COMMUNITY CAPITAL MANAGEMENT

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	$4.2 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[2]	$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), 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 up 29% during the quarter. The S&P 500 Index 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 (8.2 years) and spread widening as investors demanded more compensation for taking on higher credit risk. The Bloomberg High Yield Index 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) 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 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 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 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.

[1]Effective 3/1/21, the Fund's name changed from CRA Qualified Investment Fund to CCM Community Impact Bond Fund [2]Impact numbers are approximate figures

Learn more about our impact and ESG strategies at www.ccminvests.com

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
- Underweight to the middle part of the yield curve
- Higher credit quality

Portfolio Detractors

- Underweight U.S. Treasurys
- Underweight 15-year MBS
- Overweight agency CMBS

Portfolio Commentary

In the first quarter of 2022, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted negative returns of 4.39%, 4.20%, and 4.37%, respectively, on a net-of-fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) was down 4.69%.

Interest rates rose meaningfully during the quarter, particularly in the 2- to 3-year segment of the yield curve, where yields rose 1.55% and 1.48%, respectively. The yield curve also flattened, ending the quarter inverted between 3- and 10-years with the 3-year U.S. Treasury yield 0.13% higher than that of the 10-year yield. Against this shift in rates, the Fund's shorter duration and underweight to the middle part of the yield curve was beneficial to relative returns.

All sectors of the Benchmark delivered negative returns during the quarter with the longer duration agency CMBS delivering the worst returns, down 5.85%, and asset-backed securities (ABS), with its higher credit quality and shorter duration, holding up the best, down 2.88%. Spreads widened among most sectors as investors demanded more yield for taking risk. This was particularly pronounced in the lower-quality segment of the corporate bond sector, where BBB-rated bonds declined by 5.49%, and the MBS sector, which was down 4.97% as investors grew concerned about mortgage extension in a rising interest rate environment. The Fund's underweight to both areas (agency MBS averaged 25.9% vs. 34.2%, and BBB-rated bonds averaged <1% vs. 10.2%) was beneficial to relative returns. While agency CMBS posted the worst returns, it was primarily due to its longer duration; spreads widened a mere 0.09% vs. the largest widening of 0.24% in the corporate bond sector.

From a security selection perspective, the Fund's agency MBS portfolio slightly underperformed the agency MBS segment of the Benchmark by 0.2%. Even though the Fund was underweight the underperforming, lower coupon mortgages, it was also underweight 15-year mortgages, which lost 4.2%, declining less than the 30-year mortgages given their shorter duration. The Fund's credit exposure (taxable municipal, corporate, and non-agency ABS) posted better results than that of the Benchmark, falling 2.98%, 3.93%, and 3.6%, respectively, vs. the 5.25% decline in the corporate segment of the Benchmark. Given the attractive risk/reward of shorter-duration credit, the team positioned the duration of the Fund's credit exposure 24% shorter than that of the Benchmark. It is also higher in credit quality, carrying less than 1% in BBB-rated credit vs. 50.1% in the Benchmark's corporate sector. This lower interest rate and credit risk positioning was rewarded during the quarter.

While rates rose in a larger magnitude and speed vs. expectations, the environment has changed; Russia's invasion of Ukraine has exacerbated inflation and potential supply chain disruptions. While the unemployment rate in the U.S. has continued to decline, labor shortages remain. Against this new backdrop, we believe that interest rates should still move higher, albeit at a slower pace than in the fourth quarter. We are, therefore, keeping our duration below that of the Benchmark yet adding to duration along the short and middle part of the yield curve as we see good relative value. With spreads widening, particularly in the credit sectors, we remain comfortable with our higher quality and lower duration credit exposure. As of quarter-end, the Fund's duration was 3.97 years vs. 4.45 years for the Benchmark, and its yield-to-worst was 2.73% vs. 2.81% for the Benchmark.

As of 03/31/2022, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were -4.70%; 0.95%; 1.16%; and 3.41%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were -4.18%; 1.42%; 1.62%; and 2.88%. The average annual returns for CRATX for the same periods were -4.61%; 1.05%; 1.26% and 2.52%. As of 03/31/2022, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 1.17%, 1.62%, and 1.27%, 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 0.90%; 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.

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.