

# SEC Asset Management Advisory Committee

Evolution of Advice Subcommittee

July 7, 2021

*Jay Lipman, President, Co-founder & CCO, Ethic Inc.*

# Intro to Ethic



Ethic is a tech-enabled, sustainable asset manager that builds personalized portfolios unique to each client's financial criteria and values

## What we do

We create passive equity Separately Managed Accounts (SMAs) and Models **personalized** based on values and **optimized** for financial inputs

## How we do it

We use **direct indexing** to **create a clean passive equity strategy that** closely tracks the performance of existing indexes, such as the S&P 500

Ethic is an SEC Registered Investment Adviser. See full disclosure at the end of this presentation.

## Ethic's core customer segments:



### Advisors

RIAs

MFOs

Broker Dealers



### Networks

TAMPs

Platforms

Aggregators



### Institutions

Consultants

Banks

Foundations



# 100% of our **\$1BN+** in assets is invested in sustainable strategies **addressing 19 of the great challenges facing the world today**

## Team

We're a team with institutional investing, technology, data and design expertise representing over **15 countries**

## Traction

We've been on our mission for 5 years and now manage **\$1BN+ of sustainable investments**

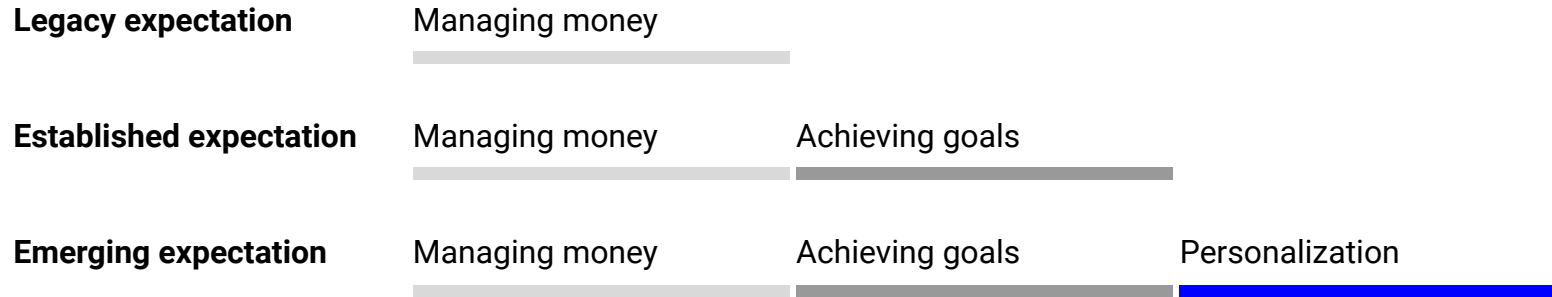
## Impact

We address **19 of the great challenges facing the world** in our portfolios, from climate change to women's rights to racial justice

