Inside the Inspire Impact Score™

Inspire Investing Whitepaper

Calculation & Analysis of Inspire's Approach to Biblically Responsible Investing

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Calculation and Analysis of Inspire's Approach to Biblically Responsible Investing

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Abstract

Faith-based investors have largely been underserved by secular Wall Street firms, evidenced by the nearly universal tilt toward progressive, liberal values across the rapidly expanding Environmental, Social, and Governance (ESG) investing landscape. There is a poignant need in the financial industry for a robust, biblically responsible alternative to the growing field of ESG screening data. Moreover, biblically responsible investing data must adhere to stringent quality standards in terms of objectivity, verifiability, consistency, precision, accuracy, and applicability. This paper details the rules-based, scientific methodology of the Inspire Impact Score, which provides reliable, quantitative investment data for faith-based investors to align their portfolios in support of their biblical convictions and investment objectives.

Introduction

THE INSPIRE IMPACT SCORE is a biblically responsible investing scoring system that analyzes environmental, social, and governance issues from a biblical perspective and distills that analysis into an easy-to-understand numerical score that ranges from -100 to +100. The Inspire Impact Score reflects a rules-based, scientifically rigorous methodology of faith-based analysis which creates a level of consistency and reliability of results necessary for making well-informed, quantitatively sound, biblically responsible investment decisions. Previous methods of analyzing faith-based investing data were often too subjective and lacking in verifiably objective foundational data. Such a haphazard approach to data analysis did not lend itself well to the construction of investment portfolios that could stand up to the demanding due-diligence standards of serious investors and hindered the institutional adoption of faith-based, biblically responsible investing for many decades. By introducing best-practice disciplines of data science into the collection, organization, and analysis of faith-based screening data, combined with an objective, rules-based calculation method, the Inspire Impact Score has brought the necessary rigor and reliability required by institutional investors and discerning retail investors to the faith-based investing industry and cleared the path for wide-spread adoption throughout retail and institutional investing markets.

To catalyze the adoption rate of faith-based, biblically responsible investing, it is important for investors and analysts to understand the inner workings of the Inspire Impact Score methodology. Important questions must be precisely answered regarding what data is included in the Inspire Impact Score, how that data is extrapolated into a numerical score, how varying degrees of issue severity are considered (or not considered) in the score, how the methodology solves for a useful dispersion of scores across the full range of possible outcomes, how differing breadth of issue exposures and depth of issue exposures affect the final score, and many other considerations.

To catalyze the adoption rate of faith-based, biblically responsible investing, it is important for investors and analysts to understand the inner workings of the Inspire Impact Score methodology.

This whitepaper seeks to thoughtfully and methodically detail each of these critical aspects of the Inspire Impact Score and communicate how each nuanced feature of the calculation is relevant to building quality, biblically responsible investing portfolios to the glory of God.

Overview

Inspire Impact Scoring Methodology

THE INSPIRE IMPACT SCORE is used by investment professionals, institutions, and individual investors around the world to measure the biblical values alignment of their portfolios, influencing investment decisions on many billions of dollars of investment assets. With tens of thousands of users accessing Inspire Impact Score data on inspireinsight.com, the Inspire Impact Score is perhaps the most widely followed, faith-based investment scoring system in the world.

An Inspire Impact Score below zero reflects a violation of biblical values and those securities are generally excluded from faith-based, biblically responsible investing portfolios. Lower negative scores represent greater breadth, depth and/or severity of involvement in morally problematic issues. Inspire Impact Scores of zero or higher represent the absence of negative violations, with higher positive scores representing superiority among industry peer groups in terms of alignment with biblical values across environmental, social, and governance categories than lower positive scores.

Therefore, the Inspire Impact Score allows an investor to quickly ascertain not just a binary "good or bad" analysis of a company or fund in relation to biblically responsible investing criterion, but also the degree of "goodness" or "badness" of that company or fund. This enables more nuance and precision in the security selection process for faith-based investors who may be interested in choosing only the highest biblically aligned investments, for example limiting their selections to Inspire Impact Scores of 50 or higher. Or perhaps investors who desire to engage in shareholder activism may set a lower tolerance level of -15 to identify companies that have limited exposure to negative issues and as such may represent higher opportunities to "flip positive" through proactive shareholder engagement. Still other investors may choose to invest in any company or fund with a score of zero or higher to simply avoid exposure to negative issues.

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There are no perfect people, and since people are involved in every business, there are no perfect companies. The Inspire Impact Score is not meant to "anoint" a company as "holy" or "Christian," but rather seeks to provide a simple method to compare the relative alignment of companies with a broad set of commonly used biblical, faith-based investment screening issues.

The calculation of the Inspire Impact Score follows a consistent, rules-based pathway designed to deliver precise, quantitative measurement of material issues from a biblical perspective, distilled into a simple to understand numerical score that ranges from -100 to +100. The Inspire Impact Score can be applied to individual companies as well as groups of companies, such as in a mutual fund, ETF (exchange traded fund), or a diversified portfolio. There are unique calculation considerations when applying a score to a group of companies, which this whitepaper will cover further on. However, it is helpful to first understand the calculation methodology for individual companies. Following is a detailed outline of the Inspire Impact Score calculation pathway for individual company stocks and bonds.

Section One

Negative Inspire Impact Score Calculation

The first round of analysis in the Inspire Impact Score process is to ascertain a company's involvement with a list of sixteen (16) negative issue categories. If a company has exposure to any of these categories, it will always receive a negative Inspire Impact Score; alternatively, only companies with no exposure to negative issue categories are eligible for positive Inspire Impact Scores. We will thus begin with the calculation method for negative Inspire Impact Scores, followed by the calculation method for positive Inspire Impact Scores.

Each negative issue category has been selected based on evangelical, biblically conservative, theological understandings. It should be noted that the Inspire Impact Score is not suggesting that all the negative issues listed are inherently sinful or immoral, but rather seeks to identify broadly agreed upon areas of concern. For example, alcohol is not inherently sinful or immoral; however, the alcohol industry is known for predatory advertising and sales practices, and alcohol products are addictive and become sinful for those who misuse them. Therefore, investment in alcohol production and distribution is a widely agreed upon area of concern and is, therefore, a negative issue for Inspire Impact Score purposes.

Notable omissions in the negative issue category list include military weapons and barrier-type contraceptives (hormonal contraceptives are registered in the Abortifacient category), which are exclusionary issues under the United States Council of Catholic Bishops (USCCB) investment guidelines. In practice, Inspire's asset management division avoids investments in military weapons and barrier-type contraceptives in order to serve investors who have issues of conscience surrounding those issues and Inspire makes those data points available via their inspireinsight.com screening technology. However, Inspire's position is that those issues should not warrant a negative Inspire Impact Score on their own merits and thus are not present in the negative issues list for Inspire Impact Score calculations.

Following is a list of all negative issues considered in the Inspire Impact Score methodology. For complete definitions of each issue, please reference Appendix A.

Bioethics	Social	Addiction
Abortion Legislation	Exploitation	Alcohol
Abortion Philanthropy	LGBT Legislation	Gambling
Abortifacients	LGBT Philanthropy	Pornography
Abortion Services	LGBT Promotion	Tobacco
Abortion Promotion	State Owned Enterprise	Cannabis: THC Retail
Embryonic Stem Cells		Cannabis: Cultivation
In Vitro Fertilization (IVF)		

(A) Recording Negative Issue Breadth and Depth

Second, the number of negative issue categories that a company has involvement in is recorded (breadth), as well as the number of instances within each category (depth). It is important that the specific category and sub-categories are made note of, as some categories are given larger weights in the final Inspire Impact Score (see discussion of "Issue Severity" below). It is also important that the number of instances per category are also recorded as securities with larger numbers of violations receive deeper negative scores than securities with smaller numbers of violations. For example, while any company with Abortion Philanthropy exposure would receive a negative Inspire Impact Score, a company with ten instances of Abortion Philanthropy would receive a more negative score than a company with only one instance of Abortion Philanthropy. Likewise, though companies with exposure to any negative issue category will always receive a negative Inspire Impact Score, a company with one instance of Abortion Philanthropy and one instance of LGBT Legislation would receive a lower Inspire Impact Score than a company with one instance of Abortion Philanthropy and no other issue category.

