The NAACP has been fighting to empower communities of color since 1909

The NAACP was established in 1909 and is America’s oldest and largest civil rights organization. The NAACP has represented communities of color in the United States on critical issues as race relations evolved. In the NAACP’s early decades, its anti-lynching campaign was central to its agenda. During the civil rights era in the 1950s and 1960s, the group won major legal victories including civil, labor and voter rights. Today, the NAACP is leading the fight for economic justice, with programs focused on closing the extreme racial disparities in family income, employment, home ownership and housing affordability. In the 21st century, the NAACP sees corporate America as the “third act” for the equity movement, with racial and ethnic equity, empowerment, and inclusion the next frontier for the private sector. Its partnership with Impact Shares has provided the NAACP with the tools to significantly increase its corporate engagement and energize the corporate sector to do more than pay lip service to the NAACP’s key social goals.

NACP’s evolving social screens represent a common language for the NAACP to more effectively engage private sector leaders

Impact Shares works with the NAACP to help articulate its desired corporate social outcomes relative to its mission. We then work with the research provider Sustainalytics to structure a set of appropriate metrics, which we call “Social Screens” that are designed to measure a company’s prioritization of the NAACP’s desired social outcomes. Sustainalytics then scores all companies in the Morningstar U.S. Large-Mid Cap Index based on the Social Screens to identify the leaders relative to those Social Screens. Impact Shares then finally works with Morningstar to create an index designed to minimize tracking error to the U.S. domestic equity market. The index is then used to construct the portfolio of the Impact Shares NAACP Minority Empowerment ETF (“NACP”).

How companies “score” on the social screens provides real, data-driven insight into how companies are implementing the NAACP’s priorities with respect to racial equity and economic inclusion. The Social Screens facilitate constructive corporate engagement by the NAACP, which in turn informs both the evolution of the Social Screens (which Sustainalytics updates in consultation with Impact Shares and the NAACP) and the composition of the index by Morningstar. For example, in 2020 the NAACP, including President Derrick Johnson, had extensive meetings with Facebook management, including Mark Zuckerberg, to urge Facebook to implement better oversight and controls on content. Timing was important given the events surrounding the killing of George Floyd and demands for social justice and for fighting voter suppression in advance of the 2020 election. These talks ended in the summer of 2020, but the result was the introduction by Sustainalytics of substantial new editorial control guidelines in the Social Screens. META comprised 2.22% of NACP’s holdings as of 6/30/22. Holdings are subject to change.

Corporate Engagement

In the three years since Impact Shares launched the Impact Shares NAACP Minority Empowerment ETF (NYSE: NACP), the data provided by the Social Screens score has provided the NAACP with unparalleled access to C-suites to urge companies to “do better”. Examples include:

**American Airlines.** American Airlines was boycotted in 2017 by the NAACP for discriminatory behavior. American Airlines proactively worked with the NAACP to better understand their goals and expectations. After five years of collaboration, American Airlines had improved their relative score sufficiently within the airline sector such that they were included in the index and NACP fund and are now recognized as a leader in minority empowerment. American Airlines comprised 0.04% of NACP’s holdings as of 6/30/22. Holdings are subject to change.

**Amazon.** In 2021, the Alabama State NAACP worked successfully to press for workers to gain the opportunity to vote on unionization. Amazon scored low against our “Freedom of Association Policy” Social Screen, which is aimed at corporate policies permitting or encouraging unionization. In 2022 Amazon workers cast their votes on unionization, a significant shift in company policy. This
**Disclosure**

Carefully consider the Fund’s investment objective, risk factors, and expenses before investing. This and additional information can be found in the Impact Shares statutory and summary prospectus, which may be obtained by calling 844-448-3383, or by visiting ImpactETFs.org. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. Narrowly focused investments and investments in smaller companies typically exhibit higher volatility. Investments in commodities are subject to higher volatility than more traditional investments. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund’s gains or losses. The Fund is non-diversified. Shares of any ETF are bought and sold at market price (not NAV) may trade at a discount or premium to NAV and are not traditionally redeemed from the Fund. Brokerage commissions will reduce returns. Past performance is no guarantee of future results. Impact Shares NAACP Minority Empowerment ETF is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Impact Shares Corp., the Investment Adviser for the Fund.

**The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales load. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.**

The Impact Shares NAACP Minority Empowerment ETF was rated against the following numbers of U.S.-domiciled US Fund Large Blend funds over the following time periods: 1,225 funds in the last three years. With respect to these US Fund Large Blend funds, the Impact Shares NAACP Minority Empowerment ETF received a Morningstar Rating of 4 stars for the three year period. Past performance is no guarantee of future results.

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