### *a. Discretionary Portfolio Management Services*

Alpha Architect is responsible for providing ongoing re-balancing and continuous monitoring of our Client's securities holdings. Alpha Architect, if suitable to the client objectives, will invest Client assets in investment companies managed by a related adviser. In such a scenario, Alpha Architect will receive fees from the management of Fund assets, and the related adviser will receive an investment management fee from the investment company(ies) it advises. See Items 10 and 11 for detailed disclosures.

#### *b. Non-Discretionary Advisory Services*

Alpha Architect provides advice on portfolio construction and individual investments that meet the investment goals and objectives of the Client. Alpha Architect is responsible for arranging the execution of these recommendations if the Client uses their discretionary authority to act on our advice.

### *2. Discretionary Private Fund Management*

We offer investment management services on a discretionary basis to private funds ("Private Funds"). Investments for the Private Funds will be managed in accordance with each Private Fund's investment objectives. Investors are required to meet the requirements for "qualified purchasers" under the 1940 Act and/or "qualified eligible persons" under regulations of the Commodity Futures Trading Commission. The pooled investment vehicles(s) may impose additional eligibility restrictions on potential investors. Each Private Fund will have its own Private Placement Memorandum ("PPM") which contains important information concerning risk factors and other material aspects of the Funds, and must be read carefully before making an investment decision. Specific procedures and restrictions apply to withdrawals from, and terminations of, an

Investor's position in a Private Fund, as described in each Private Fund's Private Placement Memorandum, ("PPM").

Alpha Architect, if suitable to the client objectives, will invest Client assets in investment companies managed by a related adviser. In such a scenario, Alpha Architect will receive fees from the management of Private Fund assets, and the related adviser will receive an investment management fee from the investment company(ies) it advises. See Items 10 and 11 for detailed disclosures.

### *3. Consulting Services*

Alpha Architect provides general consulting services focused in the following areas:

- General quantitative analysis
- Asset allocation and portfolio optimization
- Hedging and arbitrage strategy analysis and implementation
- General computer programming as it relates to quantitative finance
- Index creation and data licensing thereof
- ETF Platform Servicing via Empowered Funds (as defined herein) and the Alpha Architect ETF Trust

Consulting services are provided to other investment advisory firms, high-net-worth individuals, wealth management companies, financial advisers and registered investment companies. Consulting services are distinct from advisory services, although some of our advisory clients are also consulting clients.

### *4. 1042 Qualified Replacement Property ("QRP") Services*

Alpha Architect provides 1042 QRP services to select clients seeking to affect a 1042 exchange. Such services include, but are not limited to, 1042 QRP portfolio management, 1042 QRP data licensing, and 1042 QRP consulting and support services.

### *5. Sub-Advisory Services*

Upon engagement by another registered investment adviser ("Primary Adviser"), Alpha Architect provides sub-advisory services to all or a portion of the Primary Adviser's customers' assets. Alpha Architect provides these sub-advisory services for an annual fee based on the percentage of the value of the assets that are sub-advised ("Sub-Advisory Fee").

## C. TAILORED SERVICES

The separately managed advisory programs offered by Alpha Architect are based on the individual needs of our Clients. We make a thorough assessment of our Client's goals, objectives, investment horizon, and risk tolerance. Subject to any written guidelines, which the Client may provide, the Firm may be granted discretion and authority to manage the account.

Prior to engaging Alpha Architect to provide any of the aforementioned investment advisory services, the Client will be required to enter into one or more written agreements with Alpha Architect setting forth the terms and conditions under which Alpha Architect shall render its services (collectively the "Agreement"). If granted discretionary authority to manage the Client's account, Alpha Architect is authorized to perform various functions, at the Client's expense, without further approval from the Client. Such functions include the type and amount of securities to be purchased/sold.

At the beginning of the relationship, Alpha Architect meets with the new Client and gathers information via a "Know Your Customer" questionnaire. The "Know Your Customer" questionnaire provides a standardized, documented list of client factors. Clients may impose restrictions on investing in certain securities or types of securities. Alpha Architect will perform analysis as required and then prepare an investment plan for the Client.

Once the Client portfolio is constructed, Alpha Architect will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as Client's circumstances may require. These objectives and other data are commonly revised or updated over time. In some instances, these changes are made in writing; in others, they are agreed to verbally and documented accordingly.

Alternatively, Alpha Architect may develop and manage the investment portfolio on a non-discretionary basis, whereby the Firm will make specific investment recommendations to a Client tailored to meet the needs and investment objectives of that specific Client. However, with non-discretionary portfolios, the Firm shall not initiate any orders to purchase or sell any securities (or specific securities) without the Client's approval.

**Clients are advised to promptly notify Alpha Architect in writing, in accordance with the Client's separately managed account agreement if there are any material changes in their financial situation, investment objectives, or in the event they wish to alter any restrictions upon investment management services.**



#### D. WRAP FEE PROGRAMS

Alpha Architect does not participate in any Wrap Fee Programs.

#### E. ASSETS UNDER MANAGEMENT

As of December 31, 2019, Alpha Architect managed approximately \$395 million USD in assets. Approximately \$359 million USD is managed on a discretionary basis and approximately \$36 million USD is managed on a non-discretionary basis.

Please note, this figure does not reflect any AUM overseen by the affiliated adviser of Alpha Architect (Empowered Funds, LLC) which oversees the management of affiliated funds referenced in this Brochure.

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**ITEM 5 FEES AND COMPENSATION**

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**A. ADVISORY FEES*****Discretionary and Non-Discretionary Advisory Services***

Upon the Client's engagement of Alpha Architect to provide separately managed account services, Alpha Architect shall perform such services for an annual fee based on a percentage of Client's assets under management (the "Separately Managed Account Management Fee").

