COMMUNITY CAPITAL MANAGEMENT

CCM Small/Mid-Cap Impact Value Fund

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	$4.2 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[1]	$13 Billion Invested Nationwide

Key Takeaways

- Both stock and bond markets were volatile during the quarter amidst expectations for even higher inflation, exacerbated by the war in Ukraine.
- Consumer spending remains robust; however, sentiment has waned amidst high inflation, particularly in gasoline prices.
- The inversion of the yield curve suggests that investors are uncertain about whether the current economic growth rate will persist.

Market Commentary

The first quarter of 2022 was marked by high volatility, not only in the stock market but also in the bond market where the Bloomberg Aggregate Index (the Index)[2], the proxy for the investment-grade bond market, fell by 5.93%, its largest quarterly decline in 40 years. Through the first half of the quarter, both markets were troubled by the persistence of inflation, particularly in energy prices, and the future actions by the Federal Reserve (Fed), which increased the Federal Funds rate by 0.25% in March and signaled its intention to raise rates six more times in 2022. In the latter half of the quarter, Russia's invasion of Ukraine added to the worries. The heart-wrenching effects of the social atrocities as well as the potential economic impacts could not be ignored. Concerns of even higher inflation and additional Russian aggression grew larger; U.S. crude oil prices had already climbed by 17% from the start of the year but then accelerated another 40% post invasion. While prices declined shortly thereafter, they still ended the quarter 30% higher than where they started. The sanctions issued by most of the world's developed countries threatened to further disrupt global trade, leading to price increases across most commodities, with the S&P GSCI Index[3] up 29% during the quarter. The S&P 500 Index[4] declined amidst the uncertainty, by as much as 12.8%, but staged a recovery in the last weeks of March to post a 4.60% loss. The war in Ukraine remained at the forefront of investors' minds, and the effects of higher prices were not far behind, particularly gasoline prices, which hit record highs and doubled their early 2020 levels. Against this backdrop, and despite a post-omicron rebound in consumer spending, consumer sentiment fell to its lowest level in over a decade. The optimism of higher personal incomes and the prospect of "normalcy" after the worst of the pandemic has been quickly overcome by worries of the wealth-eroding effects of higher inflation and geopolitical instability.

In fixed income, volatility was particularly high during the quarter due to the uncertainty of the war in Ukraine as further supply chain disruptions increased concerns around higher rates of inflation. The MOVE index, a measure of bond market volatility, averaged a level of 95.36 during the quarter, well above its 5-year average. The BBB-rated segment of the Index experienced the largest losses, down 7.9% due to the combination of its longer duration[5] (8.2 years) and spread widening as investors demanded more compensation for taking on higher credit risk. The Bloomberg High Yield Index[6] held up better than the investment-grade Index in the quarter, down 4.8%, primarily a result of its shorter maturity profile. In the Index, the utilities and industrials sectors posted the worst results, down 11.4% and 8.0%, respectively, as fossil fuels represent a larger portion of their operating expenses. Despite the geopolitical turmoil and corresponding speculation that the Fed may lighten its plans to tighten monetary policy, plans for a 0.50% increase in the Federal Funds rate in May remain in place. The yield curve flattened even further during the quarter and by the end of March, was inverted in the 3- to 10-year part of the curve, suggesting that investors expect an extended period of inflation followed by lower growth. With yields climbing the lowest in the 20- and 30-year part of the curve, investors appear to be hanging on to what has become a commonly used tool to protect against economic and stock market declines, despite little-to-no compensation for their additional term risk. While these longer-dated bonds have provided some protection when stocks decline, the additional interest rate risk (duration[3]) without the historically normal levels of compensation is notable. Similarly, while credit spreads have widened since hitting lows in October, they remain well-below average, with the BBB-rated segment of the market of particular concern, trading at a spread level that remains 30% and 17%, respectively, below its 15-year average and median. Compensation for risk-taking in the bond market remains well below the levels demanded in prior periods of economic uncertainty.