(B) Lookback Period

Negative violation data is considered with a lookback period covering the previous two full calendar years, as well as any incremental data for the current calendar year. Any single instance of negative issue involvement during the lookback period will produce a negative Inspire Impact Score. Data older than the previous two full calendar years is not considered in Inspire Impact Score calculation.

The rationale for a two-calendar year lookback is to provide companies the opportunity to redeem themselves by correcting problematic issues and displaying a pattern (two calendar years plus current year) of persistent remediation.

Though seemingly inert, the effect that a lookback period has on scoring is quite important for investors to understand, especially when comparing multiple data sources. For instance, two faith-based investing data sources could be screening for the exact same issues, but if one uses a single instance, two-year lookback (one or more violation over two years needed for a negative flag) and the other uses a three-instance, three-year lookback (three violations or more over a three-year period needed for negative flag), the outputs of their analysis can be dramatically different.

To the untrained observer, real-world examples of faith-based investing data services producing widely contradictory outputs imply inconsistency and unreliability, and have contributed to a distrust of faith-based in-

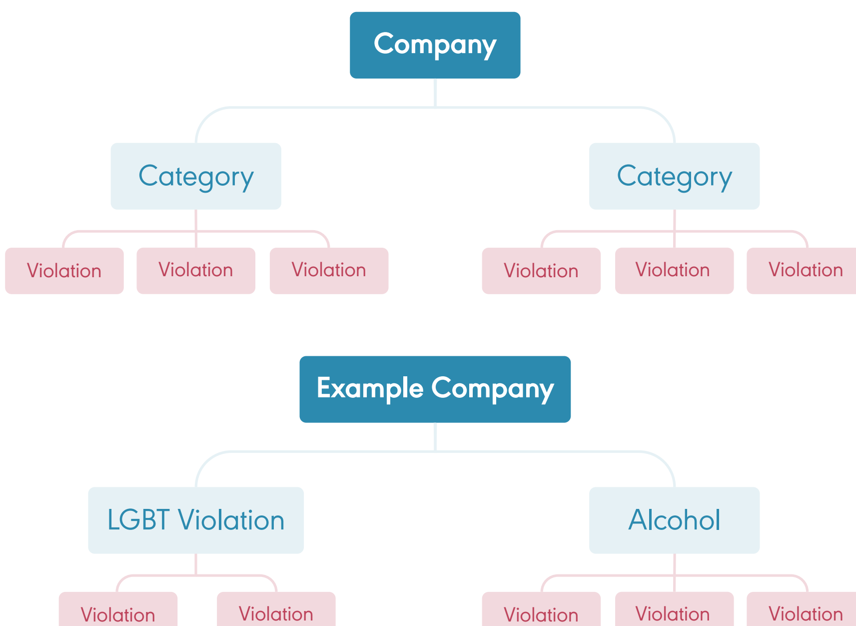

Figure 1: Categorical Violation Structure

vesting data in some instances. However, upon more thoughtful investigation, an investor can easily observe the reasonable, logical, procedural differences that create these variances in analysis. Also note that contradictory scoring outputs are also commonplace among secular ESG data providers and are not unique to the faith-based investing data world. Different data providers employ different frameworks, and different frameworks produce different results. Understanding lookback periods, as well as other nuanced processes, is critical for investors to understand potential inconsistencies between faith-based investing data sets.

(C) Violation Severity Calculation

Once the breadth and depth of a company's negative issue involvement within the specified lookback period is recorded, the next step is to identify the severity of each issue. To accomplish this, the Inspire Impact Score methodology applies a Severity Factor to each issue category which either increases, decreases, or keeps neutral the weight of that issue relative to all other issues in the overall calculation of the final Inspire Impact Score.

The Severity Factor is a unique aspect of the Inspire Impact Score which serves the critical function of acknowledging that some issues are more severe than others...

The Severity Factor is a unique aspect of the Inspire Score which serves the critical function of acknowledging that some issues are more severe than others, and as such should weigh more heavily on the score of a company. For example, the manufacture and distribution of abortifacient drugs is inherently sinful and directly facilitates the murder of an unborn child, while the manufacture and distribution of alcohol (though problematic for aforementioned reasons) is not inherently sinful and does not necessarily cause harm in all instances. Therefore, a company whose only violation is Abortifacients should have a more negative score than a company whose only violation is Alcohol. Multiplying these issue categories by a Severity Factor (5 for Abortifacients and 0.5 for Alcohol) results in providing faith-based investors a clear differentiation between the relative severity of the issues inherent in a given company and allows for more precise analysis and portfolio construction as a result.

Additionally, the Severity Factor compensates for the varying degrees of potential violation depth between different issue categories. For instance, the Abortifacient category only has a maximum violation instance of one (1) because it is a binary issue, either a company manufactures or distributes abortifacients or it does not. Other issues, such as LGBT Philanthropy, may have multiple violation instances because a company could make multiple donations to LGBT activist organizations. It would be inappropriate for a company with two instances of LGBT philanthropy to have a more negative score than a company that manufactured abortifacient drugs, which would be the case without a Severity Fac-

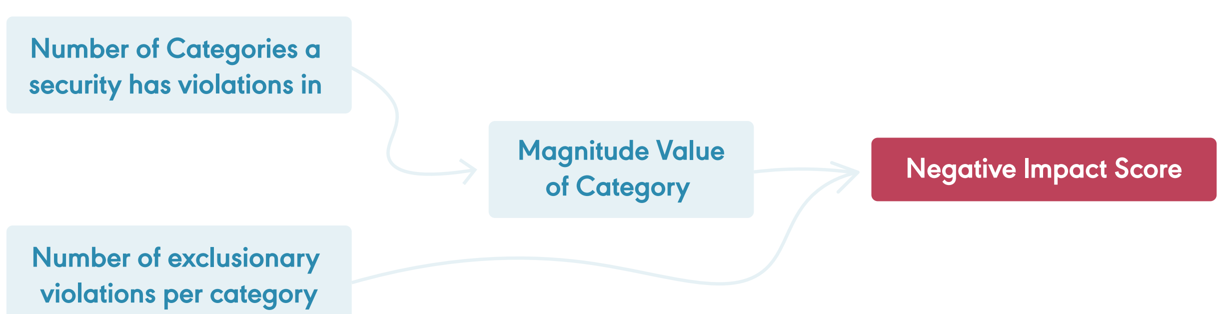

Figure 2: Negative Screening Input Parameters

tor. But with the Abortifacient category Severity Factor of five (5), and the LGBT Philanthropy category Severity Factor of one (1) a company would need five instances of LGBT Philanthropy in order to have an equivalent negative Inspire Impact Score.

Following is the detail of Severity Factors applied to each negative issue category in the calculation of Inspire Impact Scores. It is understood that there is a degree of subjectivity in the assignment of severity factors, and it is not the intention of the Inspire Impact Score to imply, for example, that Abortifacient manufacturing (severity factor of 5) is precisely five times more sinful than LGBT Philanthropy (severity factor of 1). The purpose of the severity factor is simply to produce a generally appropriate range of relative scores, allowing investors to quickly ascertain how one company might relate in terms of biblical values relative to other companies in the broader market.