***Separately Managed Account and Private Fund Management Fees***

The Separately Managed Account Management Fee will be exclusive of and in addition to brokerage commissions, transaction fees, borrowing costs, and any other costs or expenses incurred by the Client and payable to Client's broker. Alpha Architect will not receive any portion of these commissions, transaction fees, or other brokerage costs. Alpha Architect deducts fees in arrears, according to the terms of the pertinent investment management agreement. The Management Fee is calculated and charged on a monthly basis, in arrears, based upon the average net asset value per month calculated at the end of each month or day, depending on client account setup, commencing on the last of the month that the Client account is funded. Fees are usually deducted from a designated Client account to facilitate billing. Clients must consent in advance to direct debiting of their investment accounts. In accordance with the SEC custody rules, Alpha Architect submits an invoice to the Client's custodian on a monthly basis with the amount of the advisory fee to be deducted from the account. Furthermore, the custodian sends Clients account statements at least quarterly showing the deduction of the management or advisory fee. The Management Fee generally ranges between 0.05% to 1.95% per annum for separately managed accounts. The Management Fee is between 0.00% and 1.00% for pooled investment vehicles. Alpha Architect and the Client may agree upon a performance fee, if the Client is deemed a Qualified Client under 275.205-3(d)(1) of the Investment Advisers act of 1940. Additional operating expenses may apply.

In certain cases, and depending on the individual client facts and circumstances, fees may be reduced to zero for select accounts at the firm's discretion.

For 1042 Qualified Replacement Property ("QRP") accounts, the Advisor oversees the entire QRP transaction and QRP tax status thereof. The Management Fee is between

0.25% and 0.75% of the gross, levered account value, per annum, for separately managed QRP accounts. Please note that the fees charged for these accounts will be higher than traditional Managed Accounts that are charged on their unlevered value due to the complexity, oversight, and ongoing support unique to the 1042 QRP service. For example, a QRP account with a levered value of \$1,000,000 and an unlevered value of \$250,000 could be charged up to \$7,500 (0.75% of levered value, but 3.0% of unlevered value) over a 12-month period. These fees are comparable to those charged by other Advisors for 1042 QRP services.

Fees are negotiable based upon strategy complexity, holdings, and size of investment.

Alpha Architect, if suitable to the Client objectives, will invest Client assets in investment companies managed by a related adviser. In such a scenario, Alpha Architect will receive fees from the management of Fund assets, and the related adviser will receive an investment management fee from the investment company(ies) it advises. See Items 10 and 11 for detailed disclosures.

#### *Sub-Advisory Services Fee*

The Sub-Advisory Fee will be exclusive of and in addition to brokerage commissions, transaction fees, and any other costs or expenses incurred by the Primary Adviser's clients and payable to Primary Adviser's clients' broker. Alpha Architect will not receive any portion of these commissions, transaction fees, or other brokerage costs. The Sub-Advisory Fee will generally be calculated and charged on a monthly basis, in arrears, based upon the average asset value of the sub-advised assets per month calculated at the end of each month, commencing on the last of the month that the sub-advised account is funded. The Sub-Advisory Fee generally ranges between 0.25% to 1.00% per annum. For sub-advisory accounts, the Primary Adviser is responsible for obtaining authorization from the Client for direct debiting from the Client's account and is further responsible for invoicing the custodian. To the extent that the Primary Adviser is obligated to invoice the Client, the Primary Adviser assumes full responsibility for such tasks, and indemnifies Alpha Architect for the failure to comply with any federal or state laws concerning custody.

#### *Consulting Services*

Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement. Generally, the consulting fees typically consist of a fixed component no less than \$5,000 and an hourly component that runs

\$500.00 per hour. Lower fees for comparable consulting services may be available from other sources.

Generally, these fees are invoiced to the Client on a monthly or quarterly basis. If consulting services are based on a flat rate fee, the Client will be billed in two installments, with the first installment due upon acceptance and exercise of the consulting agreement. The second installment will be due upon completion of the consulting services. Platform Service Agreements are typically billed monthly in arrears and deducted against any management fees recovered.

#### *Index creation and data licensing*

Index licensing fees are negotiated on a case by case basis and depend upon the complexity of the index, exclusivity provisions, rebalance frequency, and a host of other factors. Fees are generally assessed on overall AUM of the product tracking the index.

Lower fees for services may be available from other sources.

### **B. OTHER FEES & EXPENSES**

There will be additional fees or charges that result from trading investments within your account. These fees are imposed by third parties. Any additional fees, charges or expenses resulting from maintenance of our trading within the account shall be the sole responsibility of the Client.

Clients will also incur certain charges imposed by third parties other than Alpha Architect in connection with investments made through the Account, including but not limited to, no-load 12b-1 distribution fees; certain deferred sales charges on previously purchased mutual funds, and Maintenance fees and Retirement Plan fees.

### **C. REFUND POLICY**

A Client may terminate the Investment Advisory Services Agreement for any reason at any time by notifying Alpha Architect in writing.

Alpha Architect may terminate any of the Agreement at any time by notifying the Client in writing. If the Client made an advance payment, Alpha Architect will refund any unearned portion of the advance payment.

Any fees assessed in advance by Alpha Architect will be prorated to the date of the termination specified in the notice of termination and any unearned portion there will be refunded to Client.

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**ITEM 6**

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**PERFORMANCE BASED FEES AND SIDE-BY-SIDE  
MANAGEMENT**

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**A. PERFORMANCE BASED FEES**

For specific Private Funds and Managed Accounts, Alpha Architect generally receives a performance profit allocation (“Performance Fee”) in the amount equal to twenty-five (25%) of the annual increase in the net asset value of the Client account subject to a high-water mark and a hurdle rate equal to the 10-year Treasury Bond yield plus 3.00%.

Not all investment services are charged a Performance Fee. Under certain circumstances and at the sole discretion of Alpha Architect, the Performance Allocation may be negotiated for services where the Performance Fee is typically assessed, or in exchange for additional terms relating to the Client’s investment. Alpha Architect reserves the right to enter into Side Letters with investors in Private Funds (Subscribers”) to waive or modify the standard terms of such Private Fund in respect to a particular investor. Certain investors in Sponsored Funds may not be charged any management fees or performance fees or may have a differing fee structure because of their overall relationship with Alpha Architect or its affiliates or their investment approach. Consequently, fees charged to individual investors in a Private Fund may deviate from the standard fees disclosed in a Private Fund’s offering documents.

