

Human**kind**
US STOCK ETF



Investment Case

Ticker:
HKND

Important Disclosures

This investment case is for informational purposes only and seeks to educate investors on the approach to socially responsible investing by Humankind Investments LLC (“Humankind Investments” or “Humankind”), the investment adviser to the Humankind US Stock ETF (“Humankind ETF” or “HKND”).

Risks of Investing Based on a Company’s Humankind Value:

Our approach to investing is to select securities issued by companies that are benefiting humankind, defined as creating value for investors, consumers, employees, and members of society generally. This translates into investing in companies with high “Humankind Value”, the firm’s proprietary metric explained in this document. While we believe companies that treat people well will be more successful in the long term for the reasons identified in this document, our investment views are untested and unproven; therefore, there is no guarantee they will come to fruition, generate profits, avoid losses, or generally produce desired results.

Humankind Investments’ thesis, that companies that treat people well (or have a high Humankind Value after weighing the social impact of companies, including the overall good against the overall bad of a company’s business practices) will be more successful in the long term, may not prove true over time. Thus, the Humankind US Equity Index, which the Humankind ETF tracks, could underperform Humankind ETF’s broad-based market index, the S&P 1500 Index, regardless of how high or low the Humankind Value of the constituent companies are or of how such companies impact society or treat people. Further, social awareness or indifference of or people’s general sentiment around the societal impact of companies may have no correlation, bearing, or effect (positively or negatively) on the performance of the companies that make up the Humankind US Equity Index relative to the performance of the S&P 1500 Index.

Forecasts presented in this information are inherently limited and cannot be relied on.

Please read the notes and disclosures provided at the end of this material carefully.

Investment Case for the Humankind US Stock ETF (HKND): The First Benefit Corporation ETF

HKND is the first investment company to file with the U.S. Securities and Exchange Commission as a benefit corporation. Managed by Humankind Investments, HKND aims to create value not only for investors but also for customers, employees, and society at large. Its primary goal is to track the performance of the Humankind US Equity Index (“Humankind Index”), which includes approximately 1000 stocks with the most positive Humankind Values among eligible companies.



At the core of our investment approach at Humankind Investments, is the belief that “what goes around comes around”. Our investment thesis is: Companies that treat people well will be more successful in the long term*. Treating employees well can cultivate a motivated workforce that becomes more efficient, ultimately creating more value for the firm.^{1,2} Similarly, satisfied customers may become repeat buyers and recommend the company to others, creating more value for the business.^{3,4} Finally, we are hopeful that members of society and their representatives in government may allow companies that act in the public interest to thrive while enacting legislation which penalizes those companies that harm society.^{5,6,7}

A Quantitative Approach

The Humankind Value methodology, upon which the Humankind Index is built, is centered around assessing companies quantitatively based on their total societal impacts. It weighs the overall good against the overall bad of a company’s business practices, rather than excluding companies outright for any individual bad act. We believe socially responsible investing should be research-based and impact-focused rather than solely emotional; only by accurately measuring a company’s total impact

