



Impact Investing in the Public Markets

*Investing with a Purpose While Still Seeking Performance
Could Revolutionize Investing*

**Don't just
invest...Make an
Impact**

**The rise of impact investing
could revolutionize how
people consider
investments**

In Brief

Much has been written about the substantial transfer of wealth from the post-WWII baby boomer generation to millennials that will occur over the next two decades. Increasingly these generations see investing as more than just producing returns, they want to ensure that their investments are made into areas that reflect personal values or can be targeted to a societal, social, or environmental (SSE) change. Their goal is not just to invest, but to have their investments mean something more.

Likewise, activist investors have increasingly been challenging the boards of pension funds and endowments to look more closely at the investments they make. Whereas managers used to have greater flexibility and could choose investments based solely on a risk-adjusted potential for return, they are increasingly being asked to screen their investments with an eye toward the firm's activities.

Does it make sense for the pension plan of a health care firm to invest in tobacco stocks, which can add to the firm's long-term operational costs? Should a foundation focused on environmental stewardship invest in fossil fuel exploration?

Recognizing the significant potential of impact investing, the U.S. government has taken action and new positive tax treatments have been implemented opening the door for foundation, pension, and retirement plans to incorporate an impact element.

Additionally studies from academic and industry sources have documented this shift in thinking and begun to counter the misperception that one has to sacrifice return in order to invest in the social good.

What is necessary at this time for impact investing to move into the mainstream is the democratization of impact investing; expanding beyond those with the financial resources to engage in private deals and into products that trade on the public exchanges, have increased liquidity, and can handle the capital inflows associated with being listed on the public markets. ETFs are an investment vehicle that have a history of opening up previously less-liquid markets and can represent a solution to making impact investments more accessible to the public.

What is Impact Investing?

According to the Global Impact Investing Network (GIIN), impact investing is “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.”

By challenging the long-held view that societal, social, and environmental issues should be addressed only by philanthropic donations or government, impact investing enables investors to take a longer view and do so by investing in companies that benefit society and the planet.

“Impact Investing is a fast-growing sector of financial services that aims to produce financial returns for investors while at the same time producing socially positive results akin to charitable giving,”
Private Wealth Magazine, Fall 2016 [12]

Evolution of Socially Responsible Investing:

The Difference Between ESG and Impact

The key belief behind socially responsible investing (SRI) has been that people should invest with an eye toward making a positive impact and/or encouraging change. Many of these investments focus on environmental, social, and governance issues, collectively known as “ESG.”

The belief that investing should do more than just produce a return emerged out of the energy crisis in the 1970s and the first Earth Day in 1970; with the first investments being made in alternative energy solutions.

Though the concept has been around for 40+years, there is no accepted definition for SRI and it has taken many forms over time. Some are as simple as employing a negative screen to exclude tobacco, military weapons, or fossil fuel exploration. Some target specific goals, for example, companies who increased the number of woman on the board of directors or in executive management over the past year. Others employ more complicated rationale and assign scores to companies based on a subjective set of factors.

One of the problems associated with ESG is how does one define something as subjective as “good?” Ratings-based methodologies, such as ESG, are defined by a subjective qualifier defined by the beliefs and values of the person who established the methodology. For example, if a high rating were assigned to companies who reduced their energy consumption in a given year, it could include a firm that produces significant waste that impacted the environment. Or a firm announcing a switch to a recyclable packaging material might receive credit for being more environmental friendly yet be responsible for tons of toxic waste. ESG is an inside-looking analysis which can identify risks present in individual firms but there are issues to consider when using it as the basis for a passive portfolio.

In contrast, impact investing puts the focus on the challenge that the investment is seeking to improve or overcome instead of the company. Whether it is environmental themes (such as energy efficiency, renewable energy production, green buildings, or land and ocean conversation) or social impact themes (such as agricultural productivity, community development, food security, or human rights protection), impact defines the cause and then looks to identify the organizations with products or services that target these issues.

Democratization of Impact Investing

Direct private investments tend to be limited to larger institutions or high-net-worth individuals that have access to financial organizations that have deals in the pipeline and/or the research capabilities to identify them.

Investing in private equity though comes with a number of key challenges, namely the ability of private equity to negotiate and secure access to the limited number of good deals that are available and the inability of investors to easily exit investments at their discretion.

According to a 2016 Global Impact Investor Network survey, private equity and private debt were the most common investment instruments with **just 6%** [excluding outliers] invested in public companies.

A solution to this problem is ETFs, which have over time democratized participation in a number of hard-to-invest assets classes such as gold and commodities. By providing a publicly-traded vehicle that invests in public securities, it becomes easier for individuals and institutions to shift resources into investment vehicles that seek to have an impact and address societal, social, and environmental challenges.

Research Continues to Highlight That One Can Invest for a Purpose and Performance

GIIN & Cambridge Associates

Introducing The Impact Investing Benchmark -- concluded that impact investments don't require financial sacrifice with aggregated financial performance.

2015 Meta Study -- Oxford University

Oxford University and Arabesque partners looked at the results of 200+ studies and stated that "80% demonstrate that prudent sustainable practices have a positive influence on investment performance."

Morgan Stanley Institute for Sustainable Investing

"Investing in sustainability usually met and often exceeded the performance of comparable traditional investments."