For its Private Funds, Alpha Architect has the absolute discretion to agree with Subscribers, particularly with respect to those Subscribers who may be large or strategic investors, to waive or modify the application of any provision of a Private Fund agreement with respect to a Subscriber, subject to its fiduciary obligations, and in accordance with its duties under the Investment Advisers Act of 1940 (“Advisers Act”) and through Side Letters. In some instances, Side Letters may grant such Subscribers materially favorable terms relating to, among other things, investment capacity and fees. In addition, Alpha Architect reserves the right to waive or rebate all or a portion of its management fees and/or performance fees with respect to a Subscriber. Prospective Subscribers and existing Subscribers should consider these possible conflicts of interest in making their decision to invest or remain invested in a Private Fund, as Side Letters may result in favoring certain Subscribers over others and may affect a Subscriber’s expectations as to future return and risk.

Pursuant to Rule 205-3 promulgated under the Advisers Act, Performance Fees are assessed only to those Clients who satisfy the “Qualified Client” definition of Rule 205-3(d)(1).

With respect to Alpha Architect's management of Client assets, performance fees may give rise to certain conflicts of interest. Specifically, Alpha Architect's entitlement to performance fees in managing one or more accounts may create an incentive to take risks in managing those accounts that Alpha Architect would not otherwise take in the absence of such fee arrangements. Additionally, since performance fees reward for performance in accounts which are subject to such fees, Alpha Architect may have an incentive to favor these accounts over those that have only asset-based fees with respect to trading opportunities, trade allocation, and allocation of new investment opportunities. Generally, Alpha Architect addresses these conflicts by utilizing an investment allocation policy designed to treat all Clients fairly and equitably. Please see below and Item 12 – Brokerage Practices for more information.

## B. SIDE BY SIDE MANAGEMENT

Alpha Architect simultaneously manages multiple types of investment vehicles in many instances according to the same or a similar investment strategy. This side-by-side management of various types of accounts raises the possibility of favorable or preferential treatment of a Client account or a group of accounts arising from differences in fee arrangements. As a registered investment adviser and a fiduciary, Alpha Architect seeks to exercise due care to ensure that investment opportunities are allocated equitably among all Clients, regardless of their corresponding fee structure.

Side-by-side management may also affect instances where Alpha Architect provides index portfolio construction to an index licensee ("Licensee"). In these circumstances, Alpha Architect may have already commenced trading before the Licensee has received or had the opportunity to evaluate or act on Alpha Architect's index construction. As such, trades ultimately placed by the Licensee for its clients may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in the Licensee's clients receiving prices that are less favorable than the prices obtained by Alpha Architect for its Clients. Because Alpha Architect does not control the Licensee's execution of transactions for the Licensee's clients, Alpha Architect cannot attempt to control the market impact of such transactions to the same extent that it would for its discretionary Clients.

Alpha Architect has procedures designed and implemented in furtherance of its efforts to treat all Clients fairly and equitably over time. By utilizing these procedures, Alpha Architect believes that Clients that are subject to side-by-side management alongside other accounts are receiving fair and equitable treatment over time. See Item 12 below for a more detailed discussion of Alpha Architect's trade allocation and aggregation policy and procedures.

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**ITEM 7**                      **TYPES OF CLIENTS**

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**A. DESCRIPTION**

Alpha Architect provides separately managed account services to high-net-worth individuals, institutions, corporations, registered investment companies, pooled investment vehicles, and other business entities. Client relationships vary in scope and length.

Investors in the pooled investment vehicle(s) for which Alpha Architect serves as the investment adviser are expected to include high net worth individuals and institutional investors (meeting the qualifications of those exceptions and exemptions under which the pooled investment vehicles operate) or non-U.S. Persons, within the meaning of Regulations S, wishing to invest in accordance with the investment objective(s) of the pooled investment vehicles(s). Investors are required to meet the requirements for “qualified purchasers” under the 1940 Act and/or “qualified eligible persons” under regulations of the Commodity Futures Trading Commission. The pooled investment vehicles(s) may impose additional eligibility restrictions on potential investors.

**B. ACCOUNT MINIMUMS**

Alpha Architect’s investment minimums vary according to investment strategy and vehicle (i.e., Managed Account versus investment in a Private Fund), and Alpha Architect maintains the ability to waive such minimums at its discretion. Generally, Alpha Architect’s Managed Account minimums range from \$0.5 million to \$1 million depending on the investment strategy. The standard minimum investment required to invest in a Private Fund is described in each Private Fund’s offering memorandum. The minimum investment required to invest in a Series Fund of the Alpha Architect Funds is described in each fund’s prospectus.



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| <b>ITEM 8</b> | <b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES,<br/>AND RISK OF LOSS</b> |
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**A. METHODS OF ANALYSIS**

Alpha Architect specializes in academic finance research. Alpha Architect leverages this research to develop proprietary models that execute systematic, quantitative investment strategies.

Quantitative investment analysis is a method of evaluating securities and other assets by analyzing a large amount of data using algorithms – or models – to generate investment decisions. Alpha Architect’s models may consider a wide breadth of factors – from traditional valuation measures, momentum indicators, and price signals, to analysis of financial reports and accounting metrics. These inputs, combined with Alpha Architect’s model construction methodology, optimization process, and trading technology, are the foundation of Alpha Architect’s investment process.

Alpha Architect performs research internally. Once an investment approach is identified, Alpha Architect begins the process of building a model to test the strategy’s viability. The model building process generally consists of two steps: (1) designing an investing strategy to implement the given approach; and (2) producing testable implications. Alpha Architect performs ongoing research to monitor and maintain the effectiveness of its models over time. External data (i.e., FactSet, Bloomberg and other data services) is used by Alpha Architect in developing its quantitative models.

Alpha Architect utilizes several investment strategies, including, but not limited to, value strategies, momentum strategies, trend strategies global macro strategies, and risk parity.

Alpha Architect also deploys risk management strategies that seek to minimize market drawdowns and avoid adverse tax consequences, when possible.