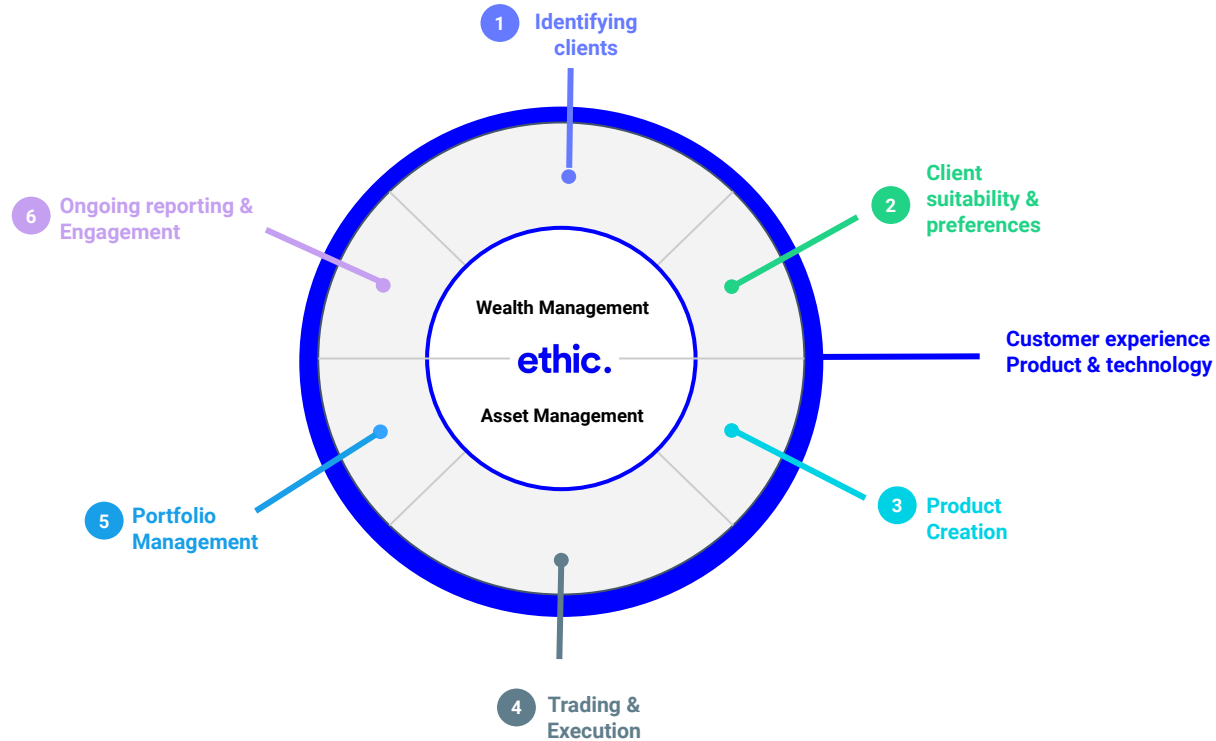
Asset and team metrics as of June 1, 2021