Wharton School (University of Pennsylvania)

Their report, "Great Expectations," notes 53 private equity impact funds from around the world that demonstrated market-rate seeking impact funds, could indeed achieve targeted returns and successful, mission-aligned results.

US SIF: The Forum for Sustainable and Responsible Investment

Total SRI assets of \$8.72 Trillion (year-end 2015) up from \$3.74 Trillion (outset of 2012)

Changing the Tax Treatment of Foundations and Pensions

In June 2014, the National Advisory Board on Impact Investing demonstrated that the federal government recognizes the significant potential of impact investing and the role of 21st century policymaking in the report “Private Capital, Public Good: How Smart Federal Policy Can Galvanize Impact Investing—and Why its Urgent.” What followed were two rulings that permit and incentivize institutional investors to consider impact and ESG investments.

September 2015

US Treasury Department issues updated ERISA guidance and IRS rules that private foundations may invest endowments with an eye toward their own charitable purposes, even if doing so might sacrifice financial returns.

October 2015

US Department of Labor guidance for pension funds interested in pursuing “economically targeted investments,” a type of impact investment that seeks certain social or environmental goals alongside a market rate financial return [cleared the way for retirement plans to invest in impact investments]

Quantifying the Impact

It is easy to identify firms having an impact when dealing with private investments. You locate a company, say selling mosquito netting in Africa. You invest in their business and when malaria rates in the region decline, you can quantify the impact it is having. Same as if you invest in a firm distributing water purification devices or making micro-loans to women in poverty-stricken areas so they can purchase equipment to start their own business and become self-sustainable. Many investments have been debt or bond issuances targeted toward a specific initiative such as school improvements.

In each of these examples, the link between investment and impact is easy to quantify.

But as the investment mindset changes and greater levels of capital seek to flow into impact investments, how does one define impact to meet a democratized investment thesis? Additionally, as it becomes mainstream, how do you find enough quality investments?

The SSI Impact Index Methodology

The SSI Impact Index employs a passive methodology designed to measure the performance of a diversified portfolio of U.S-listed companies that operate in areas that address a variety of societal, social, and environmental challenges.

Instead of assigning scores to individual companies based on what can be subjective metrics, the methodology employed by the SSI Impact Index takes a **top-down approach**. We began by reviewing the literature base to identify what makes the world a better place to live in—the products and services that serve the common good, which improve society as a whole and the planet on which we live.

The result was the identification of 6 pillars and 20 themes.

Resource Scarcity	<ol style="list-style-type: none"> 1. Clean and Sustainable Water Supply 2. Improving Farming and Agriculture Yields 3. Renewable Energy Production 4. Energy Efficiency
Societal	<ol style="list-style-type: none"> 5. Information / Knowledge Access 6. Community Building 7. Initiatives to Bring Cultures and People Together 8. Senior Housing and Medical Care Facilities 9. Safety and Security
Environmental Stewardship	<ol style="list-style-type: none"> 10. Environment and climate monitoring 11. Forestry 12. Ocean, seas, and marine environment protection 13. Pollution Control and Prevention 14. Waste Recycling and Remediation
Living a Healthy Lifestyle	<ol style="list-style-type: none"> 15. Healthy, Organic, Natural Foods 16. Access to Local Health Services
New Initiatives	<ol style="list-style-type: none"> 17. Green Transportation / Technologies 18. Assisting the Elderly and Disabled
Empowerment	<ol style="list-style-type: none"> 19. Empowerment: Small/Micro Enterprise Loans & Wealth Transfer 20. Education and Education Infrastructure

The SSI Impact Index Methodology

Beginning with a universe of all 6500+ firms listed on the NYSE and NASDAQ stock exchanges, we run certain screens and then review the profiles of the remaining companies to identify whether the firms produce products or services that solve or provide a beneficial impact to the identified societal, social, or environmental challenges.

- Stage 1** To ensure that the holdings in the underlying index have ample liquidity to be used in a publicly traded fund and the asset levels it could attract, we initially eliminated from the universe all companies with a market cap less than \$1.5 billion.
- Stage 2** Companies with share prices less than \$5 per share and an average daily liquidity of less than \$1 million are also excluded.
- Stage 3** Firms operating in specific industries that have a detrimental impact to the identified societal, social, or environmental challenges—tobacco, weapons, coal and fossil fuels—are removed.
- Stage 4** The remaining firms are reviewed one-by-one to identify which challenge/theme they address. Some, like retail stores or casual dining restaurants, are excluded because they do not address one of the defined challenges or themes. Others require more detailed analysis. For example, while a pipe manufacture operates in the water industry, they do not necessarily have an impact on increasing the clean water supply or reducing water waste. They simply operate in an area of interest.

The result from this exercise produced on 1 February 2017, the live launch date for the SSI Impact Index, 115 firms which are detailed in Appendix A.

Constituent Weighting

In addition to the above screening and analysis of the companies, the Index employs a weighting methodology that caps position size at 3.5% and imposes a minimum position size at the time of the rebalance. The result is a portfolio that is diversified across economic sectors and impact themes.

