CCM Community Impact Bond Fund[1]

About CCM

Community Capital Management, LLC (CCM) was founded in 1998 and is a pioneer in impact and ESG investing. The firm believes a fully integrated portfolio, one that includes impact and environmental, social and governance (ESG) factors, can deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. CCM provides impact and ESG investing solutions coupled with customized reporting to clients on the positive impact outcomes of their investments.

Firm Assets	$4.0 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[2]	$12 Billion Invested Nationwide

Key Takeaways

- Supply shortages contributed to inflation levels that have persisted beyond previous expectations.
- Investor sentiment was volatile as evidenced by swinging interest rates and September's swift stock market decline.
- The prospect of higher rates, higher inflation, and the Federal Reserve's (Fed's) removal of stimulus weighed heavily on the largest, most expensive stocks.

Market Commentary

The economy continued to grow in the third quarter of 2021, albeit at a slower pace than the previous six months of the year due to increasing cases of the COVID-19 delta variant and supply shortages across most industries. Consumer demand outpaced the supply of goods and workers, contributing to inflation that has persisted beyond previously projected levels. By the end of August, the Consumer Price Index was up 5.3% for the trailing 12 months, one of the highest 12-month rates in 20 years. With inflation levels relatively high, and the worst of the pandemic seemingly behind us, the Fed announced its anticipated timeline to reduce previously implemented stimulus measures, which includes paring back bond purchases as soon as November and increasing interest rates next year. While interest rates ended the quarter close to where they began, the bond market was anything but steady. The 10-year U.S. Treasury yield fell to 1.18%, a level not seen since February. As the inflationary effects of supply shortages became evident, rates started to rebound, accelerating after the late September Fed meeting where it announced its tapering intentions. Stock performance during the quarter was mixed, with most major market indices ending the quarter lower than where they began. The largest stocks were some of the best performers during the quarter, as evidenced by the difference in returns between the S&P 500 Index, which posted a positive return of 0.58%, and the equal-weighted S&P 500 Index, which was down 0.22%. While muted quarterly returns might indicate a quiet quarter, it was anything but quiet in the stock market. July was not a good month for small-cap stocks and the positive momentum gained in the prior quarters came to a halt. August witnessed broad market gains, only to be followed by steep losses in September when fear began to grow around the potential for corporate profit declines amidst higher interest rates and supply costs.

In fixed income, the Bloomberg U.S. Aggregate Index (the Index) delivered a total return of 0.05%. With uncertainty surrounding economic growth due to a feared rebound in COVID-19 cases, rates declined in July and bottomed in early August. While this helped boost bond returns, investors appeared cautious, favoring U.S. Treasurys and shorter duration spread sectors. As rates reversed course and started to climb back, investors favored the spread sectors, despite the risk aversion evidenced by September's stock market decline. In the investment grade bond market, the major sectors had little return dispersion during the quarter. Agency MBS posted the best results, up 0.10%, with U.S. Treasurys up 0.09%, and corporate bonds flat. Longer-duration corporate bonds were the worst performers primarily as a result of the industrials sector, which was down 0.25% during the quarter. The stocks of industrials companies were hit hard during the quarter by increases in shipping costs and a rise in commodities prices, contributing to investors' demand for more spread when buying their bonds. Demand for investment grade bonds appears to have slowed from the increase in the second quarter with spreads remaining well below their 15-year median levels. Net bond issuance continues to grow as does the duration of the Index, which hit another record high of 6.7 years at the end of September, both of which seem to point to the increased level of credit and interest rate risk in today's bond market.

In equities, investors moved as quickly as economic and industry data changed. Most of the market's quarterly losses were concentrated in the industrials sector, where rising commodity costs can quickly increase expenses and erode profitability. The S&P 500 Industrials sector was down 6.15% in September and down 4.23% for the quarter. While the S&P 500 Energy Index was down 1.66% during the quarter, it still leads the Index so far in 2021 delivering a year-to-date return of 43.22% with a quarter of that gain coming in the month of September when the prices of oil and natural gas accelerated higher. The technology sector and mega-cap growth stocks once again posted the best results in the U.S. stock market. However, they fell the hardest in September, illustrating their vulnerability to rising rates, a less accommodative Fed, and the threat of additional regulation impacting mega-cap stocks like Alphabet and Facebook.

Stock valuations across the major market indices remain mixed, with large-cap, growth-oriented stocks looking expensive relative to their 15-year history and value and small-cap stocks looking more reasonably priced. Among the stock market sectors, we see even greater valuation dispersion. The energy sector still looks fairly valued irrespective of recent increases in energy costs and the industrials sector still looks expensive despite pullback. The dispersion of valuations among stocks remains elevated, which should create an opportunity for active investment managers to outperform their benchmarks through security selection, regardless of the valuation characteristics of the entire market or individual sectors.

