

351 ETF Exchange – Things to Know

Here are the qualifications, forms, and operational flow for working with Cambria on 351 ETF exchanges.

First, the contribution qualification requirements

- No single holding can be greater than 25% of the total portfolio being contributed.
- The top 5 single name equity positions can't collectively be more than 50% of the portfolio's net asset value.
- Diversified ETFs must be "looked through" for the tests above.

*Please note the diversification qualification applies to each individual's contribution.

Second, the advisor confirms interest and brokerage eligibility. Once confirmed, your Cambria representative will provide an Excel holdings request template so we can review and approve the indicated contribution.

- Acct # for each client participating.
- Identifier (ticker and/or CUSIP).
- Shares.

Third, Required Documentation

- Custodian LOA: Form authorizing your custodian to transfer shares from your account to the ETF escrow account.
- Month-end brokerage statement showing tax lots being contributed for the month prior to launch.
- Excel Tax lot report showing exactly which lots are being contributed (add a buffer for market movement/diversification).
- Subscription Agreement.

Fourth, the operational timeline

- 6 weeks prior to launch - Indications of interest from firms and FAs participating.
- 3 weeks prior to launch - all signed docs and required docs listed above are provided to ETF Architect/Cambria.
- 2 weeks prior to launch - recommended trading freeze (this will help ensure the next step).
- 1 week prior to launch - final tax lot file is submitted to US Bank; all contributing portfolios are 100% locked.
- 2 days prior to launch - all transfers are initiated; US Bank receives all securities and reconciles against the tax lot file from the previous week. All breaks are flagged and addressed.
- One day prior to launch - SEED NIGHT! All breaks are reconciled. The final diversification check is completed using closing prices. Initial NAV is struck, and shares are created/allocated to each client based on the portfolio value they contributed as of the close.
- LAUNCH DAY – Fund is live in AM. Trading begins. US Bank sends ETF shares back to clients. Cost basis override templates are provided to clients/advisors/brokers (depending on the relationship) to update their records.
- 1 week post-launch - Tax opinion sent to all parties.

Interested in learning more?

- White Paper: [Introduction to the 351 ETF Exchange](#)
- FAQs: [Section 351 ETF Conversions FAQs](#)
- Webinar: [Meb Faber & Wes Gray: Tax Aware Investing | Cambria Webinar Replay](#)
- Podcast w/ Meb and Wes Gray: [Hate Taxes: You Need To Learn About This New ETF](#)
- Podcast w/ Meb and Michael Batnick: [Meb Faber's New Big Idea | The Unlock](#)
- Recent Interviews by our Co-Founder/CIO, Meb Faber
 - o [Taking Big Gains Without Big Taxes - Schwab Network](#)
 - o [Cambria Investment's Faber on Tax Aware ETF \(TAX\) - Bloomberg](#)

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