Rebalance and Reconstitution Dates

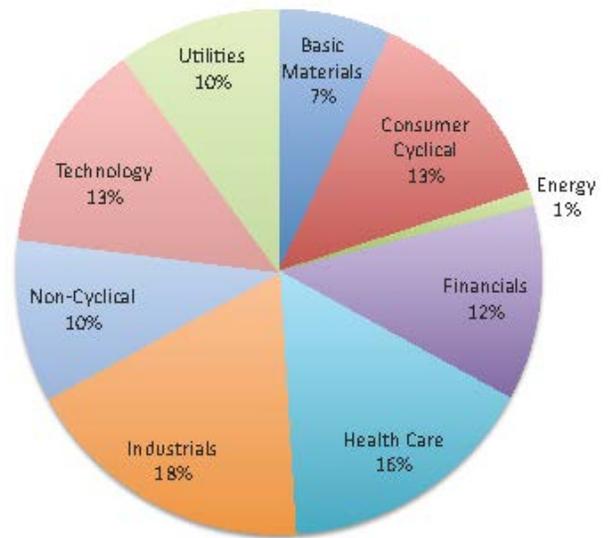
The index undergoes a full review annually and is rebalanced quarterly at the end of each calendar quarter.

Results After employing the weighting methodology, the resultant firms produce a diversified distribution across economic sectors and impact themes.

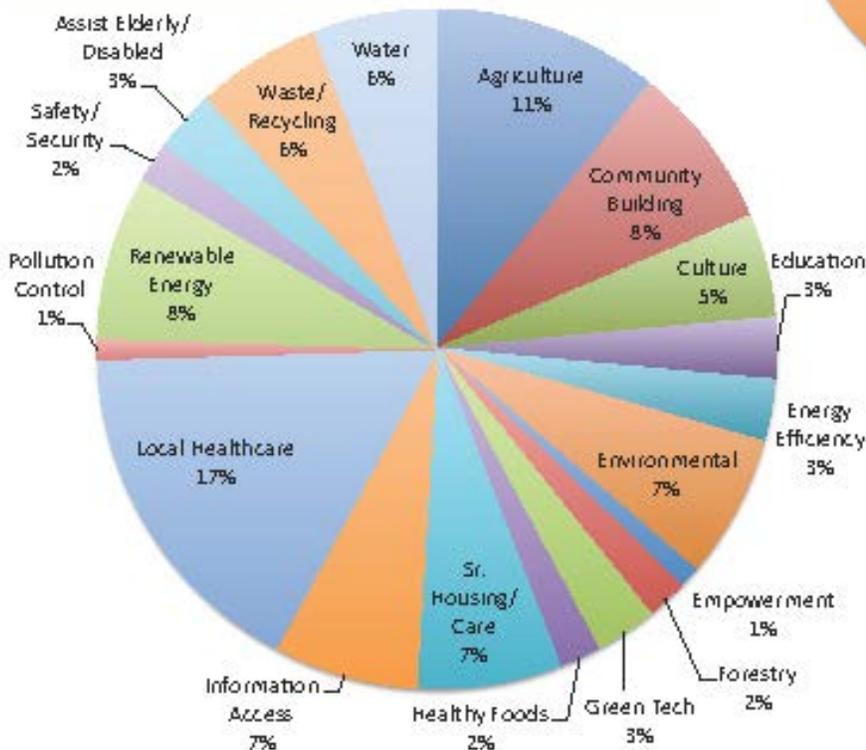
Key observations are:

- Barbell distribution between large firms greater than \$20 billion in market cap and firms below \$6 billion with a noticeable gap in firms operating in the \$6B-\$15B range.
- Most of the renewable (solar, wind) energy firms that qualified for the Index are classified as utilities instead of energy; providing us with a smaller than anticipated exposure to the energy sector.
- The portfolio represented by the Index has a 3.05% dividend yield based on current yields and position weights (as of 2/1/17).

Sector Weights* (As of 12/31/17)



Impact Categories* (As of 12/31/17)



APPENDIX A: THEMES, CONSTITUENTS, AND INCLUSION RATIONALE

Disclaimer: The following represents the constituents of the SSI Impact Index developed and managed by SSI Indexes as of 31 December 2017. Holdings are subject to change at any time and should not be considered a recommendation to buy or sell any security. It is not possible to invest directly in an index.

	1. Clean and sustainable water supply		
<p>Clean and safe drinking water is critical to life and an increasing world population is already beginning to see the impact in areas where water is in short supply. Products, services, and projects designed to improve water quality, reduce water scarcity and demand, monitor water usage, and make more efficient use of available water sources, is critical to society. This includes products and technologies that reduce or recycle water such as smart metering devices, low-flow equipment, and rainwater harvesting systems; or that filter, desalinate, or chemically treat wastewater for consumer or industrial use. It does not include the simple distribution of bottled drinking water nor manufacturers supplying piping and components used in a water system.</p>			
Company	Ticker	Weight	Rationale
American Water Works	AWK	0.88%	Owns subsidiaries that provide water and wastewater utility services to residential, commercial, industrial and other customers.
American States Water	AWR	0.52%	AWR is a public utility engaged principally in the purchase, production, distribution and sale of water.
California Water Service	CWT	0.52%	Its business comprises the production, purchase, storage, treatment, testing, distribution and sale of water for domestic, industrial, public and irrigation uses.
Itron Inc.	ITRI	0.50%	The Company provides solutions that measure, manage, and analyze energy and water use.
Pentair	PNR	0.70%	The firm's Flow & Filtration Solutions segment is involved in the entire fluid management system, from advanced filtration, desalination and water supply to water disposal, process and control.
Rexnord	RXN	0.51%	The firm's Water Management platform designs, procures and markets products that provide and enhance water quality, safety, flow control and conservation.
San Paolo Water (CIA Saneamento Basico)	SBS	0.51%	The Company's activities comprise water supply, sanitary sewage services, urban rainwater management and drainage services, urban cleaning services, solid waste management services, and related activities.
Aqua America	WTR	0.51%	Provides water and wastewater service through operating and maintenance contracts with municipal authorities and other parties and offers, through a third party, water and wastewater line repair service and protection solutions to households; inspects, cleans and repairs storm and sanitary wastewater lines; designs and builds water and wastewater systems, and provides other market-based water and wastewater services.
Watts Water Tech	WTS	0.50%	Through its subsidiary, Watts Regulator Co., the firm is engaged in manufacturing products and systems focused on the control, conservation and quality of water, and safety of the people using it.
Xylem	XYL	0.67%	The Company is an equipment and service provider for water and wastewater applications with a portfolio of products and services addressing the cycle of water, from collection, distribution and use to the return of water to the environment.