Issue	Severity Factor
Alcohol	0.5
Abortifacients	5.0
Abortion Legislation	1.0
Abortion Philanthropy	1.0
Abortion Promotion	1.0
Abortion Services	5.0
Cannabis: Cultivation/Processing	1.0
Cannabis: Retail THC	1.0
Embryonic Stem Cells	5.0
Gambling	0.5
In Vitro Fertilization	2.5
LGBT Legislation	1.0
LGBT Philanthropy	1.0
LGBT Promotion	1.0
Pornography	5.0
State Owned Enterprise	1.0
Tobacco	0.5
Exploitation	5.0

(D) Calculation of Raw Inspire Impact Score

With the recording of negative issue category exposure breadth and depth within the specified lookback period, and with Severity Factors appropriately applied to those negative issue categories, it is now possible to combine that datum into a preliminary, raw Inspire Impact Score.

These three inputs of breadth, depth, and severity, are each allocated a certain percentage weight in the raw Inspire Impact Score as follows:

(i) **Breadth**: Seventy percent (70%) of the negative Inspire Impact Score weight is determined by Breadth. The greater the number of negative issue categories a company is involved with, the deeper the negative Inspire Impact Score will be for the company.

(ii) **Depth:** Thirty percent (30%) of the negative Inspire Impact Score weight is determined by Depth. The greater the number of instances of involvement within a single category (i.e.: numerous donations to abortion related non-profits verses a single donation), the deeper the negative Inspire Impact Score will be for the company.

(iii) **Severity:** The Severity Factor affects the Breadth input and is thus accounted for within the 70% of the Inspire Impact Score allocated to Breadth. Certain issues are assigned a greater magnitude of severity, and therefore a greater weighting in the Inspire Impact Score calculation, than other issues. Involvement with more severe issues will result in a deeper negative Inspire Impact Score than involvement with less severe issues. Severity magnitude is determined by the explicit sinfulness of the issue (i.e.: abortifacients are inherently sinful, verses alcohol which is not inherently sinful but is nonetheless a problematic industry) and the possibility or lack of possibility for a “depth factor” based on multiple violations of the same type by the same company (ie: a company can make numerous donations to abortion non-profits and therefore deepen their negative score (depth factor), but a company manufacturing abortifacients is eligible only for a single instance of that violation, they either do or do not manufacture abortifacients, and therefore greater weight is applied

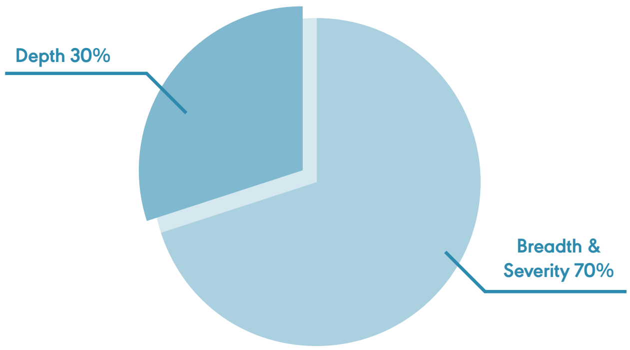

Figure 3: Factor Weights For Negative Inspire Impact Scores

to the abortifacient category to make up for the absence of a possible depth factor).

(E) Scaling Function

Once breadth, depth and severity factors have been applied in the calculation, the next and final step in the determination of a negative Inspire Impact Score is to apply a scaling function to achieve optimal dispersion of scores across the full range of negative one (-1) through negative one hundred (-100).

The scaling function requires a weighting coefficient to establish the actual range of all raw Inspire Impact Scores, rather than the hypothetical range of -1 through -100. In order to arrive at an appropriate and helpful dispersion of relative Inspire Impact Scores, it is necessary to identify the lowest actual score in the current database of all negative Inspire Impact Scores. For example, following the previously described calculation steps on the entire universe of available companies, we can ascertain what the lowest actual raw Inspire Impact Score is among all companies being scored.

For instance, perhaps the lowest raw Inspire Impact Score among the thousands of companies being scored is determined to be negative ninety-three (-93). The Inspire Impact Score will then apply a weighting coefficient to establish negative ninety-three (-93) as the equivalent to negative one hundred (-100), i.e. the worst possible Inspire Impact Score among actual scores, and utilize that figure in the scaling function formula.

Applying a scaling function to raw scores is important to create a logical, intuitive spectrum of Inspire Impact Scores that accurately communicate not just an absolute value, but the relative value of scores within the broader universe of all Inspire Impact Scores. Ultimately, it is not the precise absolute value that is important, but rather the precise relative value that is critical for helpful applications to faith-based investing decisions.

Without scaling, it is possible and likely that negative Inspire Impact Scores would be clumped in a few narrow ranges throughout the spectrum, making it problematic for investors to accurately ascertain relative alignment or misalignment with biblical values when comparing multiple securities against each other. With scaling applied, Inspire Impact Scores are more effectively dispersed across the spectrum, reducing "lumpiness" of scores and creating more even dispersion between absolute values. Scaling enables investors to intuitively discern the value of an Inspire Impact Score of a certain security in relation to the broader universe of all Inspire Impact Scores and thus make more precise, biblically responsible investing decisions.

(F) Inspire Impact Score Formula For Negative Scores

With a thorough understanding of the above data inputs and factors, the formula for calculating Inspire Impact Scores with negative issue involvement (negative scores) is defined as follows:

C	Negative Issue Category
I	Categorical Screened Impact Score
I_S	Negative Impact Score
N_C	Number of violating categories (Breadth)
N_V	Total number of negative violations within a given category (Depth)
S	Severity of a given category
W_C	Weighting coefficient

$$N_C=(C_1\ S_1)+(C_2\ S_2)...+(C_{17}\ S_{17}) \quad \text{or} \quad N_C=\sum_{n=1}^{17} C_N\ S_N$$

$$I = W_C \cdot [\ (0.7 \cdot N_C) + (\ 0.3 \cdot N_V)\ ]$$

Which then serves as the input to the scaling function:

$$I_S=\sqrt{70}\cdot I$$

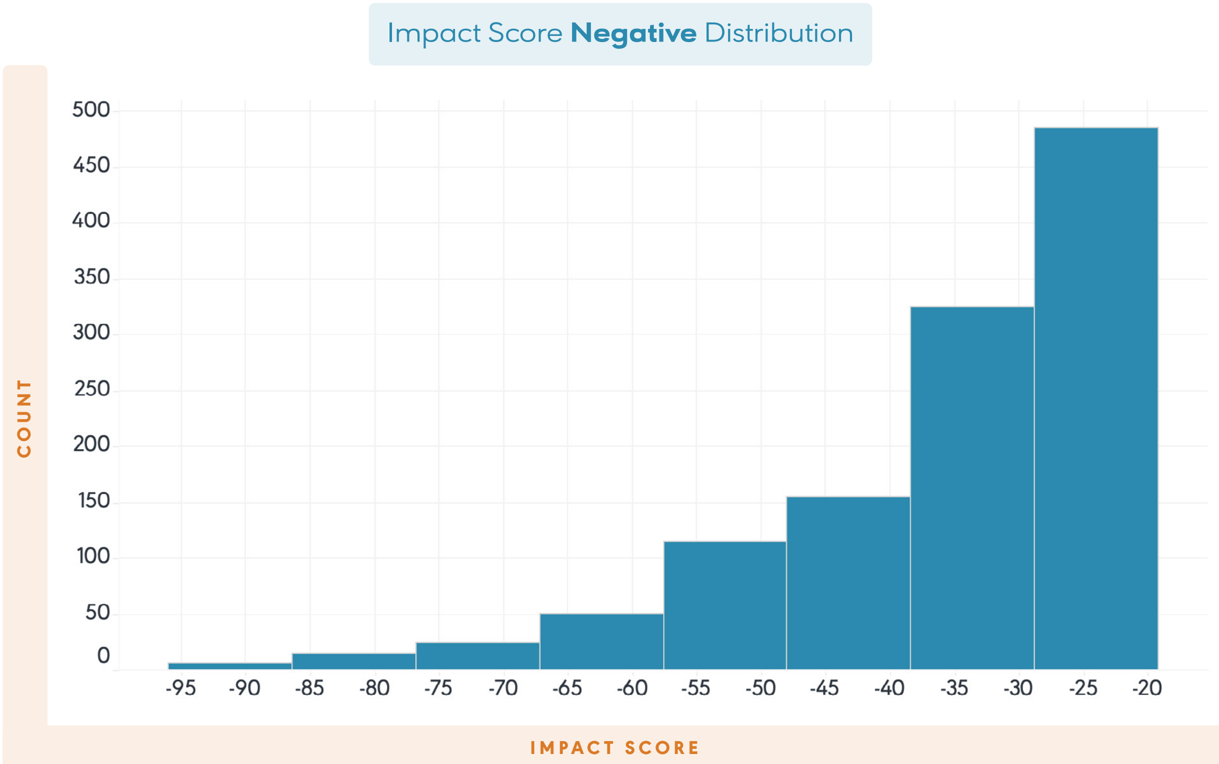

Figure 4: Negative Impact Scoring Distribution

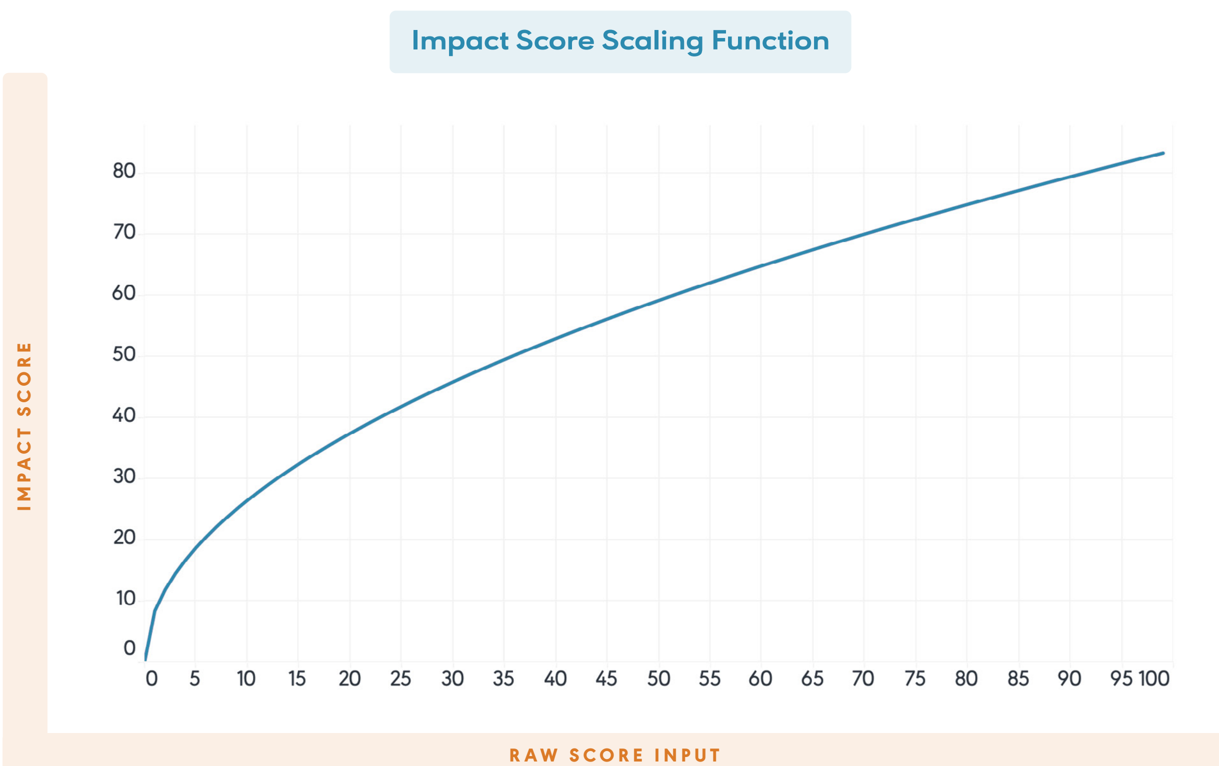

Figure 5: Impact Score Scaling Function

(Companies featured include common stock and preferred assets from inspireinsight.com as of 9/30/21)

Section Two

Positive Inspire Impact Score Calculation

Positive Inspire Impact Scores are calculated in a similar way to negative Inspire Impact Scores, albeit with some important differences. The first step in calculating positive Inspire Impact Scores is ascertaining a company's involvement with a list of issue categories. The Inspire Impact Score utilizes twenty-six (26) broadly accepted "materiality categories" defined by the Sustainability Accounting Standards Board (SASB).

These materiality categories are as follows:

- Greenhouse Gas (GHG) Emissions
- Air Quality
- Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts
- Human Rights & Community Relations
- Customer Privacy
- Data Security
- Access & Affordability
- Product Quality & Safety
- Customer Welfare
- Selling Practices & Product Labeling
- Labor Practices
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion
- Product Design & Lifecycle Management
- Business Model Resilience
- Supply Chain Management
- Materials Sourcing & Efficiency
- Physical Impacts of Climate Change
- Business Ethics
- Competitive Behavior
- Management of the Legal & Regulatory Environment
- Critical Incident Risk Management
- Systemic Risk Management

It is important to note that although these general categories are employed by many secular ESG investment managers from a more liberal, progressive viewpoint that is at odds with biblically conservative morality and ethics on many points, **the Inspire Impact Score applies these materiality categories through a biblical worldview in line with historical Christian orthodoxy.**

One key difference between the calculation of positive Inspire Impact Scores and negative Inspire Impact Scores is that negative scores are driven by "instances," such as an Abortion Philanthropy violation triggered by a corporate donation to Planned Parenthood, and products or services offered, such as abortifacient drug manufacturing, whereas positive scores are driven more by policies and practices of a business, such as adherence to appropriate environmental stewardship policy and practice, fair compensation practices, safe and healthy working conditions, ethical marketing practices, and so forth.

(A) Best In Class Rating

As the materiality of various issue categories differs between industries, it is prudent to score companies relative to their industry peers for each category considered. For example, oil and gas companies should be compared to other oil and gas companies' environmental track records as it would be unfair to compare them to a bank's relatively minor environmental impact. The Inspire Impact Score uses data compiled along the materiality categories to rank companies on a scale of zero through one hundred (0-100) against their industry peers in each category, and awards positive points for companies with above average, "best in class" scores above fifty (50). The higher above average a company ranks in a category, the higher the Inspire Impact Score will be for that company. No positive points are awarded for category scores equal to or less than fifty (< 50).

> ***...positive scores are driven more by policies and practices of a business, such as adherence to appropriate environmental stewardship policy and practice, fair compensation practices, safe and healthy working conditions, ethical marketing practices, and so forth...***

(B) Combining Materiality Category Scores

With best in class scores calculated at the individual materiality category level, the next step in the calculation process for positive Inspire Impact Scores is to combine those individual scores and divide by the total number of categories to arrive at a score representing a company's average overall ranking relative to their industry peer groups. The resulting number is the company's positive Inspire Impact Score.