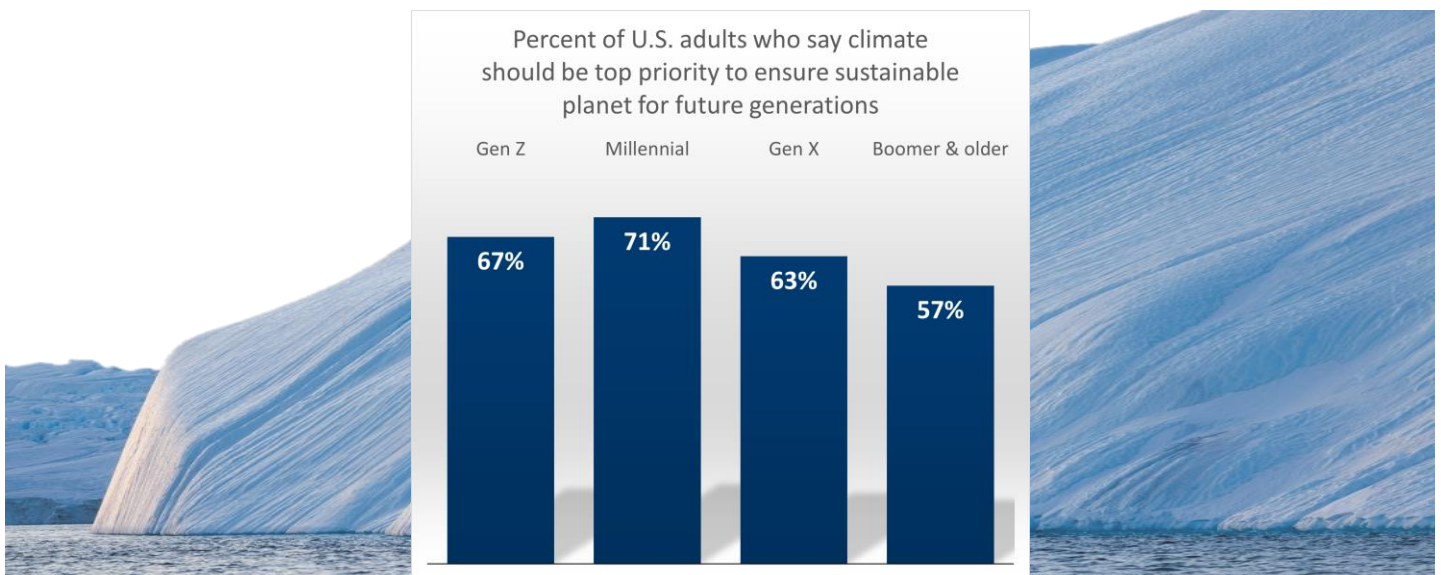


* We do not predict the period of time that equates to “the long term” and, as such, “the long term” may be a period beyond the lifetime of an investor.

can we say whether they are overall helping or hurting people.

By estimating the holistic human impact of companies, Humankind's methodology strives to determine whether they contribute to the betterment or detriment of society as a whole. The positivity or negativity of their contribution is often the result of their primary business activities. Companies that help people by providing access to food, clean water, healthcare, or free digital services tend to have high Humankind Value. Meanwhile, companies that hurt people, for example by contributing significantly to climate change or selling toxic products, tend to have low or negative Humankind Value. In embracing its role as a benefit corporation, HKND actively seeks to drive positive change, not only for investors, but also for the well-being of employees, customers, and society, through a sustainable and responsible investment approach.

The strategy, which naturally includes the societal impacts of companies in its investment decision-making process, may underperform HKND's broad-based benchmark, the S&P 1500 Index, in an environment where people are indifferent to the societal impact of the companies with which they engage, and low Humankind Value companies do well. Conversely, the strategy is more likely to outperform its broad-based benchmark in an environment where people are actively aware of and consider the societal impact of companies that they encounter, and high Humankind Value companies do well. In what could be a harbinger of outperformance, this kind of social awareness is on the rise, especially among the ascendant millennial and Gen Z generations.^{8,9}



Source: Pew Research Center⁸

See important notes and disclosures at the end of this paper.

More About Humankind Investments

At Humankind Investments, we focus on how companies impact humanity – and we do it in a quantitative way. We launched HKND to further our mission to invest in the manner that is best for humanity.

Building a More Humankind World

By focusing our investments on the companies that contribute the greatest value to humanity, we work to promote the best possible outcome for people both financially and societally. We believe that aggregating and incorporating the environmental and social externalities of businesses into our analysis enhances our financial decision-making. Our research isn't just

about helping the planet; it's an economic imperative. Our approach aims to safeguard both the financial interests of investors and the economic interests of humanity.

