

PORTER & CO. CONFERENCE 2025

Diversifying Highly Appreciated Securities with 351 ETF Conversions

Reed Williams | EVP, Cambria Investment Management

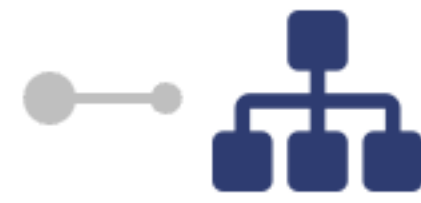


CAMBRIA

CAMBRIAFUNDS.COM



Funds



Cambria Funds
cambriafunds.com



Research

The Idea Farm
theideafarm.com

Twitter



@MebFaber



Blog

MebFaber
mebfaber.com



Podcast

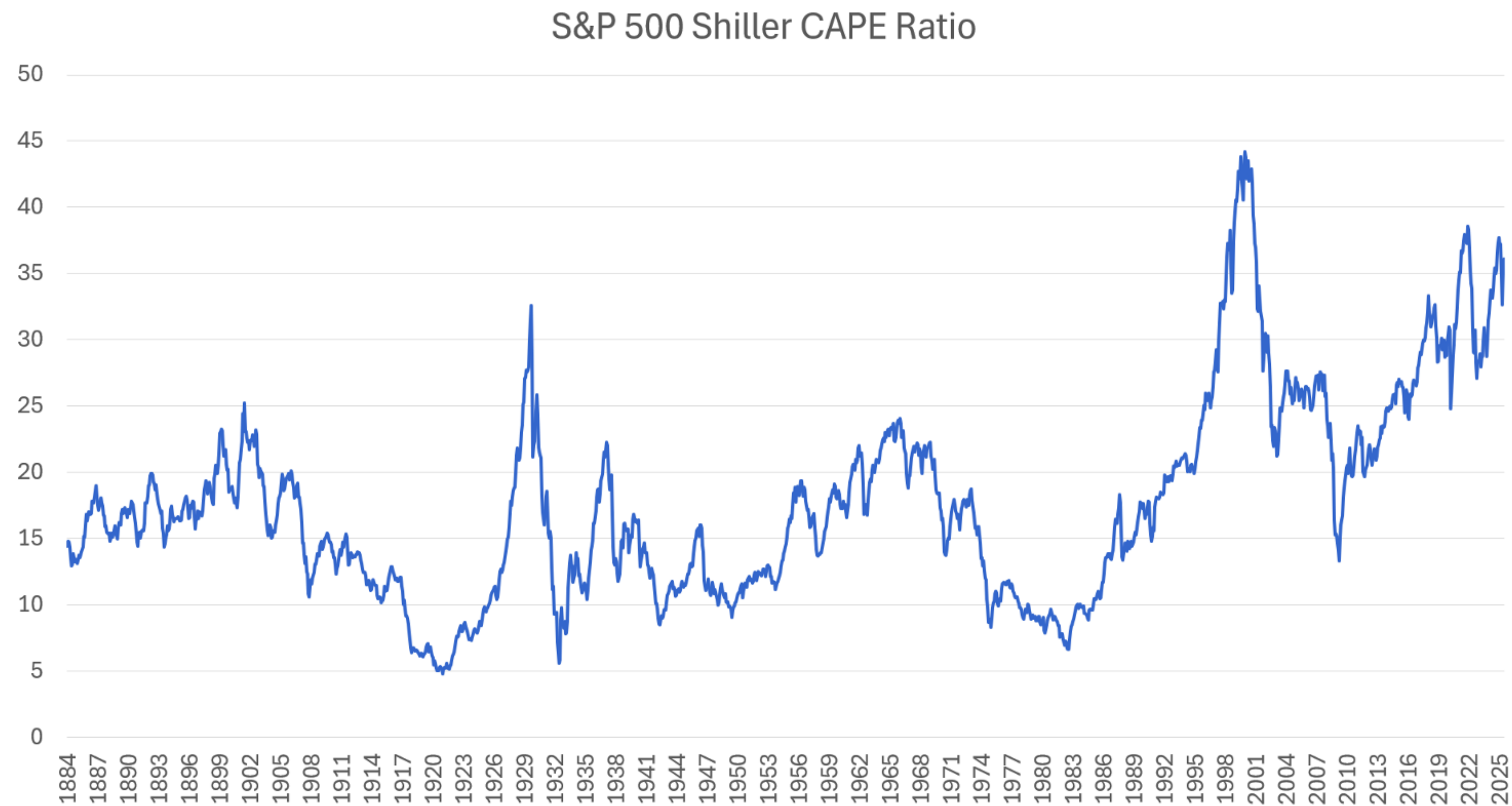
The Meb Faber Show
mebfaber.com/podcast



Today's Market Environment

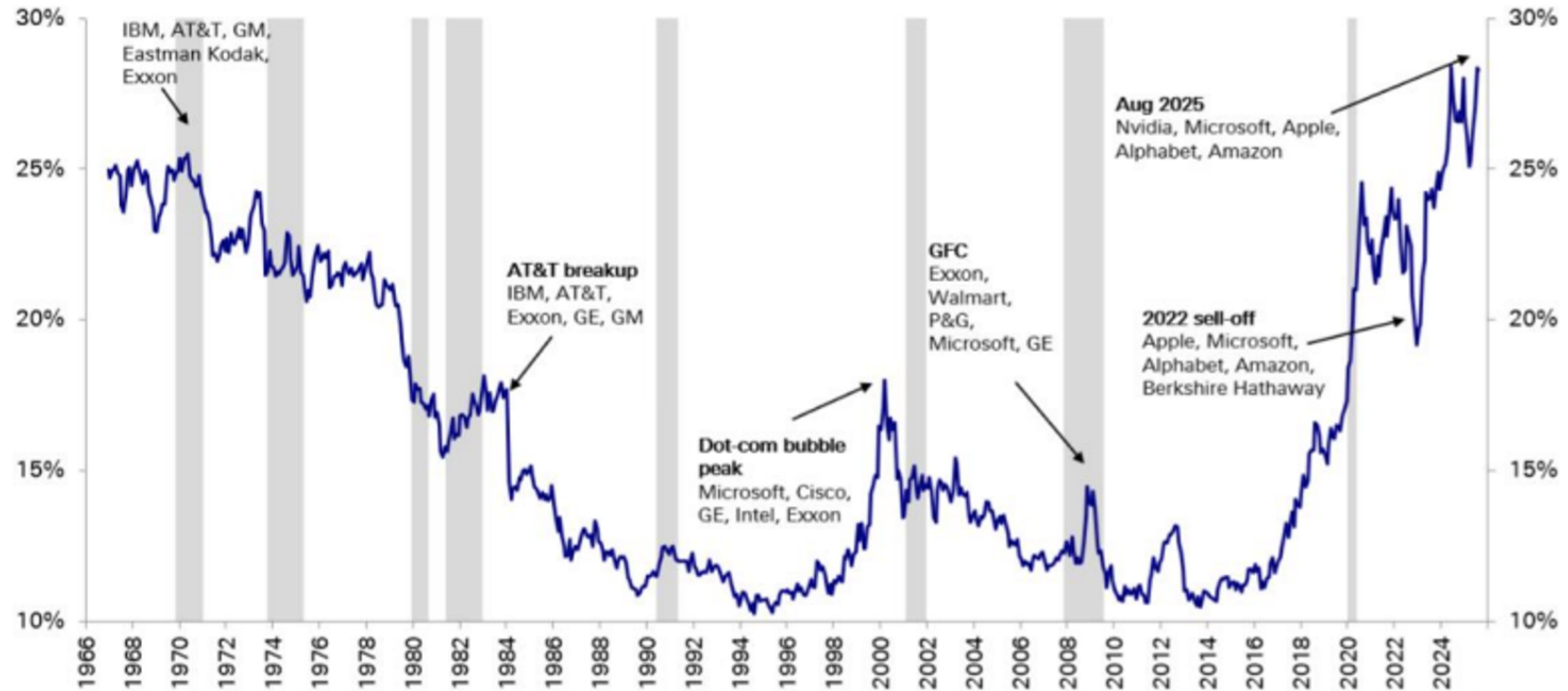


US Stocks Over Time



Source: YCharts, Robert Shiller, as of 6/30/2025. Past performance does not guarantee future results.

Figure 3: Top five companies in S&P 500 at various times and their share of market capitalisation



Source : DB Asset Allocation, Bloomberg Finance LP, Deutsche Bank Research. Note: through August 15, 2025

Source: Deutsche Bank Research Institute, *The Summer AI Turned Ugly: Part 2*

The Dilemma of Concentrated Stock Holdings

**Hold and accept
high single
stock risk**

or

**Sell and
trigger capital
gains taxes**

Let's rethink diversifying
concentrated stock holdings with
more tax awareness...