**B. INVESTMENT STRATEGIES**

**1) Separately Managed Accounts**

The investment objective of Alpha Architect is to achieve superior risk-adjusted returns relative to an appropriate passive benchmark. To achieve its objective, Alpha Architect will primarily take long and short positions in publicly traded securities. The firm does

not make a practice of recommending margin transactions or options writing strategies but will employ these strategies upon the request of the Client. Short-term trading, short sales, margin transactions, and options writing generally hold greater risk and Clients should be aware that when utilizing these strategies, there is an increased risk of loss of investment principal.

Although Alpha Architect deploys a variety of systematic investment strategies, the firm can implement Client developed strategies. The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time.

## 2) Sub-Advisory Services

Clients with sub-advised assets satisfying the account minimum for separately managed account services are managed consistently with Alpha Architect's other separately managed account Clients.

## C. RISK OF LOSS

**There can be no assurance that the objectives associated with any strategies described above will be met. At any time, Alpha Architect may add, remove, or modify any of the strategies it employs, and this includes any of the strategies discussed above. These methods, strategies, and investments involve risk of loss to Clients and Clients must be prepared to bear the loss of their entire investment.**

**There are many different events that can affect the value of a client's assets or portfolio(s) including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.**

Some of the risks associated with Alpha Architect's investment strategies, and the securities and other assets utilized to implement those strategies, include, but are not limited to, those listed below:

- **Borrowing and Embedded Leverage.** Some Clients allow secured and unsecured borrowing to the maximum extent allowable under applicable credit regulations. Like other forms of leverage, the use of borrowing can enhance the risk of capital loss in the event of adverse changes in the level of market prices of the assets being financed with the borrowings. Leverage

may also take the form of financial instruments, including OTC derivative instruments which are inherently leveraged, and products with embedded leverage such as futures, options, short sales, swaps, and forwards, in which an investor can lose more money than the initial cost of the investment. The use of leverage allows the Clients to increase their exposure to assets, such that total assets may be greater than capital invested. However, the use of leverage may also magnify the volatility – or the likelihood of short-term changes in value – of any portfolio. The effect of the use of leverage in a portfolio may result in losses to the portfolio that exceed losses to the portfolio if such portfolio did not utilize leverage.

- **Commodity Futures and Options:** Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events, and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a Client engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such Client. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.
- **Computer System Risks:** Throughout its investment management process and business operations, Alpha Architect relies on a variety of computer hardware and software systems and platforms, some of which may be proprietary while others may be licensed from third parties (such systems and platforms, collectively, “Computer Systems”). Incorrect data, including stale or missing data, hardware or software malfunctions, programming inaccuracies, and similar errors may impair the performance of Computer Systems, which may negatively affect investment performance.
- **Concentration Risk:** This is the risk that a portfolio concentrates investments in a limited number of issuers, or in issuers within the same economic sector, industry, or geographic location. The value of such concentrated portfolios may be particularly susceptible to adverse economic, business or political developments compared to more diversified portfolios.

- **Counterparty Risk:** Counterparty risk is the risk to each party of a contract that the counterparty will not live up to its contractual obligations. Clients could potentially incur a significant loss as a result of counterparty credit exposure should the counterparty fail to fulfill its obligations.
- **Currency Risk:** Currency risk is the risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investments in securities denominated in a foreign currency or may widen existing losses.
- **Database Errors:** Our strategies rely on proprietary databases and third-party data sources. As a result, any errors in the underlying data entry, database or the assumptions underlying the strategies may result in a portfolio acquiring or selling investments based on incorrect information. Additionally, data entry made by our internal team of financial analysts may contain errors, as may the database system used to store such data. When strategies and data prove to be incorrect, misleading, flawed or incomplete, any decisions made in reliance thereon expose our clients to potential risks. For example, by relying on our strategies and data, we may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty strategies and data may prove to be unsuccessful. As a result, the portfolio could incur losses on such investments before the errors are identified and corrected. We do not reimburse the portfolios or Clients for database errors.
- **Derivatives Risk:** An investment in derivatives may be illiquid, difficult to price, and subject to leverage, such that small changes in circumstances generate disproportionate losses to a portfolio. Because of the complexity of derivatives, such investments may not perform as anticipated and returns/losses may be difficult to monitor.
- **Equity Securities:** Equity securities fluctuate in value in response to many factors, including the activities, results of operations, and financial condition of individual companies; the business market in which individual companies

compete; industry market conditions; interest rates; and general economic environments. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by a Client.

- **Foreign (Non-U.S.) Risk:** A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. The prices of these securities may fluctuate more widely and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- **General Partner Risk:** Documents governing private funds offered by Alpha Architect often limit the circumstances under which a general partner, manager and their affiliates can be held liable to a private fund and its investors, generally. As a result, investors may have a more limited right of action in certain cases than they would otherwise have in the absence of such provisions.
- **Hedging:** There can be no assurances that a particular hedge is appropriate or that certain risk is measured properly. Further, while Alpha Architect may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Client portfolios than if Alpha Architect did not engage in any such hedging transactions.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Drawdown Risk:** Alpha Architect deploys risk management strategies that seek to minimize market drawdowns. When reduced equity exposure is indicated, Alpha Architect will short index futures to reduce market exposure; however, client assets will remain fully invested in the affiliated investment company strategies, regardless of market signal. The purpose of this practice is to enable clients to follow a risk management strategy without recognizing tax liabilities. The use of this strategy exposes clients to additional risks associated with options and short trades, which are discussed more fully below.

- **Model and Data Risk:** Given the complexity of Alpha Architect’s investments and strategies, the Adviser relies heavily on quantitative models (both proprietary models developed by the Adviser, and those supplied by third parties) and information and data supplied by third parties (“Models and Data”). Models and Data are used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the net asset value of a Client), to provide risk management insights, and to assist in hedging the Clients’ investments, if applicable. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose Clients to potential risks. For example, by relying on Models and Data, the Adviser may be induced to buy certain investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

Some of the models used by Alpha Architect are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses to a Client’s portfolio. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data.

All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting valuations will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative instruments.

