

WEBINAR: OUTLOOK ON CRA REFORM AND AN UPDATE ON CRAIX

In June, CCM hosted a [webinar](#) on the outlook for Community Reinvestment Act (CRA) reform and an update on our flagship fund, the CCM Community Impact Bond CRA Shares (ticker: CRAIX). The webinar covered a variety of topics, including reconsideration of the June 2020 Rule, potential interagency updates, overview of the Fund's history and how we work with banks, and the CRA-qualified investment earmarking

process. Speakers included Karen Tucker, CRA consultant at KPT Consulting and retired national bank examiner at the Office of the Comptroller of the Currency (OCC), along with Andy Kaufman, CCM's chief investment officer, and Jessica Botelho, CCM's director of impact and CRA research.

OCC NPR

In early September, the OCC made good on a promise to rescind the agency's unilateral reforms of the CRA. The rescission proposal, with comments due by October 29, would undo virtually the entire rule finalized under the Trump administration and former Comptroller Joseph Otting in 2020, according to a story in American Banker. It would also further align the OCC with the CRA rules enforced by the other bank regulators in advance of their attempting to develop an interagency overhaul of the anti-redlining law.¹ The issuance of the OCC's Notice of Proposed Rulemaking (NPR) is an important step toward strengthening and modernizing the CRA," said Acting Comptroller Michael J. Hsu. "The OCC is committed to working with the Federal Reserve and FDIC on a future joint rulemaking to develop a consistent framework across all banks that encourages higher levels of responsible lending, investments, services, and greater community engagement, particularly focused on helping to meet the needs of low- and moderate-income and other underserved communities across the nation."² The OCC plans to issue a final rule no later than December 1, 2021, in order for it to be effective January 1, 2022. CCM will continue to stay on top of relevant updates as it relates to CRA reform and will share current information with banking clients and friends.

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Q&A WITH MARVIN OWENS, CHIEF ENGAGEMENT OFFICER AT IMPACT SHARES

Impact Shares helps organizations translate their social values into an investable product that is traded on the NYSE. Being a part of their ETFs means committing to an evolving set of criteria, defined by Impact Shares non-profit partners, to ensure ongoing alignment of corporate behaviors with social values. With all net profits going directly back to its non-profit partners³, together they're making money go farther and do more.



Marvin Owens
Chief Engagement
Officer at
Impact Shares

Q: Thanks for participating in our Q&A, Marvin. We appreciate your time. Can you tell us a little bit about your background and how you got involved with Impact Shares?

A: Sure, and thank you for inviting me to participate in the Q&A. Prior to joining Impact Shares, I served as senior director of Economic Programs

for the NAACP where I was responsible for its national Economic Inclusion agenda, which includes asset and wealth creation programs—with efforts that support financial education, homeownership, minority business development, franchising, workforce development, and diversity; advocacy and sustainability—with efforts around economic justice and social impact

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investing; and research—with ongoing efforts to track and report economic conditions as well as recommended public policy changes. Prior to that position, I was a consultant, lecturer, and technical assistance provider in the areas of community and economic development, small business development, and community organizing. I joined Impact Shares to pursue the opportunity to more fully develop the strategy of harnessing the power of the capital markets to make social change.

Q: Can you tell us more about Impact Shares current ETF offerings?

A: We currently have four ETFs:

- NAACP Minority Empowerment ETF, which is designed to provide exposure to U.S. companies with strong racial and ethnic diversity policies in place, empowering employees irrespective of their race or nationality
- YWCA Women's Empowerment ETF, which is designed to provide exposure to companies worldwide with strong policies and practices in support of women's empowerment and gender equality
- Sustainable Development Goals Global Equity ETF, which is designed to provide exposure to companies worldwide with strong policies and practices relative to the United Nations Sustainable Development Goals (SDGs), which are actively engaged in the world's poorest countries, also known as the 47 Least Developed Countries (LDCs)
- Impact Shares Affordable Housing MBS ETF, which invests in agency mortgage-backed securities (MBS) backed by pools of mortgage loans made to minority families, low- and moderate-income (LMI) families, and/or families that live in persistent poverty areas. OWNS seeks to invest in the dignity of homeownership for these traditionally underserved communities.