In equities, except for the energy sector, stocks got off to a rocky start; investors were suddenly attentive to 2021's record valuations, selling higher priced growth stocks, particularly those in the technology sector. While some of those losses were recovered in the latter weeks of March, the quarter ended for most indices negatively with the technology-heavy NASDAQ[7] falling 9.1% and the Russell 2000 declining 7.5%. There was a wide dispersion of returns among sectors with energy, consumer staples, and utility sectors of the S&P 500 Index[4] posting positive returns of 31.5%, 7.2%, and 4.1%, respectively, while consumer discretionary, communication services, and technology sectors declined a respective 13.3%, 12.8%, and 8.5%. With the value indices holding many of the stocks benefiting from the rise in energy prices, value held up better during the market sell-off with the value/growth dispersion widest among the Russell 2000 and mid-cap indices, where the value names outperformed the growth names by over 10%. Valuations in the market appeared more attractive at quarter-end vs. the start of the quarter; however, not all due to stock price declines. After recovering from 2020 declines, company earnings hit another all-time high in 2021, bolstering expectations for 2022. With lower stock market prices, yet higher expectations for future earnings, the price-to-expected earnings ratio[9] measure of market valuation has declined from its lofty 2021 levels. For passive investors relying on this broad-based statistic, markets still look expensive relative to their long-term averages. For active investors, the valuation dispersion among stocks remains high and opportunity awaits those who understand the fundamental impacts to each company from inflation, reduced labor supply, and the compounding effects of war.

Investment Objective

The CCM Small/Mid-Cap Impact Value Fund (the Fund) seeks to provide long-term growth of capital.

Why Invest

The Fund seeks to provide long-term growth of capital by investing in a concentrated, benchmark-agnostic portfolio of well-researched equities that are trading at valuations that do not reflect their full potential. The determination of value goes beyond just price—it is also a function of a company's fundamentals, which are analyzed along multiple dimensions, including an assessment of its environmental, social, and governance (ESG) opportunities and risks.

Share Classes

	Ticker	Inception Date	Gross Expense Ratio %	Net Expense Ratio %
Institutional	QSVIX	1/1/18	2.09	1.35
Advisor	QUSVX	1/1/18	2.34	1.60

Portfolio Managers

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

Thomas Lott
Portfolio Manager
Industry Start Date: 1999
CCM Portfolio Manager Since 2013

Alex Alario, CFA
Portfolio Manager
Industry Start Date: 2015
CCM Portfolio Manager Since 2020

Portfolio Commentary

The CCM Small/Mid-Cap Impact Value Fund (the Fund) institutional share class (Ticker: QSVIX) was down 3.92% in the fourth quarter (net of fees). After significantly outperforming in the fourth quarter, the Fund gave back some of those gains. The Russell 2500 Value Index (the Benchmark) was down 1.50% in the quarter, which was 2.42% better than the Fund during the quarter. The Fund's quarterly underperformance vs. the Benchmark was largely the result of the portfolio's holdings underperforming within their sectors. Sector allocation had little to no impact on underperformance.

The sectors with the largest detraction, due to security selection, were materials and energy. The move in oil and natural gas resulted in energy being the best-performing sector within the Index during the quarter. While the Fund does own alternative energy stocks, which benefited from the rapid increase in oil and gas prices experienced during the quarter, their beta[10] to energy commodities was not as high as a pureplay company oil or gas company and as result, underperformed compared to other companies in the energy sector. Mining stocks within the materials sector were major beneficiaries from commodity prices. The Fund's holdings are further down the supply chain, and as a result, their profits are pressured by higher commodity prices. Commodity boom cycles tend to be followed with bust cycles, so we don't expect this underperformance to persist.

Accelerating inflation and Russia's invasion of Ukraine dominated macroeconomic headlines during the quarter. Corporate earnings and outlooks continue to remain solid for this year but concerns around slowing economic growth in 2023 have come to the forefront of the market. We intend to pay close attention to how CEOs expect their businesses to perform for the remainder of the year.

Inflation and growth concerns caused the Russell 2000 to sell off close to 14% at its low at the end of January. It was starting to look like the bubble in high multiple technology and innovation stocks might be deflating. However, retail buying, and hedge fund de-risking seemed to drive these heavily shorted stocks higher, outperforming when markets recovered during the end of March.

Rising inflation has prompted an even more hawkish Fed, which we believe poses risks to stock returns in the future. The Core PCE Index accelerated even further in January (5.2%) and February (5.4%). The March numbers are expected to accelerate further as Russia did not invade Ukraine until the end of February. Rapid inflation in non-core essential items like food and energy pose risks to consumers' ability to spend money on other items. The Fed has continued to become more hawkish. The committee has forecasted that Fed Funds Rate will end 2022 in the range of 1.75% and 2.0%.

The aggressive change in tone with respect to monetary policy has caused a significant flattening of the yield curve. The spread between the 2-year and 10-year Treasury inverted at quarter-end, which has put market participants on recession watch for the U.S. economy. This poses a particular risk to smaller-cap stocks, which tend to be more economically sensitive.