- **Portfolio Turnover:** Active and/or frequent trading of securities and financial instruments within a portfolio may produce increased transaction costs, including brokerage commissions, fees, transaction taxes, and other transaction costs. Likewise, such active and/or frequent trading may result in short-term capital gains tax treatment.
- **Tax Risk:** Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a

result of such changes. Investors should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.

While this information provides a synopsis of the events that may affect a client's investments, this listing is not exhaustive. There are inherent risks associated with investing and depending on the risk occurrence; and one may suffer **LOSS OF ALL OR PART OF THEIR PRINCIPAL INVESTMENT.**

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**ITEM 9****DISCIPLINARY INFORMATION**

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Neither the Firm nor any supervised person has been involved in any legal or disciplinary event that is material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of its management.



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| <b>ITEM 10</b> | <b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS</b> |
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**A. FINANCIAL INDUSTRY ACTIVITIES**

Alpha Architect is not a registered broker-dealer, or a futures commission merchant. Furthermore, none of Alpha Architect's management or supervised persons is a registered representative or has an application pending to register as a representative of a broker-dealer.

**B. FINANCIAL INDUSTRY AFFILIATIONS**

Alpha Architect is registered with the National Futures Association (NFA) as a Commodity Trading Adviser and Commodity Pool Operator.

**C. OTHER MATERIAL RELATIONSHIPS**

Empirical Finance, LLC owns a 100% interest in affiliated investment advisory firm, Alpha Architect, LLC. Alpha Architect, LLC owns a 100% interest in a related investment advisory firm, Empowered Funds, LLC, which serves as an adviser to certain registered exchange-traded-funds under the registered investment company, Alpha Architect ETF Trust.

Alpha Architect will advise clients to invest some or all assets under management in registered exchange traded funds managed by its related investment adviser, Empowered Funds, LLC, or in private funds managed by Alpha Architect, as disclosed above. In such scenarios, Alpha Architect would receive indirect compensation from the investment management fees that Empowered Funds would receive from the client's assets invested in such exchange-traded funds, or from the asset management fees and performance fees, if any, that Alpha Architect may receive from the private funds. The receipt of such compensation raises a conflict of interest for Alpha Architect in choosing where to allocate clients' assets.

Alpha Architect is an index provider to the exchange traded funds mentioned previously and provides this index to Empowered Funds' portfolio managers ("Advisor Personnel") for execution. This construct creates a conflict of interest whereby the Index Personnel (select employees of Alpha Architect who generate the index) could seek to manipulate the index and "front-run" trades prior to execution by the Advisor Personnel (select

employees of Alpha Architect who execute the trades to track the index). The Index could also be manipulated to benefit the Index Personnel at the expense of Alpha Architect and Empowered Funds' clients and / or the trading public more broadly.

Alpha Architect is also an index provider to an external financial advisor in Canada that holds an exclusive license to Adviser's proprietary Global Value Momentum Trend Index for Canada. Adviser is compensated for the index license on an AUM-based scale. This construct creates a conflict of interest whereby the Index Personnel (select employees of Empirical who generate the index) could seek to manipulate the index and "front-run" trades prior to execution by the Canadian Advisor.

Alpha Architect has adopted a Code of Ethics and Personal Securities Trading Policy implemented to mitigate these potential conflicts that could result in unfair treatment of a client account or the trading public. Such practices include trading approvals required above de minimis amounts for securities traded by Alpha Architect personnel, blackout periods for securities trading based on particular circumstances, and ongoing monitoring of Alpha Architect personnel brokerage activity. Alpha Architect will provide a copy of its Code of Ethics and / or Personal Securities Trading Policy to any client or prospective client upon request.

In 2014, Alpha Architect entered into a royalty agreement with a seed investor for providing initial assets under management for the Adviser to manage for a three-year period. The agreement conveys no ownership interest, managerial input, board oversight, or any other equity benefits to the investor.

#### D. OTHER INVESTMENT ADVISERS

Empowered Funds, LLC is a wholly owned and controlled affiliate of Alpha Architect. Empowered serves as the investment adviser to, and one related person serves on the Board of Trustees of, the Alpha Architect Funds. Subject to the overall authority of the Board of Trustees, Empowered furnishes continuous investment supervision and management to the Alpha Architect Funds' portfolios and also furnishes office space, equipment and management personnel, including persons satisfactory to the Board of Trustees to serve as officers of the Series Funds, and also provides certain other administrative services to each Series Fund.

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| <b>ITEM 11</b> | <b>CODE OF ETHICS, PARTICIPATION, OR INTEREST IN<br/>CLIENT TRANSACTIONS AND PERSONAL TRADING</b> |
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**A. CODE OF ETHICS**

All Alpha Architect personnel must act in an ethical and professional manner. As required by the Investment Advisers Act of 1940 (the "Advisers Act"), Alpha Architect has adopted a Code of Ethics (the "Code") to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by Alpha Architect personnel. The Code, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. Alpha Architect will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

**B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Potential conflicts of interest may exist if an investment adviser or one of its affiliates or related persons engages in a transaction in which it buys or sells for a Client, securities, in which the adviser or Wesley R. Gray has a material financial interest. Alpha Architect may recommend to Clients that they buy or sell shares of an investment company or other investment product in which Alpha Architect have some financial interest by serving as adviser or sub-adviser to such investment company, fund or other product. Some investment companies that may be recommended by Alpha Architect, including private funds, are subject to a performance-based incentive fee. Employees providing advice to these private funds may also hold interests in such performance-based funds and may also provide investment advisory services with respect to similarly managed accounts that are not subject to performance fees.

Alpha Architect and its employees will, if suitable, recommend, or effect transactions in, securities which a related person has a material financial interest, subject to the strict conditions of Alpha Architect's Compliance Manual, including the Personal Trading and Code of Ethics provisions contained therein. Specifically, Alpha Architect recommends investments in related self-indexed ETFs. These self-indexed ETFs are advised by Empowered Funds, an Advisory Affiliate and Related Person of Alpha Architect. In such a scenario, Alpha Architect receives advisory fees from the Client based on the value of assets under management, including those assets invested in the self-indexed

ETFs, and Alpha Architect's related adviser, Empowered Funds, also receives advisory fees based on the value of the assets under management of the self-indexed ETFs. It is therefore a potential conflict of interest to invest assets of Clients in related self-indexed ETFs. Accordingly, Alpha Architect discloses the relationship with the self-indexed ETFs and the fees received by Alpha Architect and its related adviser, Empowered Funds.