We believe traditional investment analysis, with its typically narrow focus on standalone financial performance, fails to capture all the economic activities that impact a company's ability to remain sustainable and competitive in the long run. If a company is profitable for its investors but horrible to its customers, employees, and the rest

of society, how long will it remain profitable?

Investors Are Never Just Investors

Our lives are extremely interconnected. Investors are never just investors; we are also employees, customers, and citizens. Every day, households and individuals make concurrent choices and transactions as either of any of these roles.

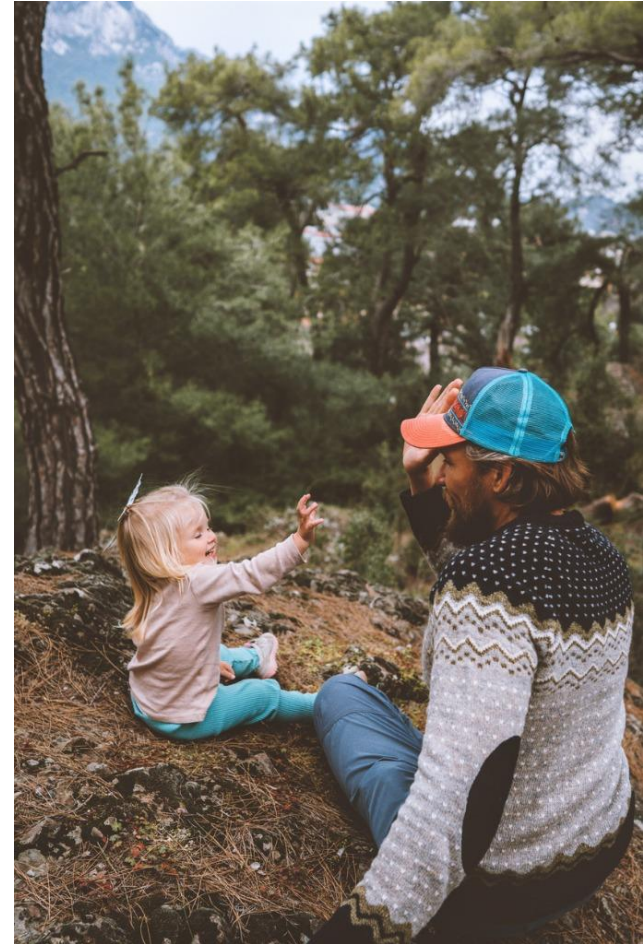
When you look at the top of your brokerage statement and see the value of your investment portfolio, it is important to remember this number is just one of many that can have an economic impact on your life. The insurance premiums that you'll pony up, the medical bills you'll have to pay, your salary, the value of your employment benefits, the money you spend on goods and services needed to survive — these can be just as impactful as your investment portfolio, if not more so. So, when we invest, why would we only care about how our investments impact our portfolio? Shouldn't we also care about how the companies in which we invest affect the other areas of our lives?

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Investors as Humans

Let's say you invest in a tobacco company — an easy punching bag to be fair, but it helps to drive the point home — maybe you make \$1,000 in your investment portfolio as a result of the investment — good so far. But then imagine someone in your family starts smoking that brand of cigarettes and gets sick, and now you have to shell out \$10,000 to help get them well (and that's before taking into account the quality-of-life reduction and stress associated with the whole episode).¹⁰ So, the question is — was this a good investment? We would argue not. This is a simple example of a kind of bad trade that people often make when they myopically focus on their portfolio's investment value. Different types of companies are putting money into our right pockets as investors while sneaking money out of our left pockets in other areas of our lives. We can't think of a reason why we should let them keep doing things this way. Investors hold the ultimate power over which companies get funding, and they legally control the actions that companies take through the voting power associated with their shares; therefore, we believe it is within our hands as investors to push companies to make a change for the better.



