

1042 QRP Solution—Fact Sheet

IRS 1042-compliant passive equity index QRP

Low Cost

Tax Efficient

Diversified

Transparent

Liquid

Perpetual

Bottom Line Up Front

Risk / Return Objective:

Match performance of the S&P 500

IRS 1042(c)(4) Compliant:

Investments are qualified replacement property (QRP)

Tax-Optimized Strategy:

Perpetuate 1042 deferral through equity-based QRP

Custom Cash-flow Benefit:

Ability to harvest a customized, low-tax dividend yield

Highly Diversified:

400+ holdings of largest, cap-weighted US equities

Simple and Affordable:

Priced like an ETF and implemented through SMA

Solves Two Key Problems

Taxes matter...



Fees matter...

- 1 Expected nominal returns are likely to be **lower** than historical returns.
- 2 1042 QRP transactions are long-term commitments, and **fee drag** matters.
- 3 Negative-carry monetization strategies are **not affordable** in current environment.

**Solution:**

Low turnover

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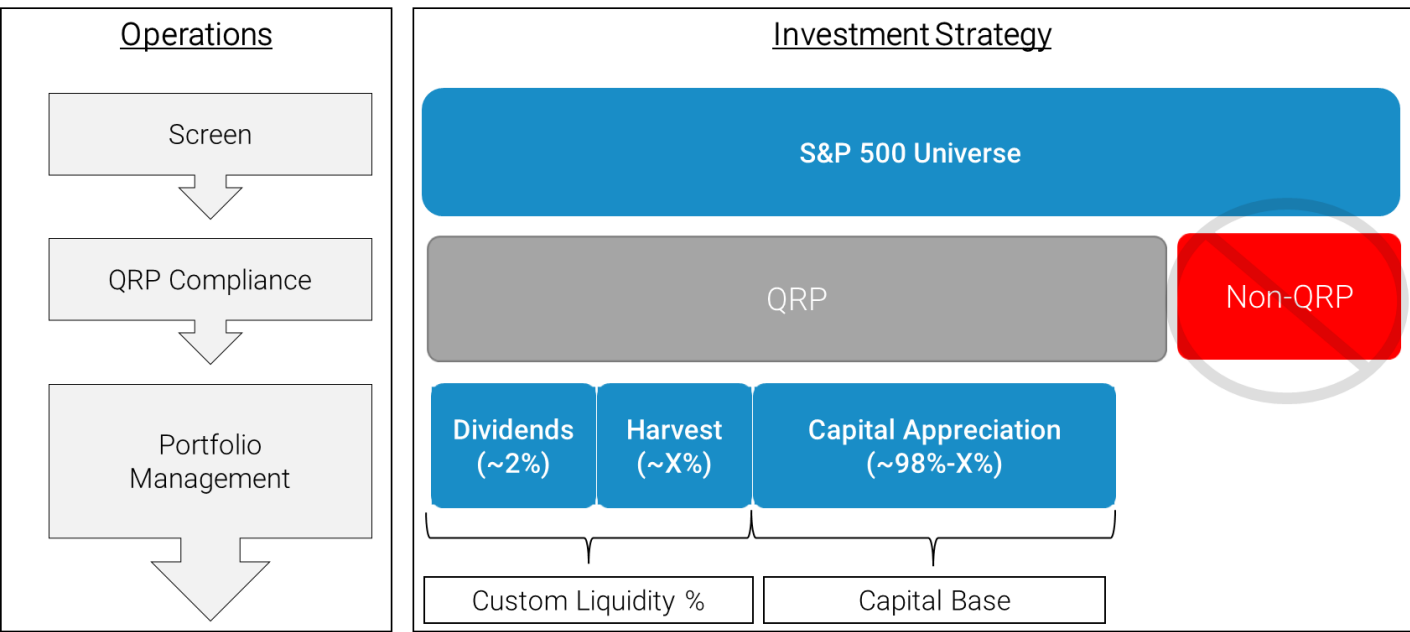
Low-cost portfolio

Why Alpha Architect?

- ✓ Equity experts: we manage \$1B+ in ETFs
- ✓ Research and technology driven
- ✓ Mission: educate & empower investors
- ✓ Evidenced-based, systematic approach
- ✓ Transparent and affordable
- ✓ Veteran-owned, fiduciary advisory firm

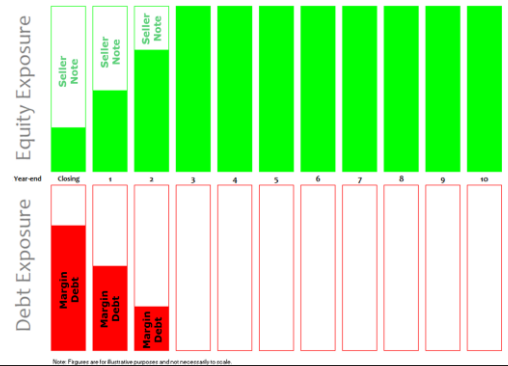
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Process



Proprietary Strategy Facilitates Seller Note Financing

- Designed to achieve symmetrical debt exposures
- Borrow only what is needed and deleverage as seller note is repaid
- Leverage and pricing levels competitive with alternative 1042 QRP strategies



Your 1042 QRP Experts



**Douglas Pugliese**

- MBA, New York University
- BA Economics, Penn
- LT, US Navy

Douglas Pugliese heads up the firm’s 1042 ESOP solutions practice at Alpha Architect. In this role, Doug assists clients to implement tax efficient strategies for monetizing their business holdings to create diversified, investible wealth. Mr. Pugliese was previously an investment banker and also served as a pilot and translator in the United States Navy.



**Wesley R. Gray, Ph.D.**

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- Captain, Marine Corps

Wesley R. Gray, Ph.D. has been an active participant in financial markets throughout his career. He is the Founder, CEO and Co-CIO for Alpha Architect, an SEC-Registered Investment Advisor. Dr. Gray has published multiple academic articles and books, to include the co-authored books *Quantitative Value*, *DIY Financial Advisor*, and *Quantitative Momentum*.