

# How One Active ETF is Helping to Tackle the U.S. Affordable Housing Crisis

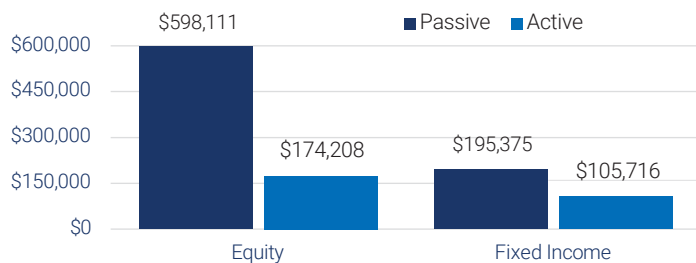
On the back of strong equity and fixed income markets, 2024 was a record-breaking year for the U.S. exchange-traded fund (ETF) industry. Overall, the U.S. ETF market ended 2024 with over \$10 trillion in assets under management. Annual net flows surpassed \$1 trillion for the first time, exceeding 2021's previous high-water mark of \$900 billion. Active fixed income ETFs grew at twice the rate of equity ETFs, representing nearly \$2 trillion in total assets.<sup>1</sup>

## 2024 Active vs. Passive ETF Flows

Actively managed ETFs accounted for 27% (\$299 billion) of ETF flows in 2024. An active ETF is managed by professionals who actively select and adjust holdings to potentially outperform a benchmark or achieve a specific investment outcome, unlike passive ETFs that aim to replicate an index.

### 2024 Active vs. Passive ETF Flows

In billions



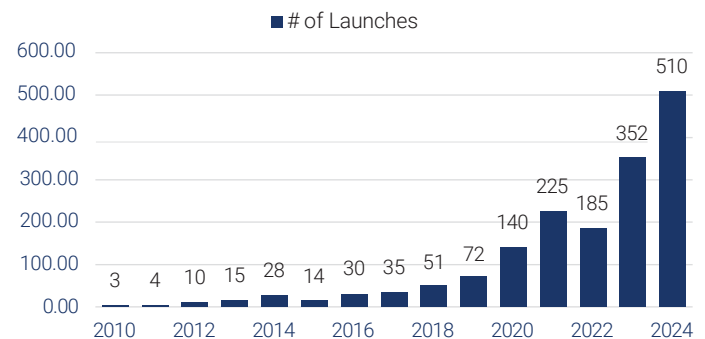
Source: [Fidelity](#)

## Active ETF Launches

In 2024, 510 active ETFs launched, excluding those created as trading tools, accounting for close to 80% of all ETF launches.<sup>2</sup>

### Number of Active ETF Launches

As of 12/31/24



Source: [Morningstar](#)

## Case Study of an Active Fixed Income ETF: CCM Affordable Housing MBS ETF (ticker symbol: OWNS)

Fixed income ETFs enable investors to participate in the bond market without having to research and select individual bonds on their own. While stock ETFs are primarily focused on long-term growth, fixed income ETFs may include an income component for investors. Additionally, bonds are a relatively conservative asset class, meaning fixed income ETFs can help investors offset the volatility associated with stocks and other investment types.<sup>3</sup>

Launched in July 2021, the CCM Affordable Housing MBS ETF (ticker: OWNS) builds on the firm's 25 years of active management expertise in fixed income impact investing. Its primary investment objective is to generate a level of current income. Under normal circumstances, OWNS will invest at least 80% of its net assets in mortgage-backed securities (MBS) backed by pools of mortgage loans meeting one or more of the following criteria:

- Low- and moderate-income (LMI), workforce, and/or minority borrower
- Loans in racially/ethnically concentrated areas of poverty (R/ECAPs)
- Loans in persistent poverty counties (PPCs)
- Loans in majority-minority census tracts

### OWNS Cumulative Impact (Inception to 03/31/25)

Dollar amount invested in impact MBS ①	\$144.8m
Number of loans to LMI, workforce, and minority borrowers ②	668
Dollar amount invested in majority-minority census tracts ③	\$99.9m
Dollar amount invested in R/ECAPs ④	\$6.9m
Dollar amount invested in PPCs ⑤	\$5.2m
Wealth Creation ⑥	\$45,810
Dollar amount invested in programs designed to provide flexible and innovative financing for LMI homebuyers ⑦	\$28.9m

Data as of 03/31/2025 | Source: Community Capital Management, LLC

To CCM's knowledge, OWNS is the only ETF designed to provide investors with a capital markets solution for addressing the U.S. affordable housing crisis.