AFFORDABLE HOMEOWNERSHIP SERIES

We continue to produce content as part of CCM's 2021 affordable homeownership series with new perspectives on a variety of topics. Recent pieces include [“The Correlation of Affordable Housing and Health”](#) and [“The Ongoing Challenges of Affordable Housing for Black and Minority Families.”](#) The gap in affordable homeownership stems from a variety of causes, and it will likely take years to correct. Investing in equity for all requires a holistic approach from the public sector to the private sector to the organizations that support the people, places, and activities making a difference. Impact investors can invest in products and strategies financing affordable housing initiatives, some of which are also specifically intended to help minority borrowers. The need for affordable housing persists across the U.S., and impact investors can seek out opportunities to help in this effort.

Q: OWNS was recently launched in July. Can you share more details on why it was created and how it is helping to bridge the racial wealth gap?

A: That's correct; OWNS is a newly created actively managed ETF designed to channel investments into agency MBS that serve minority homebuyers. Since June 2020, there has been a renewed level of interest and concern regarding the racial wealth gap in the U.S. The gap in Black/white homeownership rates, in particular, has been a stubborn constant despite efforts by many to bring about a more fair and equitable economy. Institutions are increasingly called upon to do more for racial equity but do not always find tools that fit well with overall asset allocation and investment requirements. OWNS looks to offer investors a market-rate strategy that can provide capital to historically underserved communities, thus seeking to reduce the wealth gap through affordable homeownership. We are excited to partner with CCM on OWNS as the sub-advisor.

Q: Why is affordable housing so important?

A: Homeownership is the American dream, and we have a housing shortage and crisis in the U.S. It is critical to reducing poverty, creating generational wealth, and improving the economic vitality of communities. There are also many ancillary benefits to affordable housing, including reducing disruptions in education and stress, improving nutrition, and helping with mental and physical health, to name just a few. More broadly, the ability to contribute to closing the racial wealth gap is central to changing the long-term economic and social conditions of communities of color.

As the sub-advisor to OWNS, we are excited to have a few banks as seed investors. OWNS invests in high credit quality, agency-guaranteed MBS with the intent to provide positive consideration under the CRA. The investment strategy invests in mortgages primarily to LMI borrowers (> 51%) as well as minority borrowers. More information on the launch of OWNS is available [here](#).



CRA SURVEY 6TH EDITION

Our CRA Survey is now in its 6th edition! We appreciate your participation and ask you to please join us in completing this year's [survey](#). As usual, we've included questions that you have suggested.

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

Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

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

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



CRA INVESTMENTS IN MAJORITY-MINORITY AND/OR HIGH MINORITY CENSUS TRACTS WITH A FOCUS ON SUPPORT SERVICES



Image Source: <https://www.creeksidevillasapthomes.com/>

Majority-minority census tracts are those where minority households represent over 50% of the population. A high minority census tract is one where minority households represent over 80% of the population.

Creekside Villas

Dallas, TX
Sector: Agency CMBS



Creekside Villas, formerly Pleasant Village Apartments, is a Low-Income Housing Tax Credit (LIHTC) property in Dallas, Texas, with 200 units. To qualify for the LIHTC allocation, the property owner agreed to reserve all 200 units for low-income residents for 30 years. Specifically, 100 units are reserved for people with incomes at or below 60% of the area median income (AMI), and 100 units are reserved for people with incomes at or below 50% of AMI. At least 10 units must be accessible for seniors or people with disabilities. The property is in a low-income, **high-minority**, and high-poverty census tract where 98% of the population are minorities and 64% lives below the poverty line.

As part of the LIHTC agreement, the property owner agreed to provide tenants with services, including childcare, youth programs, tutoring for students, basic adult education, GED prep courses, classes in English for speakers of other languages, vocational training, credit counseling, financial planning courses, homebuyer education classes, legal assistance, health and nutrition classes, counseling services, and social events. Management coordinates with state workforce development and welfare programs as well as transportation services for residents.

The 200 apartments are contained in 12 buildings; the property has full perimeter fencing and gated access for residents' security. Community amenities include a playground, barbecue grills and picnic tables, a clubhouse, a business center and computer lab, laundry facilities, and a community garden.