Similarly, Alpha Architect may invest assets of private funds over which it has discretionary authority in the related Empowered Funds ETFs. In such case, Alpha Architect will receive advisory and (potentially) performance fees for the management of the private fund assets, and Empowered Funds will receive an investment management fee for the management of the ETFs' assets under management.

Alpha Architect may recommend Clients invest in private funds that are managed by Alpha Architect. In such a scenario, Alpha Architect may receive compensation as manager of the private fund in addition to an investment management fee for advising the Client's account. In such situation, Alpha Architect has implemented policies and procedures to comply with federal and state laws and regulations restricting the "layering" of advisory fees.

Alpha Architect specifically prohibits supervised persons from knowingly selling to or purchasing from a Client any security or other property, except securities issued by the Client. Alpha Architect also serves as general partner to various pooled investment vehicles. Alpha Architect may also have a conflict of interest related to performance fees charged to investors in the pooled investment vehicles. Please refer to Item 6 of this document which provides details on the conflict and how Alpha Architect addresses the conflict.

## C. PERSONAL TRADING

Alpha Architect or a related person may from time to time purchase or sell for its own account securities recommended by Alpha Architect for purchase and/or sale by Clients of Alpha Architect. Specifically, Alpha Architect is the general manager of certain private pooled investment vehicles, and as such purchases and sells securities for such related vehicles. However, any purchase or sale of a security by Alpha Architect or a related person will be subject to Alpha Architect's fiduciary duty to its Clients. Management and/or supervised persons are prohibited from "front-running," that is, the purchase or sale of securities for their own or any Client's account on the basis of their knowledge of a Client's trading positions or planned trading positions. In addition, Alpha Architect

employs trading requirements that prohibit trading of accounts alongside related entity ETF accounts simultaneously.

Alpha Architect and its employees have a fiduciary duty to place the interests of Clients ahead of their own interests. Records of select security transactions by Alpha Architect and related persons will be maintained at Alpha Architect's office and will be available for inspection by Clients upon prior written notice. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our personal trading reports for adherence to our Code of Ethics.

**A. SELECTION AND RECOMMENDATION**

For separately managed account Clients, Alpha Architect seeks to recommend a broker-dealer or custodian that has the most favorable commission rate available for all of its Clients, while satisfying the other factors considered in Alpha Architect's best execution analysis described below. Alpha Architect shall generally recommend that its separately managed account Clients open brokerage accounts with Interactive Brokers. However, Clients may choose any other broker for custody and trading of their account, and are responsible for negotiating fees and commissions schedules.

In making brokerage recommendations for separately managed accounts, Alpha Architect will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) Alpha Architect's past experience with the broker-dealer; 7) Alpha Architect's past experience with similar trades; and 8) commissions charged. Recognizing the value of these factors, Clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. "Best execution" is not synonymous with lowest brokerage commission. Consequently, in a particular transaction Alpha Architect may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction. However, Alpha Architect has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

Alpha Architect will annually evaluate the performance of the brokers it uses and may change the brokers it uses as required.

**1. SOFT DOLLAR BENEFITS**

Alpha Architect does not engage in any "soft dollar" practices.

## 2. BROKERAGE FOR CLIENT REFERRALS

Alpha Architect does not receive Client referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party.

## 3. DIRECTED BROKERAGE

As noted above, Alpha Architect shall generally recommend that its Clients open brokerage accounts with Interactive Brokers ("IB").

However, Clients may choose any other broker for custody and trading of their account and are responsible for negotiating fees and commissions schedules. If a Client directs brokerage, Alpha Architect cannot negotiate commission rates; however, Alpha Architect will use its best efforts to negotiate the most favorable rates based on the size and the anticipated trading activity in the account. In the event of directed brokerage, Clients may pay higher brokerage commissions than might otherwise be paid if Alpha Architect were granted discretion to select a broker to hand the account. In addition, Clients may lose the benefits of potentially better executions available through bunched transactions of the recommended broker-dealer custodian.

Alpha Architect's recommendation of Interactive Brokers as an executing broker is based upon best execution analysis using the highest potential fees charged to a client's account. As trade volume increases, commissions are reduced by IB. Thus, aggregating all trades can provide even lower trading costs to clients. Nevertheless, we evaluate (on an annual basis) the trading costs of various brokers and compare them to Interactive Broker's highest rate, thereby ensuring our selection of Interactive Brokers remains the lowest cost option, regardless of trading volume. Should other brokers present competitive pricing (amongst other factors) we would direct trade orders to the best executing broker.

Alpha Architect's selection of Interactive Brokers does present two potential conflicts of interest. First, commission rates can decrease with significant trading volume. One could theoretically trade numerous client accounts at the higher rate and then trade other client accounts later on at a lower commission rate. Systematically doing so would benefit certain client accounts over others. To mitigate this, the Adviser strives to group all trade orders by strategy whenever possible. All client trades on a particular day are equivalent and treated equitably (see Order Aggregation, below).

The second conflict of interest arises for accounts where commissions are paid by Alpha Architect on the client's behalf. Alpha Architect benefits when client accounts are

aggregated, and trading costs are lowered because the fees it pays for clients are lowered as well. In theory, Alpha Architect could direct trading volume to Interactive Brokers specifically to drive down the commission rates it pays on a client's behalf, even if that volume could be better executed elsewhere. To mitigate this risk, Alpha Architect reviews best execution criteria for all brokers annually and evaluates Interactive Brokers at the highest possible commission rate.

