

Poverty Alleviation

Throughout our 25 years working in impact investing, we have developed a series of impact themes in which one or more themes aligns with each of our investments.¹ Themes are evaluated individually for alignment based on each investment's use of or intent of proceeds.

Common Characteristics in CCM's Impact

- Each theme is designed to encourage positive societal outcomes through capital allocation.
- We look for high credit quality, liquid investment opportunities that contribute to the portfolio's overall risk/return and align with at least one impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) to maintain transparency in our client impact reporting.
- We must believe that market-rate opportunities exist so that client commitments to individual themes can be fulfilled over time.

Opportunity Set and Impact Themes

Our investment opportunity set includes securities that are liquid, financially sound, and that meet our impact criteria. We have found such securities in the following fixed income sectors: asset-backed securities, agency commercial mortgage-backed securities (CMBS), agency mortgage-backed security (MBS), corporate bonds, and taxable municipals.

Impact Themes	ABS	Agency CMBS	Agency MBS	Corporate Bonds	Taxable Municipals
Affordable Health and Rehabilitation Care	●	●		●	●
Affordable Housing	●	●	●	●	●
Arts, Culture, and the Creative Economy	●	●		●	●
Disaster Recovery, Resilience, and Remediation	●	●	●	●	●
Education and Childcare	●	●		●	●
Enterprise Development and Jobs	●	●		●	●
Environmental Sustainability	●	●	●	●	●
Gender Lens	●	●	●	●	●
Human Empowerment	●	●		●	●
Minority Advancement	●	●	●	●	●
Poverty Alleviation	●	●	●	●	●
Rural Community Development	●	●	●		●
Seniors, Veterans, and People with Disabilities	●	●		●	●
Sustainable Communities	●	●	●	●	●

Impact Theme Description:

Poverty Alleviation

Investments aligned with this theme help communities of stated persistent poverty. It also includes investments in initiatives that look to support people experiencing homelessness, eradicate or decrease the number of people in poverty, and those in a persistent poverty county.

Examples of bond financing activities in alignment with this theme (this list is not exhaustive):

- Home loans or rental housing in a census tract with a poverty level of 20% or greater; in a Persistent Poverty County; or in a R/ECAP state, county, or census tract.
- Loans for borrowers buying a home in designated Targeting Areas of chronic economic distress.
- Housing or services for people experiencing homelessness or at risk of experiencing homelessness.
- Organizations that provide programs or services intended to benefit or assist people living below the poverty level.

Case Studies: Poverty Alleviation (FOR ILLUSTRATION ONLY)

We believe real-world examples are one of the most powerful ways to demonstrate how a bond aligns with a specific impact theme. This perspective highlights two impact investments that exemplify the impact theme of **Poverty Alleviation**.

For details on our impact in this theme or to see additional examples, please email us at info@ccminvests.com.

Minnesota Housing Finance Agency

Statewide, MN | Taxable Muni

The Minnesota Housing Finance Agency (MHFA), established in 1971, is Minnesota's statewide housing finance agency. Its primary purpose is to provide safe, decent, and affordable housing across the state, and its mission is to promote and support successful, sustainable homeownership for families, individuals, and communities.

MHFA will use the proceeds of the 2025 Series A Residential Housing Finance Bonds to purchase single-family mortgage loans for low- and moderate-income (LMI) homebuyers in the state. As of June 30, 2024, MHFA provided nearly \$1.1 billion in mortgage loans to over 4,400 households and issued \$62 million to assist with down payment and closing costs.

Across its programs, MHFA prioritizes those most impacted by housing instability, including people experiencing homelessness, people with disabilities, seniors, children, and Black, Indigenous, and people of color (BIPOC) communities. According to Minnesota Housing's 2023 Program Assessment Report, the median income of homebuyers served in 2023 was \$75,668, which is 67% of the statewide median family income (\$111,700) for 2023, qualifying the borrowers in the program, on average, to be of moderate income.

MHFA offers two main mortgage loan programs to serve LMI homebuyers: the Start Up program and the Step Up program. The Start Up program provides low-interest loans to LMI, first-time homebuyers across Minnesota, and the Step Up program offers low-interest mortgage and refinance loans to LMI borrowers. In May 2024, MHFA launched the First-Generation Homeownership Loan Program, allocating \$50 million to assist individuals who, along with their parents, have never owned a home.

Many families and individuals cannot purchase a home because of the significant expenses of a down payment and closing costs. To alleviate this barrier, MHFA offers three types of down payment assistance (DPA) programs tailored to the needs of diverse homebuyers. Eligible borrowers under MHFA's Start Up or Step Up programs have the option to access one of the down payment and closing cost loans, which can range in amounts from \$16,500 to \$18,000.