Given the above data inputs and factors, the formula for calculating positive Inspire Impact Scores is defined as follows:

I_S	Inspire Impact Score
M_C	Materiality Categorical Score
B_C	Best In Class Score

$$B_C = M_C - 50$$

$$I_S = 2\,[(\Sigma B_C)/(n \text{ categories})]$$

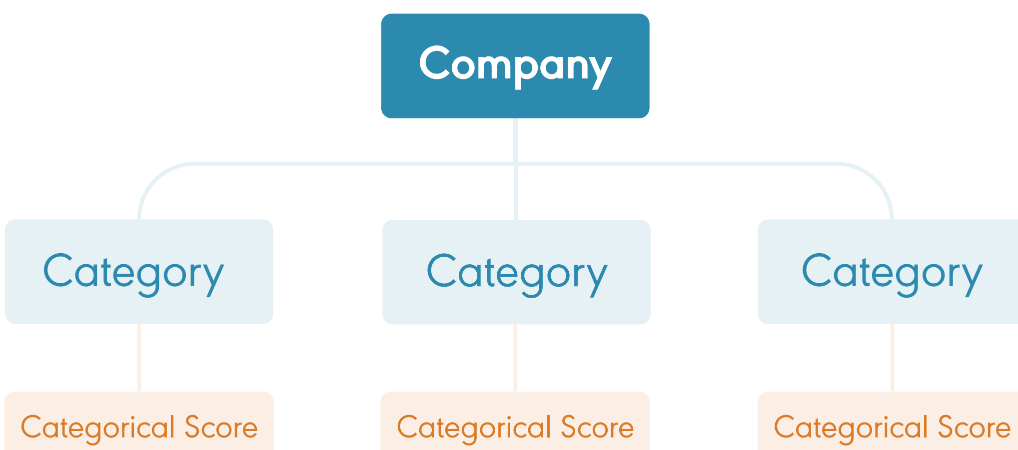

Figure 6: Positive Impact Score Categorical Structure

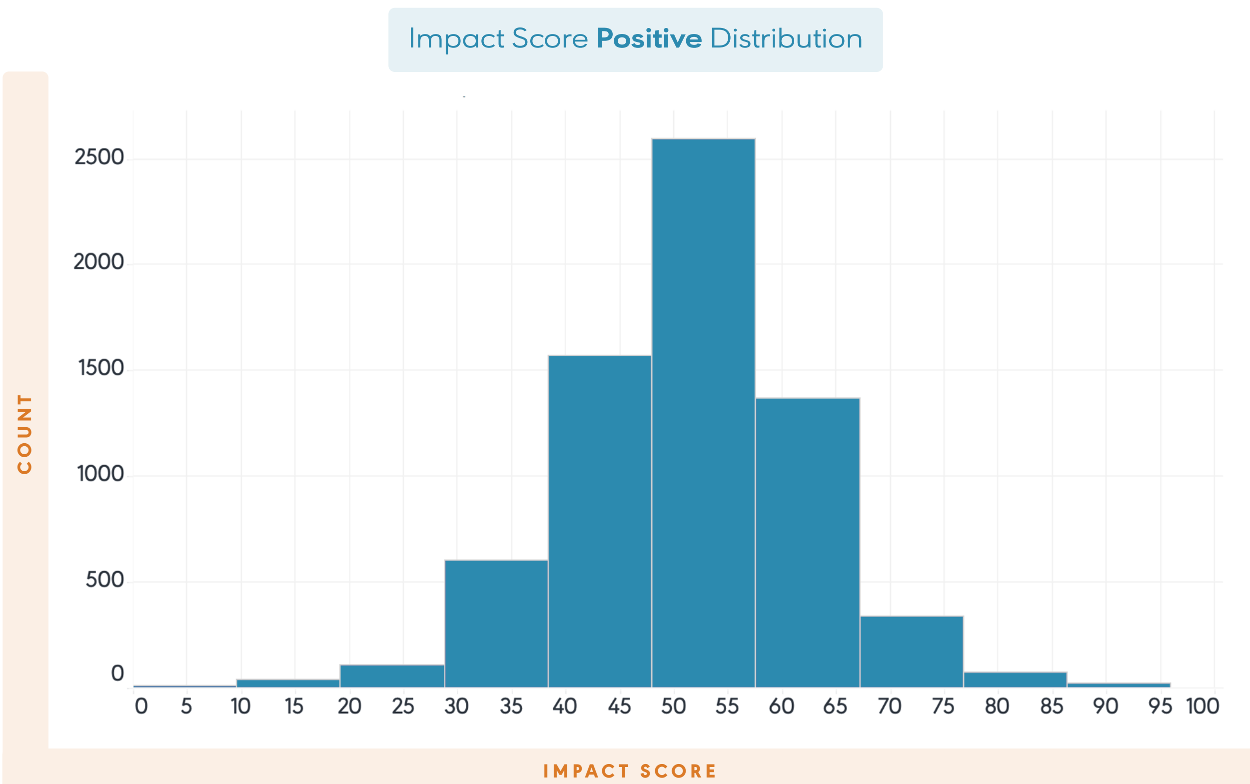

Figure 7: Positive Impact Scoring Distribution

(Companies featured include common stock and preferred assets from inspireinsight.com as of 9/30/21)

Section Three

Composite Scoring

Inspire Impact Scores can also be assigned to groups of individual securities, such as mutual funds, exchange traded funds (ETFs), and portfolios. For simplicity's sake, we will use the term Composite in this paper to reference such groupings of individual securities.

Calculating a useful and accurate score for a Composite involves several steps and is not as straightforward as it may appear on the surface. Many common mathematical averaging techniques do not produce favorable outputs for Composite Inspire Impact Scores. Following is a discussion of three possible averaging techniques and an explanation of the problems they would cause if used in calculating Composite Inspire Impact Scores, concluding with an analysis and description of the preferred calculation method.

(A) Simple Average of All Constituents

Taking the simple average of the Inspire Impact Scores of all underlying holdings within a Composite may seem like a plausible method to employ. However, problems arise in the output as this method would "cloak" serious violations potentially existent within a Composite and thus mislead investors. Consider the results that a simple average of all constituents would have on Composite A and Composite B:

Composite A	Composite B
99 holdings with positive Inspire Impact Scores	50 holdings with positive Inspire Impact Scores
1 holding with negative Inspire Impact Score	50 holdings with negative Inspire Impact Scores

Taking the simple average of all constituents of Composite A would return a positive Inspire Impact Score, giving the impression to investors that the Composite does not have any concerning violations that they should be aware of. Likewise, taking the simple average of all constituents in Composite B could also potentially return a positive Inspire Impact Score, again cloaking issues of concern within the Composite and failing to alert faith-based investors to look deeper before investing.

(B) Weighted Average of All Constituents

Similar to the simple average approach discussed above, applying a weighted average of the Inspire Impact Scores of all Composite holdings is problematic. Depending on the allocation percentages of each of individual holdings, there remains a high likelihood that issues of concern would be hidden from investors by signaling a positive Inspire Impact Score when in actuality there are problem areas in the Composite that faith-based investors would want to be alerted to and may prefer to exclude from their portfolio.

The only difference between the simple average and weighted average of all constituents is that the determining factor responsible for the cloaking problem is the proportion between the number of positive and negative holdings (for simple average) versus proportions of overall allocation percentage in the Composite between positive and negative holdings (for weighted average).

(C) Simple Average of Only Negative or Positive Constituents

To remedy the cloaking problem inherent in taking a simple or weighted average of the Inspire Impact Scores of all underlying holdings within a Composite, the Simple Average of Only Negative or Only Positive Constituents approach runs separate averaging calculations for the negative constituents and positive constituents.

When there are negative constituents present within a composite, this method calculates the simple average of only the negative Inspire Impact Scores present in the Composite and ignores the positive Inspire Impact Scores.