351 ETF Exchange

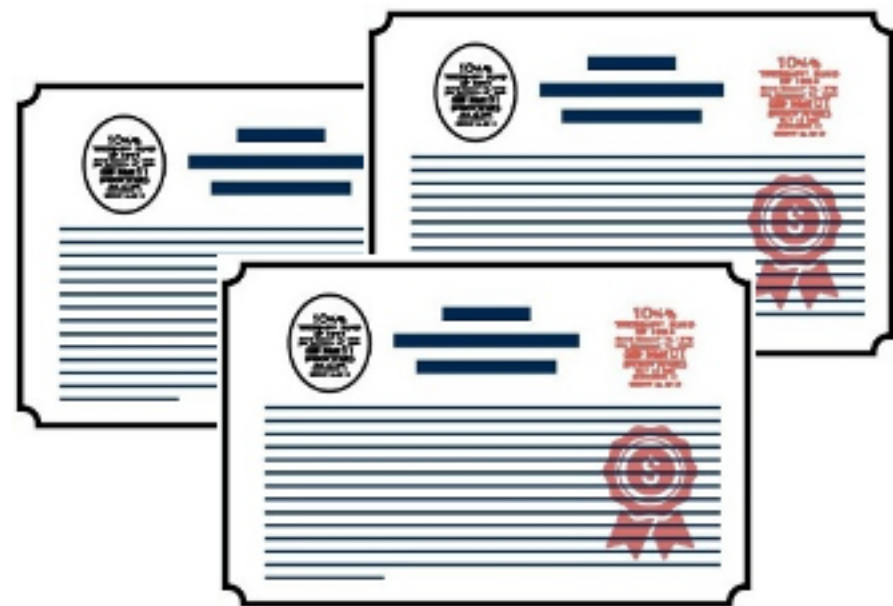


351 to ETF Exchange

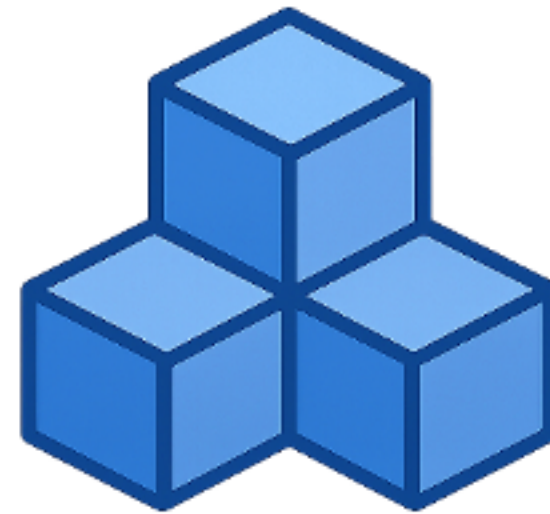
Overview

- A 351 to ETF contribution allows for the transfer of assets (such as stocks, securities, or other property) to an ETF without recognizing a taxable gain or loss

Appreciated Assets



**Contribute Assets
to ETF**



**Receive ETF Shares
in Exchange**



351 to ETF Exchange

Portfolio Qualification Considerations*

- Contributed portfolios must be diversified:
 - No single position $> 25\%$ (*ETFs are exempt from this requirement***)
 - Not more than 50% of the value can be in 5 or fewer issuers
 - ≥ 11 positions is the practical minimum number of positions
 - Securities must be exchange traded
- You cannot do on-going contributions to the ETF

**Not intended to be a comprehensive list*

*** ETFs are analyzed on a look-through basis*

Example Portfolios

Example Portfolios That Qualify

- ✓ An investor wants to contribute a portfolio consisting of 20% Nvidia stock and 80% assorted stock holdings, each representing approximately 1% of the positions
- ✓ An investor wants to contribute a portfolio consisting of 100% SPY ETF
- ✓ An investor with a 20 stock portfolio that is roughly equally weighted

Example Portfolios That Do Not Qualify

- ✗ An investor wants to contribute a portfolio consisting of 50% Nvidia stock and 50% cash
- ✗ An investor with a portfolio of mutual funds
- ✗ An investor with a portfolio of DogeCoin

Cambria US EW ETF (USEW)