[1] *Effective March 1, 2021, the Fund's name changed from CRA Qualified Investment Fund to CCM Community Impact Bond Fund*
[2] *Impact numbers are approximate figures*

About the Fund

The Fund is an investment grade, intermediate duration bond fund that seeks to preserve capital, deliver attractive risk-adjusted returns, and serve as the ballast in a portfolio. The Fund invests in well-researched, fossil fuel free bonds that have direct and measurable positive environmental and societal impacts, with most bonds qualifying under the Community Reinvestment Act (CRA) of 1977. The Fund offers impact targeting where shareholders meeting minimum requirements can direct their capital to support specific geographies or impact themes, a benefit accompanied by impact reporting.

Share Classes

	Ticker	Inception Date	Expense Ratio
CRA	CRAIX	8/30/99	0.90
Institutional	CRANX	3/2/07	0.45
Retail	CRATX	3/2/07	0.80

Portfolio Managers

Andy Kaufman
Chief Investment Officer
Industry Start Date: 2004
CCM Portfolio Manager Since 2015

Elliot Gilfarb, CFA
Head of Fixed Income
Industry Start Date: 2005
CCM Portfolio Manager Since 2012

Julie Egan
Director of Research
Industry Start Date: 1987
CCM Portfolio Manager Since 2010

Portfolio Contributors

- Shorter duration
- Agency mortgage-backed securities (MBS) positioning
- Underweight to U.S. Treasurys

Portfolio Detractors

- Higher credit quality
- Overweight to agency Commercial MBS
- Longer duration Asset-Backed Securities (ABS)

Portfolio Commentary

In the third quarter of 2021, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) all posted negative returns of 0.20%, 0.08%, and 0.17%, respectively, on a net-of-fees basis. The Bloomberg Intermediate U.S. Aggregate Bond Index (the Benchmark) was up 0.05%.

The largest detractor from relative Fund performance was its overweight to agency CMBS where the average exposure during the quarter was 29% vs. 1% for the Benchmark. Agency CMBS was the worst-performing sector in the Benchmark, declining 0.22%, after leading the Benchmark in the prior quarter. The Fund's corporate bond exposure was less than that of the benchmark, averaging 11.7% vs. 20.2%, respectively, and its return was 0.15%, almost double the 0.08% return of the Benchmark's corporate sector.

Like last quarter, the Fund faced a meaningful structural headwind due to its higher-quality strategy (the Fund averaged less than 1% in BBB securities vs. 11% in the Benchmark). The BBB segment of the Benchmark was up 0.17% during the quarter, leading the other higher credit quality segments (A to AAA) where returns ranged from 0.02% to 0.04%.

During the quarter, interest rates were volatile, moving lower through the first week in August and then steadily higher, with most of the increase occurring in the last week of September after the Fed meeting. By quarter-end, rates were mainly higher than where they started the quarter with the 3- to 10-year segment of the curve rising the most, up between 0.07% and 0.11%. The Fund's shorter duration and it being underweight to the 3- to 7-year segment of the curve was helpful overall, particularly in September.

From a security selection perspective, the Fund's MBS portfolio doubled the return of the MBS segment of the Benchmark, returning 0.20% vs. 0.10%. This was primarily due to the Fund being underweight the lowest coupon mortgages, which were the worst performers in the sector. In contrast to the prior quarter, the Fund's ABS performance was down 0.05%, which trailed that of the ABS segment of the Benchmark, which was up 0.05%. The portfolio's largest ABS segment, pools backed by consumer solar loans, declined 0.35%, mostly due to their longer duration. The taxable municipal bond segment of the portfolio delivered a return that was comparable to the Benchmark's corporate return (0.07% vs. 0.08%) but it did not match the 0.17% return of the Benchmark's taxable municipal segment. This is primarily a result of the Fund's higher credit quality approach.

At quarter-end, the Fund's duration was 3.94 years vs. 4.34 years for the Benchmark, and its yield advantage remained healthy at 1.45% vs. 1.29% for the Benchmark.

As of 09/30/2021, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were -0.94%; 1.59%; 1.82%; and 3.73%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were -0.40%; 2.05%; 2.28%; and 3.33%. The average annual returns for CRATX for the same periods were -0.96%; 1.69%; 1.92% and 2.97%. As of 09/30/2021, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 0.81%, 1.26%, and 0.90%, respectively. Performance quoted is past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. An investor's investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than your initial cost. To obtain the most recent month-end performance, call 877-272-1977. The annual operating expenses for the CRA Qualified Investment Fund's CRA Shares, Institutional Shares, and Retail Shares is 0.91%; 0.45% and 0.80%, respectively.

Data sources: Barclays Live, Bloomberg PORT, and eVestment Alliance.

CCM is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Risk Considerations: Investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The CCM Community Impact Bond Fund is not diversified. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. There is no guarantee the investment objective or goals of the Fund will be achieved. Holdings are subject to change.

This material must be preceded or accompanied by the current Fund prospectuses. Please read them carefully before investing. The Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Community Capital Management, LLC.