

# First Trust Direct Indexing Customization Menu

This menu is designed to help you identify, customize, and align your portfolio with your convictions.  
**Complete this menu with the assistance of your financial professional.**

## The Process

### Choose a values preset

Instead of choosing individual exclusions and/or positive tilts, you can simply select a pre-configured value set. These align with specific affinity groups or beliefs.

OR

### Choose your exclusions

These are the activities to be avoided by the companies in your portfolio.

*Discussing with your financial professional is highly recommended. If you select too many options, it may prevent the ability to create a viable, diversified portfolio.*

**In some cases, an exclusion category has two options:**

**Curated Exclusion:** to exclude the worst offending companies.

*Use this option for most, if not all, of your choices.*

**Broader Exclusion:** a broader group of companies with high involvement in the exclusion category.

*Use this sparingly, and only for categories that you feel most strongly about.*

### Choose your positive tilts

These are the activities to be favored in your portfolio.

### Identify any specific company or industry

**Blocked List:** Prohibits investment in your portfolio. List any specific company or industry to exclude.

**Allowed List:** Allows investment even if the company or industry is excluded by other selections. Write in any specific company or industry you want to include.

**Account Owner:**

**Advisory Firm:**

**Presets:**

Environmental Preservation

Labor Rights

Catholic (USCCB)

Protestant Conservative

Human Rights

Women's Inclusion

Catholic (Mensuram Bonam)

Protestant Progressive

Jewish (Orthodox)

Islamic (Shariah Compliant)

Eastern Orthodox

Jewish (Reformed)

Islamic (Less Restrictive)

**Environmental** (Suggested)  
Curated Exclusions   Broader Exclusions

**Carbon Emissions**

- Coal
- Conventional Oil & Gas
- Fracking
- Tar Sands

**Conservation**

- Animal Abuse & Testing
- Environmental Destruction
- Genetic Engineering (GMOs)
- Nuclear Energy

**Faith Related**

**Corporate Philanthropy**

- Pro-Choice Activism
- Non-Traditional Family Activism

**Human Life**

- Abortion
- Abortion Travel Allowance
- Contraceptives
- Embryonic Stem Cell Research
- Euthanasia
- Gender Reassignment Facilitation
- In Vitro Fertilization

**Lifestyle**

- Alcohol
- Gambling
- Pornography/Adult Entertainment
- Recreational Cannabis
- Social Media
- Tobacco
- Violent Entertainment

**Religious Tenets**

- Christian Values
- Religious Discrimination

**Governance** (Suggested)  
Curated Exclusions   Broader Exclusions

- Bribery & Corruption
- Excessive Political Advocacy
- Poor Corporate Governance
- Sexual Harassment

**Social**

**Consumer Welfare**

- Online Child Safety
- Poor Nutrition
- Predatory Lending
- Unethical Marketing
- Unsafe Products

**Human Rights**

- Chinese State-Linked Companies
- Human Rights Abuses
- Israeli-Linked Enterprises
- Private Prisons
- Russian-Linked Enterprises
- Supplying Oppressive Regimes
- Turkey-Linked Enterprises

**Labor Rights**

- Age, Gender & Racial Discrimination
- Child Labor
- Labor Rights Abuses
- Slave Labor & Trafficking

**Weapons**

- Civilian Firearms
- Controversial Weapons
- Conventional Military Weapons

Broader Exclusions include the worst offending companies represented by the Curated Exclusions as well as a broader group of companies with high involvement in the issue.  
 \*Includes all Coal, Conventional Oil & Gas, Fracking and Oil Sands securities.

Tilts shift the weighting of companies in the portfolio for greater impact in the selected area.

**Select only one from the Values and Factors sections.**

## Values

---

### Comprehensive

High Overall ESG Score

---

UN Sustainable  
Development Goals

---

### Environmental

High Environmental Score

---

Concern for Climate

---

Environmental Solutions

---

Low Carbon

---

### Social

High Social Score

---

Access to Healthcare

---

Israeli-Linked Companies

---

Racial Equity & Diversity

---

### Governance

High Governance Score

---

Women's Inclusion  
(Board Diversity)

---

## Factors

---

Dividend Yield

---

Earnings Yield

---

Growth

---

Leverage

---

Liquidity

---

Momentum

---

Quality

---

Size

---

Value

---

Volatility

---

## Blocked List

---

Write in any sector, industry or individual stocks you want to exclude. Blocked companies are removed from the portfolio construction process regardless of the screens or tilts selected. Specify related entities and all share classes (e.g. *Alphabet, GOOG, GOOGL and Walmart and Walmart Mexico*).

## Allowed List

---

Write in any individual stocks you want to include. Allowed stocks remain available for purchase regardless of the screens or tilts selected.