All first-time homebuyers must complete at least one of the MHFA-approved homebuyer education courses before closing on their home. The following six courses fulfill this requirement: (1) Common Cents: Money & Homebuyer Education Class, (2) Framework, (3) Freddie Mac CreditSmart Homebuyer U, (4) Home Stretch, (5) Pathways Home, and (6) Realizing the American Dream. MHFA also offers homeownership advisors and financial coaching.

Acknowledging the racial disparities in homeownership, MHFA prioritizes homeownership for BIPOC households. MHFA establishes annual goals for BIPOC households in the state and tracks lending at the loan level. MHFA does targeted outreach to Tribal Nations, Indigenous communities, communities with job growth but limited housing supply, and historically disinvested communities in the Minneapolis-St. Paul metro area and Greater Minnesota. Between 2018 and 2022, the agency increased loans to BIPOC first-time homebuyers by almost 30%. MHFA aims to provide at least 40% of first-time homebuyer mortgages to BIPOC borrowers through 2027. As of June 30, 2024, 37% of its first-time homebuyer mortgages and approximately 42% of first-time mortgages in the Start Up program have gone to BIPOC borrowers.



Impact Themes

-  Affordable Housing
-  Human Empowerment
-  Minority Advancement
-  Poverty Alleviation
-  Seniors, Veterans, and People with Disabilities

Impact Designations

-  First-Time Homebuyer

Walk, Bike, Transit Scores®

N/A

River Place Apartments

San Angelo, TX | Agency CMBS

River Place Apartments is a Low-Income Housing Tax Credit (LIHTC) property for seniors in San Angelo, Texas (Tom Green County) with 120 units. To qualify for the LIHTC allocation, the property owner agreed to reserve all 120 units for residents with incomes at or below 60% of the area median income (AMI) for a period of 40 years. Specifically, 10% of the units are reserved for residents with incomes at or below 30% of AMI, and another 10% of the units are set aside for people with special needs (includes people with disabilities, people with alcohol or drug addictions, colonia residents, victims of domestic violence, people with HIV/AIDS, people experiencing homelessness, and migrant farm workers).

The property is in Census Tract 0007.00, a majority-minority, high-poverty census tract where minorities comprise 74% of the population and 25% live below the poverty line. At least six units are accessible for individuals with mobility impairments.

River Place Apartments offers one- and two-bedroom apartments, and there is an elevator in the building. Unit amenities include air conditioning, shower tubs, private patios, and energy-star or equivalently rated lighting. The property has a pool, fitness center, community patio, senior activity room (for arts and crafts, etc.), laundry facilities, library, pet play area, business center, and multi-use room.

River Place Apartments offers a variety of special supportive services for residents at no charge. All services are on-site or transportation to off-site services is provided. At least six unique services are offered at the property, and could include any of the following: childcare, transportation, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, and scholastic tutoring.



Impact Themes

 Minority Advancement

 Poverty Alleviation

Impact Designations

 High Poverty Census Tract

 Low- or Moderate-Income Census Tract

 Majority-Minority Census Tract

Walk, Bike, Transit Scores®

30 Walk Score

35 Bike Score

00 Transit Score

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.

¹ Impact criteria exceptions are only applicable to transitional assets that are used for portfolio management purposes.

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. Any performance information, case studies, examples, or securities identified and described are for illustrative purposes only and do not guarantee future results or outcomes. Security selection was based upon nonperformance-based objective criteria, including, but not limited to, the security's social attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. CCM has distinct investment processes and procedures relating to the management of investment portfolios for institutional clients. The firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity by combining the positive societal outcomes of impact investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. Investments selected based on impact criteria may result in a portfolio that is less diversified and may be subject to greater volatility or risk. There is no guarantee that any impact objectives will be achieved, and measurement of impact may be subject to limitations or inaccuracies. Certain securities or strategies may be subject to liquidity risk, and the universe of eligible investments may be more limited than in non-impact strategies. An investment strategy that incorporates impact criteria may result in lower or higher returns than an investment strategy that does not include such criteria. Impact figures mentioned are approximate values. Opinions, estimates, forecasts, and statements of market trends are based on current market conditions and are subject to change without notice. Third party links, trademarks, service marks, logos and trade names included in this content are the property of their respective owners. The inclusion of a third party link is provided for reference and does not imply an endorsement or association with, or adoption of the site or party by us. Acceptance of this material constitutes your acknowledgement and agreement that the Advisor does not make any express or implied representation or warranty as to the accuracy or completeness of the information contained herein and shall have no liability to the recipient or its representatives relating to or arising from the use of the information contained herein or any omissions there from. Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon nonperformance-based objective criteria, including, but not limited to, the security's societal attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. For a full list of relevant disclosures, please visit <https://www.ccminvests.com/regulatory-disclosures>.