This method effectively cures the cloaking problem by always returning a negative Inspire Impact Score when there are negative issue category exposures in a Composite, effectively alerting faith-based investors to areas of concern that they should be aware of when seeking to align their investments with their biblical values. The problem arises with this method when there are only a small number of negative holdings representing a small percentage of the overall asset allocation of a Composite. Consider Composite C below:

Composite C
99% allocation to positive Inspire Impact Scores
1% holdings with -75 Inspire Impact Score

Given that there is exposure to areas of concern to faith-based investors, Composite C should receive a negative Inspire Impact Score; however, given that the negative issue exposure is only 1% of the overall allocation, the Inspire Impact Score should be minimally negative, such as a score of negative one (-1). But using the Simple Average of Only Negative or Only Positive Constituents approach would give this Composite an Inspire Impact Score of negative seventy-five (-75), which would give investors the wrong impression of the overall makeup of this Composite in relation to biblical values.

This method also is problematic for positive Inspire Impact Scores, as it diminishes the value of a high percentage of allocation to higher Inspire Impact Scoring holdings and gives less positive Inspire Impact Score holdings undue levels of influence on the overall Inspire Impact Score.

(D) Preferred Method: Weighted Average of Only Negative or Positive Constituents

It is possible to cure both the cloaking problem and lopsided influence problems of each of the above methods by utilizing a Weighted Average of Only Negative or Positive Constituents calculation. In this approach, if there are holdings with negative Inspire Impact Scores present in a Composite then a calculation of the weighted average of all negative Inspire Impact Scores relative to the percentage of overall asset allocation is employed and any positive Inspire Impact Scores in the Composite are ignored. When there are no negative Inspire Impact Scores present in a Composite, then a calculation of the weighted average of all positive Inspire Impact Scores relative to the percentage of overall asset allocation is employed.

This methodology produces the ideal results of: 1) Alerting investors to any areas of potential concern within a Composite, no matter how small in number or allocation; 2) Properly communicating to investors the overall exposure of problematic holdings within a Composite; and, 3) Appropriately rewarding Composites for greater allocations to higher Inspire Impact Score holdings.

Having arrived at the understanding of the most beneficial method of calculating Composite Inspire Impact Scores, the formula is defined as follows:

C_S Composite Inspire Impact Score

P Percentage allocation to negative or positive holdings

A Average of either negative or positive holdings scores

$$C_S=(P\cdot A)$$

Section Four

Performance Considerations

Observations Regarding Performance Correlations

Faith-based investors familiar with biblical texts such as the teaching of Proverbs 16:9 that "Better is a little with righteousness than great gains with injustice," will rightly prioritize morality and integrity of conviction above profit potential. No amount of profit is worth violating conscience or biblical morals. But prudent investment stewards would be remiss not to evaluate the potential effect that certain security selection factors, including faith-based factors such as the Inspire Impact Score, may or may not have on the performance of their portfolios. Ignorance is not a quality of good stewardship, either.

Thankfully, we believe that good returns and good values are not mutually exclusive.

Thankfully, we believe that good returns and good values are not mutually exclusive. The following data indicates that stocks with positive Inspire Impact Scores have generally provided better returns when compared against stocks with negative Inspire Impact Scores. This suggests that faith-based investors who built portfolios using only companies with positive Inspire Impact Scores had a greater chance of improved returns than investors who included companies with negative Inspire Impact Scores in their portfolios.

Past performance is not a guarantee of future results and investing with the Inspire Impact Score is not a guarantee of better or worse performance, but this correlation of improved returns and greater biblical values alignment as measured by the Inspire Impact Score should compel faith-based investors to consider the potential impact on their portfolios. No investment strategy is guaranteed to accomplish its objective. The following data is for informational purposes only and should not be considered investment advice.

Impact Score Vs 5Y Cumulative Return

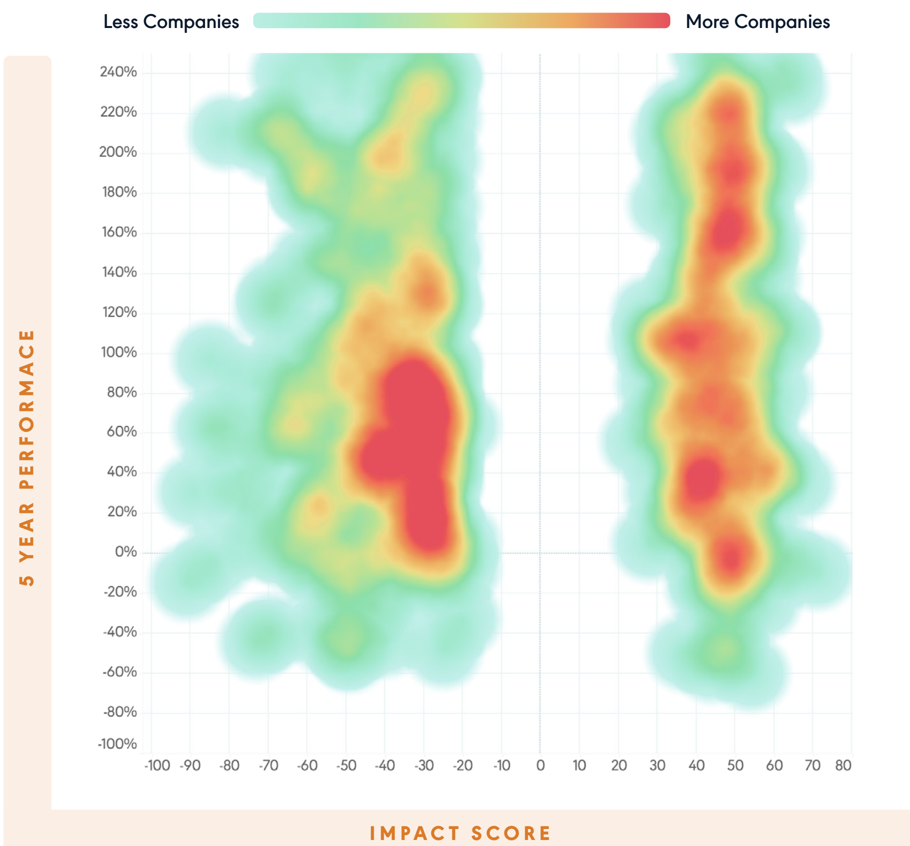

Figure 8: Impact Score Vs 5Y Cumulative Return

(Companies featured include common stock and preferred assets from inspireinsight.com as of 9/30/21)