2. improved Farming and Agriculture

To meet the nutritional needs of an increasing world population, it is necessary to have products and services that are designed to increase the production of food including natural elements that improve crop yields and reduce losses due to pest and disease; promote animal health; develop new technologies for sustainable farming; and support small and family farms. "Big Seed" companies such as Bayer, DuPont, Monsanto, and Syngenta, are excluded.

Company	Ticker	Weight	Rationale
AGCO	AGCO	0.49%	AGCO Corporation delivers agricultural solutions to farmers worldwide through a full line of tractors, combine harvesters, hay and forage equipment, seeding and tillage implements, grain storage and protein production systems.
Bunge	BG	0.52%	A global agribusiness and food company with integrated operations that stretch from the farm field to consumer foods. Its fertilizer segment is involved in producing, blending and distributing fertilizer products for the agricultural industry in South America.
CF Holdings	CF	0.53%	CF manufactures and distributes nitrogen fertilizer and other nitrogen products.
Compass Minerals	CMP	0.53%	The Company, through its subsidiaries, is engaged in producing and marketing essential minerals, including salt, sulfate of potash (SOP) specialty fertilizer, magnesium chloride and micronutrients.
Darling Ingredients	DAR	0.51%	With over 200 processing plants on five continents and sales and distribution offices throughout the world, Darling Ingredients is a global leader in creating sustainable food, feed and fuel ingredients from edible and inedible bio-nutrients to help provide for the needs of a growing global population.
Deere & Co.	DE	2.68%	"For those who cultivate and harvest the land. For those who transform and enrich the land. For those who build upon the land." John Deere products focus on agriculture and enable farmers to be more productive.
Mosaic	MOS	0.50%	The firm produces and markets concentrated phosphate and potash crop nutrients.
Nutrien	NTR	1.73%	Merger of Agrium and Potash. Produces various primary crop nutrients, crop protection products, seeds, merchandise and services directly to growers.
Sociedad Quimica Minera de Chile	SQM	0.85%	The Company produces specialty plant nutrients and fertilizers that enable farmers to improve yields and the quality of certain crops.
Terra Nitrogen	TNH	0.50%	Terra is a producer of nitrogen fertilizer products.
Zoetis	ZTS	1.93%	Zoetis is engaged in the discovery, development, and manufacture of animal health medicines and vaccines, with a focus on both livestock and companion animals.



3. Renewable Energy Production

Energy usage in developing and emerging nations continues to rise and we are increasingly aware of the impact of fossil fuels on the environment, the damage they cause to our air and water, and their relationship to global warming. New sources of cleaner energy are required to meet the needs of the planet today and in the future. Products, services, infrastructure, and technologies supporting the development or delivery of renewable energy and alternative fuels include the generation, transmission, and distribution of electricity from solar, wind, geothermal, biomass, waste energy, wave tidal, hydrogen, fuel cells, biodiesel, etc.

Company	Ticker	Weight	Rationale
Atlantica Yield	ABY	0.51%	Atlantica Yield owns, manages and acquires a diversified portfolio of contracted assets in the power and environment sectors including more than 1,400 MW of renewable energy generation, more than 1,000 miles of electric transmission lines, and more than 10.5 M cubic feet per day of water assets.
Avangrid	AGU	0.85%	Generates more than 6 GW via wind, one of the largest providers in the United States. Balance of revenues come from networks/non-power generating assets.
Algonquin Power	AQN	0.51%	Clean energy and water/wastewater utility. Has nearly 500,000 solar panels, 700 wind turbines, and 60 hydro facilities
Avista	AVA	0.50%	Power generation utility with 49% hydro, 2% biomass, and 4.5% wind.
Brookfield Renewable Partners LP	BEP	0.59%	Owns and operates a portfolio of renewable power generating facilities in North America, Brazil, Colombia and Europe including three biomass facilities and Co-generation (Co-gen) facilities, a hydroelectric portfolio that generates approx 6,530 GWh, and the wind portfolio that generates approximately 1,100 GWh.
CPFL Energia	CPL	0.52%	Its clean energy portfolio includes hydroelectric power plants, wind farms, biomass thermoelectric power plants, and a solar power plant.
First Solar	FSLR	0.49%	The Company designs, manufactures, and sells photovoltaic solar modules with thin-film semiconductor technology, and develops, designs, constructs and sells photovoltaic solar power solutions.
Nextera Energy Partners LP	NEP	0.52%	NEP was formed to acquire, manage and own contracted clean energy projects. The firm owns a portfolio of contracted renewable generation assets consisting of wind and solar projects.
NRG Yield	NYLD	0.51%	NRG Yield owns a diversified portfolio of contracted renewable and conventional generation and thermal infrastructure assets in the United States, including solar and wind power generation facilities
Ormat Technologies	ORA	0.50%	The company designs, develops, builds, owns and operates geothermal and recovered energy-based power plants.
Pattern Energy Group	PEGI	0.49%	The firm holds interests in 18+ wind power projects located in the United States, Canada and Chile with total capacity of over 2,644 megawatts.
Portland Electric	POR	0.50%	Owns and operates wind farms, including Biglow Canyon Wind Farm (Biglow Canyon) and Tucannon River.
SolarEdge Tech.	SEDG	0.50%	Provides power optimizer, solar inverter, and monitoring solutions
Terraform Power	TERP	0.52%	A diversified owner of clean power generation assets, including solar and wind assets located in the U.S., Canada, the UK, and Chile. The Company's nearly 3000 megawatts renewable energy portfolio enables power production around the clock. (The company was acquired by BEP in October 2017)