The challenge is that things are not always as clear-cut as the example above. In order to judge how much a company is helping or hurting us in other areas of our lives, we must try to quantify every impact that a company has on people. This is why we created the concept of Humankind Value.

Definition of Humankind Value

A company's Humankind Value is defined as its impact on humanity, including investors, customers, employees, and society.

Is the company making a profit for its investors, or are the investors being defrauded? Is the company providing its customers with an inexpensive service that offers great value, or is it selling a toxic product? Is the company treating its employees fairly, or is it engaging in discrimination or wage theft? Is the company providing a free service that helps society, or is it polluting the air that we breathe? We work to put a dollar value on each of these impacts and add them up to arrive at a company's direct Humankind Value. Then, we try to account for all the direct Humankind Values associated with each company's supply chain partners, or its indirect Humankind Value. Finally, we combine the direct and indirect values into a single total Humankind Value for each company.

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Humankind Investments calculates a single dollar value of a company's Humankind Value, which is intended to capture the aggregate worth of a company based upon its economic impact on humanity, defined as investors, customers, employees, and society at large. It's important to understand that this single dollar value of Humankind Value for a company is not a precise measurement of the economic impact that companies have on humanity – rather, it represents a good faith estimate based on our internal model of how these companies behave and what the estimated impact on humanity of their behavior is. In other words, we've created a simplified mathematical representation of the real world and are using that to derive this single dollar value for a company.

Continuous Enhancement of the Humankind Value Calculation Methodology

We strive to keep our Humankind Value calculation methodology current. The world is always changing, and our understanding of it is always evolving. We therefore rely on current academic literature - monitoring advances and regularly conducting literature reviews - to derive up-to-date and relevant human impact estimates. We refresh our model annually, incorporating any necessary adjustments and enhancements that arise from updates to the methodology.

