



Brookings – NAACP Black Progress Index and Morningstar Minority Empowerment Index

NAACP and Brookings Metro began a collaborative project anchored around the development of an Index that would examine the assets and opportunities Black people have in critical quality of life areas – health, housing, business, employment, and education. The Black Progress Index seeks to highlight assets and strengths, rather than deficits, in Black communities that racism has devalued. Many of the metrics evaluated by the Black Progress Index are influenced by leaders in the public sector. Similarly the social screens used to build the index behind the Impact Shares NAACP Minority Empowerment ETF (NYSE ticker: NACP) are designed to evaluate the private sector’s commitment to empowering communities of color. However, the two share many similar themes. Below is both indices’ approach on evaluating how leaders in both the private and public sector can advance racial justice.

The Black Progress Index

Wealth, as measured by Black median household income; rate of entrepreneurship; and homeownership.

Human and social capital, as measured by bachelor’s degree or higher educational attainment; performance on elementary and secondary school exams; geographic diversity of friend networks (measured through the location of Facebook friends); low levels of religious affiliation; and the share of foreign-born Black residents.

Environmental quality, as measured by low levels of air pollution and living in moderate or low population density areas.

Safety, as measured by low levels of gun violence or homicide and high rates of people commuting to work by bicycle or walking.

Morningstar Minority Empowerment Index Social Screens

- Board Diversity
 - Freedom of Association Policies
 - Diversity Programs
 - Scope of Social Supplier Standards
 - Human Capital Development
 - Gender Pay Disclosures
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- Diversity Programs
 - Discrimination Policies
 - Community Development Programs
 - Media Ethics Program
 - Editorial Guidelines
 - Advertising Ethics
 - Responsible Marketing Policies
 - Human Rights Policies
 - Human Capital Development
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- Exclude companies with defined fossil fuel involvement or high levels of carbon risk
 - Evaluate companies based on UN Global Compact Principles
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- Health & Safety Management System
 - Human Rights Programs
 - Responsible Product Offerings

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.

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.

As of 9/30/22, 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: 1,255 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.

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