4. Energy Efficiency

More efficient devices utilize less energy and benefit the environment. Included in this theme are technologies, products, services, and systems such as building environment automation and controls, energy efficient lighting, industrial optimization, smart grid power management and distribution technologies. A corporate effort to reduce internal energy consumption, though commendable, does not warrant inclusion.

Company	Ticker	Weight	Rationale
Alarm.com	ALRM	0.51%	Offers cloud-based solutions for the smart home and business, including interactive security, video monitoring, intelligent automation and energy management.
CREE	CREE	0.50%	Manufactures LED and lighting products.
Energys	ENS	0.50%	EnerSys manufactures industrial batteries for reserve power and motive power products.
Johnson Controls	JCI	1.90%	The Company provides products, services and solutions to optimize energy and operational efficiencies of buildings; advanced batteries for hybrid and electric vehicles; and systems to improve building efficiency.



5. Information / Knowledge Access

Modern electronics and technology have enabled people, even in remote areas with limited infrastructure, access to a global information resource library. This opens up knowledge, which can be applied in a wide range of activities from education to medical research.

Company	Ticker	Weight	Rationale
Apple	AAPL	3.39%	Apple devices are used around the world, including areas without sufficient infrastructure, to provide high performance computer power and access to libraries of information.
Alphabet	GOOG	3.46%	The firm's software provides a gateway to the internet and access to its library of information. Its Other Bets segment pursues high-risk development projects with the goal of bettering society.

	<h2>6. Community Building</h2>
<p>Community building enables people living in different areas or from different backgrounds to share information, ideas, and engage in a shared conversation.</p>	

Company	Ticker	Weight	Rationale
Disney	DIS	3.47%	The Walt Disney Company is more than an entertainment company. Its “princesses” are beloved by young girls around the world and bring people of all cultures together in a way that no other firm does.
Etsy	ETSY	0.47%	A B Corporation, the firm maintains guilds and groups for artists and enthusiasts to join and interact. Provides an interface targeted to artists and entrepreneurs who personally create products.
Facebook	FB	3.50%	Facebook builds products that enable people to connect and share their opinions, ideas, photos and videos, and other activities.
Twitter	TWTR	1.00%	Twitter is a platform for public self-expression and conversation in real time and has become a forum for sharing information with a one-to-many ability.

	<h2>7. Initiatives to Bring People and Cultures Together</h2>
<p>The expansion of air transportation and global communications has led the world to become more integrated—economically, socially, and politically. What was once a far away land with cultures we couldn’t experience or understand, today we can experience or receive information about in real time. Many see that the basis for peaceful co-existence comes from a shared understanding of the world and its issues.</p>	

Company	Ticker	Weight	Rationale
Expedia	EXPE	0.99%	The firm provides travel services that allow people to experience new opportunities.
Priceline	PCLN	3.44%	PCLN offers travel services that allow people to experience new opportunities.
TripAdvisor	TRIP	0.50%	TRIP provides information and services to research and book travel around the world.



8. Senior Housing and Medical Care Facilities

Improved health care and medical advances have led to an increasingly aging population. Residential properties, nursing and eldercare services, and facilities to support this community are critical to ensuring their health, safety, and welfare.

