

# CAMBRIA VALUE AND MOMENTUM ETF



# VAMO

Cambria Value and Momentum ETF

## Why Value and Momentum?

### Value & Momentum is a Solid Combo

Momentum and value investment strategies target superior returns on a standalone basis, but can be combined to bring diversification and risk management to a portfolio.

#### Momentum Investing:

Follows trends in the market by taking a long position in high-returning assets. It is based on the assumption that recent return trends will persist into the future.

#### Value Investing:

This approach targets assets which are undervalued relative to their theoretical intrinsic value. This style of investing is based on the assumption that over time, the value of undervalued securities will eventually revert to their fair value.

### Play Offense and Defense

#### Play Offense

Value and momentum have solid credentials. They both exploit market emotions and sentiment, but in very different ways. Value's motto is 'buy low, sell high,' while momentum's motto is 'buy high, sell higher.' Together, both strategies tend to perform well at different times, thus providing investors an opportunity to smooth returns over time.

#### Play Defense

Value and momentum investing is still a long-only strategy, therefore investors are subject to market volatility. However, investors may experience dampened volatility, reduced drawdowns and overall better risk management for their portfolios, while maintaining a long-only position to equities.

### S&P 500 Value Index vs S&P 500 Momentum Index (Calendar Year Returns)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
20.80%	9.89%	-34.56%	21.18%	18.72%	1.60%	17.68%	31.99%	12.36%	5.56%	17.40%	28.27%	-0.04%	31.93%	28.32%	17.22%
9.61%	1.99%	-39.22%	17.24%	15.10%	-0.48%	17.33%	31.42%	11.23%	-3.13%	5.70%	15.36%	-8.95%	26.25%	1.36%	14.99%

S&P 500 VALUE INDEX

S&P 500 MOMENTUM INDEX

**SOURCE:** S&P Dow Jones Indices. \* Year-to-date returns as of 7/31/21. Past performance does not guarantee future results. Cannot invest directly in an index.

Value performance is defined by the S&P 500 Value Index. S&P 500 Value Index comprises S&P 500 stocks with above-average combinations of book value-to-price, earnings-to-price, and sales-to-price. The weighting is by capitalization although the weight of some stocks is divided between the Value & Growth indices. As of July 31, 2021 the index comprised of 433 constituents.

Momentum performance is defined by the S&P 500 Momentum Index. S&P 500 Momentum Index comprises the top 100 stocks in the S&P 500 based on 12 month prior risk-adjusted performance (excluding the most recent month at the rebalance). The weighting is inversely proportional to the trailing volatility of each component, subject to single stock and sector constraints.

# Why VAMO?

## Value, Momentum and Tactical Hedging

Cambria Value & Momentum ETF (VAMO) utilizes a quantitative approach to actively manage a portfolio of domestic equities.

Value factors have long been emphasized by investors as key predictors of a company's strength. Likewise, momentum factors have historically been complimentary to a value portfolio.

VAMO combines the two factors and additionally can tactically hedge the equity portfolio with strict risk control methods that are completely systematic.

The manager believes that a focus on all three factors - **value, momentum and tactical hedging** - produces a portfolio of companies that offer strong characteristics, with the potential added benefit of lower volatility and mitigating against market downturns.

## Deep Value Exposure

VAMO trades at a deep discount relative to its Morningstar category across a number of metrics.

Valuation Metrics	VAMO	Category
Price/Earnings	9.37	23.17
Price/Book	1.70	3.62
Price/Sales	0.58	2.39
Price/Cash Flow	5.09	14.51
Price/Free Cash Flow	7.31	9.53

**SOURCE:** Morningstar. Based on historical data, as of 6/30/21. Style and Market Cap Breakdown and Value and Growth Measures are calculated only using the long position holdings of the portfolio. Based on 211 funds in the Long-Short Equity category.

## Less Correlated Versus Other Asset Classes

VAMO is a domestic equity strategy that offers moderate correlation to major global asset classes.

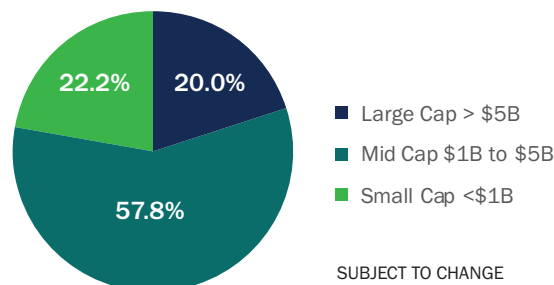
### VAMO Correlation Versus Major Asset Classes (10/1/15 - 6/30/21)

Investment	1	2	3	4	5	6	7
1 Cambria Value and Momentum ETF (VAMO)	1.00						
2 S&P 500 TR USD	0.52	1.00					
3 MSCI EM NR USD	0.45	0.75	1.00				
4 MSCI ACWI NR USD	0.54	0.97	0.85	1.00			
5 FTSE EPRA Nareit Global REITs TR USD	0.48	0.77	0.67	0.79	1.00		
6 S&P GSCI TR USD	0.60	0.57	0.53	0.62	0.57	1.00	
7 ICE U.S. Treasury Core Bond TR USD	-0.48	-0.39	-0.27	-0.39	-0.14	-0.47	1.00

## All-Cap Strategy

VAMO is market cap agnostic. Thus, it does not favor one particular market cap box over the others.