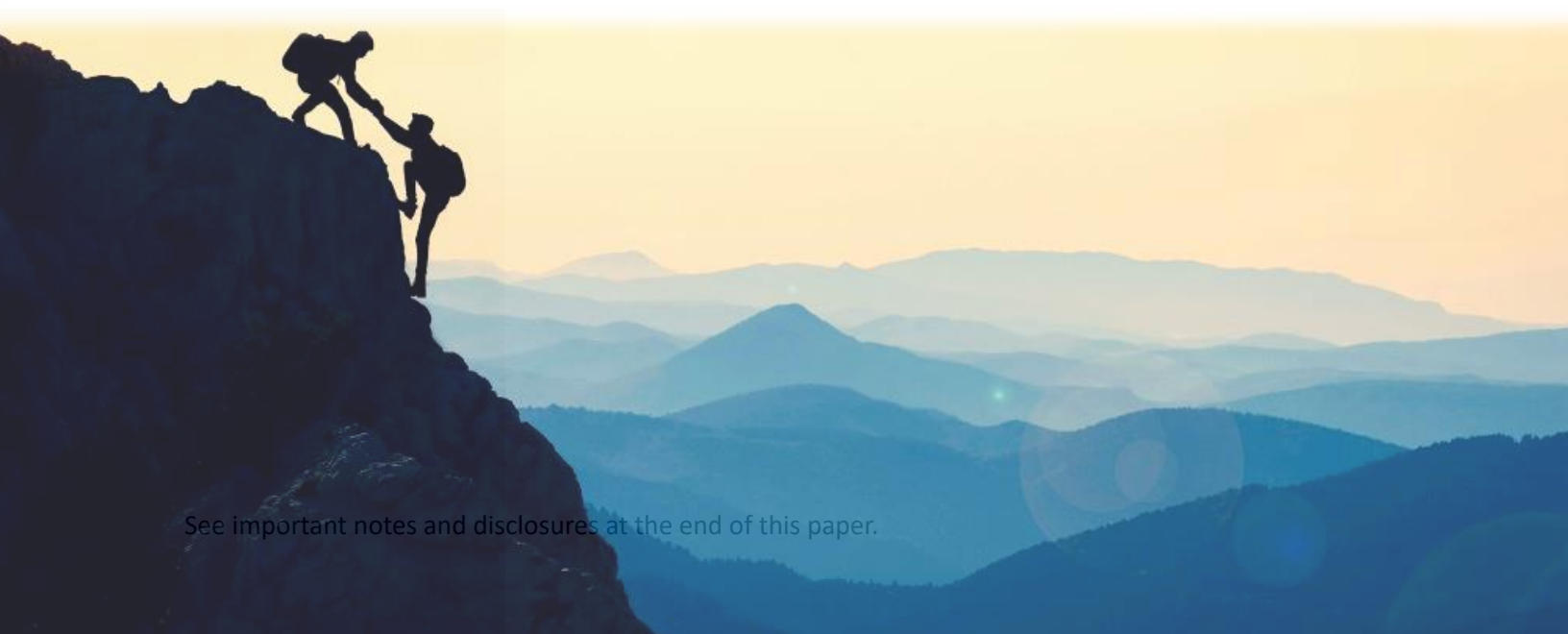
Notes

¹ Fauver, L., McDonald, M.B., Taboada, A.G., 2018. Does it Pay to Treat Employees Well? International Evidence on the Value of an Employee-Friendly Culture. *J. Corp. Finan.* 50, 84 -108

² Harter, J., Schmidt, F., 2002. Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis. *Journal of Applied Psychology*, Vol. 87, No. 2, 268-279

³ Williams. P. , Naumann. E., 2011. Customer satisfaction and business performance: a firm-level analysis. *Journal of Services Marketing*, Vol. 25 Issue: 1, 20-32

⁴ Luo, X., Homburg, C., 2007. Neglected Outcomes of Customer Satisfaction. *Journal of Marketing*, Vol.71 Issue: 2, 133-149



⁵ "Governor Newsom Signs Sweeping Climate Measures, Ushering in New Era of World-Leading Climate Action." September 16, 2022. <https://www.gov.ca.gov/2022/09/16/governor-newsom-signs-sweeping-climate-measures-ushering-in-new-era-of-world-leading-climate-action/>.

⁶ "Cigarette and Tobacco Products Tax." Accessed July 26, 2023. <https://www.tax.ny.gov/bus/cig/cigidx.htm#:~:text=New%20York%20State%20imposes%20an,one%20ounce%20or%20less%3B%20and.>

⁷ "3M to Pay \$10.3 Billion to Settle Lawsuits over 'Forever Chemicals' in Drinking Water." June 23, 2023. <https://www.washingtonpost.com/climate-environment/2023/06/23/3m-forever-chemicals-lawsuit-settlement/>.

⁸ "Gen Z, Millennials Stand Out for Climate Change Activism, Social Media Engagement With Issue." May 26, 2021. <https://www.pewresearch.org/science/2021/05/26/gen-z-millennials-stand-out-for-climate-change-activism-social-media-engagement-with-issue/>.

⁹ "Millennials Spurred Growth in Sustainable Investing for Years. Now, All Generations Are Interested in ESG Options." May 21, 2021. <https://www.cnbc.com/2021/05/21/millennials-spurred-growth-in-esg-investing-now-all-ages-are-on-board.html>.

¹⁰ See www.sciencedirect.com/science/article/abs/pii/S0169500215300490. Medical bills can vary significantly from the cited figure, depending on the patient and their unique circumstances. This example is intended to be illustrative.



Disclosures

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Humankind US Stock ETF. This and other important information about the Humankind US Stock ETF is contained in the prospectus, which can be obtained by calling 888-557-6692. The prospectus should be read carefully before investing. The Humankind US Stock ETF is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Humankind Investments LLC and Northern Lights Distributors, LLC are not affiliated.

Investment Objective:

The Humankind US Stock ETF (the “Fund”) seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Humankind US Equity Index (the “Index”). The Fund’s investment objective may be changed without the consent of the shareholders of the Fund.