## B. ORDER AGGREGATION

When aggregating and allocating securities transactions, our Clients are treated in a fair and equitable manner. No account will be favored over any other accounts. All Clients participating in an aggregated order must be treated fairly. In the regular course of business, we may at times enter orders for multiple advisory accounts in order to obtain the best pricing averages and minimize trading costs for our Clients. Accordingly, our policies and procedures mandate allocating the orders to the appropriate Client accounts as soon as possible thereafter and allocating transactions equitably. In most cases, this process is done automatically by an unaffiliated broker using model portfolio orders. In a model portfolio order, all clients are traded in a model simultaneously and allocated shares via an algorithm to ensure equitable pricing across all clients.

Alpha Architect will seek to allocate investment opportunities and trades fairly. "Fair" treatment does not mean identical treatment of all Clients. Rather, it means that Alpha Architect does not discriminate on an impermissible basis against one Client or group of Clients. When Alpha Architect transacts in securities or instruments for more than one Client, the investment opportunities and trades will be allocated in a manner consistent with Alpha Architect's fiduciary duties. Alpha Architect may not allocate trades in such a way that Alpha Architect's personal, proprietary or affiliated accounts receive more favorable treatment than Clients' accounts. Similarly, Alpha Architect may not allocate profitable trades at each day's end so as to disproportionately favor certain Clients.

In making investment decisions for the accounts, securities considered for investment by one Client may also be appropriate for another Client. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one Client, Alpha Architect may, but will not be obligated to, aggregate or "batch" orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or "batched" trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing transaction charges.



When Alpha Architect decides to purchase or sell the same securities for several Clients at approximately the same time, Alpha Architect is not required to aggregate such transactions, but will do so absent a determination by our Firm's Compliance Officer based on the best interests of Alpha Architect's Clients. Alpha Architect will aggregate and allocate orders only in a manner designed to ensure no Client or account is favored over others over time. Alpha Architect believes that aggregation is consistent with Alpha Architect's duty to seek best execution and best price for Clients and is consistent with Alpha Architect's investment advisory agreements with each Client for which trades are being aggregated.

We have instructed our broker-dealer (custodian) to process our Clients' trades in the most cost-effective manner while securing quality of execution. The Compliance Officer will review transactions periodically to prevent and detect excessive costs related to non-compliance with order aggregation procedures.

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**ITEM 13**                      **REVIEW OF ACCOUNTS**

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**A. PERIODIC REVIEWS**

Alpha Architect's criterion for reviewing Client accounts is as follows:

The day-to-day supervision of the accounts is the responsibility of the principals of Alpha Architect. Each investment account is reviewed regularly for compliance with policy, suitability of investments and customer investment objectives. Other factors that would trigger a more frequent review are material market events, changes in the Client's personal situation, or Client request.

**B. INTERMITTENT REVIEW FACTORS**

Although Alpha Architect reviews each Client's account on a regular basis, there are facts and circumstances which may prompt ad hoc reviews. Significant market events affecting the prices of one or more securities held by a Client, changes in investment objectives or guidelines of a particular Client, or specific arrangements with particular Clients or investors may trigger more frequent reviews of a particular Client's account.

**C. CLIENT REPORTS**

Managed Account Clients receive regular written reports from their custodian and may receive operational reports from Alpha Architect upon request or as required in the investment management agreement. At a minimum, each Client will receive a quarterly report from their broker-dealer that will include a statement of account holdings, market value, broker commissions, and advisory fees charged for the period.

Subscribers in Private Funds are generally furnished (i) as soon as practicable after the end of each fiscal year, written annual reports of the relevant Sponsored Fund(s) that include audited financial statements prepared in accordance with U.S. generally accepted accounting principles or other acceptable accounting principles; and (ii) on a basis no less frequently than quarterly, written unaudited reports on the operations of the relevant Sponsored Fund(s) which may include a statement of the net asset value of the Subscriber's interest in such Private Fund(s). Subscribers in Private Funds receive reports from Alpha Architect pursuant to the terms of each Sponsored Funds' offering memoranda or investor side letter.

**A. ECONOMIC BENEFITS FOR ADVISORY SERVICES RENDERED**

Alpha Architect's wholly-owned subsidiary is an investment adviser to several ETFs. This creates a potential conflict of interest because Alpha Architect has an incentive to increase each subsidiary-advised ETF's assets under management. One way Alpha Architect may do so is to cause client assets to invest in those ETFs. However, to mitigate that conflict of interest, when an Alpha Architect client account holds a subsidiary-advised ETF, Alpha Architect will waive its management fee or offset its management fees so as not to double-charge for those advisory services. However, Alpha Architect will normally charge such client accounts a fee when Alpha Architect is providing additional advisory services beyond those provided via the relevant ETF's management services (e.g., leverage, trend following, general asset allocation, etc.)

**B. COMPENSATION FOR CLIENT REFERRALS**

Alpha Architect compensates certain independent third-party solicitors (the "Solicitors") whereby a fee (the "Solicitation Fee") is paid quarterly based on a percentage of the investment advisory fee paid by clients introduced by the solicitors. Alpha Architect is aware of, and complies with, the requirements of Section 206(4)-3 of the Investment Advisers Act of 1940 ("206(4)-3") and similar state regulations. The Solicitation Fee is paid pursuant to a written agreement. The separate written disclosure document required to be furnished by the Solicitor to the Client pursuant to 206(4)-3 is provided to the introduced client prior, to or at the time of, entering into an advisory contract. Alpha Architect may in the future enter into additional solicitation agreements under which it compensates persons for client referrals in accordance with Rule 206(4)- 3. Furthermore, Alpha Architect's Director of Marketing may receive additional compensation for referring clients to Alpha Architect.

Alpha Architect is deemed to have custody of the assets of Private Funds by virtue of Alpha Architect's role as general partner of such funds. Investment advisers with custody of client funds or securities are required to comply with the requirements of Rule 206(4)-2 of the Investment Advisers Act of 1940. Alpha Architect does not have actual physical custody of any investor funds or securities invested in such funds; rather, all such assets are held in the name of each of the applicable funds by an independent qualified custodian. Each applicable fund is audited annually by an independent public accountant, and investors receive annual financial statements within 120 days following such fund's fiscal year end, as required by applicable law.