We would not be surprised to see equity markets experiencing significant volatility going forward. Strong market returns since the pandemic have been driven by highly accommodative monetary and fiscal policy that is now changing course. During periods of economic uncertainty and inflation, quality companies with pricing power tend to benefit. As a result, we see opportunity for the Fund to outperform its underlying Index through the remainder of the year. We continue to pay attention to our sector exposure to minimize our potential for negative returns from economically sensitive sectors.

We remain committed to our environmental, social, and governance and fossil-fuel-free policies, even during a quarter where energy was the best-performing sector within our benchmark. The Fund continues to own companies that are addressing climate change issues through their products and/or policies. We believe that the situation in Ukraine has likely sparked a desire to accelerate investment in technologies to make countries less reliant on hydrocarbons. These changes will be key to the energy security of the U.S. and European Union in the future.

Inception date as of January 1, 2018. The funds may experience negative performance. Past performance does not guarantee future results. The fund recently experienced significant negative short-term performance due to market volatility associated with the COVID-19 pandemic.

As of 03/31/2022, the average annual returns for the CCM Small/Mid-Cap Impact Value Fund Institutional Shares for 1-year and since inception were 13.19% and 4.87%.

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. Returns over one year are annualized.

The Adviser has contractually agreed to waive all or a portion of its investment advisory fees and/or pay/reimburse expenses for the CCM Small/Mid-Cap Impact Value Fund's Institutional Shares is gross 2.09%, net 1.35% with an inception date of January 1, 2018 (excluding any Rule 12b-1 fees, taxes, interest, acquired fund fees and expenses, short sale dividend and interest expenses, brokerage fees, certain insurance costs, and nonroutine expenses or costs, including, but not limited to, those relating to reorganizations, litigation, conducting shareholder meetings, liquidations and other extraordinary expenses) in order to prevent total annual fund operating expenses from exceeding 1.30% of the Fund's average daily, net assets through October 28, 2022. Pursuant to its expense limitation agreement with the Fund, the Adviser is entitled to recoup any fees that it waived and/or Fund expenses that it paid for a period of three years following such fee waivers and expense payments, to the extent that such recoupment by the Adviser will not cause the Fund to exceed any applicable expense limitation that was in place for the Fund when the fees were waived, or expenses were paid. These waivers and reimbursements may be terminated at any time with respect to the Fund by its Board of Trustees upon sixty (60) days' written notice to the Adviser without payment of any penalty and shall automatically terminate upon the termination of the Fund's advisory contract with the Adviser.

The top 10 holdings as of 03/31/2022 are: Enviva Inc (9.05%), Raymond James Financial Inc (4.23%), Fidelity National Financial Inc (3.82%), Ameriprise Financial Inc (3.81%), Hingham Institution For Savings (3.60%), Berry Global Group Inc (3.26%), Financial Institutions Inc (3.19%), Clearway Energy Inc (3.17%), Signature Bank (3.08%), and Jack in the Box Inc (2.94%). Holdings are subject to change.

[1]Impact numbers are approximate figures [2]Bloomberg Aggregate Bond Index is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance. [3]S&P GSCI Index serves as a benchmark for investment in the commodity markets and as a measure of commodity performance over time. [4]S&P 500 Index is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the United States. [5]Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. [6]Bloomberg High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market. [7]Nasdaq is an American stock exchange based in New York City. [7]Russell 2000 Indexis a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. [9]Price-to-expected earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). [10]Beta is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole

Important Information:

There is no guarantee that a strategy will be successful. Mutual fund investing involves risk including the possible loss of principal. Common stock risks include the financial risk or selecting individual companies that do not perform as anticipated, the risk that the stock markets in which the Fund invests may experience periods of turbulence and instability, and the general risk that domestic and global economies may go through period of decline and cyclical change. This fund involves Impact and ESG Risk. The Adviser may select or exclude securities of certain companies for reasons other than performance and, as a result, the Fund may underperform other funds that do not use an impact and ESG screening process. Impact and ESG investing is qualitative and subjective by nature. There is no guarantee that impact and ESG criteria used by the Adviser will reflect beliefs or values of any particular investor.

The Russell 2500® Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index.

Consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The Statutory, and where available, the Summary Prospectuses contain this and other important information and are available for download at www.ccminvests.com or by calling 800.220.8888. Read carefully before investing.

Source: Fund data provided by Quaker Investment Trust. CCM is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

The CCM Funds are distributed by Foreside Fund Services, LLC.

*Effective October 28, 2020, the Fund's name changed from Quaker Small/Mid-Cap Impact Value Fund to CCM Small/Mid-Cap Impact Value Fund.