

Cantor Comparative Advantage, L.P.

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Firm Brochure

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This brochure provides information about the qualifications and business practices of Cantor Comparative Advantage, L.P. If you have any questions about the contents of this brochure, please contact us at 212-938-5000 or gdistell@cantor.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Additional information about Cantor Comparative Advantage, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

Not applicable.

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ITEM 4. ADVISORY BUSINESS

Cantor Comparative Advantage, L.P. (“CCA”) utilizes a proprietary application and software to recommend and to execute for clients, the purchase and sale of publicly-traded equity securities on a real-time basis. Recommended transactions will be effected either through independent broker-dealers or broker-dealers affiliated with CCA, as permitted by applicable law. See “Item 12. Brokerage Practices” for more information.

Investment advisory services are provided to each client in accordance with an agreement negotiated with the client. Investment restrictions, if any, established by a client would be reflected in the client’s agreement.

CCA was formed as a Delaware limited partnership in 2008. CCA is indirectly owned principally by Cantor Fitzgerald, LP. As of December 31, 2012, CCA managed \$5.7 billion on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

The investment advisory fee rate applicable to a client’s account, the method and frequency of payment of the investment advisory fee and the expenses, if any, to be borne by the client in addition to the investment advisory fee are negotiated with the client. Typically, CCA is paid a performance fee calculated as a percentage of the aggregate profit achieved for a client account during the relevant time period in excess of a negotiated hurdle rate. See “Item 6. *Performance-Based Fees* and Side-By-Side Management” for additional information. For transactions executed through independent broker-dealers, clients also bear brokerage and other transaction costs in connection with transactions executed for their accounts. See “Item 12. Brokerage Practices” for more information.

CCA and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As disclosed above in “Item 5. Fees and Compensation,” CCA typically receives a performance fee based on the performance of a client account. The specific calculation of the performance fee for each client is negotiated with that client. Accordingly, it is possible that clients will pay performance fees to CCA at varying rates. The payment of performance fees at varying rates may create an incentive for CCA to disproportionately allocate time, services or resources to clients paying performance fees at a higher rate. That conflict generally is mitigated by the application and software-based process employed by CCA to provide investment advice and by policies and procedures adopted by CCA. See “Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for more information regarding how CCA addresses conflicts of interest.

ITEM 7. TYPES OF CLIENTS

CCA generally provides investment advisory services to large institutional investors.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

CCA utilizes a proprietary application and software to recommend and to execute for clients the purchase and sale of publicly-traded equity securities on a real-time basis. CCA seeks to provide return enhancement for indexed or enhanced index equity portfolios through the employment of its proprietary model. CCA invests client assets primarily in equity securities and equity futures contracts.

Risks

Investing in securities involves a substantial degree of risk. Clients may lose a substantial portion of their investments and clients must be prepared to bear the risk of a loss of their investments.

In addition, material risks relating to one or more of the investment strategies and methods of analysis described above, and to the types of securities typically purchased for clients, include the following:

Quantitative Model Risk: Securities selected using a quantitative model may perform differently from the broader market. There can be no assurance that CCA's quantitative model will enable a client to achieve its investment objectives.

Equity Securities Risk: The market price of equity securities owned by a client may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular issuer, such as adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors affecting one or more particular industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

Futures Trading Risk: Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets. Futures are typically traded on "margin." Open margin positions must be marked to market daily, requiring additional margin deposits if the position reflects a loss that reduces a client's equity below the level required to be

maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially greater value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures contracts frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

Frequent Trading: CCA may trade securities in a client account frequently as part of its investment strategy. With respect to transaction through unaffiliated broker-dealers, frequent trading increases transaction costs, which may increase the expenses borne by a client. For certain clients, frequent trading also may cause adverse tax consequences

Trading Speed: The effectiveness of CCA's quantitative model often may depend on the speed with which transactions can be effected. There can be no guarantee that transactions will in each case be executed within the requisite window.

ITEM 9. DISCIPLINARY INFORMATION

Not applicable.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Lawrence Tint, the President of CCA, is the Chairman of Quantal International, a firm that provides quantitative analysis, which is used by CCA and other financial institutions.

Kevin Foley, a Principal of CCA, is the President of Aqua Securities, LLC.

Gary Distell is an associated person of Cantor Fitzgerald and Co., a registered futures commission merchant and an affiliate of CCA.