# Environmental, Social & Governance Presets

## Environmental

	Environmental Preservation	Human Rights	Labor Rights	Women's Inclusion
<b>Carbon Emissions</b>				
Coal	✓			
Conventional Oil & Gas	✓			
Fracking	✓			
Tar Sands	✓			
<b>Conservation</b>				
Animal Abuse & Testing	✓			
Environmental Destruction	✓			
Genetic Engineering (GMOs)	✓			
Nuclear Energy	✓			

## Social

### Consumer Welfare

Online Child Safety				
Poor Nutrition				
Predatory Lending		✓		
Unethical Marketing				
Unsafe Products				

### Human Rights

Chinese State-Linked Companies		✓		
Human Rights Abuses		✓	✓	✓
Israeli-Linked Enterprises				
Private Prisons		✓		
Russian-Linked Enterprises				
Supplying Oppressive Regimes		✓		
Turkey-Linked Enterprises				

### Labor Rights

Age, Gender & Racial Discrimination		✓	✓	✓
Child Labor		✓	✓	
Labor Rights Abuses		✓	✓	✓
Slave Labor & Trafficking		✓	✓	✓

### Weapons

Civilian Firearms				
Controversial Weapons	✓			
Conventional Military Weapons				

## Governance

	Environmental Preservation	Human Rights	Labor Rights	Women's Inclusion
Bribery & Corruption			✓	
Excessive Political Advocacy				
Poor Corporate Governance			✓	
Sexual Harassment		✓	✓	✓

## Faith Related

### Corporate Philanthropy

Pro-Choice Activism				
Non-Traditional Family Activism				

### Human Life

Abortion				
Abortion Travel Allowance				
Contraceptives				
Embryonic Stem Cell Research				
Euthanasia				
Gender Reassignment Facilitation				
In Vitro Fertilization				

### Lifestyle

Alcohol				
Gambling				
Pornography/Adult Entertainment		✓	✓	✓
Recreational Cannabis				
Social Media				
Tobacco				
Violent Entertainment				

### Religious Tenets

Christian Values				
Religious Discrimination		✓		

# Faith Based Presets

<b>Environmental</b>	<b>Catholic</b> US Conference of Catholic Bishops	<b>Catholic</b> Vatican Mensuram Bonam	<b>Eastern Orthodox</b>	<b>Protestant</b> Conservative	<b>Protestant</b> Progressive	<b>Jewish</b> Orthodox	<b>Jewish</b> Reformed
<b>Carbon Emissions</b>							
Coal		✓	✓			✓	✓
Conventional Oil & Gas							
Fracking		✓	✓				✓
Tar Sands		✓	✓				✓
<b>Conservation</b>							
Animal Abuse & Testing		✓				✓	
Environmental Destruction	✓	✓	✓		✓	✓	✓
Genetic Engineering (GMOs)		✓					
Nuclear Energy							
<b>Social</b>							
<b>Consumer Welfare</b>							
Poor Nutrition							
Predatory Lending		✓	✓			✓	✓
Unethical Marketing		✓	✓				
Unsafe Products		✓					
<b>Human Rights</b>							
Chinese State-Linked Companies		✓					
Human Rights Abuses	✓	✓	✓	✓	✓	✓	✓
Israeli-Linked Enterprises							
Private Prisons						✓	✓
Russian-Linked Enterprises							
Supplying Oppressive Regimes	✓	✓	✓	✓	✓		✓
Turkey-Linked Enterprises							
<b>Labor Rights</b>							
Age, Gender & Racial Discrimination	✓	✓	✓		✓	✓	✓
Child Labor		✓	✓				
Labor Rights Abuses		✓	✓	✓	✓	✓	✓
Slave Labor & Trafficking		✓	✓	✓	✓	✓	✓
<b>Weapons</b>							
Civilian Firearms	✓	✓	✓				✓
Controversial Weapons	✓	✓	✓		✓	✓	✓
Conventional Military Weapons		✓	✓		✓		

# Faith Based Presets

<b>Governance</b>	<b>Catholic</b> US Conference of Catholic Bishops	<b>Catholic</b> Vatican Mensuram Bonam	<b>Eastern Orthodox</b>	<b>Protestant</b> Conservative	<b>Protestant</b> Progressive	<b>Jewish</b> Orthodox	<b>Jewish</b> Reformed
Bribery & Corruption		✓	✓			✓	
Excessive Political Advocacy							
Poor Corporate Governance		✓					
Sexual Harassment		✓	✓				

## Faith Related

### Corporate Philanthropy

Pro-Choice Activism							
Non-Traditional Family Activism							

### Human Life

Abortion	✓✓	✓✓	✓	✓			
Abortion Travel Allowance							
Contraceptives	✓	✓					
Embryonic Stem Cell Research	✓✓	✓✓	✓	✓			
Euthanasia	✓	✓	✓				
Gender Reassignment Facilitation	✓	✓					
In Vitro Fertilization	✓						

### Lifestyle

Alcohol		✓		✓			
Gambling	✓	✓		✓			
Pornography/Adult Entertainment	✓	✓	✓	✓	✓		
Recreational Cannabis	✓	✓		✓			
Social Media							
Tobacco	✓	✓		✓		✓	✓
Violent Entertainment		✓	✓	✓			

### Religious Tenets

Christian Values							
Religious Discrimination	✓	✓	✓	✓	✓	✓	✓

✓✓ Indicates use of Broad rather than Curated definitions of these categories.

