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	23 Years
Impact and ESG Initiatives[2]	$14.1 Billion Invested Nationwide

Key Takeaways

- Both stock and bond markets continued to be volatile during the quarter as investors' fear of inflation abruptly shifted to fear of a banking-led economic slowdown.
- The Federal Reserve continued its attempts to curtail inflation with its meager 0.25% increase in the federal funds rate, suggesting a higher probability of slower economic growth.
- The performance dispersion among securities of large vs. small companies increased as investors gravitated to larger companies typically less reliant on bank lending.

Market Commentary

Despite the market turbulence that took place in March when the Federal Deposit Insurance Corporation (FDIC) took control of both Silicon Valley Bank (SVB) and Signature Bank (SBNY), most major stock and bond market indices delivered positive results in the first quarter of 2023. The swift action by federal bank regulators helped to calm the fears of jittery investors and bank depositors. Major stock market indices rebounded after declining broadly during the days that followed. The S&P 500 Index rose 7.5%, and the NASDAQ composite was up 17.1% during the quarter. U.S. Treasury yields ended the quarter 18 to 62 basis points higher for maturities under one year and nine to 41 basis points lower for those maturities farther out the yield curve, contributing to the positive returns in the bond market where the Bloomberg U.S. Aggregate Index rose 2.96% during the quarter.

In fixed income, bond investor sentiment improved in January as inflation appeared to be slowing. The corresponding demand for fixed income helped to drive yields lower, resulting in a positive return for bonds in January and a welcome relief after declines in the previous year. However, subsequent data soured the outlook for inflation, resulting in yields rising and bond prices falling into March. On March 10, concerns grew beyond the two failed banks to widespread concern over the health of the entire banking system and its impact on the broader economy. Consistent with prior periods of economic and market fear, investors sought safety in U.S. Treasuries. Over the course of the next six days, spreads widened, and yields on U.S. Treasuries fell between 18 and 99 basis points. Investor confidence somewhat improved after the actions of the bank regulators; however, spreads remained wider, particularly in financials, and interest rates ended the quarter well below their March 9 peak. With inflation data mixed and the recent banking issues weighing heavily on the minds of the Federal Reserve, its late March meeting resulted in a meager 25 basis point increase in the federal funds rate. The small increase reinforced investor expectations that the banking issues will result in a slowing economy and a higher probability of a late 2023 recession.

In equities, while the major market indices were up for the quarter, returns were volatile and inconsistent across sectors. The larger technology stocks that were some of the poorer performers last year, experienced impressive gains as evidenced by the 21.8% return for the technology component of the S&P 500 Index. The more defensive sectors that performed relatively well last year were laggards during the quarter with the healthcare and utilities sectors of the S&P 500 Index down 4.3% and 3.2%, respectively. Financial stocks struggled, particularly in March when the vulnerability of the regional banks became evident after the failure of SVB and SBNY. Small-cap stocks, as represented by the Russell 2000 Index, were up 2.74% during the quarter; however, the March decline of 4.78% illustrated the degree to which investors prefer the stability of larger-cap stocks during times of market stress. Even the Russell 2000 Growth Index, with its minimal financial exposure, was down 2.47% in March on concerns about the prospect of tighter lending conditions for smaller companies that rely on bank lending to help leverage their growth. With banking crisis liquidity concerns seemingly under control, investors were looking ahead at changing credit and economic landscapes and how companies could adjust accordingly. For active investment managers who take the time to conduct such analysis, we believe this period of transition offers unique opportunities.