See blue call out box on next page for descriptions of LMI, workforce, majority-minority census tracts, R/ECAPs, and PPCs.

- 1 **Impact MBS** include any loans eligible under OWNS criteria as defined in the overview.<sup>1</sup>
- 2 A **low-income** person is someone whose total annual income is less than 50% of the area median income (AMI) or average income for the community where they live. A **moderate-income** person is someone whose total annual income is above 50% but less than 80% AMI or average income for the community where they live. **Workforce** borrowers are those whose total annual income is above 60% but less than 120% AMI or average income for the community where they live and may include middle-income workers such as teachers, police officers, firefighters, nurses, and retail workers who do not qualify for subsidized housing but still may struggle to afford market-rate housing in their communities.
- 3 A **majority-minority census tract** has a population that is at least 50% minorities (Black, Asian, Hispanic, Asian-Pacific Islander, and/or Native American).
- 4 To assist communities in identifying **R/ECAPs**, HUD has developed a census tract-based definition that involves a racial/ethnic concentration threshold and a poverty test.
- 5 Public Law Number 115-31 (enacted May 5, 2017) defines **PPCs** as counties where 20% or more of the population lives in poverty as measured by the U.S. Census Bureau (1990 and 2000 decennial censuses and 2011-2015 American Community Survey).
- 6 CCM, the registered investment adviser to OWNS, is working with Redfin to calculate the estimated home values of loans in the OWNS portfolio to gather data on wealth creation. For the loans where addresses are available, they generate a median **wealth effect** per mortgage over the length of each loan's investment from when we purchase it through the most recent quarter end. CCM will continue calculating wealth creation values so long as the data from Redfin or another online real estate brokerage company is available.
- 7 **Programs** include the Fannie Mae HomeReady and Freddie Mac Home Possible programs, which aim to support sustainable homeownership with innovative financing flexibilities. Eligible first-time and repeat homebuyers must earn no more than 80% AMI to qualify. Programs may feature lower down payments, down payment and closing cost grants, more flexible sources of funds, and affordable and cancellable mortgage insurance. First-time homebuyers receive homeownership and financial literacy education.

## OWNS Highlights (as of 03/31/25)

- **Asset Class:** Fixed Income
- **Inception:** July 2021
- **Assets:** \$134 million
- **Benchmark:** Bloomberg U.S. MBS Index
- **Net Expense Ratio:** 0.30%\*
- **Gross Expense Ratio:** 0.57%
- **Liquidity:** Daily
- **Investors:** Insurance companies, family offices, banks, high net worth
- **Where to purchase:** OWNS ETF trades on an exchange. OWNS is available through various channels including broker-dealers, investment advisers, and other financial service firms.

\*Community Capital Management LLC has contractually agreed to limit the total annual operating expenses (exclusive of fees paid by the Fund pursuant to its distribution plan under Rule 12b-1 under the Investment Company Act of 1940, as amended, taxes, brokerage commissions and other transaction costs, interest payments, acquired fund fees and expenses, extraordinary expenses and dividend expenses on short sales) of the Fund to 0.30%. Waivers are contractual and in effect until October 31, 2025. This contract may not be terminated without the action or consent of the Fund's Board of Trustees.

### For More Information

For questions on OWNS or for more information, please email [info@ccminvests.com](mailto:info@ccminvests.com).

## About CCM

Founded in 1998, Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. The firm's mission seeks to deliver superior risk-adjusted returns through investment strategies that contribute to positive societal outcomes. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

<sup>1</sup> <https://www.americancentury.com/insights/etfs-defying-gravity>

<sup>2</sup> <https://www.morningstar.com/funds/active-etfs-big-year-what-hit-market-whats-our-radar>

<sup>3</sup> <https://www.troweprice.com/financial-intermediary/us/en/insights/articles/2024/q4/active-fixed-income-etfs-potential-outperform.html>

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. NAVs are calculated using prices as of (4:00 PM Eastern Time). **Carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the statutory and summary prospectus, which may be obtained by calling 844-448-3383, or by visiting [www.ccminvests.com](http://www.ccminvests.com). Read the prospectuses carefully before investing.**

Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities. This fund is non-diversified. As an actively managed Fund, it does not seek to replicate a specified index.

The Fund is distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Community Capital Management.

Performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed or sold, may be worth more or less than the original cost. Current performance may be lower or higher than the original cost. Returns for periods of less than one year are not annualized. Market price returns does not represent the returns you would receive if you traded shares at other times. For performance data current to the most recent month end, please call 844-448-3383.

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