



**TRUESHARES**  
Powered by TrueMark Investments



# ECOZ

## *TrueShares ESG Active Opportunities Fund*

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### **Understanding ECOZ**

The TrueShares ESG Active Opportunities Fund (ECOZ) is an actively managed ETF that seeks to provide true, targeted exposure to a diversified portfolio of large U.S. companies with attractive investment profiles that have also been screened to ensure they meet certain environmental, social, and governance (ESG) standards, including a particular emphasis on carbon footprint. The portfolio will generally target 75 to 125 large cap positions across all sectors, screened for proprietary ESG characteristics that management believes signify attractive long-term opportunities.

## What is ESG and why does it matter?

Environmental, Social and Governance (ESG) metrics are often used as criteria for measuring the effects of a company's operations on the environment, broader society, and a company's employees. ESG's roots can be traced to investors who wished to invest in accordance with their values while also fostering change among companies<sup>1</sup>. Today, that idea has become a core element to the investment process in many countries, with European regulators in particular pushing for greater ESG disclosures from corporations.

As investors, we believe that ESG is fundamentally about risk. Each category of ESG reflects potential risks to a company in terms of lost sales, increased regulations, lawsuits and economic trends that, over time, may affect profitability and ultimately hurt shareholders. We believe these risks are not fully understood by analysts nor captured in current market valuations because ESG risks do not translate cleanly onto the next quarterly report. By including these metrics in our process, we strive to create a portfolio that has a lower risk profile than the overall market yet is better positioned to operate in tomorrow's competitive markets.

## ECOZ is Unique Amongst its ESG ETF Peers

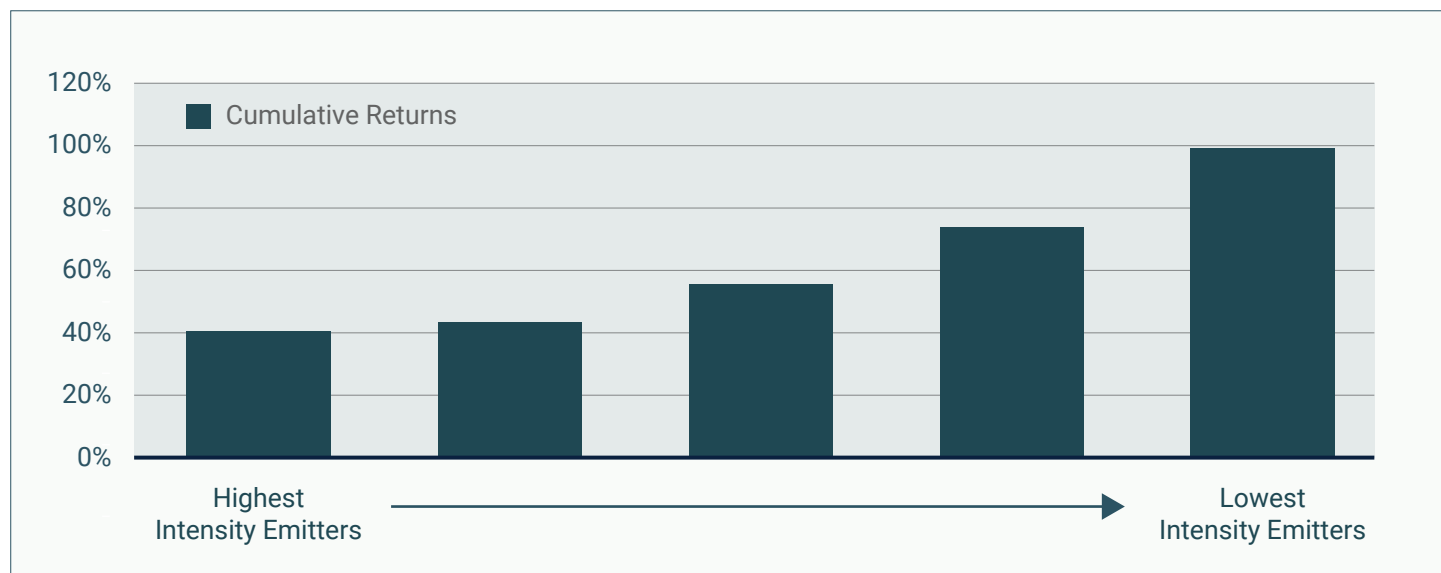
ECOZ fixes several problems we believe exist in most ESG funds by embracing the active nature of the ESG process and dispels the notion that ESG characteristics and the potential for competitive performance can't coexist.