---

# First Trust Advisors Direct Indexing Islamic Screens

## Islamic Screen (Sharia-Compliant)

Identifies non-compliant companies according to Sharia investment principles, using MSCI's Islamic screen. This screening methodology has been approved by MSCI's Sharia advisors' committee of Sharia scholars.

**Business Activity** - Exclusion of companies that derive more than 5% of their revenues from:

- Adult Entertainment
- Alcohol
- Cinema
- Conventional Finance
- Dating Services
- Defense & Weapons
- Gambling
- Hotels
- Music
- Pork
- Tobacco

**Financial Ratios** – Exclusion of companies whose following ratios are equal to or greater than 33.33%:

- Total debt/total assets
- Sum of cash & interest-bearing securities/total assets
- Sum of accounts receivables & cash/total assets

**Dividend Purification** – FTA will provide a year-end report calculating the proportion of restricted revenue to be deducted from the dividends received to be given to charity.

### Impact of Sharia-Compliant Islamic screen (as of March 26, 2026)

- S&P 500 – screens out 357 companies of 503, representing 75% of the market weight of the index
- MSCI ACWI – screens out 1,812 companies of 2,515, representing 74% of the market weight of the index

## Islamic Screen (Less Restrictive)

Identifies non-compliant companies according to Islamic investment principles, using a methodology as described by Dr. Shariq Nisar of the Rizvi Institute of Management Studies and Research.

**Business Activity** - Exclusion of companies that derive more than 5% of their revenues from:

- Adult Entertainment
- Alcohol
- Defense & Weapons
- Gambling
- Pork
- Tobacco

**Financial Ratios** – Exclusion of companies whose following ratios are equal to or greater than 33.33%:

- Total debt/trailing-twelve-month market capitalization
- Sum of cash & interest-bearing securities/trailing-twelve-month market capitalization

Exclusion of companies whose following ratios are equal to or greater than 49%:

- Sum of accounts receivables & cash/trailing-twelve-month market capitalization

**Dividend Purification** – FTA will provide a year-end report calculating the proportion of restricted revenue to be deducted from the dividends received to be given to charity.

### Impact of Less Restrictive Islamic screen (as of March 26, 2026)

- S&P 500 – screens out 189 companies of 503, representing 20% of the market weight of the index
- MSCI ACWI – screens out 1,198 companies of 2,515, representing 30% of the market weight of the index

## Brightlight Impact Advisory

Brightlight is a mission driven organization providing institutional grade services to impact and responsible investors around the world. Brightlight offers support with design and implementation of all aspects of responsible investing, including screening, ESG integration, engagement and impact investing. Their aim is to empower investors to reflect their values in the way that their capital is invested.

The Brightlight team has over 70 years of combined experience in responsible investing, and was responsible for the design and construction of Christian Super's award-winning responsible and impact investment portfolios. With professional experience in responsible investing, impact investing, investment banking, social entrepreneurship and debt advisory across five continents, the Brightlight team brings deep knowledge of all aspects of investment.

## Exclusion Definitions

We work with Brightlight Impact to carefully and rigorously curate a list of companies that meet the level of materiality or egregiousness to warrant being excluded for each values criterion. We strongly suggest selecting the Curated Exclusions for each criterion.

For categories noted below with an asterisk (\*), we also offers a broader option to exclude more companies with exposure to that values criterion at lower levels of materiality. We only suggest selecting the Broader Exclusions in select situations where the investor has an extremely strong aversion to that criterion, as it could significantly increase the number of securities excluded and increase tracking error of the portfolio to the benchmark.

Data sourced from providers other than Brightlight Impact are noted.

## Environmental

### Carbon Emissions

- **Coal** - Absolute exclusion of any company involved in the ownership of thermal coal reserves, thermal coal mining, or coal-fired power generation.

- **Conventional Oil & Gas\*** - Absolute exclusion of any company that derives revenue from oil and gas production (including upstream involvement only).

*Broader Exclusion:* Absolute exclusion of any company that derives revenue from upstream, midstream, or downstream oil and gas involvement. This includes extraction and production or providing services to enable this, pipelines, transportation, distribution, refining, trading, or retail involvement. Absolute exclusion of any company that derives revenue from fossil fuel energy generation.

- **Fracking** - Absolute exclusion of any company that uses hydraulic fracturing (fracking) in the extraction of shale oil and shale gas.

- **Tar Sands** - Absolute exclusion of any company that owns reserves of or mines tar sands.

### Conservation

**Animal Abuse & Testing\*** - Excludes companies involved in farming practices of overcrowding or factory farming and companies that fail to uphold industry standard welfare practices. Also excludes companies with cases of the live exportation of animals that involve poor planning or management resulting in unnecessary animal suffering and companies that continue to conduct animal testing unnecessarily without consideration of replacement, reduction and refinement of animal testing procedures.