Company	Ticker	Weight	Rationale
Brookdale Senior Living	BKD	0.50%	Operates senior living communities in the United States including independent living, assisted living and dementia-care communities, and continuing care retirement centers. Has more than 100,00 units at more than 1000 communities in states.
Chemed	CHE	0.50%	Largest provider of hospice services for patients with severe life limiting illnesses. Employs more than 4600 nurses.
HCP	HCP	0.68%	The Company has interests in more than 350 properties with more than 46,000 senior housing units including independent living facilities, assisted living facilities, memory care facilities, care homes and continuing care retirement communities; and interests in approximately post-acute/skilled nursing facilities.
LTC Properties	LTC	0.50%	REIT whose primary senior housing and long term healthcare property types include skilled nursing properties, assisted living properties, independent living properties, memory care properties and combinations thereof, and specialized options for seniors with Alzheimer's disease and other forms of dementia.
National Health Investors	NHI	0.50%	REIT with real estate investments in independent living facilities, assisted living facilities, entrance-fee communities, senior living campuses, skilled nursing facilities, specialty hospitals and medical office buildings.
Omega Healthcare	OHI	0.51%	Provides lease or mortgage financing to qualified operators of skilled nursing facilities and assisted living facilities, independent living facilities, rehabilitation and acute care facilities. Its portfolio consists of long-term leases and mortgage agreements for 950+ healthcare facilities, located in 40+ states and the United Kingdom.
Sabra Healthcare	SBRA	0.50%	REIT portfolio that includes approximately 550 real estate properties held for investment with nearly 3/4 involved with skilled nursing.
Senior Housing Properties	SNH	0.51%	REIT with properties that include leased independent living communities, assisted living communities, skilled nursing facilities, independent living communities and assisted living communities.
Tivity Health	TVTY	0.50%	Offers programs to keep seniors active including chiropractic, physical therapy, and the Silver Sneakers program.
Universal Health Services	UHS	0.57%	Owns and operates acute care hospitals, behavioral health centers, surgical hospitals, ambulatory surgery centers and radiation oncology centers. Treats more than 2.5M people per year.
Ventas	VTR	1.18%	Ventas invests in and owns nearly 750 senior housing and healthcare properties throughout the United States, Canada, and the UK.
Welltower	HCN	1.29%	The firm invests seniors housing and post-acute communities, and outpatient medical properties in the U.S., Canada and the UK.

	9. Safety and Security
A range of products and services exist to serve the public benefit including the production of firefighting equipment and passive safety devices that prevent injury and harm. Active “safety” devices, such as firearms, are excluded.	

Company	Ticker	Weight	Rationale
Allegion	ALLE	0.50%	Provides security products and solutions.
Autoliv	ALV	0.60%	Leading manufacture of auto safety devices.
MSA Safety	MSA	0.49%	The Company's safety products integrate a combination of electronics, mechanical systems and materials to protect users against hazardous or life threatening situations. Its core products include self-contained breathing apparatus (SCBA), fixed gas and flame detection systems, portable gas detection instruments, industrial head protection, fire and rescue helmets, and fall protection devices.
REV Group	REVG	0.51%	Speciality transport manufacturer including fire and ambulance vehicles.

	10. Environmental Stewardship
Products and services that enable the protection and monitoring of the natural environment including climate and weather monitoring and environmental analysis, environmental stewardship.	

Company	Ticker	Weight	Rationale
Maxar Technologies	MAXR	0.50%	The firm is engaged in a number of environmental monitoring activities including high-resolution Earth-imagery products and services, the manufacture of weather satellites, and Earth and environmental monitoring analysis and GIS services.
Danaher	DHR	3.49%	Environmental segment products and services help protect the water supply. Other products enhance the safety of personal data, help protect the world's food supply, and verify pharmaceutical dosages.
Ecolab	ECL	3.11%	Ecolab offers water, hygiene and energy technologies and services that provide and protect clean water, safe food, abundant energy and healthy environments.
Clean Harbors	CLH	0.51%	Provides environmental and industrial services including hazardous waste disposal.

TetraTech	TTEK	0.50%	Provider of consulting, engineering, program management, construction management, and technical services in areas including water, environment, infrastructure, resource management.
-----------	------	-------	--



11. Forestry

The world's forests are a key element of the global ecosystem and responsible management and expansion of this resource directly impacts the environment and offers both social benefit and economic activity. Public REITs, land trusts, and large landowners that promote environmentally sound management of the world's forests are included.

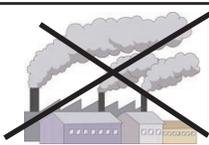
Company	Ticker	Weight	Rationale
Potlatch Corp	PCH	0.51%	A REIT of timberland resources whose activities include planting and harvesting trees, hunting leases, recreation permits and leases, mineral rights leases, biomass production and carbon sequestration.
Rayonier	RYN	0.51%	The Company owns, leases and manages over 2.7 million acres of timberlands located in the United States South (over 1.9 million acres), the United States Pacific Northwest (over 372,000 acres) and New Zealand (over 439,000 gross acres).
Weyerhaeuser	WY	1.47%	A REIT that owns approximately 7 million acres of timberlands, primarily in the United States, and manages additional timberlands under long-term licenses in Canada.



12. Ocean, Seas, and Marine Environment

Healthy oceans are the life support system for our planet, home to more than 700,000 species, and vital to human health, jobs, and food to billions of people. Half the oxygen we breathe is generated by Earth's oceans. Products, services, projects, and technologies that protect and preserve the ocean ecosystem and fishing habitats, prevent ocean acidification, or develop ocean aquaculture.

Company	Ticker	Weight	Rationale
			No public companies currently qualify under the rules governing the index.



13. Pollution Control and Prevention

Whereas the waste defined in "Waste Recycling and Remediation" is the byproduct of society, pollution prevention seeks to proactively reduce damage to our environment. This includes technologies, products, and systems that reduce air and water pollution as well as the production of sustainable, environmentally safe materials including paints and adhesives.

