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A BUSINESS OF CANTOR FITZGERALD INVESTMENT ADVISORS

Environmental, Social and Governance (ESG) ETF Strategies

By Efficient Market Advisors



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Overview. Efficient Market Advisors (EMA) has constructed proprietary investment strategies using lower-cost, tax-efficient, liquid and transparent exchange-traded funds (ETFs) since 2004. Using in-house and third-party research, EMA's proprietary ETF strategies offer investors highly-diversified asset class exposure.


Our Team. EMA's leadership team has over a century of experience in many facets of the investment industry including strategy, product design, executive management, finance, operations, compliance, and sales.

This combination of expertise provides us with a balanced understanding of the investment world and helps our clients pursue their financial objectives.

A Word About Environmental, Social and Governance (ESG) Investing. Environmental, social and governance (ESG) criteria refer to three main factors investors consider with regards to a firm's ethical impact and sustainable practices. The criteria used in ESG investing is also sometimes referred to as sustainable, responsible and impact investing. Examples of ESG criteria used by investors include determining a company's impact on climate change or carbon emissions, water use or conservation efforts, anti-corruption policies, board diversity, human rights efforts, and community development.¹

 **Environmental** criteria look at how a company performs as a steward of the natural environment.¹

 **Social** criteria examine how a company manages relationships with its employees, suppliers, customers, and the communities where it operates.¹

 **Governance** deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.¹

ESG investing grew from a 2005 study "Who Cares Wins" published by the United Nations Global Compact & the Swiss Federal Department of Foreign Affairs. Both institutional and retail investors have rapidly adopted ESG. Some estimates claim that ESG investing is now \$20 trillion in AUM worldwide, nearly 20% of all managed assets.

"Approximately twenty percent of assets under professional management in the United States (\$8.7 trillion of \$40.2 trillion) are held by institutions, investment companies, or money managers that state they consider ESG issues when selecting investments."

-US SIF Foundation, 2018 Roadmap for Money Managers



Image Source: The Forum for Sustainable and Responsible Investment
<https://goo.gl/images/P2bafp>

Incorporating environmental, social and governance (ESG) factors into investment portfolios is a growing opportunity set for financial advisors. Until recently, this has not been a viable opportunity for ETF strategists due to limited product availability within ETF offerings.

EMA has leveraged its historical asset allocation, portfolio reputation and abilities to offer ESG versions of its five core strategies with track records dating to 2004.

Environmental, Social and Governance (ESG) ETF Strategies

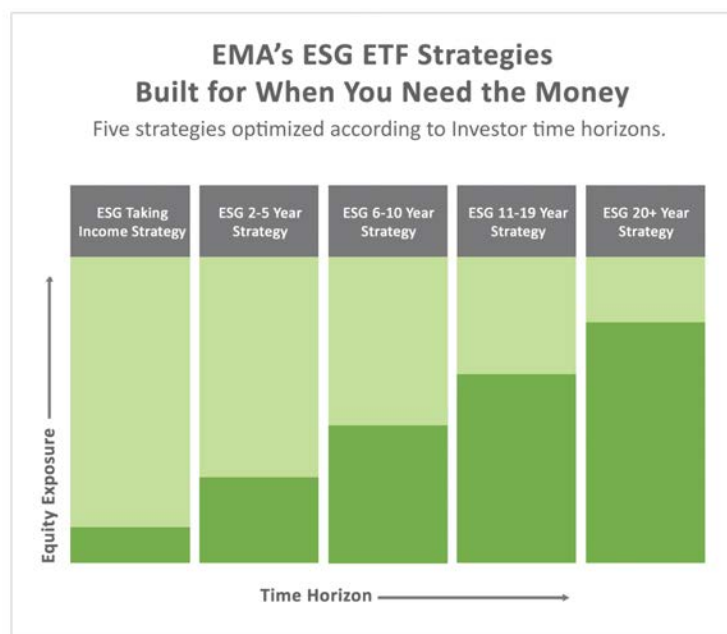
Active Asset Allocation, Passive Security Selection.

Efficient Market Advisors believes in building strategies that maximize returns without using high-cost, actively-managed mutual funds, individual securities, or cookie-cutter investment products. We don't believe in "market-timing." Our proprietary approach, based on Nobel Prize-winning academic research and real-world experience, is comprised of strategic, tactical, and opportunistic elements using ETFs.

