COMMUNITY CAPITAL MANAGEMENT

CCM Core Impact Equity 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 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[1]	$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[2] 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[3] (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[4], 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[5] and Russell 1000 Growth Index[6] trading at 80% and 115% of their respective 20-year average price-to-earnings[7] 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.

Investment Objective

The CCM Core Impact Equity Fund (the Fund) seeks to provide long-term growth of capital.

Why Invest

The Fund seeks long-term growth of capital by investing in a portfolio of mid- and large-cap companies where earnings growth is expected to compound. The research process focuses on identifying companies with sustainable business models that are developed and executed by experienced and shareholder-aligned management teams and which include environmental, social, and governance (ESG) related factors in their assessment of opportunities and risks.

Share Classes

	Ticker	Inception Date	Expense Ratio
Institutional	QAGIX	1/1/18	1.72
Advisor	QUAGX	1/1/18	1.97

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 Core Impact Equity Fund's Institutional Share Class (QAGIX) was down 15.6% (net of fees) in the second quarter of 2022. Its benchmark, the S&P 500 Fossil Fuel Free Index, was down 16.6% in the quarter.

Over-accommodative fiscal and monetary policies in 2020 and 2021 set the wheels of inflation in motion. Supply chain snafus also contributed to lower-than-normal manufacturing production. Coupled with increased demand, inflation really took off. Since the Russian invasion of Ukraine, the world has been on the precipice of an energy crisis, with gas and oil supplies from Russia now thrown into jeopardy.

While the Fed turned hawkish in December, it was too late. Now the Fed is playing catch up, with rates raised 75 basis points[8] at the June meeting, and likely to increase another 50 or 75 basis points again at the July meeting.

Adding fuel to the fire, the May consumer price index[9] (CPI) report showed that inflation had hit 8.6%, a 40-year record. Stocks, which had been weak year to date prior to this report, borderline crashed in June. Technology stocks were hit the hardest as their bubble valuations continue to return to Earth.

With the wind down of quantitative easing last month, yields on the 10-year Treasury bond have moved significantly higher. This bodes ill for richly valued equities, and our focus on high-quality profitable businesses led us to outperform again in the second quarter.

Today the market is in a tough spot. The economy is already slowing dramatically — commodity prices are universally off their highs and housing and food prices also are ameliorating. The early signs of a recession are in place. Typically, in times like this, the Fed turns accommodative. Its vigilance in fighting inflation today, however, puts the market in a rare spot: a very hawkish Fed coupled with borderline recessionary economic conditions.

With the market down over 20% year to date, much of the bad news is likely already priced into stocks. As we see it, unemployment rates remain low, with consumer balance sheets in excellent shape. We have reduced some of our overweight cyclical and financial names given elevated global macro concerns but the overall sense is that inflation is peaking.

Should we see lower inflation in the back half of 2022 as we suspect, then the Fed likely will turn less hawkish. That should offer a solid backdrop for equities. Valuations in stocks excluding the top 10 names in the S&P 500 Index are beginning to hit attractive levels.

Tactically, we reduced our exposure to technology names last year as valuations ran hot. We remain heavily underweight technology but are starting to see value in certain high-quality technology names. Our healthy dose of real estate investment trusts (REITs) and healthcare stocks has offered some calm amidst the storm.

While various popular investing strategies can dominate at times (e.g., crypto mania or the dotcom bubble), over the long run, history suggests that investors have the potential to outperform the market by owning stocks in companies that generate substantial free cash flow[10] while also growing earnings per share at above-market rates. This remains our focus. We don't invest in cash burning or negative income-generating equities. Nor do we purchase special purpose acquisition company's (SPACs) or speculative business models. We are long-term, buy-and-hold investors of high-quality companies that can compound earnings year in and year out.

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 06/30/2022, the average annual returns for the CCM Core Impact Equity Fund's Institutional Shares for 1-year and since inception were -12.69% and 9.18%.

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 top 10 holdings as of 06/30/2022 are: Microsoft Corp (5.13%), Alphabet Inc – Class C (4.23%), Alphabet Inc – Class A (3.72%), Nextera Energy (3.65%), Fiserv Inc (3.38%), Global Payments Inc (3.23%), Cigna Corporation (3.13%), Elevance Health Inc (2.93%), Electronic Arts Inc (2.82%), Quanta Services Inc (2.75%). Holdings are subject to change.

[1]Impact numbers are approximate figures [2]Credit spread is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality. [3]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. [4]Composite Purchasing Managers Index (PMI) is an indicator of economic health for manufacturing and service sectors. [5]Russell 2000 Index is a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. [6]Russell 1000 Growth Index is a stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000 Index. [7]Price-to-earnings indicates the dollar amount an investor can expect to invest in a company in order to receive $1 of that company's earnings. [8]Basis point is one hundredth of 1 percentage point. [9]Consumer price index measures the overall change in consumer prices over time based on a representative basket of goods and services. [10]Free Cash Flow is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

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 S&P Fossil Free Index is designed to measure the performance of companies in the S&P 500 that do not own fossil fuel reserves.

The S&P 500® Total Return Index is a widely recognized, unmanaged index consisting of the approximately 500 largest companies in the United States as measured by market capitalization. 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 Impact Growth Fund to CCM Core Impact Equity Fund.

**Effective January 1, 2022, the Fund's benchmark changed to the S&P Fossil Free Index