Company	Ticker	Weight	Rationale
Donaldson Company	DCI	0.50%	Products include dust, fume and mist collectors, compressed air purification systems, air filtration systems for gas turbines and polytetrafluoroethylene (PTFE) membrane-based products.



14. Waste Recycling and Remediation

A clean living environment is critical to protecting the health of the world's population. The collection, disposal, and processing of waste and re-use and recycling of raw materials should be a standard attribute of civilized society. This includes products, services or projects that support waste minimization or recycling as a means to reduce the burden of waste; environmental remediation projects, as well as technologies and services to salvage, use, reuse, and recycle waste products; manage wastewater; remediate soil; or turn waste to energy.

Company	Ticker	Weight	Rationale
Advanced Disposal Systems	ADSW	0.50%	The 4th largest solid waste company in the U.S., the firm provides integrated, solid waste collection, recycling and disposal services.
Covanta Holding	CVA	0.49%	The Company owns and operates infrastructure for the conversion of waste to energy, as well as other waste disposal and renewable energy production businesses.
Republic Services	RSG	1.22%	A provider of non-hazardous solid waste collection, transfer, disposal, recycling and energy services, with approximately 70 recycling centers.
Stericycle	SRCL	0.50%	The firm collects and processes specialized waste for disposal and collects personal and confidential information for secure destruction. It offers services to a range of business customers, including hospitals, physician and dental practices, outpatient clinics and other businesses.
Waste Connections	WCN	1.01%	WCN provides waste collection, recycling and disposal services.
Waste Management	WM	2.04%	WM provides collection, transfer, recycling and resource recovery, and disposal services. Its North American recycling operation handles materials that include paper, cardboard, glass, plastic and metal.



15. Healthy, Organic, and Natural Foods

Consumer interest in eating in a healthier manner is increasing and the availability of all-natural, locally-grown, and organic foods is on the rise. The production and distribution of these foods is a positive trend for society that should be encouraged.

Company	Ticker	Weight	Rationale
Hain Celestial	HAIN	0.51%	Manufactures, markets, and distributes organic and natural products.
Sprouts Farmers Market	SFM	0.49%	Sprouts is a food retailer that offers natural and organic food.
United Natural Foods	UNFI	0.49%	UNFI is a distributor and retailer of natural, organic, and specialty products.



16. Access to Local Health Services

Having easy access to local health, medical, and pharmaceutical services and products.

Company	Ticker	Weight	Rationale
Acadia Healthcare	ACHC	0.51%	Develops and operates inpatient psychiatric facilities, residential treatment centers, group homes, substance abuse facilities and facilities providing outpatient behavioral healthcare services
CVS Health Corp.	CVS	3.47%	Provides access to pharmaceutical and medical products to communities around the United States.
Davita	DVA	0.72%	A provider of kidney care services.
Envision Healthcare	EVHC	0.50%	A provider of physician-led services, ambulatory surgery center management, post-acute care and medical transportation. The Company's physician-led services encompass providers at approx. 780 hospitals in over 40 states.
Fresenius Medical	FMS	1.74%	Serves over 310,000 patients in a global network of more than 3,000 dialysis centers.
HCA Healthcare	HCA	1.64%	The Company operates 168 hospitals, consisting of 164 general, acute care hospitals; three psychiatric hospitals, and one rehabilitation hospital.
Encompass Health	EHC	0.50%	Was HealthSouth. Provides post-acute healthcare services, offering both facility-based and home-based post-acute services in 30 states and Puerto Rico through its net-work of inpatient rehabilitation hospitals, home health agencies, and hospice agencies
Lifepoint Health	LPNT	0.51%	Owns and operates community hospitals, regional health systems, physician practices, outpatient centers, and post-acute facilities.
Medical Properties Trust	MPW	0.51%	Facilities include: 64 general acute care hospitals, 69 inpatient rehabilitation hospitals, 23 long-term acute care hospitals, 43 free standing emergency rooms, and 3 medical office buildings.
Mednax	MD	0.50%	Provides physician services, including newborn, anesthesia, maternal-fetal, teleradiology, pediatric cardiology and other pediatric subspecialty care. The Company's national network consists of approx. 3,240 affiliated physicians, including approximately 1,100 physicians who provide neonatal clinical care.
Molina Healthcare	MOH	0.52%	Offers Medicaid-related solutions for low-income families and individuals including the operation of primary care clinics in various states
Select Medical	SEM	0.52%	The Company, through its contract therapy business, provides medical rehabilitation services on a contracted basis to nursing homes, hospitals, assisted living and senior care centers, schools and work sites.
Tenet Healthcare	THC	0.50%	The Company provides a range of healthcare services in the communities it serves including 90 hospitals, 20 short-stay surgical hospitals, 475 outpatient centers, and nine facilities in the United Kingdom.
Teledoc	TDOC	0.50%	Operates a telehealth platform that provides on-demand healthcare services to its members in the United States.
Universal Health	UHS	0.57%	UHS is one of the largest hospital management companies in the nation, with more than 350 acute care hospitals and behavioral health facilities.
Walgreens Boots Alliance	WBA	3.50%	Provides access to pharmaceutical and medical products to communities around the United States, in the UK, and elsewhere.



17. Green Transportation / Green Technologies

Technological innovation and changes to a transportation sector that historically relied on fossil fuels can have a wide impact on the planet. Included in this area are products and systems that reduce fuel consumption (i.e. hybrid / electric vehicles) or rely on alternative energy sources (i.e. fuel cells, advanced batteries), as well as methods to improve mass transit (i.e. shared vehicle fleets, autonomous vehicles).

