



ETFs POWERED BY  
**LONGPOINT**

# YOUR PATH TO MARKET

THE LONGPOINT ETFs PARTNERSHIP PLATFORM

LongPoint ETFs

[www.LongPointETFs.com](http://www.LongPointETFs.com)

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## Debunking the myth of ETF control

One of the first questions we usually hear when a firm explores the LongPoint ETFs Partnership Platform is which party controls the ETF. A potential partner is concerned with the myth that they will get fired from the ETF if it becomes commercially successful. After all, removing sub-advisors is something that many portfolio management teams have seen within traditional mutual fund structures.

While LongPoint retains the right to fire both portfolio managers and sub-advisors from an ETF for breach of contract or fraud, under a successful partnership arrangement, LongPoint would not look to do so. Keep a few important points in mind, the partner firm is named in the prospectus as a co-promoter, potentially as the portfolio manager or sub-advisor, and most importantly, the branding of the ETF is based on the partnership firm and not LongPoint.

Why does that matter? The name of the ETF is part of the marketing and selling of the ETF to investors. That means if LongPoint ever wanted to remove the partnership firm it would be expected to need unit holder approval. This is a costly and time-consuming process, and most critically, may not pass. More generally, even if there was a path to removing the partnership firm, the ETF would need a name change and would be expected to rapidly lose investor interest and assets.

This differs from a traditional mutual fund sub-advisory relationship, where the fund is branded and sold by the IFM, limiting the recourse for the portfolio manager.

As an additional safeguard, under the LongPoint ETFs Partnership Platform, the partner firm can't be arbitrarily fired for LongPoint's economic benefit as there are additional Partnership protections (separate from the ETF Prospectus).

## Partner firm roles

The LongPoint ETFs Partnership Platform structure is flexible.

### *Portfolio Manager*

This can be LongPoint, the partnership firm, or even a third party. We are able to best work with the operational structure of the partnership firm. Note that the portfolio manager has compliance and reporting responsibilities to the IFM beyond just trading the portfolio. There are also considerations of trading and liquidity related to the ETF trading on the exchange that require ETF expertise or working closely alongside LongPoint.

### *Sub-Advisor*

The use of a sub-advisor relationship is also possible depending on registrations and operational structure.

### *Co-Promoter*

The partnership firm is also named as a co-promoter in the prospectus, which allows for sales meetings without a LongPoint person being present. LongPoint would still approve the marketing materials for those meetings.

**ETF**

**EXCHANGE  
TRADED  
FUND**

## Time to market

When you work with another firm under a traditional sub-advisory relationship, you are subject to their timelines and priorities. Time to market can be a frustrating experience, particularly if there are competing internal priorities. Going out on your own can take just as long or longer, particularly if there are registration concerns or operational growth required to support ETFs.

With LongPoint ETFs Partnership Platform, we are focused on getting the ETF to market, which can be as quick as two months, depending on the ETF complexity and regulatory approval.

## Exchange trading

The process of launching an ETF has additional considerations beyond traditional mutual funds because ETFs trade on the exchange. Liquidity and tradability of the underlying portfolio are important considerations and directly relate to the trading efficiency of the ETF itself. Capital markets and institutional trading relationships are critical to support the ETF's trading spread and market depth. Working with LongPoint as an established ETF provider provides an important introduction to market maker relationships which can otherwise be difficult to initiate for a new ETF issuer.

## The three paths to launching an ETF

### *Partner with an ETF Issuer*

Partnering with an ETF platform provider like LongPoint offers a stack of operational services. With a platform provider, you can benefit from scale and lower aggregated fees. The majority of profits after fees are yours based on the partnership agreement. In this scenario, you will be responsible for raising assets, while most of the operational and fund compliance tasks are handled by LongPoint.

### *DIY the whole thing as the IFM*

You have an ETF idea, you own it, and you want total control. You can do it all yourself building through your own infrastructure. That means you are the IFM, you have your own Independent Review Committee (IRC) which would probably come with at least a \$200,000 startup cost, months of work, and about \$350,000 a year of expenses thereafter. Operating as the IFM means you'd own all the economics, and you'd be on the hook for all the operational headaches – staff, processes, IRC, insurances, fiduciary requirements, legal reviews – risks and responsibilities. You may also potentially lack benefits of scale, which could be key to dealer distribution. Time to market is also a major consideration, with roadblocks ahead on registrations, operational work, legal and compliance work, and launch preparation.

### *Use an ETF issuer's structure*

You want to run everything, but you don't want to be the IFM, so you use someone else's IFM. For you, that means fewer external expenses but plenty of internal costs. You'd be responsible for a lot of operational tasks such as reporting to the IRC, compliance, and trading. You'd have to have your own reporting, accounting, vendor management, capital markets relationships, trading systems, fund compliance system, and manage the lead market maker. You wouldn't have control over Manager's decisions for the ETF – or the IRC – but you would still have to handle all the portfolio operational work of the day-to-day life of an ETF. The pro is it would cost you less than doing it all yourself – but the con is your workload is massive for no perceived benefits of control. You may also not be able to benefit from scale and lower aggregate fees of the Manager's structure.



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