*Broader Exclusion:* Absolute exclusion of companies involved in factory farming or animal testing on non-medical products.

**Environmental Destruction\*** - Excludes companies that flagrantly ignore their responsibilities to appropriately address waste stewardship practices in their own operations and supply chains and do not demonstrate a tangible commitment to taking appropriate action to manage waste. Also excludes companies found harshly monopolizing water resources to the exclusion of others and destroying people's ability to access water for their own use. Expects companies to avoid excessive or illegal contamination of soil and water and excessive or illegal air pollution, as well as to show concern for indigenous and/or local communities and for the waste effects of their products and services over their whole life cycle.

*Broader Exclusion:* Absolute exclusion of any companies whose business activities result in material levels of environmental contamination or destruction of air, soil, or water resources.

**Genetic Engineering (GMOs, genetically modified organisms)** - Excludes companies on a case-by-case basis where they either fail to be transparent about their genetic engineering activities, have no or inadequate systems in place to address moral risk, cause undue harm, particularly by causing disadvantage to those in need, or create undue dependence on their products (e.g. agricultural terminator genes).

**Nuclear Energy\*** - Excludes companies that derive more than 25% of their revenue from nuclear energy production or more than 50% of their revenue from its distribution. Also excludes companies who derive 50% or more of their revenue from providing planning, construction, installation, or development services or manufactures and supplies equipment for nuclear power plants.

*Broader Exclusion:* Absolute exclusion of any company involved in the production or distribution of nuclear energy and/or uranium. This also involves companies who provide planning, construction, installation, or development services or manufactures and supplies equipment for nuclear power plants.

## Brightlight Approach

- **Absolute Screens**, where clients wish to identify a specific activity and screen all companies involved in that activity, regardless of the materiality of that activity to the company's overall business. This is typically applied in areas like Controversial Weapons or Abortifacients.
- **Involvement Screens**, where clients wish to identify companies with a material business exposure to a screened activity, and then screen companies who fail a particular revenue threshold as a percentage of their business. This is typically applied in areas such as Alcohol or Fossil Fuels.
- **Qualitative Screens**, where clients wish to identify broad behaviors that are problematic and screen out companies based on the level of severity of exposure. This is typically applied in much more subjective areas, such as Human Rights Abuses or Child/Forced Labor.

## Social

### Consumer Welfare

**Online Child Safety\*** - Excludes companies that have demonstrated a consistent repeated failure to prevent harm to children through failing to appropriately moderate and restrict online interactions with other people and objectional content or failing to provide effective and comprehensive parental controls.

*Broader Exclusion:* Absolute exclusion of any company that fails to effectively moderate online interactions or content and offer basic features enabling parents to curate content for children.

**Poor Nutrition\*** - Excludes companies that consistently perform below industry standards because they contribute substantially to the problem of obesity and unhealthy eating by providing foods with little or no nutritional value (such as soft drink and confectionery), by failing to provide healthy alternatives, or by manipulating their food content to encourage excessive and unhealthy levels of consumption.

*Broader Exclusion:* Absolute exclusion of companies that produce food with little-to-no nutritional value, or encourage unhealthy levels of consumption.

**Predatory Lending\*** - Excludes companies involved in predatory lending, unethical credit practices, aggressive debt collection practices, and deliberate exploitation of, or severe discrimination against, the poor through financial services. This includes, but is not limited to, payday lenders and other credit providers who mislead/misinform borrowers on contract details and hidden costs, target youth with credit cards, and regularly offer increased credit limits. Special consideration will be given where lending is focused on socially aware impact investing (e.g., microfinance).

*Broader Exclusion:* Absolute exclusion of companies associated with controversial lending practices.

**Unethical Marketing\*** - Excludes companies consistently involved in a material level of improper marketing, where there is no attempt to rectify such improper marketing upon engagement. Improper marketing shall be taken to include:

- Marketing that deliberately lies and deceives.
- Marketing of products to the vulnerable (including children) that damages their health and/or overall wellbeing.
- Highly sexualized or violent advertising.

*Broader Exclusion:* Absolute exclusion of companies that are involved in producing or displaying inappropriate and improper marketing.

**Unsafe Products\*** - Excludes companies whose products violate relevant safety or quality standards, or who defend their products when a product is proven to be harmful or unsafe.

*Broader Exclusion:* Absolute exclusion of companies whose products result in the harm of users, and where the company attempts to discredit research that indicates their product to be harmful or unsafe.

### Human Rights

**Chinese State-Linked Companies\*** - Human rights abuses that have occurred in the oppression and forced assimilation of the Uyghur people, as well as the persecution of Christians and other religious groups for practicing their beliefs. In addition to this, the oppressive political systems in the country systematically disregard human rights and freedom of speech. Due to the communist political structure of China, many companies operating in China are partially or wholly owned and controlled by the Communist Party of China. As such, there is a high risk involved in investing in companies operating in China, and all State-owned Enterprises (SOEs) and companies involved in supporting the government's violation of human rights will be excluded.