Strategic Asset Allocation considers an investor's time horizon and the historical interrelationship of asset class prices irrespective of the current macroeconomic environment or the state of the business cycle.

Tactical Asset Allocation implements EMA's investment views by adjusting the various asset weightings in a strategy. EMA uses a top-down approach that considers multiple variables including relative valuation, economic cycle positioning, interest rate spreads, monetary and fiscal policy, political factors, yield curve analysis, and industry and sector valuations.

Opportunistic Investing provides the potential to add "alpha" or value to a portfolio by maintaining the flexibility and willingness to act when unexpected events occur that cause over or under valuations of an asset class, sector, or industry.



Fiduciary duty. EMA has a fiduciary duty to our clients to put their interests first and we take that duty seriously.

Throughout decades of business dealings, EMA's professionals have conducted themselves with integrity. We do this for one simple reason: we believe that trust is the most important aspect of the relationship we develop with our clients.

By putting our client's interests above everything else, we fulfill our affirmative obligation of utmost good faith and full and fair disclosure of all material facts.

Cantor Fitzgerald Investment Advisors, L.P. acquired Efficient Market Advisors, LLC on February 28, 2017 to form Efficient Market Advisors a Business of Cantor Fitzgerald Investment Advisors, L.P. ("EMA"). Prior to being acquired, Efficient Market Advisors, LLC was an independent, SEC-registered investment advisor. Cantor Fitzgerald Investment Advisors, L.P. is an SEC-registered investment advisor, EMA constructs investment portfolios using Exchange-Traded Funds (ETFs). Founded in 2004 for the sole purpose of managing ETF based separate accounts, EMA serves high net-worth investors, trusts, foundations, retirement plans and institutions. EMA has one of the longest pure-ETF investment track records in the investment management industry. EMA utilizes proprietary and third-party research to construct ETF portfolios that offer investors highly-diversified asset class exposure that is transparent, liquid, lower cost and tax-efficient. EMA's mission is to deliver superior investment returns over full market cycles through the implementation of propriety asset allocation processes.

For Global Investment Performance Standards purposes (GIPS®), EMA is the "Firm" mentioned in GIPS® compliant material presented by EMA. The Firm claims compliance with GIPS®. To obtain a copy of a GIPS® compliant presentation and/or a list of EMA's composite descriptions, please call 888-327-4600.

Asset allocation and diversification strategies do not protect against market risk or loss of principal. Neither do these strategies assure a profit nor do they protect against losses in declining markets. Investments in managed portfolios have additional management fees and expose the investor to the risks inherent within the portfolio and the specific risks of the underlying funds directly proportionate to their fund allocation. Investing involves risk, including the loss of principal. Investment returns, particularly over shorter time periods, are highly dependent on trends in the various investment markets. Investors should consider the investment objectives, risks, charges and expenses of the underlying funds that make up the managed portfolios carefully before investing. Information regarding the underlying funds held in client accounts is outlined in the investment's prospectus which should be read carefully to fully understand the total amount of fees being paid and other risks. EMA does not receive any of the fees charged by the underlying funds. Further information on the fees received by EMA is outlined in our Form ADV Part 2A Disclosure Brochure which can be found at <https://www.adviserinfo.sec.gov>.

All ETFs are subject to risk, including possible loss of principal. ETFs entail risks similar to direct stock ownership, including market, sector or industry risks. Additional risks include supply and demand, tracking errors and excessive trading. Since an ETF's share price is determined by market supply and demand forces, investors may purchase shares at a premium or discount to their net asset value. Investments in common equity ETFs are subject to systematic risk of a declining economy, any industry specific risk, and have a low priority in terms of recovery of assets in the event of a company's liquidation. Fixed income ETFs are subject to credit risk and interest rate risk, and their value will normally decline as interest rates rise. ETFs are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Investments in ETFs are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although money market funds seek to preserve their value at \$1.00 per share, it is possible to lose money by investing in money market funds.

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For current month-end performance figures or to request a copy of our Form ADV Part 2A Disclosure Brochure, please contact Efficient Market Advisors at (888) 327-4600.

Sources: 1 *Investopedia.com*

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