Impact Score Vs Return

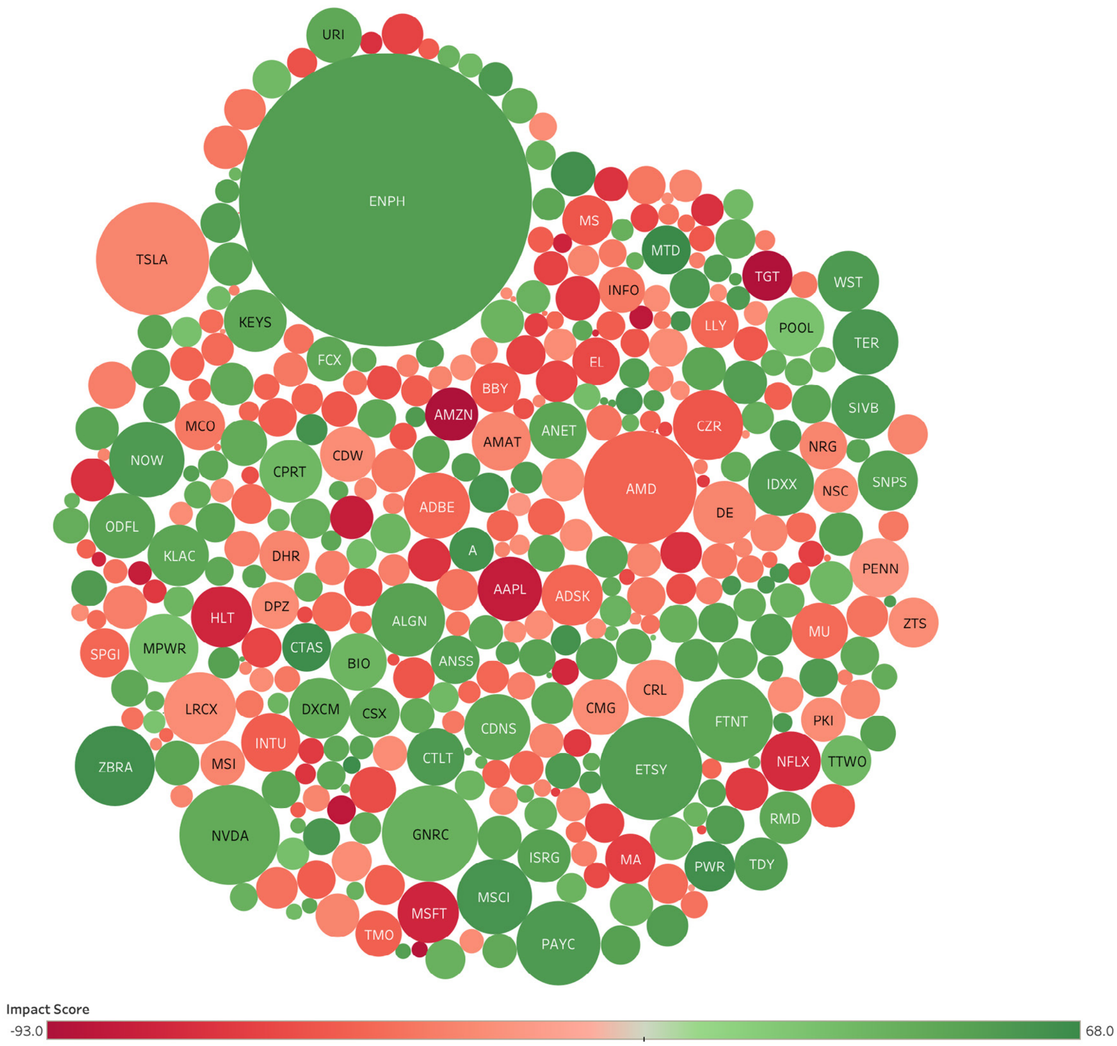

Figure 9: S&P 500 Constituent Impact Scores Vs 5 Year Cumulative Performance

(Companies featured include common stock and preferred assets from inspireinsight.com as of 9/30/21)

Conclusion

The Inspire Impact Score applies a faith-based, biblically responsible alternative to the secular field of ESG screening data by bringing the necessary rigor and reliability required by institutional investors and discerning retail investors to the faith-based investing industry. The Inspire Impact Score is not meant to "anoint" a company as "holy" or "Christian," but rather seeks to provide a simple method to compare the relative alignment of companies with a broad set of commonly used biblical, faith-based investment screening issues. In creating a values-based scoring system for companies and funds, our research showed that stocks with positive Inspire Impact Scores have generally provided better returns when compared against stocks with negative Inspire Impact Scores. This suggests that faith-based investors who built portfolios using only companies with positive Inspire Impact Scores had a greater chance of improved returns than investors who included companies with negative Inspire Impact Scores in their portfolios. These findings have provided faith-based investors' confidence that good morals and good returns are not mutually exclusive and that biblically responsible investing has the credibility to be used by all investors.

Appendix A

Screening Categories

Positive

Access & Affordability
The category addresses a company's ability to ensure broad access to its products and services, specifically in the context of underserved markets and/or population groups. It includes the management of issues related to universal needs, such as the accessibility and affordability of health care, financial services, utilities, education, and telecommunications.

Air Quality
The category addresses the management of air quality impacts resulting from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes) as well as industrial emissions. Relevant airborne pollutants include, but are not limited to, oxides of nitrogen (NOx), oxides of sulfur (SOx), volatile organic compounds (VOCs), heavy metals, particulate matter, and chlorofluorocarbons. The category does not include GHG emissions, which are addressed in a separate category.

Business Ethics
The category addresses the company's approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behavior that may have an ethical component. This includes sensitivity to business norms and standards as they shift over time, jurisdiction, and culture. It addresses the company's ability to provide services that satisfy the highest professional and ethical standards of the industry, which means to avoid conflicts of interest, misrepresentation, bias, and negligence through training employees adequately and implementing policies and procedures to ensure employees provide services free from bias and error.

Business Model Resilience
The category addresses an industry's capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning. This includes responsiveness to the transition to a low-carbon and climate-constrained economy, as well as growth and creation of new markets among unserved and underserved socio-economic populations. The category highlights industries in which evolving environmental and social realities may challenge companies to fundamentally adapt or may put their business models at risk.

Competitive Behavior
The category covers social issues associated with existence of monopolies, which may include, but are not limited to, excessive prices, poor quality of service, and inefficiencies. It addresses a company's management of legal and social expectation around monopolistic and anti-competitive practices, including issues related to bargaining power, collusion, price fixing or manipulation, and protection of patents and intellectual property (IP).

Critical Incident Risk Management
The category addresses the company's use of management systems and scenario planning to identify, understand, and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities. It relates to the culture of safety at a company, its relevant safety management systems and technological controls, the potential human, environmental, and social implications of such events occurring, and the long-term effects to an organization, its workers, and society should these events occur.

Customer Privacy

The category addresses management of risks related to the use of personally identifiable information (PII) and other customer or user data for secondary purposes including but not limited to marketing through affiliates and non-affiliates. The scope of the category includes social issues that may arise from a company's approach to collecting data, obtaining consent (e.g., opt-in policies), managing user and customer expectations regarding how their data is used, and managing evolving regulation. It excludes social issues arising from cybersecurity risks, which are covered in a separate category.

Customer Welfare

The category addresses customer welfare concerns over issues including, but not limited to, health and nutrition of foods and beverages, antibiotic use in animal production, and management of controlled substances. The category addresses the company's ability to provide consumers with manufactured products and services that are aligned with societal expectations. It does not include issues directly related to quality and safety malfunctions of manufactured products and services, but instead addresses qualities inherent to the design and delivery of products and services where customer welfare may be in question. The scope of the category also captures companies' ability to prevent counterfeit products.

Data Security

The category addresses management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data. It includes social issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed. It addresses a company's strategy, policies, and practices related to IT infrastructure, staff training, record keeping, cooperation with law enforcement, and other mechanisms used to ensure security of customer or user data.

Ecological Impacts

The category addresses management of the company's impacts on ecosystems and biodiversity through activities including, but not limited to, land use for exploration, natural resource extraction, and cultivation, as well as project development, construction, and siting. The impacts include, but are not limited to, biodiversity loss, habitat destruction, and deforestation at all stages, planning, land acquisition, permitting, development, operations, and site remediation. The category does not cover impacts of climate change on ecosystems and biodiversity.

Employee Engagement, Diversity & Inclusion

The category addresses a company's ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the basis of race, gender, ethnicity, religion, and other factors.

Employee Health & Safety

The category addresses a company's ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of their subcontractors. The category further captures how companies ensure physical and mental health of workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing, and personal protective equipment.

Energy Management

The category addresses environmental impacts associated with energy consumption. It addresses the company's management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance. Upstream (e.g., suppliers) and downstream (e.g., product use) energy use is not included in the scope.