*Broader Exclusion:* Exclusion of any company that is otherwise involved in actively supporting the Chinese government's program of human rights abuses.

**Human Rights Abuses\*** - Excludes companies where human rights violations result as a direct consequence of that company's actions or inactions. Reference may be made to international norms developed by international bodies such as UNGC (United Nations Global Compact), ILO (International Labor Organization), UNICEF (United Nations Children's Fund) and the UNHRC (United Nations Human Rights Council).

*Broader Exclusion:* Absolute exclusion of companies involved in serious cases of violence, assault, discrimination, or other abuses of the most basic human rights.

## Definitions (Continued)

**Israeli-Linked Enterprises\*** - Excludes Israeli State-owned Enterprises (SOEs), Israeli-domiciled companies, and companies significantly involved in supporting the government's violation of human rights against the Palestinian people and other Arab minority groups in its aggressive expansionist policies in the West Bank and the Gaza Strip.

**Broader Exclusion:** Exclusion of companies operating in Israel or the Occupied Palestinian Territory (OPT) that are contributing to the development of Israeli settlements outside of Israel's national borders.

**Private Prisons** - Excludes companies involved in the operation or management of privately-run prisons, particularly where revenue structures incentivize poor practice.

**Russian-Linked Enterprises\*** - We continue to monitor public companies doing business in Russia. In so doing, we use several sources, most notably Yale's list, compiled by their Chief Executive Leadership Institute (CELL). Yale's CELL list is derived using both public and non-public sources. Based on these data, Yale's CELL assigns a letter grade ("A" to "F") to each company for which they maintain these data. A grade of "F" denotes companies defying demands for exit or reduction of activities. A grade of "D" denotes companies holding off on new investments and development while continuing substantive business in Russia. We reviewed Yale's list and excluded those public companies with either a "D" or "F" grade, or otherwise having significant ongoing business in the country. This does not include companies providing healthcare, staple foods, or other essential services.

**Broader Exclusion:** Exclusion of companies with material ongoing involvement in Russia – this includes companies providing essential goods and services

**Supplying Oppressive Regimes\*** - Excludes companies with substantial operations in, or actively supporting, countries with severe or moderately oppressive governments, including the following jurisdictions: Afghanistan, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Iran, Iraq, Libya, Morocco, Myanmar, North Korea, Russia, Saudi Arabia, Somalia, South Sudan, Sudan, Syria, Venezuela and Yemen. Companies providing an essential good or service will not be excluded from the investment universe. Leniency will be given to companies which commenced operations in a country prior to the deterioration of the political situation. Conversely, stricter standards will be applied to companies entering during a time of ethical concern.

**Broader Exclusion:** Exclusion of any company with objectionable involvement in countries of concern, regardless of severity rating, including the following jurisdictions (these are in addition to those already named under the Curated Exclusions): Mali, Turkmenistan, and Zimbabwe.

**Turkey-Linked Enterprises\*** - There is strong religious nationalism in the largely Muslim nation of Turkey. As a result, Christians are a minority and face widespread religious persecution. This persecution was most significantly demonstrated in the Armenian genocide (1915-1916), in which a considerable number of Armenian Christians were killed. To this day, Turkey refuses to call the event an act of genocide and have acted to suppress discussion of the event in the country. This screen excludes Turkish-domiciled companies, Turkish State-owned enterprises, and companies with significant operations in the country.

### Labor Rights

**Age, Gender & Racial Discrimination\*** - Excludes companies with the most systemic and egregious failures to uphold appropriate standards in relation to discrimination in the workplace based on age, gender or race.

**Broader Exclusion:** Absolute exclusion of companies where discrimination based on gender or race is present in a material form in their operations or their supply chains.

**Child Labor\*** - Excludes companies who fail to uphold appropriate standards in the prevention of child labor practices resulting in the prevalence of the worst forms of child labor in their operations or their supply chains.

**Broader Exclusion:** Absolute exclusion of any company linked to cases of child labor in their operations or their supply chains, or that have exposure to supply chains with a high risk of child labor being present. This includes companies for whom particular materials and geographies have been identified to have high risks of child labor being present.

**Labor Rights Abuses\*** - Excludes the most systemic and egregious cases of companies who fail to uphold appropriate standards in relation to freedom of association, harassment, workplace health & safety, and other similar practices.

**Broader Exclusion:** Absolute exclusion of companies where anti-union behavior, harassment and other labor rights abuses are present in any form in their operations or their supply chains and/or companies that demonstrate poor workplace health and safety standards in their operations or their supply chains.

**Slave Labor & Trafficking\*** - Excludes companies that fail to uphold appropriate standards in relation to forced labor, debt bondage, human trafficking and other similar practices that restrict basic human freedoms.