Company	Ticker	Weight	Rationale
Tesla	TSLA	2.88%	Tesla designs, develops, and manufactures electric vehicles and energy storage products.



18. Assisting the Elderly and Disabled

Technologies, for example in robotics and automation, are being developed to assist both the elderly and disabled so that they may lead more productive lives. Insurance products that provide benefits in times of need.

Company	Ticker	Weight	Rationale
Amedisys	AMED	0.50%	Offers home health services to the chronic, co-morbid, and aging American population.
Aflac	AFL	1.88%	Aflac U.S. sells supplemental insurance products, including products designed to protect individuals from depletion of assets, such as accident, cancer, critical illness/care, hospital intensive care, hospital indemnity, and loss-of-income.
Unum Group	UNM	0.67%	Provides long-term and short-term disability insurance, group life and accidental death and dismemberment products.



19. Empowerment: Small/Micro Enterprise Loans and Wealth Transfer

Financial institutions that make more than 50% of their revenues to small businesses and entrepreneurs or as microfinance credit and financial services to communities in developing countries without an adequate financial infrastructure.

Company	Ticker	Weight	Rationale
Western Union	WU	0.50%	Western Union is a provider of money movement and payment services primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals.



20. Education and Education Infrastructure

Technologies, services, and products that enable providers to offer education/training and create an education infrastructure that increases global productivity. This does not include for profit universities in the US, language learning programs, or test preparation companies.

Company	Ticker	Weight	Rationale
Bright Horizons Family Solutions	BFAM	0.50%	A provider of child care, early education and other services, the company provides services under multi-year contracts with employers offering child care and other dependent care solutions as part of their employee benefits packages. Its segments include full service center-based care services, back-up dependent care services, and other educational advisory services.
Chegg	CHGG	0.50%	Transforming the way millions of students learn by reconnecting the link between learning and earning through tools and services that support students throughout their educational journey.
Laureate Education	LAUR	0.51%	B Corporation offering education in more than 25 countries to over one million students worldwide including Africa, Asia and the Middle East.
Pearson	PSO	0.51%	The North American business serves educators and students in the United States and Canada from early education through elementary, middle and high schools and into higher education with a range of products and services, such as courseware, assessments and services.
2U Inc.	TWOU	0.51%	2U is a provider of an integrated solution consisting of cloud-based software-as-a-service combined with technology-enabled services that allows colleges and universities to deliver online degree programs.

Disclaimers

©2017 by SerenityShares Investments LLC. All rights reserved. SerenityShares™ is a registered trademark of SerenityShares Investments LLC (SSI). Redistribution, reproduction, and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where SSI, its affiliates, or partners do not have the necessary licenses. All information provided by SSI is impersonal and not tailored to the needs of any person, entity, or group of persons.

This material has been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials or any part thereof may be modified without the prior written permission of SerenityShares. The Content shall not be used for any unlawful or unauthorized purposes. SerenityShares, SSI Indexes, and its third-party data providers and licensors, do not guarantee the accuracy, completeness, timeliness or availability of the Content. SSI Indexes and its third party data providers are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of the Content.

The Content is provided on an “as is” basis. SERENITYSHARES INVESTMENTS AND SSI INDEXES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall SerenityShares or SSI Indexes be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special, or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

SSI Indexes LLC may receive compensation in connection with licensing its indices to third parties. Past performance of an index is not a guarantee of future results. SSI Indexes does not sponsor, endorse, sell, promote, or manage any investment fund or other investment vehicle that is offered by third parties and that seek to provide an investment return based on the performance of any index. SSI Indexes makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. SSI Indexes is not an investment advisor and makes no representation regarding the advisability of investing in any such investment fund or or investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment only after carefully considering the risks associated with investing in such funds, as detailed in an offering prospectus or similar document. Inclusion of a security

within an index is not a recommendation by SSI Indexes to buy, sell, or hold such security, nor is it considered to be investment advice.

Fund-Related Disclosures

Carefully consider the Funds' investment objectives, risks, charges, and expenses before investing. This and additional information can be found in the statutory and summary prospectus, which may be obtained by calling 202-349-3917 or visiting www.serenityshares.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. The fund is new with limited operating history. 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 individually redeemed from the Fund. Brokerage commissions will reduce returns. Because the methodology of the Index selects securities of issuers for non-financial reasons, the Fund may underperform the broader equity market or other funds that do not utilize impact criteria when selecting investments. The Fund may invest in foreign securities which involve political, economic and currency risks, greater volatility and differences in accounting methods. The Fund may invest in smaller companies, which involve additional risks such as limited liquidity and greater volatility than large cap companies. To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors, including investments in Industrials and Technology sectors.

Fund holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security.

The SerenityShares Impact ETF is distributed by Quasar Distributors, LLC.

The SSI Impact Index employs a passive methodology designed to measure the performance of a diversified portfolio of U.S.-listed companies that operate in areas that address a variety of society, social, and environmental challenges. These include environmental stewardship, local access to healthcare, renewable energy, clean water, community building, access to information, natural organic foods, eldercare, and green technologies. It is not possible to invest directly in an index.

Any tax or legal information provided is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.