In our opinion, when implemented correctly, ESG investing is inherently active. It is imperative that portfolio managers assess several quantitative and qualitative aspects of a company to decide if an equity meets the requirements of ESG. Many index-based ESG funds evaluate companies across the entire market using the same data set. This broad-brush approach could be severely lacking as the issues facing ESG investment can vary from sector to sector. For example, what matters for a software company is different than what matters for a utility company. ECOZ tailors its active ESG evaluation for each sector to appropriately assess the associated risks. This optimization ensures that the critical issues facing each sector are the basis of a company's ESG evaluation. This focused approach results in more meaningful improvements in overall portfolio metrics that are important to ESG, such as carbon footprint, where ECOZ aims to provide a carbon intensity that is significantly lower than the S&P 500's.

ECOZ's active process then evolves into a more traditional fundamental-based evaluation of the underlying business, incorporating an assessment of the ESG risks facing each investment. Final portfolio construction is focused on a combination of higher ESG scores and fundamental investment quality to create a portfolio that we believe is well positioned to succeed in a changing economic environment.

***Carbon emission intensity is a factor that we monitor closely for the companies we research. An important factor in a company's carbon "footprint", companies that have lower emission intensity have also shown strong relative equity performance over recent years.***

### S&P 500 Companies Reporting Carbon Emissions – Cumulative Returns by Quintile 5-year period ended December 31, 2019



Source: Bloomberg, as of 3/9/2020. Data for five-year period ending 12/31/2019. The underlying universe is comprised of all S&P 500 companies that reported carbon emissions for 2018 (251 companies reporting). Reporting companies were grouped by carbon emissions intensity levels from highest emission intensity companies to lowest emission intensity companies based on 2018 reporting levels. **Past performance is not an indicator of future results.** Returns are total returns and represent investment of dividends.

<sup>1</sup> <https://www.wsj.com/articles/more-companies-are-making-noise-about-esg-11569263634>

## Actively Managed by Subadvisor Purview Investments

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ECOZ is actively managed by Dr. Linda Zhang, Ph.D, the founder and CEO of Purview Investments, which specializes in ESG investing. Prior to founding Purview Investments, Dr. Zhang worked as Head of Investment Research and Senior Portfolio Manager at Windhaven Investments, Fund Manager at MFS and Lead Portfolio Manager at Blackrock. Dr. Zhang brings over 25 years of investment experience to ECOZ.

## Where might ECOZ fit into an investor's portfolio?

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ECOZ is intended to serve as a large-cap core, diversified holding because of its portfolio composition, which uses the weightings of the S&P 500 as a general guide, while applying ESG, Quality and Value factors.



**Before investing, carefully consider the True-Shares ETFs investment objectives, risks, charges and expenses. Specific information about True-Shares is contained in the prospectus and a summary prospectus, copies of which may be obtained by visiting [www.true-shares.com](http://www.true-shares.com). Read the prospectus carefully before you invest. Foreside Fund Services, LLC, distributor.**

**Risks:** Investments involve risk. Principal loss is possible. The Fund is recently organized with no operating history for prospective investors to base their investment decision which may increase risks. Applying ESG and sustainability criteria in the investment process may exclude securities of certain issuers for non-investment reasons and may cause the Fund to forgo some market opportunities available to funds that do not use ESG or sustainability criteria. ESG considerations may affect its exposure to certain sectors and/or types of investments, and may adversely impact the Fund's performance depending on whether such sectors or investments are in or out of favor in the market. In addition, the Fund's investments in certain companies may be susceptible to various factors that may impact their businesses or operations, including costs associated with government budgetary constraints that impact publicly funded projects and clean energy initiatives, the effects of general economic conditions throughout the world, increased competition from other providers of services, unfavorable tax laws or accounting policies and high leverage.