**Broader Exclusion:** Absolute exclusion of companies linked to cases of forced labor, debt bondage, human trafficking, or other similar practices in their operations or their supply chains.

### Weapons

**Civilian Firearms\*** - Excludes companies deriving more than 5% of revenues from the manufacture or more than 10% of revenues from distribution of firearms, pistols, handguns, rifles, shotguns, and handheld automatic or semi-automatic weapons and ammunition for such weapons.

**Broader Exclusion:** Absolute exclusion of any company involved in the production or distribution of civilian weapons and firearms.

**Controversial Weapons** - Excludes companies involved in the production or distribution of controversial weapons. Controversial weapons are weapons which are indiscriminate in targeting and disproportionate in impact, on civilian populations; the effects of which may continue long after initial deployment. These include atomic, biological or chemical weapons, as well as anti-personnel land mines and cluster munitions.

**Conventional Military Weapons\*** - Excludes companies that derive more than 5% of revenues from the manufacture of military weapons and military-specific supporting systems or more than 10% of revenues from the distribution of military weapons and military-specific supporting systems.

**Broader Exclusion:** Absolute exclusion of any company involved in the production or distribution of conventional military weapons and military-specific supporting systems.

### Governance

**Bribery & Corruption\*** - Excludes companies where there is high likelihood of involvement in bribery or corruption, denial of wrongdoing is continuing, and/or tangible commitment to taking appropriate preventative action is minimal.

**Broader Exclusion:** Absolute exclusion of companies that are implicated in corrupt behavior or the use of bribery.

**Poor Corporate Governance\*** - Excludes companies that demonstrate severe failings of corporate governance. This can be demonstrated by lack of board diversity or independence, failure to implement appropriate controls, and other significant governance issues and typically result in regulator penalties or lawsuits.

**Broader Exclusion:** Absolute exclusion of companies that demonstrate failings of corporate governance.

**Sexual Harassment\*** - Excludes companies where there is evidence of a workplace culture that promotes, covers up, or otherwise condones sexual harassment or other discriminatory behavior based on victims' identity as female or male.

**Broader Exclusion:** Absolute exclusion of companies involved in serious or systemic cases of sexual harassment or other discriminatory behavior based on victims' identity as female or male.

**Excessive Political Advocacy** - Excludes companies that advocate and impose political views out of their normal sphere of influence in an aggressive or offensive manner, while failing to respect the place for disagreement or plurality of perspectives on these issues.

### Faith Related

#### Corporate Philanthropy

**Pro-Choice Activism** - (Source: IWP Capital) Excludes companies that make corporate contributions to abortion activist organizations.

**Non-Traditional Family Activism** - (Source: IWP Capital) Excludes companies that make corporate contributions to non-traditional family activist organizations.

#### Human Life

**Abortion\*** - Excludes companies involved in the direct service of elective abortion or drugs intended to induce abortion. These include:

Healthcare clinics or hospitals where records indicate that elective abortions have been provided. This includes companies that are majority owners (>50%) of elective abortion service providers.

All abortion pills (e.g. RU486) and other medications designed to induce abortion.

**Broader Exclusion:** In addition to the curated exclusions, broad abortion exclusions will include:

Healthcare clinics or hospitals where non-elective abortions or acute care services are provided, including companies that are owners (>20%) of abortion service providers.

All intrauterine devices (IUDs), such as copper IUDs or levonorgestrel (LNG) IUDs that are claimed to prevent implantation.

All insurance companies that cover elective abortion procedures.

Products where abortifacient-like side effects are present but are not part of the intended use-case (and are not marketed as a second use-case).

Distributors of abortifacient drugs, including pharmacies.

Producers of tools specifically for use in abortion procedures, specifically tenaculum forceps.

**Abortion Travel Allowance\*** - Excludes insurance companies that provide coverage to subsidize travel costs for employees seeking abortions interstate, as a part of their standard health plan policies offered to employers.

**Broader Exclusion:** In addition to the curated exclusions, excludes companies that have made specific commitments to subsidize travel costs for employees seeking abortions interstate as a direct result of *Roe vs. Wade* being overturned. We will not screen companies whose general employee healthcare policies cover travel costs for employees seeking abortions interstate.

**Contraceptives** - Excludes companies that produce and/or license contraceptives, or companies that own contraceptive producers.

**Embryonic Stem Cell Research\*** - Excludes any company involved in research that involves the current destruction of human embryos at any stage during development.

**Broader Exclusion:** Excludes any company involved in the production of enabling technology for embryonic research, or companies that are involved in research conducted using fetal cell lines. Additional exclusion of any company involved cloning research that seeks to create embryonic stem cells.

**Euthanasia** - Excludes any company that offers voluntary assisted dying services or conduct medical procedures that involve human euthanasia, where the individual's body would otherwise be able to sustain life. Also excludes any company that produces drugs commonly used to euthanize patients.

**Gender Reassignment Facilitation\*** - Excludes any company that promotes and facilitates the alteration of an individual's sex. This includes companies conducting gender reassignment surgery, as well as companies that produce and sell "puberty blocker" medication.