# Personalized investing

# Investor expectations are rapidly growing and delivering a personalized offering is the new norm.

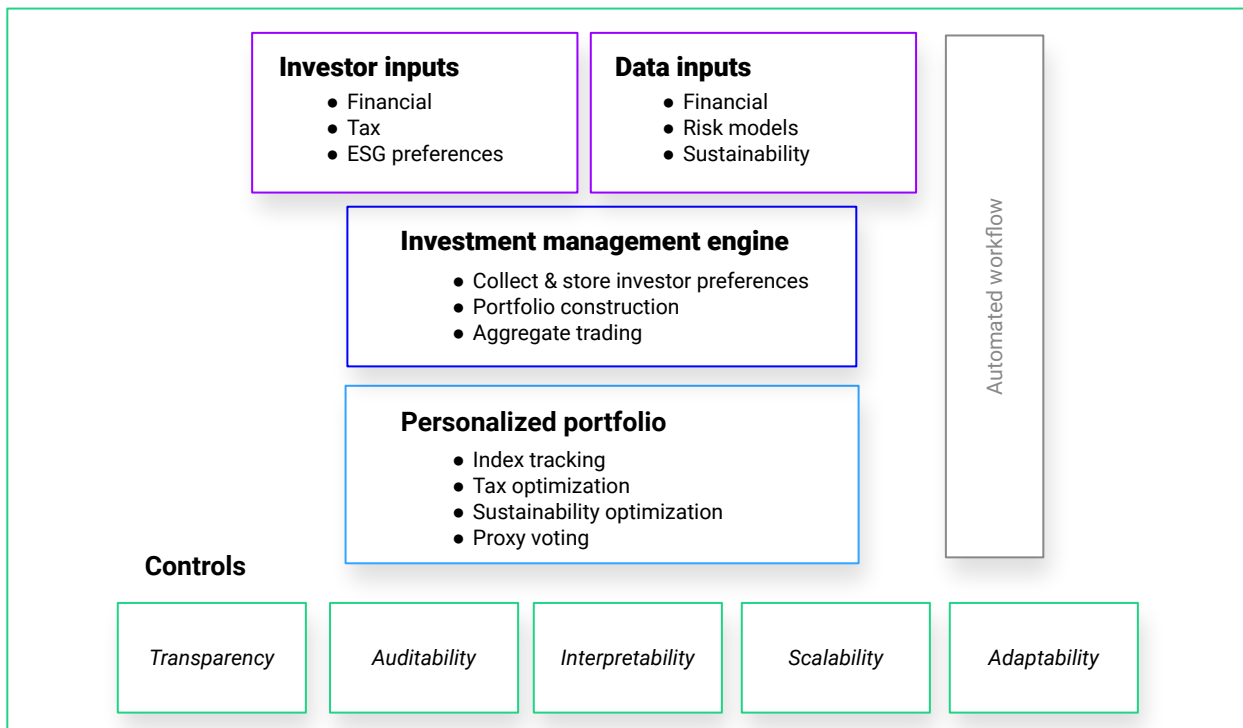


# Technology can power efficiency and scale throughout the lifecycle of investment personalization



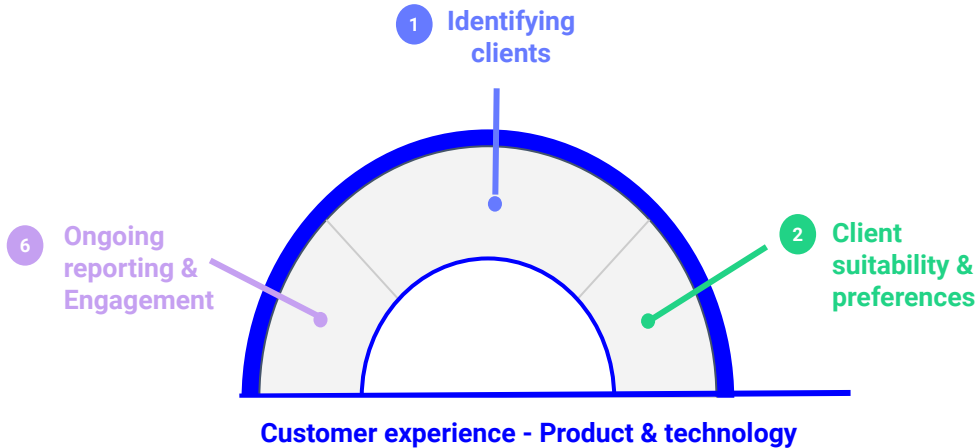


# Technology and data science allow us to translate individual investor preferences into tax optimized, values-aligned SMAs



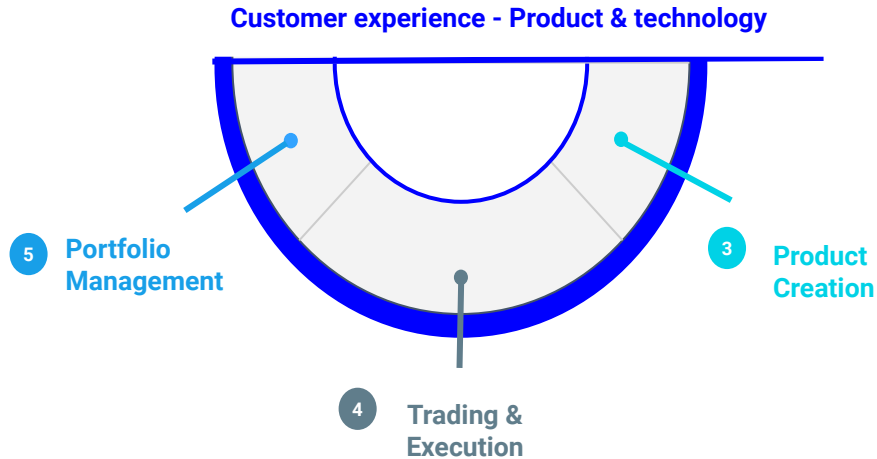
# Considerations

# Potential considerations when it comes to personalized investing technology throughout the investment lifecycle



- What new applications of data or standards for use of information should be considered as more personal data (social) is available publicly?
- What detail or types of information would be most useful to investors in assessing and comparing personalized investments, including against traditional products?
- How can investors assess their personalized choices over time?

# Potential considerations when it comes to personalized investing technology throughout the investment lifecycle



- How can regulators promote transparency into the creation of personalized investment portfolios without stifling innovation?
- What reporting might asset managers for personalized investment products that differs from other investments?

# Disclosures

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