Image Source: <https://www.lssliving.org/affordable-housing/>

Partnerships between public housing agencies and human services providers that offer counseling, parenting skills, and other supportive services is a sound model for helping residents to become independent, according to a briefing paper from the Urban Institute.⁴

Centennial Plaza

St. Louis, MO
Sector: Agency CMBS



Centennial Plaza is an affordable rental property in St. Louis, Missouri. All 77 units receive Section 8 assistance, and the property is in a **majority-minority census tract** where 66% of the population are minorities. Centennial Plaza is a project of Lutheran Senior Services (LSS), a faith-based non-profit organization that provides a range of services to seniors in the St. Louis area, including affordable housing and healthcare.

Located in the beautiful and historic Central West End of St. Louis, Centennial Plaza offers 58 one-bedroom apartments and 18 efficiency apartments. Residents can enjoy community activities and events, shared gathering spaces, and a library with computer and internet access. An on-site service coordinator helps seniors connect with resources to maintain their independence.

Residents at Centennial Plaza have access to LSS Home and Community Based Services, in-home senior services designed to meet a wide range of individual needs. These include home-based medical care, professional rehabilitation and therapy services, personal caregivers, and faith-inspired end-of-life hospice care. In 2012, LSS launched a program called Project Wellness, a free service available to all residents in its affordable housing communities. Since LSS launched Project Wellness, hospitalization rates among participating seniors have decreased by more than a third and moves to higher levels of care have been reduced by 11%.

WALK SCORE:

Walk Score
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Walk Score's mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, our health, and our economy.⁵



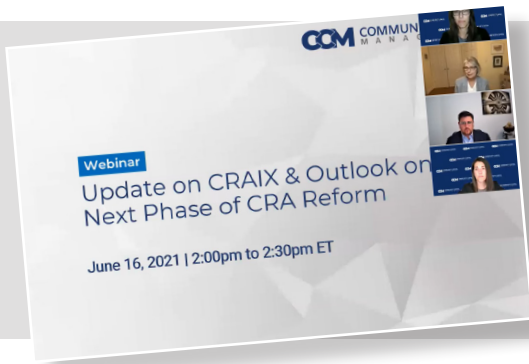
The securities identified and described herein are for illustrative purposes only and their selection was based upon non-performance criteria, such as the security's social and/or environmental attributes. As of 06/30/21, Creekside Villas and Centennial Plaza represented 0.25% and 0.04%, respectively, of the CCM Community Impact Bond Fund's assets.

NEW REPORT: PLACE-BASED IMPACT INVESTING

Place-based impact investing refers to the local deployment of impact capital—that is, investments made with the intent to yield both financial and social and/or environmental returns—to address the needs of marginalized communities.⁶ Place-based impact investing focuses on communities at risk of decline and those underserved by infrastructure, jobs, education, housing, and development. The practice of place-based impact investing

focuses on how investments can be structured and directed to reach these underserved communities while generating a financial return and having positive impacts. The capital markets can play a vital role in tackling many deep-rooted environmental and social problems in communities nationwide.

Banks have been making place-based impact investments for years as a result of the CRA, a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including LMI neighborhoods, consistent with safe and sound banking operation. The full report is available [here](#).



VISIT [CCMINVESTS.COM](https://ccminvests.com) TO:

- ✓ Watch our CRA webinar [replay](#)
- ✓ Read our new report, "[Place-Based Impact Investing](#)"
- ✓ Check out our latest [Perspectives](#)

CCM COMMUNITY IMPACT BOND FUND HIGHLIGHTS

OVERALL

- Extensive documentation on each investment purchased
- New investments identified, purchased, and earmarked to a bank per CRA exam cycle
- Ongoing dialogue with examiners/regulators
- Easy way to accomplish your CRA investment goals

FINANCIAL

- Daily liquidity
- Monthly dividends
- Competitive financial performance
- Investing in high credit quality fixed income securities

¹ <https://www.americanbanker.com/news/occ-announces-formal-plan-to-undo-trump-era-cra-rule>

² <https://www.occ.gov/news-issuances/news-releases/2021/nr-occ-2021-94.html>

³ <https://www.impactetfs.org/>

⁴ <https://www.urban.org/sites/default/files/publication/65441/2000333-Building-Public-Housing-Authority-Capacity-for-Better-Resident-Services.pdf>

⁵ <https://www.walkscore.com/>

⁶ <https://www.urban.org/policy-centers/research-action-lab/projects/place-based-impact-investing>

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