**Broader Exclusion:** *In addition to the curated exclusions, excludes insurance companies that provide coverage for gender reassignment surgeries.*

**In Vitro Fertilization\*** - Excludes any company that operates fertility clinics that include IVF procedures or otherwise offer IVF services. This screen includes companies that are majority owners (>50%) of operators of clinics, and companies that develop technologies to facilitate IVF procedures.

## Lifestyle

**Alcohol\*** - Excludes companies that derive more than 5% of their revenue from alcoholic beverage production or 20% of their revenue from their distribution.

**Broader Exclusion:** *Absolute exclusion of any company involved in the production or distribution of alcoholic beverages.*

**Recreational Cannabis\*** - Excludes any company who derives more than 5% of their revenue from the production or 20% of their revenue from distribution of cannabis and its related products for recreational use. Companies involved in production and distribution for medicinal use and research will not be excluded from the investible universe.

**Broader Exclusion:** *Exclusion of any company with involvement in the production or distribution of cannabis and its related products for recreational use. Companies involved exclusively in the production and distribution of cannabis for medicinal use and research will not be excluded from the investible universe.*

**Gambling\*** - Excludes companies involved in gambling related products and services with a 5% revenue materiality test. This includes, but is not limited to: operation or ownership of gambling establishments (e.g. casinos, online gambling sites, race tracks, production of slot machines, video lottery terminals and gambling software).

**Broader Exclusion:** *Absolute exclusion of any company involved in gambling related products and services.*

**Pornography/Adult Entertainment\*** - Excludes companies involved in the production and/or development of adult entertainment and inappropriate products and/or that derive 5% or more revenue from the distribution of adult entertainment and inappropriate products.

**Broader Exclusion:** *Absolute exclusion of any company that produces or distributes pornographic or other adult material.*

**Social Media\*** - Excludes social media companies that fail to appropriately moderate content, address the risks of undue influence on free dialogue by political actors, or provide effective and comprehensive parental controls.

**Broader Exclusion:** *In addition to the curated exclusions, excludes companies that fail to offer robust features to promote healthy usage habits for users. This includes features such as infinite scroll, social validation feedback loops, and other similar features to encourage long periods of content consumption*

**Tobacco\*** - Excludes companies that derive more than 2% of their revenue from tobacco production and/or 10% of their revenue from tobacco distribution of consumable tobacco products and services.

**Broader Exclusion:** *Absolute exclusion of any company that produces or distributes tobacco products.*

**Violent Entertainment\*** - Excludes companies that derive a majority of revenue from the promotion of inappropriately violent real-life and simulated activities for entertainment. This includes violent video games. Consideration will be given to a company's level of involvement or support for the activity, as well as the nature and intention of the activity. With regards to the activity we will give consideration to the extent of harm required before participants receive medical treatment, the extent to which the activity promotes a culture of violence as entertainment and the intention behind the violence, tactical or otherwise.

**Broader Exclusion:** *Absolute exclusion of any company involved in the development or promotion of inappropriately violent real-life or simulated activities for entertainment. This includes violent video games and other products that simulate violent activities.*

## Religious Tenets

**Christian Values** - Excludes companies that act and operate in ways that are contradictory to core Christian values and morals in areas other than those covered by other screens. This is focused on companies that fail to respect human dignity and wellbeing, given how the Bible calls upon people to relate to one another.

**Religious Discrimination** - Excludes companies exhibiting discriminatory behavior against individuals or groups based on their religion, or actions that restrict the freedom of an individual or group to express religious activity. Companies whose business activities and/or behavior demonstrate a violation of these religious freedoms will be excluded on a case by case basis.

## Tilt Definitions

### Comprehensive

**High Overall ESG Score** - (Source: MSCI ESG) Optimizes to companies that have a high overall Environmental Social and Governance rating, based on an industry relative assessment of their aggregate ESG risks and opportunities. Management measures are generally evaluated through companies' governance structures, policies and targets, quantitative performance metrics, and relevant controversies.

**United Nations Sustainable Development Goals** - (Source: MSCI ESG) Optimizes to companies that are strongly aligned with and showing net positive contribution towards addressing the following 17 United Nations Sustainable Development Goals (UNSDG):

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice, and Strong Institutions
17. Partnership for the Goals

### Environmental

**High Environmental Score** - (Source: MSCI ESG) Optimizes to companies that have a high overall Environmental rating, based on an assessment of their exposure to risks or opportunities to manage their exposure related to climate change (carbon emissions, climate change vulnerability, financial environmental impact, product carbon footprint), natural capital (biodiversity & land use, raw material sourcing, water stress), pollution & waste (electronic waste, packaging material & waste, toxic emissions & waste), and environmental opportunities (opportunities in clean tech, green building, and renewable energy).

