

OWNS: A Capital Markets Solution for Bridging the Racial Wealth Gap

Homeownership is one of the primary tools for building wealth. However, homeownership has failed to benefit **Black, Indigenous, and People of Color (BIPOC)** homeowners as much as it has benefited white homeowners because of a long history of unequal treatment. As mentioned in our report, [Building Wealth and Racial Equality Through Homeownership](#), finding ways to increase homeownership opportunities for all income levels, and specifically for **low- and moderate-income (LMI)** households is critical to wealth building and for reducing the racial wealth gap that persists. One way to help increase minority homeownership and bridge the racial wealth gap is through **Impact Shares Affordable Housing MBS exchange-traded fund (ETF)**, also known as OWNS (ticker).



About OWNS

OWNS offers investors a capital markets solution for bridging the racial wealth gap to help address the affordable housing crisis in the U.S. and looks to make a positive impact on the well-being of individuals, families, and communities. OWNS invests in agency mortgage-backed securities (MBS) backed by pools of mortgage loans made to minority families, LMI families, and/or families that live in persistent poverty areas. OWNS seeks to invest in the dignity of homeownership for these traditionally underserved communities.

OWNS Criteria

Under normal circumstances, OWNS will invest at least 80% of its net assets in MBS backed by pools of mortgage loans that the fund's sub-adviser believes were made to minority families, low-income families, and/or families that live in persistent poverty areas. These loans include home loans in census tracts where more than 50% of the population is non-white and at least 40% of the population is living at or below the poverty line (defined as a racially or ethnically concentrated areas of poverty or "R/ECAP"); loans in counties where, for more than 20 years, 20% or more of the population has lived in poverty (defined as a persistent poverty county or "PPC"); and loans to minority borrowers or loans originated in a census tract where more than 50% of the population is a minority (also referred to as a majority-minority census tract). OWNS will invest at least 51% of its net assets in MBS that the fund's investment adviser believes will be deemed to be qualified under the Community Reinvestment Act of 1977 (CRA) so that financial institutions subject to the CRA may receive investment test or similar consideration/credit under the CRA with respect to shares of the fund held by them. The fund may also invest in MBS backed by pools of loans sourced from non-traditional originators including Community Development Financial Institutions (CDFIs) and minority-owned banks.

To our knowledge, **OWNS is the first publicly traded ETF offering investors a way to invest in LMI and minority families and communities that have been historically underserved. It offers investors the opportunity to generate current income while unleashing the power of the capital markets to try to reduce the racial wealth gap in the U.S. via affordable homeownership.**



OWNS is an actively managed ETF that uses the U.S. Government Agency MBS market as a tool to help bridge the racial homeownership gap. OWNS is sponsored by **Impact Shares**, a non-profit funded by the Rockefeller Foundation, and managed by CCM. OWNS attributes:

- **Launched in July 2021**
- **Over \$100 million in assets in custom-created, market-rate MBS**
- **Investors:** insurance companies, family offices, and banks
- **Benchmark:** Bloomberg U.S. MBS Index
- **Net expense ratio:** 0.30%¹
- **Gross expense ratio:** 0.53%
- **No minimum investment**

Leveraging the Capital Markets for the Greater Good

One of the largest barriers to wealth creation for minorities and Black Americans is the lack of inherited wealth. Providing affordable housing to minority Americans is a crucial step in helping to address the widening racial wealth gap and catalyzing economic growth in LMI communities. Since its launch, OWNS has invested in 412 mortgages primarily supporting minority and LMI families. Additionally, CCM, sub-adviser to OWNS, is working with Redfin to calculate the estimated home values of loans in the OWNS portfolio, which provides details on wealth creation for LMI families in the ETF.² Based on OWNS's holdings as of December 31, 2022, the loans have generated an average wealth effect of approximately \$27,500 per mortgage over the length of each loan's investment period.

¹ Community Capital Management LLC, the sub-adviser has contractually agreed to limit the total annual operating expenses (exclusive of fees paid by the Fund pursuant to its distribution plan under Rule 12b-1 under the Investment Company Act of 1940, as amended, taxes, brokerage commissions and other transaction costs, interest payments, acquired fund fees and expenses, extraordinary expenses and dividend expenses on short sales) of the Fund to 0.30%. Waivers are contractual and in effect until October 31, 2023. This contract may not be terminated without the action or consent of the Fund's Board of Trustees.

² CCM will look to calculate wealth creation values moving forward so long as we can obtain the necessary data from Redfin or another online real estate brokerage company.

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. CCM has distinct investment processes and procedures relating to the management of investment portfolios. Most of the firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and environmental, social, and governance (ESG) investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. A sustainable investment strategy which incorporates impact investing and/or ESG criteria may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating. Any third party links, trademarks, service marks, logos and trade names included in this content are the property of their respective owners. The inclusion of a third party link is provided for reference and does not imply an endorsement or, association with, or adoption of the site or party by us. Acceptance of this material constitutes your acknowledgement and agreement that the Advisor does not make any express or implied representation or warranty as to the accuracy or completeness of the information contained herein and shall have no liability to the recipient or its representatives relating to or arising from the use of the information contained herein or any omissions therefrom.

Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon non-performance-based objective criteria, including, but not limited to, the security's social and/or environmental attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. Impact figures mentioned are approximate values.

Carefully consider the Impact Shares Affordable Housing MBS ETF's (ticker: OWNS) investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in Impact Shares' prospectus or summary prospectus, which may be obtained by calling 844-448-3383. Read the prospectus carefully before investing.

Holdings are subject to change. 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.

Investing involves risk, including the possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities. OWNS is non-diversified. As an actively managed ETF, it does not seek to replicate a specified index.

OWNS is distributed by SEI Investments Distribution Co., with is not affiliated with Impact Shares Corp., the Investment Adviser for the Fund, or Community Capital Management LLC, the sub-adviser for the Fund.

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