GHG Emissions

The category addresses direct (Scope 1) greenhouse gas (GHG) emissions that a company generates through its operations. This includes GHG emissions from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes), whether a result of combustion of fuel or non-combusted direct releases during activities such as natural resource extraction, power generation, land use, or biogenic processes. The category further includes management of regulatory risks, environmental compliance, and reputational risks and opportunities, as they related to direct GHG emissions. The seven GHGs covered under the Kyoto Protocol are included within the category'carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

Human Rights & Community Relations

The category addresses management of the relationship between businesses and the communities in which they operate, including, but not limited to, management of direct and indirect impacts on core human rights and the treatment of indigenous peoples. More specifically, such management may cover socio-economic community impacts, community engagement, environmental justice, cultivation of local workforces, impact on local businesses, license to operate, and environmental/social impact assessments. The category does not include environmental impacts such as air pollution or waste which, although they may impact the health and safety of members of local communities, are addressed in separate categories.

Labor Practices

The category addresses the company's ability to uphold commonly accepted labor standards in the workplace, including compliance with labor laws and internationally accepted norms and standards. This includes, but is not limited to, ensuring basic human rights related to child labor, forced or bonded labor, exploitative labor, fair wages and overtime pay, and other basic workers' rights. It also includes minimum wage policies and provision of benefits, which may influence how a workforce is attracted, retained, and motivated. The category further addresses a company's relationship with organized labor and freedom of association.

Management of the Legal & Regulatory Environment

The category addresses a company's approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts. The category addresses a company's level of reliance upon regulatory policy or monetary incentives (such as subsidies and taxes), actions to influence industry policy (such as through lobbying), overall reliance on a favorable regulatory environment for business competitiveness, and ability to comply with relevant regulations. It may relate to the alignment of management and investor views of regulatory engagement and compliance at large.

Materials Sourcing & Efficiency

The category addresses issues related to the resilience of materials supply chains to impacts of climate change and other external environmental and social factors. It captures the impacts of such external factors on operational activity of suppliers, which can further affect availability and pricing of key resources. It addresses a company's ability to manage these risks through product design, manufacturing, and end-of-life management, such as by using of recycled and renewable materials, reducing the use of key materials (dematerialization), maximizing resource efficiency in manufacturing, and making R&D investments in substitute materials. Additionally, companies can manage these issues by screening, selection, monitoring, and engagement with suppliers to ensure their resilience to external risks. It does not address issues associated with environmental and social externalities created by operational activity of individual suppliers, which is covered in a separate category.

Physical Impacts of Climate Change

The category addresses the company's ability to manage risks and opportunities associated with direct exposure of its owned or controlled assets and operations to actual or potential physical impacts of climate change. It captures environmental and social issues that may arise from operational disruptions due to physical impacts of climate change. It further captures socio-economic issues resulting from companies failing to incorporate climate change consideration in products and services sold, such as insurance policies and mortgages. The category relates to the company's ability to adapt to increased frequency and severity of extreme weather, shifting climate, sea level risk, and other expected physical impacts of climate change. Management may involve enhancing resiliency of physical assets and/or surrounding infrastructure as well as incorporation of climate change-related considerations into key business activities (e.g., mortgage and insurance underwriting, planning and development of real estate projects).

Product Design & Lifecycle Management

The category addresses incorporation of sustainability considerations in characteristics of products and services provided or sold by the company. It includes, but is not limited to, managing the lifecycle impacts of products and services, such as those related to packaging, distribution, use-phase resource intensity, and other environmental and social externalities that may occur during their use-phase or at the end of life. The category captures a company's ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation. It does not address direct environmental or social impacts of the company's operations nor does it address health and safety risks to consumers from product use, which are covered in other categories.

Product Quality & Safety

The category addresses issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a company's ability to offer manufactured products and/or services that meet customer expectations with respect to their health and safety characteristics. It includes, but is not limited to, issues involving liability, management of recalls and market withdrawals, product testing, and chemicals/content/ingredient management in products.

Selling Practices & Product Labeling

The category addresses social issues that may arise from a failure to manage the transparency, accuracy, and comprehensibility of marketing statements, advertising, and labeling of products and services. It includes, but is not limited to, advertising standards and regulations, ethical and responsible marketing practices, misleading or deceptive labeling, as well as discriminatory or predatory selling and lending practices. This may include deceptive or aggressive selling practices in which incentive structures for employees could encourage the sale of products or services that are not in the best interest of customers or clients.

Supply Chain Management

The category addresses management of sustainability risks within a company's supply chain. It addresses issues associated with environmental and social externalities created by suppliers through their operational activities. Such issues include, but are not limited to, environmental responsibility, human rights, labor practices, and ethics and corruption. Management may involve screening, selection, monitoring, and engagement with suppliers on their environmental and social impacts. The category does not address the impacts of external factors, such as climate change and other environmental and social factors, on suppliers, operations and/or on the availability and pricing of key resources, which is covered in a separate category.

Systemic Risk Management

The category addresses the company's contributions to or management of systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend. This includes financial systems, natural resource systems, and technological systems. It addresses the mechanisms a company has in place to reduce its contributions to systemic risks and to improve safeguards that may mitigate the impacts of systemic failure. For financial institutions, the category also captures the company's ability to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements related to the complexity and interconnectedness of companies in the industry.

Waste & Hazardous Materials Management

The category addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a company's management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance. The category does not cover emissions to air or wastewater nor does it cover waste from end-of-life products, which are addressed in separate categories.

Water & Wastewater Management

The category addresses a company's water use, water consumption, wastewater generation, and other impacts of operations on water resources, which may be influenced by regional differences in the availability and quality of and competition for water resources. More specifically, it addresses management strategies including, but not limited to, water efficiency, intensity, and recycling. Lastly, the category also addresses management of wastewater treatment and discharge, including groundwater and aquifer pollution.

Negative

Abortifacients
Company produces abortifacient drugs. This category includes all pharmaceuticals used to terminate a pregnancy anytime from the moment of conception onward.

Abortion Legislation
Corporate sponsored political, legal or other activism that advocates for or provides abortions.

Abortion Philanthropy
Corporate guided philanthropy to organizations that advocate for or provide abortions. (Excludes employee matching programs.)

Alcohol
Companies that have a primary purpose of generating revenue from the sale, production, or distribution of alcohol.

Cannabis (Cultivation/Processing)
Cultivates or processes cannabis for retail or wholesale distribution.

Cannabis (Retail THC)
Produces or distributes retail cannabis products containing THC, which is the psychoactive component of cannabis.

Embryonic Stem Cell Research
Company is engaged directly or indirectly in embryonic stem cell research. This category includes companies which perform research on or produce products using embryonic stem cells, companies which provide embryonic stem cells to other entities and companies which utilize propagated stem cell lines which originally derived from embryonic stem cells.

Exploitation
Companies that contribute towards the unlawful and immoral practices of exploiting individuals for labor or sexual purposes.

Gambling
Company generates revenue from gambling. This category includes the operation of casinos or other gambling facilities, as well as manufacturing gambling machinery and or other gambling specific equipment.

In Vitro Fertilization
Companies that offer In Vitro Fertilization services or manufacture equipment to aid in procedures.

LGBT Legislation
Corporate sponsored legal, political or other activism that advocates for the promotion and acceptance of the LGBT lifestyle.

LGBT Philanthropy
Corporate guided philanthropy to organizations that advocate for the promotion and acceptance of the LGBT lifestyle. (Excludes employee match programs).

LGBT Promotion
Company engages in the promotion of LGBT issues in the marketplace through LGBT-themed product lines, corporate initiatives that celebrate LGBT such as Gay Pride Month, and other promotional activities.

Pornography
Company produces or distributes pornography. This category includes all media types, such as film, print and online. Also included are companies that produce AO (Adult Only) rated video games which contain pornographic content.

State Owned Enterprise
Company is owned and controlled by a Nation State/government, including situations where the State has veto power, or a “golden share” is owned by the State or State controlled agency.

Tobacco
Companies that have a primary purpose of generating revenue from growing, manufacturing or distributing tobacco products.

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