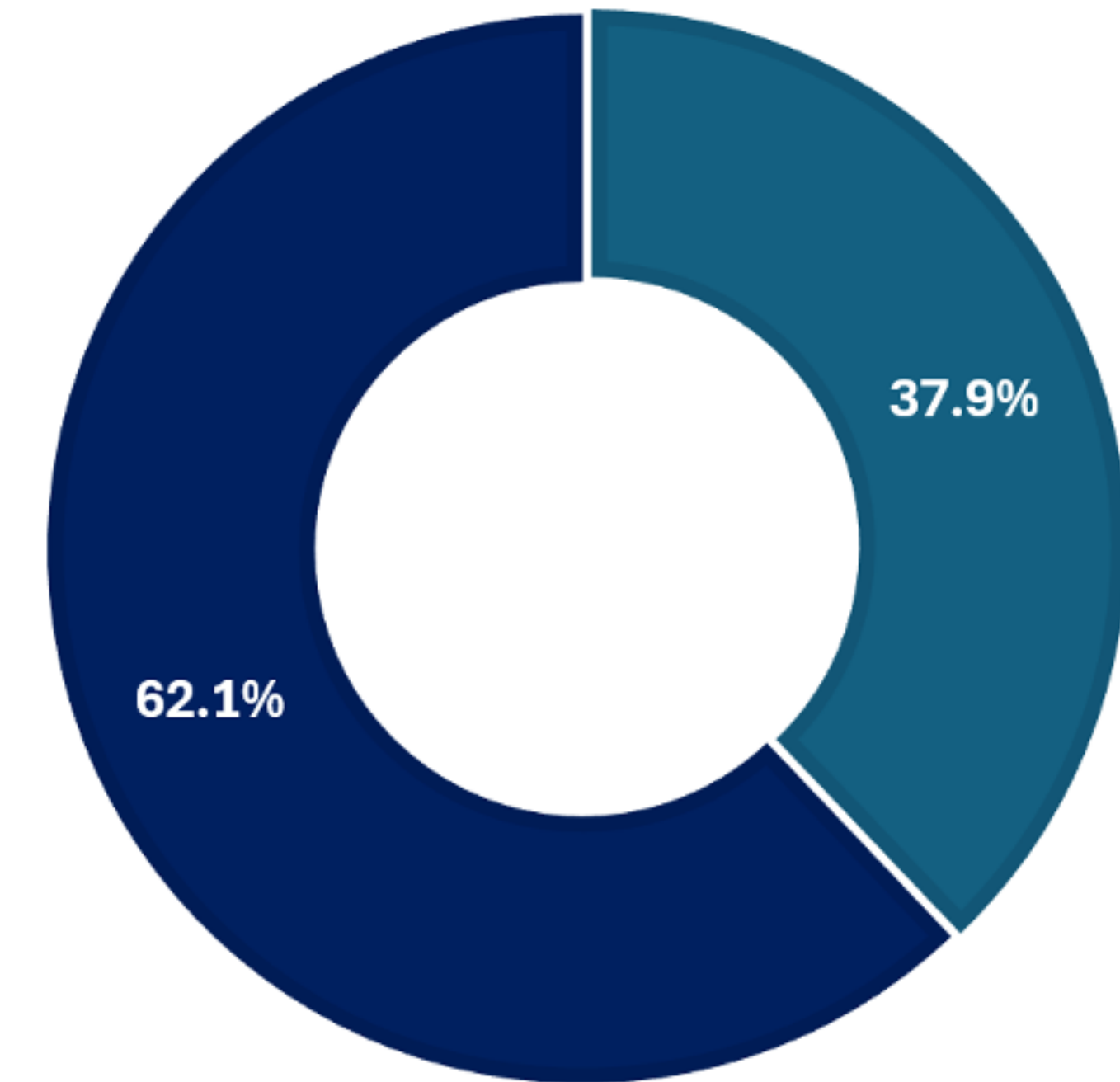
Cambria US EW ETF (USEW)

Equal Weight Portfolio Positioning – What's the Big Deal?

- Despite some advantages, market cap weighting has notable pitfalls
 - Weighting determined by market capitalization alone
 - Concentration into a few large stocks
 - Bias toward the largest and potentially higher valuation stocks

S&P 500 INDEX
TOP 10 VS BOTTOM 493

■ Top 10 Constituents ■ Bottom 493 Constituents



Source: S&P Dow Jones Indices as of 8/29/2025

Cambria US EW ETF (USEW)

Anticipated Launch Date – December 17, 2025

- **ETF Offering Core US Equity Exposure** – Equal weight exposure to the largest US stocks
- **Equal Weight for a Top-Heavy Market** - Equal weighting aims to mitigate mega-cap dominance
- **Tax Aware Reallocation** – Leveraging a 351 ETF Exchange, contribute highly appreciated securities and receive shares of USEW
- **Expense Ratio: 0.25%**