[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

Portfolio Managers

Andy Kaufman
Chief Investment Officer
Senior Portfolio Manager
Industry Start Date: 2004
CCM Portfolio Manager Since 2015

Elliot Gilfarb, CFA
Head of Fixed Income
Senior Portfolio Manager
Industry Start Date: 2005
CCM Portfolio Manager Since 2012

Miriam Legrand
Director of Credit Research
Portfolio Manager
Industry Start Date: 2001
CCM Portfolio Manager Since 2022

Shonali Pal
Junior Portfolio Manager
Industry Start Date: 2014
CCM Portfolio Manager Since 2022

Share Classes

	Ticker	Inception	Expense Ratio
CRA	CRAIX	8/30/99	0.88
Institutional	CRANX	3/2/07	0.43
Retail	CRATX	3/2/07	0.78

Portfolio Contributors

- Overweight the long end of the yield curve
- Underweight U.S. Treasuries
- Overweight to solar-backed ABS

Portfolio Detractors

- Overweight financials
- Lower duration credit
- Overweight agency CMBS

Portfolio Commentary

In the first quarter of 2023, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 2.21%, 2.33%, and 2.24%, respectively, on a net-of-fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) returned 2.39%. Interest rates rose at the front end of the yield curve (under one year) where yields ended the quarter 18 to 62 basis points higher than where they started. With rates along the rest of the curve declining 9 to 41 basis points, the yield curve flattened further, and by quarter-end, the 6-month U.S. Treasury bill carried the highest yield of U.S. Treasury securities at 4.94%, 127 basis points higher than the 30-year U.S. Treasury bond. Against this shift in rates, the Fund's overweight to the long end of the yield curve was beneficial to relative returns.

The three major sectors of the Benchmark posted positive returns during the quarter with corporate bonds, agency mortgage-backed securities (MBS), and U.S. Treasuries up 2.50%, 2.53%, and 2.27%, respectively. Except for taxable municipal bonds, spreads widened among other sectors of the Benchmark during the quarter. With market sentiment shifting after the March bank failures, spreads widened during the month, particularly in financials and BBB-rated segments of the benchmark as concerns grew over the stability of the regional banking system and its potential impact to the economy. Against these market moves, the Fund's structural overweight to agency commercial MBS (CMBS), where spreads widened the most, was a headwind. The Fund's underweight to U.S. Treasuries vs. the benchmark partially offset this loss.

Similar to last quarter, investors sought longer duration credit, as evidenced by the excess return differential between the shortest and longest corporate bonds in the Benchmark. Given our view of higher market volatility and a slowdown in economic growth, the Fund's credit exposure has been shorter in duration and higher in credit quality than the Benchmark. The Fund's corporate exposure carried a higher allocation to financials and lower allocation to industrials. Both were headwinds to relative returns during the quarter when longer duration credit and industrials outperformed. The Fund's allocation to solar ABS, which posted impressive returns of 6.92%, partially offset the loss.

We anticipate the Federal Reserve will continue to seek lower inflation measures; however, the results from its recent meeting suggest it is mindful of the potential economic consequences from a stressed regional banking sector. We believe that interest rates will be range-bound at a slightly lower level than our expectations earlier in the year and may look to add to our duration given the new economic risks. The Fund remains underweight at the short end of the yield curve, but we will look at some shorter duration opportunities to add based on their respective attractive risk/reward. We expect to remain overweight at the long end of the curve due to its relative value and our outlook for slowing economic growth and a further reduction in interest rates. The Fund's position in agency MBS has been rebuilt from its 2022 lows, yet it remains underweight to the lowest coupon mortgages. We continue to monitor conditions before adding to our non-agency ABS and will sell accordingly if we see a meaningful deterioration in the market or economic conditions. With spreads widening during the quarter, longer duration credit appears a better relative value than at the start of the year, so we may look to extend duration in this part of the portfolio.

As of 03/31/23, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were -4.00%; 0.02%; 0.44%; and 3.08%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were -3.57%; 0.47%; 0.90%; and 2.46%. The average annual returns for CRATX for the same periods were -3.81%; 0.12%; 0.56% and 2.11%. As of 03/31/23, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 2.47%, 2.92%, and 2.57%, 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 888-272-0007. The annual operating expenses for the CRA Qualified Investment Fund's CRA Shares, Institutional Shares, and Retail Shares is 0.88%; 0.43% and 0.78%, 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.