### VAMO Market Capitalization Breakdown (as of 6/30/21)



# VAMO Investment Methodology

UNIVERSE	VALUE & MOMENTUM	REBALANCE	TREND HEDGE	VALUE HEDGE	FINAL HEDGE
<p>Cambria begins with a broad universe of domestic equities trading in the United States.</p>	<p>Each quarter, Cambria ranks the universe by a fundamental valuation composite.</p> <p>Simultaneously, Cambria ranks the universe by momentum. An average ranking is established for all stocks, and Cambria invests in the top 100 ranked stocks.</p>	<p>The portfolio is updated quarterly, and managed to optimize tax holdings and minimize tax exposures.</p> <p>Stocks that fall out of the top ranking are replaced with the highest ranked stocks.</p>	<p>On a weekly basis, Cambria uses long-term trend following indicators to ensure that the broad US stock market is in an uptrend.</p> <p>If market is in a downtrend, the portfolio will hedge 25% or 50% of the exposure using S&amp;P 500 futures.</p>	<p>On a quarterly basis, Cambria uses long-term valuation indicators to ensure that the broad US stock market is fairly valued.</p> <p>If it is expensive on a valuation basis, the portfolio will hedge 25% or 50% of the exposure using S&amp;P 500 futures.</p>	<p>Weekly trend and quarterly valuation hedges combine to form a hedge that can range from 0% (long only) up to 100% hedged (market neutral).</p>

Standardized Performance as of June 30, 2021	1 Year	3 Year	5 Year	10 Year	Annualized Since Inception
Cambria Value and Momentum ETF NAV	51.05%	-0.35%	2.77%	-	0.63%
Cambria Value and Momentum ETF Price	52.95%	-0.50%	2.73%	-	0.56%
S&P 500 TR Index	40.79%	18.67%	17.65%	14.84%	16.63%

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 855-383-4636 (ETF INFO) or visit [www.cambriafunds.com](http://www.cambriafunds.com). Current performance may be higher or lower than the performance quoted. Market price returns are based upon the midpoint of the bid/ask spread at 4:00 Eastern Time and do not represent the returns you would receive if you traded shares at other times.

## Definitions:

The price/earnings ratio (P/E Ratio) is the ratio of a company's stock price to the company's per share earnings. The price/book ratio (P/B Ratio) is the ratio of a company's stock price to the company's book value. The price/sales ratio (P/S Ratio) is the ratio of a company's stock price to the company's revenue. The price/free cash flow ratio (P/FCF Ratio) is the ratio of a company's stock price to the company's per share free cash flow.

30-day SEC Yield is based on the most recent 30-day period and reflects the investment income earned after deducting a fund's expenses for the period.

**To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expense before investing. This and other information can be found in the Fund's full and summary prospectus which may be obtained by calling 855-383-4636 (ETF INFO) or visiting our website at [www.cambriafunds.com](http://www.cambriafunds.com). Read the prospectus carefully before investing or sending money.**

The Cambria ETFs are distributed by ALPS Distributors Inc., 1290 Broadway, Suite 1000, Denver, CO 80203, which is not affiliated with Cambria Investment Management, LP, the Investment Adviser for the Fund.

Shares are bought and sold at market price (closing price) not net asset value (NAV) are not individually redeemed from the Fund. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined), and do not represent the return you would receive if you traded at other times. Buying and selling shares will result in brokerage commissions. Brokerage commissions will reduce returns.

There is no guarantee the fund will achieve its investing goal. Investing involves risk, including the possible loss of principal. Investments in smaller companies typically exhibit higher volatility. The fund is actively managed using proprietary strategies and processes. There can be no guarantee that these strategies and processes will produce the intended results and no guarantee that the fund will achieve its investment objective. With short sales, you risk paying more for a security than you received from its sale. Short sale losses are potentially unlimited and expenses involved with the shorting strategy may negatively impact the performance of the fund.

The Fund may hedge up to 100% of the value of the Fund's long portfolio. The Fund may use derivatives to attempt to effectuate such hedging during times when the advisor believes that the U.S. equity market is overvalued from a valuation standpoint, or models identify unfavorable trends and momentum in the U.S. equity market. The primary risk of derivative instruments is that changes in the market value of securities held by the fund and of the derivative instruments relating to those securities may not be proportionate. Derivatives are also subject to illiquidity and counterparty risk. Derivatives are often more volatile than other investments and may magnify the Fund's gains or losses.

There is no guarantee dividends will be paid. Diversification may not protect against market loss

Indicative value (iNAV) is a measure of the intraday net asset value (NAV) of an investment. It is reported approximately every 15 seconds giving investors a measure of the value of the investment throughout the day

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The MSCI EM TR (Emerging Markets Total Return) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI ACWI Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world and is maintained by Morgan Stanley Capital International. It is comprised of stocks from both developed and emerging markets.

The FTSE EPRA Nareit Global Index is designed to track the performance of listed real estate companies and REITs in both developed and emerging markets.

The S&P GSCI Index measures commodity market performance through futures. The S&P GSCI is weighted by world production and comprises the physical commodities that have active, liquid futures markets. There is no limit on the number of commodities that may be included in the S&P GSCI; any commodity whose contract satisfies the eligibility criteria and the other conditions specified in this methodology are included.

The ICE U.S. Treasury Core Bond Index measures the performance of public obligations of public obligations of the U.S. Treasury. The index includes publicly-issued U.S. Treasury securities that have a remaining maturity greater than one year and less than or equal to thirty years and have \$300 million or more of outstanding face value, excluding amounts held by the Federal Reserve System Open Market Account or bought at issuance by the Fed.

© 2021 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.



**Cambria Investment Management, LP**

2321 Rosecrans Avenue, Suite 3225 | El Segundo, CA 90245 | (310) 683-5500 | [www.cambriafunds.com](http://www.cambriafunds.com)