Cambria's 351 ETF Exchange Launches



TAX

Cambria Tax Aware ETF

Launch date: 12/18/2024

AUM as of 5/31/25: \$27,417,980



ENDW

**Cambria Endowment
Style ETF**

Launch date: 4/10/2025

AUM as of 5/31/25: \$106,857,267



GEW

Cambria Global EW ETF

Launch date: 9/25/2025

AUM as of Launch: TBD

Cambria US EW ETF (USEW) – Launch Information

- **Indications of Interest** – Now
- **Coordinate Final Asset Contributions** – November 19, 2025
- **Paperwork Complete** – November 26, 2025
- **Anticipated Launch Date** – December 17, 2025

Contact Us

- **Email** – 351@cambriafunds.com
- **Visit** – www.cambriafunds.com



Contact Us

To learn more about Cambria, connect with us at:

info@cambriafunds.com

3300 Highland Avenue
Manhattan Beach, CA 90266
(310) 683-5500

www.cambriafunds.com

Disclosure

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. 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.

ETFs are subject to commission costs each time a "buy" or "sell" is executed. Depending on the amount of trading activity, the low costs of ETFs may be outweighed by commissions and related trading costs.

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.

The Fund is managed using proprietary investment 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. This could result in the Fund's underperformance compared to other funds with similar investment objectives.

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

Several factors must be considered before deciding to convert to an ETF. Each situation must be analyzed on a case-by-base basis.

Disclosure

USEW: There is no guarantee that a Fund will achieve its investment goal. Investing involves risk, including the possible loss of principal. The Fund employs an equal-weighted investment strategy, which may result in higher portfolio turnover and increased transaction costs compared to market-capitalization-weighted strategies. The underlying holdings of the Fund may be leveraged, which will expose the holding to higher volatility and may accelerate the impact of any losses. Narrowly focused funds typically exhibit higher volatility.

GEW: There is no guarantee that a Fund will achieve its investment goal. Investing involves risk, including the possible loss of principal. The Fund employs an equal-weighted investment strategy, which may result in higher portfolio turnover and increased transaction costs compared to market-capitalization-weighted strategies. This approach may also lead to greater exposure to smaller companies, which typically exhibit higher volatility and may be less liquid than larger companies. The underlying holdings of the Fund may be leveraged, which will expose the holding to higher volatility and may accelerate the impact of any losses. International investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility. Narrowly focused funds typically exhibit higher volatility.

TAX: There is no guarantee that a Fund will achieve its investment goal. Investing involves risk, including the possible loss of principal. The Fund will invest in stocks that have lower dividend distributions, which are generally taxed as ordinary income. The Fund's tax aware strategy may reduce an investor's taxable income from the Fund but will not eliminate it. Even though a tax aware strategy is being used, it may not reduce the amount of taxable income and capital gains distributed by the Fund to shareholders, or the amount of Fund distributions that are taxable at ordinary income rates. Narrowly focused funds typically exhibit higher volatility. Diversification may not protect against market losses.

ENDW: The fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. The use of leverage by the fund managers may accelerate the velocity of potential losses. The Fund can have exposure to factors (e.g., value, momentum, and trend investing. Momentum and trend styles of investing is subject to the risk that these securities may be more volatile than a broad cross section of securities or that the returns on securities that have previously exhibited price or trend momentum are less than returns on other styles of investing or the overall stock market. Investments in smaller companies typically exhibit higher volatility. Diversification may not protect against market loss. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The risk of investing in securities of ETFs, ETPs and investment companies typically reflect the risk of the types of instruments in which the underlying ETF, ETP or investment company invests. In addition, with such investments the Fund bears its proportionate share of fees and expenses of the underlying entity. As a result, the Fund's operating expenses may be higher, and performance may be lower

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

Disclosure

USEW, GEW, TAX, and ENDW are actively managed.

USEW, GEW, TAX, and ENDW are new and have limited operating history.

USEW is not currently available, the anticipated launch date is December 17, 2025.

GEW is not currently available, the anticipated launch date is December 17, 2025.

Cambria does not provide tax advice, please consult your tax professional.

Definitions

S&P 500 Index: 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.

351 to ETF conversion - refers to a tax-related mechanism under U.S. tax law, specifically Section 351 of the Internal Revenue Code. This mechanism allows for the transfer of assets (such as stocks, securities, or other property) to a corporation without recognizing a taxable gain or loss, provided certain conditions are met.

Shiller CAPE Ratio: A valuation metric that divides the current price of a stock or index by its average inflation-adjusted earnings over the past 10 years to assess long-term market valuation.

Sharpe Ratio: A risk-adjusted return measure that calculates the excess return of an investment per unit of volatility, helping investors compare risk-adjusted performance.

EAS000210



CAMBRIA

CAMBRIAFUNDS.COM