**Concern for Climate** - Optimizes to companies that have committed to, and are making demonstrable progress toward achieving, operational emissions reductions in line with the Paris Agreement of limiting global warming to less than 2°C by 2050, and ideally to less than 1.5°C, when compared to pre-industrial levels. This includes companies that have:

- Total Scope 1 & 2 CO2 emissions less than 1 million tCO2,
- Scope 1 & 2 CO2 emissions intensity that is lower than 500tCO2/\$m revenue,
- Scope 1 & 2 CO2 emissions intensity with a more than 10tCO2/\$m revenue reduction over a rolling 3-year period,
- Committed to net zero scope 1 & 2 CO2 emissions by 2050 at the latest, and
- Set an emissions reductions target for Scope 3 CO2 emissions

**Environmental Solutions** - Optimizes to companies that are demonstrating leading practice in developing and utilizing environmentally friendly solutions in their operations. These solutions may include:

- Responsible waste disposal,
- Circular economy & recycling technologies,
- Desalination and water purification technologies,
- Sustainable building materials,
- Carbon capture and storage or sequestration, or
- Green alternatives to emissions intensive material production – e.g., green steel, green hydrogen, low-methane stock feeds, etc.

**Low Carbon** - (Source: MSCI ESG) Optimizes to companies that have Low Carbon Transition Risk, based on a long-term (i.e. greater than 5 years) assessment of 1) their exposure through involvement in carbon-intensive operations and 2) their exposure through involvement in or solutions for carbon-intensive products.

### Social

**High Social Score** - (Source: MSCI ESG) Optimizes to companies that have a high overall Social rating, based on an assessment of their exposure to risks or opportunities to manage their exposure related to human capital (health & safety, human capital development, labor management, supply chain labor standards), product liability (chemical safety, consumer finance protection, privacy & data security, product safety & quality, responsible investment), stakeholder opposition (community relations, controversial sourcing), and social opportunities (access to finance, access to health care, opportunities in nutrition & health).

**Access to Healthcare** - Optimizes to companies that are promoting open and equitable access to life-saving healthcare and medicine. This involves facilitating easier and cheaper access to doctors and medication, as well as improving health and well-being outcomes in underserved communities.

**Israeli-Linked Enterprises** - Optimizes to Israeli State-owned Enterprises (SOEs), Israeli-domiciled companies, and foreign companies that are significantly involved in supporting the government or development of infrastructure in the country.

**Racial Equality** - In response to the recent global events highlighting racial inequalities, we have identified companies that have presented a positive response and action plan to achieve Racial Equality. In recognizing that companies cannot immediately solve challenges, we have reviewed companies and highlighted leaders who: have acknowledged the problem, have a clearly articulated plan to respond, have contributed significant financial resources to their response, have a moderate degree of diversity among staff at present.

### Governance

**High Governance Score** - (Source: MSCI ESG) Optimizes to companies that have a high overall Governance rating based on an assessment of their risk and management practices related to corporate governance (including board, pay, ownership & control, and accounting) and corporate behavior (including business ethics and tax transparency).

**Women's Inclusion (Board Diversity)** - (Source: MSCI ESG) Optimizes to companies that have at least 30% women in their board of directors or supervisory board.

### Factors

**Dividend Yield** – (Source: Axioma) Optimizes to companies with high ratio of sum of dividends paid (excluding non-recurring, special dividends) over the most recent year to market capitalization.

**Earnings Yield** – (Source: Axioma) Optimizes to companies with high earning-to price and expected earnings-to-price.

**Growth** – (Source: Axioma) Optimizes to companies with high sales growth, estimated sales growth, earnings growth, and estimated earnings growth.

**Leverage** – (Source: Axioma) Optimizes to companies with low total debt (current and long-term liabilities) to total assets and total debt to equity.

**Liquidity** – (Source: Axioma) Optimizes to companies to companies with high ratio of 3-month average daily volume and 1-month average market capitalization.

**Momentum** – (Source: Axioma) Optimizes to companies with high cumulative return over the past year, excluding the most recent month.

**Quality** – (Source: Axioma) Optimizes to companies with high return on equity, return on assets, cash flow to assets, cash flow to income, gross margin, and sales to assets.

**Size** – (Source: Axioma) Optimizes to companies with low market capitalization.

**Value** – (Source: Axioma) Optimizes to companies with high book-to-price ratios.

**Volatility** – (Source: Axioma) Optimizes to companies with low standard deviation in their 6-month absolute returns.

*This summary is not intended to be tax or legal advice. This summary cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. This summary is being used to support the promotion or marketing of the transactions herein. The taxpayer should consult an independent tax advisor.*

*Investors or financial professionals should consult with a tax professional regarding the potential application of loss deferral regimes, such as wash sales and straddles, to these securities and potential transactions along with other securities and transactions in the broader portfolio.*

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

The strategy was previously managed by First Trust Direct Indexing ("FTDI"). Effective October 31, 2024, FTDI merged into First Trust Advisors L.P. ("FTA"). All business activities, including portfolio management and business records are now performed under FTA.