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]	$13.8 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 continued to weigh on economic growth.
- The Federal Reserve (Fed) continued its attempts to curtail inflation, raising interest rates by 0.75% in November and 0.50% in December.
- Credit spreads[2] declined, particularly in the lower credit quality segments of the bond market, highlighting improved investor sentiment and a lower probability of a severe recession.

Market Commentary

The fourth quarter of 2022 was overall positive in the capital markets, ending a volatile year. Major stock market indices posted mostly positive returns during the quarter even with meaningful volatility and performance dispersion among individual stocks and sectors. Optimism returned to the capital markets in October and November as investors grew more confident that the Fed would start to pare back some of its more aggressive tightening measures. Despite a lower federal funds rate increase in mid-December, the surprisingly stronger third quarter gross domestic product (GDP)[3] increase spooked some investors, reducing their prior confidence that the Fed might curtail its actions, and both stock and credit markets declined during the month. The quarter; however, ended higher with the S&P 500 Index[4] gaining 7.6% and the Russell 2000[5] up 6.2%. Interest rates moved inconsistently across the yield curve with significant moves higher in the under 2-year segment, slight declines in the belly of the curve, and slight increases in the over 10-year segment. The bond market overall posted its only positive quarterly gain of the year with the Bloomberg Aggregate Index[6] climbing 1.87%. Despite signs of a slowing economy and further inversion of the yield curve, investors overall appear unconcerned about a potential recession given the quarterly gains in stocks and in credit, where the Bloomberg U.S. High yield Index[7] rose by 4.20%. Announcements of job losses toward the end of the quarter, combined with evidence that real wage declines are starting to take their toll on the consumer, all indicate that the economy is set to slow, and inflation to continue its slow progression lower. The real question from here is whether the Fed will be able to orchestrate a "soft landing" where it aptly accomplishes its dual mandate of lowering inflation without causing significant damage to employment.

In fixed income, the large and frequent interest rate moves during the quarter were indicative of the bond market's lack of clarity. Core inflation (as measured by the Core Consumer Price Index) remained stubbornly high in September with its year-over-year increase being the highest in over 40 years. The 10-year U.S. Treasury yield hit a high of 4.25% in October, a yield not seen since late 2007. While the 10-year U.S. Treasury yield ended the quarter at 3.88%, just slightly higher than its level at the end of September, rates at the front end of the curve continued to rise as inflation expectations remain high. Investor appetite for credit was not consistent across the credit sectors during the quarter. Even with stronger balance sheets of municipalities and their corresponding ability to better weather an economic downturn, taxable municipal bonds underperformed corporate bonds, with the Bloomberg Taxable Municipal Bond Index[8] delivering a 1.45% return and the Bloomberg U.S. Corporate Index[9] up 3.63%. Despite a potential economic slowdown and higher interest rates on the long end of the yield curve, longer duration, lower-quality investment-grade corporates were the best performers with the long BBB-segment of the corporate index up 6.05% during the quarter. Credit spreads overall are still slightly wider than where they started the year even with the quarter's positive performance in these sectors.

In equities, major market indices across the globe were higher during the quarter, helping to offset the significant losses that occurred in the third quarter. The gains, however, were not consistent across the sectors, particularly in the U.S. where the consumer discretionary sector of the S&P 500 Index declined another 10.2%, losing 37.0% for the year. The expectations for profitability in the energy sector continued to rise with the energy component of the S&P 500 Index posting a 22.8% return for the quarter and an impressive 65.7% return for the year. Investors continued to shy away from the larger and pricier technology names, which comprise a disproportionately large weight in the index as profits for many of these companies have already started to slow amidst higher costs. With real wages declining and consumer spending expected to slow, the higher revenues that had supported some of the declining profit margins may soon also go down, leaving little excitement for investors who want to be compensated for expensive stocks. Amidst a period of transition where the effects of inflation and a slowing economy will test both the profit and revenue outlooks for many companies, the environment looks attractive for price-conscious, fundamental active investment managers.

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	2.18	1.30
Advisor	QUSVX	1/1/18	2.43	1.55

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 up 6.77% in the fourth quarter (net of fees). The Russell 2500 Value Index (the Benchmark) was up 9.20% in the quarter. While the Fund does not hold fossil fuel oriented equities, the Fund's Benchmark does, which has led to a tougher comparison. For the year, the Fund declined 18.03% compared to a decline in the Benchmark of 13.14%. The Fund outperformed its secondary benchmark, the Russell 2500[10], which fell 18.40% in 2022.

In the fourth quarter, macroeconomic factors dominated financial markets again. Commodities continued to weaken from their May highs and inflationary pressures appeared to have peaked, with CPI data falling steadily in the second half of 2022.

Still, central bankers appear likely to put the U.S. into a recession to bring inflation down to its 2% target. Powell recently stated that higher rates will "bring some pain" to consumers, with unemployment expected to increase to 4.6% from 3.5% today. Given that smaller-cap stocks typically exhibit higher economic sensitivity, the indices representing these stocks took an outsized hit last year.

While we are disappointed in the Fund's relative underperformance in 2022, much had to do with the fact that energy stocks were up 57% (XLE). We are committed to a fossil fuel free strategy, and we believe the Fund is well positioned for the current environment and are excited about small-cap valuations today.

Should there be a recession in 2023, our compounder investment approach positions the portfolio in high-quality companies that we believe should be more resilient during poor economic times. We look to only own profitable businesses with a track record of growing earnings faster than the market. We remain underweight certain riskier sectors (like airlines and materials) that have historically performed below average in weak economies.

Given the Fed's hawkish actions, it is possible that a recession leads to further downside in equity markets. We believe that stocks will likely remain choppy until perhaps the Fed pivots from raising rates to lowering rates. Still, valuations of small- and mid-cap stocks 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 also potentially restore investor confidence in economic growth.

We remain committed to our environmental, social, and governance (ESG) and fossil fuel free policies, and the Fund looks to continue owning companies that address climate change through their products and/or policies. As housing prices, commodities, and demand continue 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 12/31/2022, the average annual returns for the CCM Small/Mid-Cap Impact Value Fund Institutional Shares for 1-year, 3-year, and since inception were -18.04%, -3.88%, and 0.67%.

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, 2023. 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 12/31/2022 are: Nextera Energy (4.77%), Berry Global Group Inc (4.33%), Universal Health Services, Inc – Class B (4.04%), Raymond James (3.67%), WP Carey Inc (3.51%), Ameriprise Financial Inc (3.50%), TD Synnex Corp (3.25%), Financial Institutions Inc (3.19%), Quanta Services Inc (3.11%), Hingham Institution for Savings (3.08%). 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]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. [4]The S&P 500® Index is a widely recognized, unmanaged index consisting of the approximately 500 largest companies in the United States as measured by market capitalization.[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]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. [6]Bloomberg U.S. High Yield Index measures the performance of high-yield debt issued by corporations domiciled in the US or Canada [8]Bloomberg Taxable Municipal Bond Index covers the USD denominated long-term taxable bond market. [9]Bloomberg U.S. Corporate Index measures the investment grade, fixed-rate, taxable corporate bond market. [10]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.