Alpha Architect does not have custody of the assets of the Managed Accounts. Managed Accounts must make their own arrangements for custody of securities. Alpha Architect recommends, but does not require, that Clients open an account with Interactive Brokers. The qualified custodian will provide the Managed Account with quarterly account statements relating to the assets held within the account advised by Alpha Architect. Each Managed Account should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the account and all account activity over the relevant period. Any discrepancies identified by a Managed Account should be immediately reported to Alpha Architect and the qualified custodian.

In addition to the account statements provided by qualified custodians to Alpha Architect's Managed Accounts, Alpha Architect may also provide account statements or reports to Managed Accounts on a periodic basis, as agreed upon between the Managed Accounts and the Adviser. These statements are intended to complement, not replace, the statements provided by the Managed Account's qualified custodian. Architect's statements may vary from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities. However, please note that custodian statements reflect the official books and records for the Managed Accounts.

Generally, clients retain Alpha Architect on a discretionary basis upon execution of a management agreement. Alpha Architect typically has discretionary authority with respect to the investment decisions on behalf of clients pursuant to the management agreement(s). Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, strategies restrictions and guidelines.

Prior to assuming discretion in managing a Client's assets, the Adviser enters into a written investment management agreement that sets forth the scope of the Adviser's discretion.

The agreement gives the Adviser the authority to determine the timing and amount of securities and other instruments to be purchased and sold for the Client account (subject to restrictions on Alpha Architect's activities set forth in the applicable agreement and any written investment guidelines). Because of the differences in Client investment objectives and strategies, risk tolerances, tax status, liquidity considerations, and other criteria, there may be differences among Clients in invested positions and amounts held.

Alpha Architect has non-discretionary authority for several accounts pursuant to the management agreement(s). The agreement gives the Client the authority to determine the timing and amount of securities and other instruments to be purchased and sold for the Client account (subject to restrictions on Alpha Architect's activities set forth in the applicable agreement and any written investment guidelines).

Investments for pooled investment vehicles are managed in accordance with the fund's investment objective, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the fund. Therefore, fund investors should consider whether the fund meets their investment objectives and risk tolerance prior to investing. Information about the pooled investment vehicles can be found in their governing documents, which will be available to current and prospective investors only through Alpha Architect or another authorized party.

We do not have discretionary authority to vote any proxy with respect to any security held in Client managed account portfolios unless negotiated separately on a case by case basis.

If Alpha Architect is asked by a Client to vote a proxy, Alpha Architect will vote proxies in the best interest of the Client. Alpha Architect has adopted proxy voting policies and procedures. Alpha Architect will act in the best interest of the Client in determining whether and how to exercise a Client's investment rights as a securities holder, including whether and how to vote on any proxy voting matter and how to respond to corporate actions.

Additionally, from time to time, Alpha Architect may be unable to cast a vote prior to the cutoff date for reasons including, but not limited to, timing of transferring proxy information or account setup. Alpha Architect does not view non-voted proxy ballots to be a material issue for either the Clients or Alpha Architect's investment strategies. Alpha Architect typically follows a systematic, research-driven approach, applying quantitative tools to process fundamental information and manage risk, significantly reducing the importance and usefulness of the proxies Alpha Architect receives and votes, or causes to be voted, on behalf of its Clients.

Upon request, Alpha Architect will provide a Client with a copy of its proxy voting policies and procedures and information on how the Client's proxies were voted (if proxy voting authority is delegated to Alpha Architect). Clients may contact [compliance@alphaarchitect.com](mailto:compliance@alphaarchitect.com) to request additional information on how their proxies were voted.

Alpha Architect policy is to vote proxies on behalf of pooled investment vehicle accounts. Alpha Architect has adopted proxy voting policies and procedures. Alpha Architect will act in the best interest of the pooled investment vehicle in determining whether and how to exercise a pooled investment vehicle's rights as a securities holder, including whether and how to vote on any proxy voting matter and how to respond to corporate actions.

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**ITEM 18**                    **FINANCIAL INFORMATION**

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**A.     BALANCE SHEET REQUIREMENT**

Alpha Architect does not require or solicit prepayment of fees six months or more in advance.

**B.     FINANCIAL CONDITION**

The firm does not have any financial impairment that will preclude it from meeting contractual commitments to Clients.

**C.     BANKRUPTCY PETITION**

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

Alpha Architect is strongly committed to preserving and safeguarding our clients' personal financial information. Confidentiality is extremely important to both us and our clients, and we therefore take strict measures to protect the confidentiality and security of our clients' personal information.

### **Personal Information**

To provide financial planning and investment services, we collect nonpublic personal information from our clients. The categories of nonpublic personal information collected from a client depend upon the scope of the client engagement. It may include information about the client's personal finances, information about transactions between the client and third parties, information from custodians, banks, or other financial institutions, information from the client's other advisors, and information collected from written or verbal communications with the client. We do not disclose any of our clients' personal information to anyone except as permitted or required by law. We do not disclose any of our clients' personal information to affiliated or nonaffiliated third parties (such as our clients' other professional and/or service providers) without our clients' authorization and consent and only for the purpose of providing services on our clients' behalf. Federal law allows you the right to limit the sharing of your NPI by "opting-out" of the following: sharing for affiliates' everyday business purposes – information about your creditworthiness or sharing with non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately at our address or telephone number if you choose to opt out of these types of sharing.

### **Security**

Alpha Architect has instituted certain technical, administrative and physical safeguards through which Alpha Architect seeks to protect personal information about current and former clients from unauthorized use and access. First, technical procedures are used in order to limit the accessibility and exposure of client information contained in electronic form. Second, administrative procedures are used in order to control the number and type of employees, affiliated and nonaffiliated persons, to whom customer information is accessible. Third, physical safeguards have been established to prevent access to client information contained in hard-copy form. As these procedures illustrate, Alpha Architect realizes the importance of information confidentiality and security and emphasizes practices which are aimed at achieving those goals.



## Questions

Alpha Architect welcomes questions and comments about our Privacy Policy. Please call us at +1.215.882.9983 or email at [compliance@alphaarchitect.com](mailto:compliance@alphaarchitect.com).