Aqua Securities, LLC, an affiliate of CCA, is a registered broker-dealer through which transactions for client accounts are currently executed. CCA also may utilize other affiliates of Cantor Fitzgerald, LP, CCA's indirect principal owner. For a description of the material conflicts of interest presented by those arrangements, as well as a description of how such conflicts are addressed, see "Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CCA has adopted a written code of ethics that is applicable to all of its partners, officers and employees, as well as certain other supervised persons (collectively, “Access Persons”). The code of ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, establishes guidelines for professional conduct and personal trading procedures, including certain preclearance and reporting obligations. Access Persons and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a client, subject to the terms of the code of ethics. Under the code of ethics, Access Persons are required to file certain periodic investment holdings and transaction reports as required by Rule 204A-1. The code of ethics helps CCA to detect and to prevent potential conflicts of interest.

Access Persons who violate the code of ethics may be subject to sanctions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Access Persons also are required to report promptly any violation of the code of ethics of which they become aware. Access Persons are required to annually certify compliance with the code of ethics.

A copy of the code of ethics is available to any client or prospective client upon written request to:

Gary Distell
Chief Compliance Officer
110 East 59th Street
New York, NY 10022
212-829-2334
gdistell@cantor.com

Conflicts of Interest

In the ordinary course of conducting its activities, the interests of CCA or its affiliates may conflict with the interests of a client. CCA has adopted written compliance policies and procedures, many of which are designed to mitigate potential conflicts of interest.

Use of Affiliated Broker-Dealers

CCA currently executes client transactions through affiliated broker-dealers. CCA’s use of affiliated broker-dealers creates certain potential conflicts of interest. Client securities effectively may be used to support the market making activities of CCA’s affiliated broker-dealers. As a result, CCA may be incented to cause a client to engage in more transactions than CCA would recommend in the absence of affiliated brokerage arrangements. That conflict is mitigated because CCA’s clients do not pay commissions in connection with transaction effected

through affiliated broker-dealers. The conflict is also mitigated by the applications and software-based process employed by CCA to provide investment advice. CCA's application and software do not take into consideration any potential benefits to CCA's affiliates in formulating investment recommendations, and CCA does not deviate from its proprietary quantitative model in order to benefit itself or its affiliates.

Employee Security Investments

Employees of CCA and its affiliates and certain related persons may invest in the securities in which clients invest. Certain procedures regarding personal trading described under "Code of Ethics" above were designed to address the potential conflicts of interest of such investments.

Please also see "Item 6. Performance-Based Fees and Side-by-Side Management" for information regarding potential conflicts of interest created by the payment of performance fees by clients at varying rates.

ITEM 12. BROKERAGE PRACTICES

CCA will execute client transactions through affiliated broker-dealers on an agency basis in accordance with applicable law. Not all investment advisers require their clients to direct brokerage to one or more specific broker-dealers. By directing client brokerage to affiliated broker-dealers, CCA may be unable to achieve the most favorable execution of client transactions. For a description of the material conflicts of interest presented by CCA's directed brokerage arrangements, as well as a description of how such conflicts are addressed, see "Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" above.

When investment opportunities are determined to be appropriate for more than one client, CCA generally may aggregate the purchases of those clients and allocate the purchased securities pro rata based on the amount of each client's investable assets. CCA will determine the appropriateness of any investment opportunity for each client in good faith, but in its sole discretion, based on such factors as CCA determines to be relevant (but not based on the relative amount of management fees potentially payable by clients).

ITEM 13. REVIEW OF ACCOUNTS

CCA continuously monitors the functionality of its proprietary application and software. CCA also may provide information to clients regarding the application of CCA's quantitative model, provide summaries of the output of the model and/or provide reports regarding the transaction effected pursuant to the model, in each case as negotiated with its client. All such negotiated arrangements typically are memorialized in the clients' investment advisory agreements.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable.

ITEM 15. CUSTODY

Not applicable.

ITEM 16. INVESTMENT DISCRETION

CCA provides investment advisory services to each client in accordance with the terms and conditions of its investment advisory agreement. The terms of each investment advisory agreement (including any investment restrictions applicable to the client's account) typically are established at the time of formation of the account and are the result of negotiations with the client.

ITEM 17. VOTING CLIENT SECURITIES

CCA typically does not accept authority to vote (or provide advice with respect to the voting of) client securities. Each client is responsible for making arrangements to ensure that it receives applicable proxy statements and other solicitations with respect to its portfolio securities.

ITEM 18. FINANCIAL INFORMATION

Not applicable.