Important Risk Information:

The Fund is a recently organized, diversified management investment company with limited operating history.

There is no assurance that the Fund will achieve its investment objective, and you can lose money investing in this Fund. The Fund’s principal risks include Socially Responsible Investment (“SRI”) investment risk, which is the chance that stocks screened by the Index Sponsor for SRI criteria generally will underperform the stock market as a whole or that the particular stocks selected for the Index will, in the aggregate, trail returns of other mutual funds or ETFs screened for SRI criteria. In tracking the Index, the Fund may, from time to time, invest more heavily in companies in a particular economic sector or sectors, which would subject the Fund to proportionately higher exposure to the risks of that sector. For instance, economic or regulatory changes adversely affecting such sectors may have more of an impact on the Fund’s performance than if the Fund held a broader range of investments. At the end of the calendar year ended December 31, 2022, the healthcare sector was heavily overweighted in the Fund. However, this overweight could change at any time based on market conditions. The profitability of companies in the healthcare sector, as traditionally defined, including healthcare equipment and services companies, may be affected by government regulations and government healthcare programs, increases or decreases in the cost of medical products and services, an increased emphasis on outpatient services, demand for medical products and services, and product liability claims, among other factors. Many healthcare companies are heavily dependent on patent protection, and the expiration of a company’s patent may adversely affect that company’s profitability. Healthcare companies are subject to competitive forces that may result in price discounting and may be thinly capitalized and susceptible to product obsolescence.

The value of your investment in the Fund is based on the values of the Fund’s investments, which may change due to economic and other events that affect markets generally, as well as those that affect particular regions, countries, industries, companies, or governments. Although the Fund’s shares are approved for listing on the NYSE Arca (the “Exchange”), there can be no assurance that an active trading market will develop and be maintained for Fund shares. Although Fund shares are listed for trading on the Exchange, there can be no assurance that an active trading market for such shares will develop or be

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maintained. The Fund is not actively managed and therefore would not sell an equity security due to current or projected underperformance of a security, industry, or sector unless that security is removed from the Index.

Humankind Benefit Corporation (the “Company”), of which the Fund is a series of the Company, is structured as a Maryland Benefit Corporation in order to pursue the goal of making a material, positive impact on humanity. The purpose of the Company is, in part, to promote through its investments the creation of a general public benefit and the specific public benefit of supporting socially optimal economic outcomes. The Fund is subject to Benefit Corporation Risk. As such, the interest of investors, customers, employees, and members of society at large may be viewed or weighed differently. As a benefit corporation, there can be no assurance that the Company or the Fund will create (i) a material, positive impact on humanity, society or the environment or (ii) a specific public benefit through the support of socially optimal economic outcomes.

No Offer. This material is provided solely for informational and educational purposes. This information does not constitute an offer, recommendation, or solicitation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstance and is not investment advice, nor should it be construed in any way as tax, accounting, legal, or regulatory advice. Investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision. The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Humankind Investments does not guarantee the accuracy, adequacy, or completeness of such information. Past performance is not indicative of future results.

No Guarantee. Any descriptions involving investment process, models, statistical analysis, investment strategies, and styles are provided for illustration purposes only, may not be fully indicative of future investments, and are not intended to reflect actual performance or to project performance. No representation is made that Humankind Investments’ risk management, investment process, or investment objectives will or are likely to be achieved or successful or that any of its investments will make any profit or will not sustain losses.

Performance. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Descriptions of Process. Any descriptions or information involving investment objectives or criteria, investment process, or investment strategies are provided for illustration purposes only, may not be fully applicable to an investment, may not be fully indicative of any present or future investments, may be changed in the discretion of Humankind Investments, and are not intended to reflect actual performance or to project performance.

Opinions. The views expressed within reflect the current opinions of Humankind Investments.

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