COMMUNITY CAPITAL MANAGEMENT

CCM AFFORDABLE HOUSING MBS ETF (OWNS)

Key Takeaways

- The Bloomberg US Aggregate Index was up 1.1% in the fourth quarter, driven in part by a steepening of the Treasury curve, with declining 2-year yields and rising 10-year yields.
- U.S. equities finished the quarter higher, with modest gains as the S&P 500 Index rose approximately 2.3%.
- Inflation continued to ease, while the labor market showed clearer signs of cooling, with payroll growth slowing since spring and unemployment rising over the quarter.

Portfolio Managers

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

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

Jessica Botelho
Co-Chief Impact Strategist
Portfolio Manager
Industry Start Date: 2006
Portfolio Manager Since 2021

Shonali Pal, CFA
Portfolio Manager
Industry Start Date: 2014
Portfolio Manager Since 2022

Market Commentary

U.S. risk assets advanced during the fourth quarter, supported by ongoing confidence that economic growth could slow without tipping into a recession. Equity performance remained positive but more subdued than earlier in the year, as investors balanced softer labor-market signals with resilient corporate fundamentals.

In fixed income, returns were driven less by a broad rally in long rates and more by a front-end repricing, as short- and intermediate-maturity yields declined amid growing expectations that the Federal Reserve (the Fed) would prioritize sustaining the economic expansion. Credit markets remained constructive, with only modest spread widening in investment grade sectors and largely unchanged spreads in high yield.

Financial markets in the fourth quarter were shaped primarily by expectations around the pace and durability of monetary policy easing. The shift toward an expectation of rate cuts became more plausible as inflation continued to moderate and labor conditions softened. Payroll growth has shown little net change since the spring of 2024, the unemployment rate has drifted higher, and underemployment measures (including part-time employment for economic reasons) increased meaningfully—all signals that labor conditions are losing momentum.

Against this backdrop, the Fed explicitly framed policy as a balancing act between the two sides of its dual mandate. In December, the Fed noted that downside risks to employment had risen and cut the federal funds target range by 25 bps to 3.50%–3.75%, while emphasizing that further moves would remain data-dependent.

Inflation data reinforced a “cooling but not finished” narrative. During the quarter, the most recent Consumer Price Index (CPI) report showed headline inflation running 2.7% year-over-year and core inflation at 2.6%, with shelter inflation continuing to moderate versus prior peaks.

Current conditions point to a prolonged late-cycle slowdown rather than a sharp downturn, with moderating growth, inflation approaching the Fed’s 2% target, and monetary policy shifting toward sustaining the expansion. Markets will continue to assess the durability of disinflation and whether labor market cooling stabilizes at a pace consistent with slower growth or weakens enough to pressure earnings and consumer demand.

Portfolio Contributors

- Overweight 30-year agency mortgage-backed security (MBS) pools
- Relative performance of CCM's custom MBS pools

Portfolio Detractors

- Cash exposure

Portfolio Commentary

In the fourth quarter of 2025, the CCM Affordable Housing ETF (the Fund) was up 1.75%, net of fees. The Bloomberg U.S. MBS Index (the Benchmark) was up 1.71%.

Duration/Yield curve

During the quarter, the yield curve steepened, with U.S. Treasury yields declining in the 2-year and shorter maturities while rising in the 20+ year part of the curve. The middle of the curve (3-10 years) traded within a tight range, ending the quarter at a similar level to where it started. Throughout the quarter, the Fund maintained a slightly longer duration than the Benchmark, averaging 5.66 years vs. 5.64 years. As a result, both yield curve positioning and duration modestly contributed to relative performance.

Sub-Sector Composition

During the quarter, the Fund maintained an overweight position in 30-year agency MBS pools, averaging 97.5% of the portfolio compared to 90.6% in the Benchmark, while remaining underweight in 15- and 20-year pools. This positioning benefited relative performance as spreads tightened the most in 30-year pools. The Fund's underweight to 30-year Ginnie Mae pools also contributed positively, as these securities underperformed conventional (Fannie Mae and Freddie Mac) 30-year pools. The Fund's underweight to lower coupon (1.5% to 3.5%) 30-year pools and overweight to higher coupon (4% to 6%) pools had a negligible impact on performance. The Fund's largest contributor to outperformance during the quarter was its custom (impact) agency MBS pools, which are primarily comprised of mortgages to low- and moderate-income homeowners. These pools typically exhibit more consistent prepayment speeds and. amid declining interest rates and softening economic conditions, outperformed generic (non-custom) pools during the period.

Positioning Changes

Given the team's outlook for lower, yet range-bound interest rates, the Fund remains underweight to 15-year pools and overweight to longer-duration 30-year pools and ended the quarter with a higher relative exposure to 4%-5% coupon pools as the team seeks to capture higher income relative to lower coupon pools.

As of 12/31/25 the average annual gross returns for the CCM Affordable Housing MBS ETF for 1-year and since inception (7/26/21) were 8.00% and 0.43% and the average annual net returns for the Impact CCM Affordable Housing MBS ETF for the same time periods were 7.74% and 0.11%.

As of 12/31/25 the gross and net expense ratios for the CCM Affordable Housing MBS ETF were 0.68% and 0.30%, respectively. 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, 2026. This contract may not be terminated without the action or consent of the Fund's Board of Trustees.

Data sources: Barclays Live, Bloomberg PORT, and eVestment Alliance.

Performance results presented are net of fees and represent total return. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. 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. Performance reports contained herein should not be construed as a recommendation to purchase or sell any particular securities. Market conditions can vary widely over time and can result in a loss of portfolio value. The results portrayed included the reinvestment of dividends, interest and other earnings. Any index information provided herein does not reflect the impact of fees; you cannot invest directly in an index. Performance for periods greater than 1-year are annualized.

This strategy involves impact risk. CCM may select or exclude securities of certain companies for reasons other than performance and, as a result, the strategy may underperform other strategies that do not use an impact screening process. Impact investing is qualitative and subjective by nature. There is no guarantee that impact criteria used by CCM will reflect beliefs or values of any particular investor.

This material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing or sending money.

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).

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.