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 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[2]	$13.3 Billion Invested Nationwide

Key Takeaways

- Both stock and bond markets continued to be volatile during the quarter as the effects of higher interest rates and inflation started taking a toll on the economy.
- The Federal Reserve (the Fed) continued its attempts to curtail inflation, raising interest rates and signaling its intent to remain vigilant.
- With credit spreads widening to levels not seen since 2012 and the worst half-year performance in the S&P 500 in 50 years, both the credit and stock markets look to be signaling a recession.

Market Commentary

The second quarter of 2022 was marked by high volatility in the stock market where the S&P 500 declined by 16.1% and in the bond market where the Bloomberg Aggregate Index (the Index), the proxy for the investment grade bond market, was down 4.69%.

The rate of inflation continued to grow in the quarter, hitting another record and prompting the Fed to raise the federal funds rate twice with the June rise of 0.75% marking the largest one-time increase in over 25 years. The Fed has signaled its intent to remain vigilant in combating inflation despite signs that the economy is slowing. Estimates of second quarter economic growth have been further revised downward as evidence points to the stress of higher inflation and higher interest rates. Manufacturing continues to grow; however, the Composite Purchasing Managers Index, which measures activity in both the manufacturing and services sectors, fell to a five-month low against the backdrop of another monthly decline in consumer spending and a drop in the consumer savings rate, which hit its lowest level in a decade in April. Mortgage rates have almost doubled since the start of the year, with average lending rates hitting levels not seen since 2008, contributing to declines in both home construction and existing home sales.

In fixed income, investors continued to be concerned with the eroding effects of higher inflation and the prospect of higher interest rates. Bond mutual funds saw a total of $188 billion in net negative flows from the start of the quarter through June 22 bringing the total outflows close to $300 billion year to date, according to estimates from the Investment Company Institute. After strong positive flows in the first quarter, high yield bond funds experienced negative flows in the second quarter, contributing to wider spreads as investors grew increasingly concerned about the direction of the economy. Spreads widened across the investment grade bond market, the largest move taking place in the BBB-rated segment of the Index, which hit levels almost double their October 2021 lows. Interest rates moved higher overall during the quarter, but they were erratic and inconsistent along the yield curve. April's higher move along the curve indicated high inflation and continued economic growth, though the quarter ended with rates rising mostly on the short end of the yield curve. Of the three largest bond market Index sectors, corporate bonds were the worst performers, down 7.3%, and U.S. Treasurys were the best performers, down 3.8%. The mortgage-backed security (MBS) sector was down 4.0% during the quarter with spreads tightening in the higher coupon mortgage pools as investors grew less concerned about ongoing higher rates amidst a potential economic slowdown.

In equities, losses were ubiquitous with the more economically resilient sectors falling the least. In the S&P 500 Index, healthcare, consumer staples, and utilities posted losses of 5.9%, 4.6%, and 5.1%, respectively, whereas the technology, consumer discretionary, and communications services sectors were the hardest hit, declining 20.2%, 26.2%, and 20.7%, respectively. Even with energy prices continuing to rise, the energy sector reversed its first quarter gains and declined 5.2% as investors looked ahead and questioned the sustainability of high energy prices in the face of declining economic growth. When looking at drivers of negative stock returns, it is overwhelmingly based on investor expectations since corporate earnings growth and operating margins for 2022 (as measured by the S&P 500 Index) remained positive. While still positive, profits and margins are lower than their 2021 record highs as higher costs from widespread inflation have outpaced revenues. With expectations falling so rapidly across the market, particularly in large-cap growth stocks, valuations appear more attractive with the Russell 2000 Index and Russell 1000 Growth Index trading at 80% and 115% of their respective 20-year average price-to-earnings averages. Looking ahead, companies will face the dual challenge of lower revenues as the economic growth rate declines and margin pressures as input costs remain high, leaving plenty of room for active stock pickers to differentiate between those stocks that deserve their lower valuations from those that are better equipped to survive and thrive in the environment ahead.

[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*

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
Co-Director of Research
Industry Start Date: 1987
CCM Portfolio Manager Since 2010

Portfolio Contributors

- Shorter duration
- Underweight to the short 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 second 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 3.04%, 2.94%, and 3.03%, respectively, on a net-of-fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) was down 2.93%.

Interest rates rose meaningfully during the quarter, particularly in the very short end of the yield curve (under one year), where yields ended the quarter 111 basis points (bps) to 145bps higher than where they started. The yield curve flattened further, ending the quarter inverted between three and 10 years. Against this shift in rates, the Fund's shorter duration and underweight to the very short-end segment of the yield curve (under one year) was beneficial to relative returns.

All sectors of the Benchmark delivered negative returns during the quarter as spreads widened across all sectors with investors demanding more yield for taking risk. This spread was particularly pronounced in the lower credit quality segment of the corporate bond sector, where BBB corporate bonds declined by 4.54%, and in the MBS sector, which was down 4.09% from investors growing concern over mortgage extension in a rising interest rate environment. The Fund's underweight to both areas was beneficial to relative returns. U.S. Treasurys were the best performers in the Benchmark, down 1.67%, and given the fund's structural underweight, this was a detractor to relative returns during the quarter.

The Fund's Agency MBS portfolio outperformed the Agency MBS segment of the Benchmark by 0.25% returning -3.84% vs. -4.09%. The Fund benefited from its underweight to the lowest coupon mortgages, which underperformed as they have the most extension risk. However, this benefit was partially offset by the Funds underweight (<1% vs. 3.9%) to 15-year mortgages, which declined less than the 30-year mortgages (down 2.39%) given their shorter duration. The Fund's credit exposure (taxable municipal, corporate, and non-agency ABS) posted better results than the Benchmark due to its relative higher credit quality and shorter duration, falling 1.87%, 2.68%, and 2.63%, respectively, vs. the 3.92% decline of 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 20% shorter than that of the Benchmark. The Fund is also higher in credit quality, carrying less than 1% in BBB vs. 49.4% in the Benchmark's corporate sector. This lower interest rate and lower credit risk positioning was rewarded during the quarter.

Between high inflation and higher interest rates, the economy appears to be cooling down, lessening the risks of meaningfully higher rates from here. As we see evidence of this continued trajectory, we expect to track closer to the Benchmark's duration and continue adding to Agency MBS. Given our expectation for reduced economic growth, we will continue to monitor conditions before adding to our non-agency ABS and will not hesitate to sell if we see meaningful deterioration in market or economic conditions. In our other credit exposures (taxable municipals and corporates), we will continue to hold a higher quality and lower duration/average life credit portfolio to help reduce volatility amidst what we expect will be a continued period of market uncertainty.

As of 06/30/2022, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were -8.12%; 0.10%; 0.66%; and 3.23%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were -7.71%; 0.56%; 1.12%; and 2.63%. The average annual returns for CRATX for the same periods were -8.05%; 0.20%; 0.76% and 2.27%. As of 06/30/2022, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 1.57%, 2.02%, and 1.67%, 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.