

TAX

Cambria Tax Aware ETF

Fund Description

TAX actively selects US stocks with value and quality characteristics and low or no dividend yields. The fund aims to generate capital appreciation without distributing high dividend income or taxable gains. First ETF to form initial seed capital through a swap of underlying securities, a 351 conversion.

FactSet Analyst Report

TAX used the IRS code 351 conversion to initially seed the ETF, allowing investors to diversify their exposure without experiencing a capital gain. TAX is an actively managed ETF investing in US stocks with a market capitalization over \$5 billion. The fund targets value stocks with lower to no dividend distributions, aiming to enhance after-tax returns. Utilizing a quantitative model, Cambria evaluates stocks using traditional value metrics, such as price-to-sales, price-to-earnings, and enterprise multiples. The fund avoids high dividend stocks to optimize after-tax returns, benefiting investors in higher tax brackets. Eligible stocks must satisfy certain market capitalization, sector concentration, and liquidity criteria, starting with the largest 1,000 US equities. Cambria compiles a portfolio of 50 to 500 stocks showcasing the best blend of low dividend yield and value metrics, with holdings equal-weighted but adaptable to market changes. Stocks may be sold if deemed overvalued or if superior opportunities arise, with portfolio adjustments expected annually.