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 Billion
Impact and ESG Experience	22 Years
Impact and ESG Initiatives[1]	$13.3 Billion Invested Nationwide

Key Takeaways

- Both the stock market and bond market remained volatile during the quarter.
- The Federal Reserve (the Fed) continued its attempts to curtail inflation, raising interest rates twice and signaling its intent to remain vigilant.
- Credit spreads[2], while remaining relatively stable during the quarter, are still at levels that would indicate an economic downturn.

Market Commentary

The third quarter of 2022 remained volatile in both the stock market and bond market. Stocks partially rebounded in July after a difficult second quarter; however, they declined broadly in August and September. The third quarter's 4.88% decline in the S&P 500 Index[3] brought total year-to-date (YTD) losses to 23.9%. With inflation continuing to spook fixed income investors, the bond market posted another negative return for the quarter with the Bloomberg Aggregate Index[4] down 4.75%, making the 14.6% YTD decline the worst drawdown in the Index's 26-year history.

Despite lower inflation expectations going into the third quarter, investors were caught off guard in July when the consumer price index[5] (CPI) rose yet again, up 9.1%, the fastest annual pace since November 1981. However, with the second quarter gross domestic product[6] (GDP) posting another quarter of real economic decline, investors became hopeful that the Fed's actions to curtail inflation, including another 0.75% increase in the federal funds rate in July, were starting to take effect, thus minimizing ongoing aggressive action. This positive sentiment, which buoyed both equity and bond prices during July, was short lived. Inflation failed to materially decline, and economic activity appeared to recover, contributing to another 0.75% increase in the fed funds rate in September and a precipitous decline in stock and bond prices. The broad impact that U.S. interest rate policy has on the global economy combined with inflation and higher interest rates outside of the U.S. negatively impacted economic growth overseas. This led to a flight to the U.S. dollar, which strengthened relative to most currencies. Exacerbating uncertainty were geopolitical fears, including the ongoing Russia/Ukraine war and reduced energy supply to Europe as the northern hemisphere enters its coldest months.

In fixed income, investors remain concerned about the eroding effects of higher inflation and the prospect of even higher interest rates, albeit to a much lesser extent than in the second quarter. Bond mutual funds saw a total of $64 billion in net negative flows from the start of the quarter through Sept 21, bringing the total outflows YTD close to $360 billion, according to estimates from the Investment Company Institute. In fixed income, despite the economic uncertainty from rising interest rates and high inflation, the Bloomberg U.S. High Yield Index[7] held up better than investment grade bonds, declining a mere 0.65% vs. the 5.06% decline in the Bloomberg U.S. Corporate Index[8]. Corporate spreads remain at levels not far from those in mid-2020 when the economy was contracting in the early days of the pandemic. With higher-than-normal spread levels and a further inversion of the yield curve during the quarter, bond investors continue to price in the expectation that economic growth will decline.

In equities, losses were widespread across the globe, particularly outside of the U.S. The MSCI EAFE Index[9] declined by 3% and the MSCI Emerging Markets Index[10] declined by 11.6%, with China getting hit the hardest as the effects of higher interest rates took their toll on the economy and company earnings. Only two of the major market sectors in the S&P 500 Index, energy and consumer discretionary, posted positive returns. The interest rate-sensitive real estate and communications services sectors were the hardest hit, declining 11.0% and 12.7%, respectively. Investors remain skeptical around the outlook for earnings, driving price-to-earnings[11] multiples for all but the largest growth stocks even further below their longer-term averages. While higher costs and the fear of declining revenues are weighing on the minds of stock investors, valuations in certain companies and segments of the market look cheap, even after adjusting for worst case scenarios.

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 (QSVIX) was down 4.46% in the third quarter (net-of-fees). The Fund's benchmark, the Russell 2500 Value Index (R2500V), was down 4.50% in the quarter. The Fund would have outperformed more significantly, but companies with oil and gas exposure were relative outperformers to the Fund's renewable energy holdings.

Macroeconomic factors dominated financial markets again throughout the third quarter. Commodities reversed course and declined precipitously from their May highs. However, consumer spending habits (shifting from goods to services like travel) continued to push inflation higher in the third quarter. Inflationary pressures still appear to have peaked, as a variety of prices in a wide range of industries began to moderate or even fall. The Fed raised rates 75 basis points[12] in September and has amped up its hawkish rhetoric.

Our central bankers appear likely to put the U.S. into a recession to quell inflation. Powell recently said that higher rates will "bring some pain" to consumers, with unemployment expected to increase to 4.5% from 3.7% today. Given smaller-cap stock's higher economic sensitivity, the indices representing these stocks took an outsized hit. The Russell 2500 Value Index dropped 9.4% during September. It is now trading just above pre-COVID highs. Our secondary benchmark, the Russell 2500 Index[13] was down 24.0% YTD at quarter-end compared to QSVIX down 23.1%.

While we are disappointed in the relative underperformance this year, much had to do with the fact that energy stocks are up 34% year to date (XLE). We are committed to a fossil fuel free strategy and will not participate in these moves. Regardless, the Fund has outperformed the Russell 2500 Index[13], and we believe it is well positioned for the current environment.

Our compounder investment approach seeks to position the portfolio in high-quality companies that we believe should be more resilient during poor economic times. We only own businesses with a track record of growing earnings faster than the market. We also are underweight sectors (airlines, materials, etc.) that have historically performed below average in a weak economy.

Given the Fed's hawkish actions, it is very possible that a recession leads to further downside in equity markets. We believe that equities will remain choppy until inflation data decline to lower levels. Valuations of small- and mid-cap stocks still remain near multi-decade lows, with many of our names already pricing in a recession in our view. Less hawkish rhetoric as well as less restrictive monetary policy could potentially restore investor confidence in economic growth.

The Fund continues to own companies that are addressing climate change issues through their products and/or policies. As housing prices, commodities, and demand begin to taper off, inflation looks likely to have peaked. We believe that the Fed will reign in inflation in due time, setting up a period for sustainable equity returns.

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 09/30/2022, the average annual returns for the CCM Small/Mid-Cap Impact Value Fund Institutional Shares for 1-year and since inception were -14.36% and -0.43%.

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 (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 09/30/2022 are: Enviva Inc (6.13%), Nextera Energy (4.90%), Jack in the Box Inc (3.75%), Fidelity National Financial Inc (3.49%), Raymond James (3.38%), Berry Global Group Inc (3.33%), Financial Institutions Inc (3.25%), WP Carey Inc (3.13%), Universal Health Services, Inc – Class B (3.07%), Ameriprise Financial Inc (3.26%). 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]S&P 500 Index is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the United States [4]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. [5]Consumer price index measures the overall change in consumer prices over time based on a representative basket of goods and services. [6]Gross domestic product (GDP) is a monetary measure of the market value of all the final goods and services produced and sold in a specific time period by countries. [7]Bloomberg U.S. High Yield Index measures the performance of high-yield debt issued by corporations domiciled in the US or Canada. [8]Bloomberg U.S. Corporate Index measures the investment grade, fixed-rate, taxable corporate bond market. [9]MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries. [10]MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. [11]Price-to-earnings tells investors how much a company is worth. [12]Basis point is one hundredth of 1 percentage point. [13]Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index.

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.