

THE IMPACT

I N V E S T O R

A Publication of Community Capital Management, Inc.

Spring 2016 Newsletter

CCM's 2015 Annual Impact Report

We are pleased to announce the release of CCM's 2015 Annual Impact Report. The 2015 report includes enhanced impact reporting metrics, detailed information on CCM's customized impact themes and comprehensive qualitative positive impact outcomes.

To download a copy, please visit www.ccmfixedincome.com. If you would like to receive a hard copy, please email Jamie Horwitz, Chief Marketing Officer, at jhorwitz@ccm-fixedincome.com.

How CCM's Clients Customize their Impact Investing Portfolios

CCM's clients have the opportunity to customize their impact investing portfolios by tailoring their investments to positively support specific impact themes or geographies. CCM's investment team then seeks bonds whose proceeds benefit those specified screens.

Investments customized to impact themes can target a variety of initiatives including but not limited to those listed in the box on page 2. Investments customized to geographies can target nationwide or by state or county.

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We are excited to present the 2016 spring issue of *The Impact Investor*. Included is a Q&A with Marquette Associates, an independent investment consulting firm, on their recent *Investment Perspectives* focused on impact investing. Also included is an overview of Community Capital Management's (CCM) 2015 Annual Impact Report and an article on CCM's customization process whereby investments can be tailored to positively support specific impact themes or geographies. The last two pages spotlight three CCM fixed income ESG/impact investments along with our 2016 spring conference schedule.

Q&A



Marquette Associates

with Marquette Associates Investment Perspectives: Impact Investing

Marquette Associates is an independent investment consulting firm with offices in Chicago, St. Louis and Baltimore. Marquette guides institutional investment programs with a focused three-point approach and careful research. Marquette has served a single mission since 1986 – enable institutions to become more effective investment stewards. In the following Q&A, Nichole Roman-Bhatty, Managing Partner, discusses the firm's Investment Perspectives focused on impact investing.

1. Why did Marquette decide to publish an Investment Perspectives piece on Impact Investing?

Marquette serves numerous clients that have already embraced traditional Socially

Responsible Investing ("SRI") through negative screens, but are interested in taking a more active approach that creates a greater social impact. Many of these are mission-based organizations that are now developing SRI policies that reflect their specific charitable purpose; their investments can now speak the same language.

In addition, general interest in impact investing has spiked over the past few years. As shown in our Investment Perspectives piece, assets have nearly doubled since 2012. Many of our non-mission-based organizations have shown interest after hearing the topic raised at conferences or in news outlets.

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VISIT WWW.CCMFIXEDINCOME.COM TO:

- Download a copy of CCM's 2015 Annual Impact Report
- Download a copy of CCM's new white paper: "The Illusion of Corporate Bond Diversification in a Balanced Portfolio"
- Visit CCM's new blog and read recent posts on fixed income sustainability and fixed income impact investments



How CCM's Clients Customize their Impact Investing Portfolios *continued from page 1*

CCM's investment team works with clients to customize investments within a portfolio in an effort to meet their stated goals. As you will read on page 3 of this newsletter, the investments CCM purchases on behalf of its clients have multiple positive economic and community benefits.

Examples of Customized Impact Themes

- Agriculture
- Affordable Healthcare/Rehabilitation
- Affordable Housing
- Disaster Recovery
- Education/Childcare
- Enterprise Development/Jobs
- Environmental Sustainability
- Gender Lens
- Healthy Communities
- HUD Designated
- Human Capital Plan
- Neighborhood Revitalization/Redevelopment
- Rural Community Development
- Seniors/Disabled

Q&A with Marquette Associates Investment Perspectives: Impact Investing *continued from page 1*

We've received interest as a result of the increasing popularity of conferences like USSIF and the rapidly increasing focus on climate change, as evidenced by the fossil fuel divestment led by university endowments and the United Nations Conference in Paris.

2. What types of clients do you work with that are inquiring about impact investing strategies?

Marquette works with numerous religious groups and nonprofit organizations that are expressing new interest in responsible investments and shareholder engagement. While many of our clients have already implemented SRI policies, they are now looking to identify investments that create tangible change. The investment marketplace has responded to investor demand for responsible investment options and high-quality products are more accessible than ever before.

Many of our religious clients are revisiting their investment policies and adding language on positive screening and shareholder advocacy. We are also seeing interest from Taft-Hartley, Public and Corporate Defined Contribution clients.

3. With the number of impact investing products surging over the last five years, how do you identify and evaluate impact investing managers with viable strategies?

Asset allocation comes first with institutional clients. We want to make sure that any strategy fits into their plan structure,

which we tailor to their specific return goals, liquidity needs, investment time horizons, and risk tolerances. Additionally, our research team develops broad macro-economic themes that guide our overall firm recommendations, and a potential impact investment must be in an asset class we feel is appropriate for the client. Once we have confirmed the investment's potential viability we subject the product to our four-phase manager due diligence process to thoroughly vet the idea and the people behind it.

4. Looking forward, what do you see are some of the critical challenges and key opportunities for this sector?

A large percentage of impact investment ideas are constructed as private investment vehicles with very low levels of liquidity and long time horizons. This becomes an issue for many of our retirement or operating portfolios that have greater cash flow requirements. The industry is offering more liquid and institutional quality investment vehicles but the universe of options is still relatively small. Additionally, it has proven difficult to develop benchmarks and find standard metrics for measuring social impact, particularly because many of the social benefits will happen over time and quantitative metrics vary across strategies.

In the past couple of years, information on how a company is addressing social issues like their environmental practices has increased dramatically. Investment strategies that offer a shareholder en-

agement approach to impact investing for example are providing new and more detailed information on the qualitative impacts of their efforts and of the total portfolio's ranking on social issues. At the same time, the Department of Labor recently issued guidance for fiduciaries inferring that it is acceptable to consider ESG (Environmental, Social and Governance) factors when making an investment selection. As a result, the investment community is now embracing that a company with poor ESG practices poses a risk to investors and is therefore investing in resources internally to access these risks.

The combination of increased reporting on social practices and increased investment resources evaluating these risks is resulting in greater transparency. In the future, clients will have a much more transparent view into social practices of their underlying investments and of the investment managers they select.

For more information or to obtain a copy of the Marquette Associates' Investment Perspectives on impact investing, please visit www.marquetteassociates.com or contact Nichole Roman-Bhatty at nrb@marquetteassociates.com or call 312-527-5500.

The link above goes to a third-party website. CCM is not responsible for the content or condition of third party websites. CCM does not endorse the views, products, or services of third party websites.

SPOTLIGHT ON CCM FIXED INCOME IMPACT INVESTMENTS

Elizabeth Seton Pediatric Center, New York

Elizabeth Seton Pediatric Center (the Center) was established in 1987 by the Sisters of Charity to provide specialized clinical and rehabilitative services to medically complex children with multiple physical and neurological conditions and disabilities. Located in Westchester County, New York, the Center serves over 5,000 children annually, primarily lower-income patients covered by Medicaid reimbursement.

In March of 2012, the Center relocated from Manhattan to a new state-of-the-art facility in Yonkers where 166 permanent union jobs were transferred. The construction provided over 800 family-supporting jobs for members of the local building and construction trade unions. Construction is currently underway to expand the Center to increase the capacity of the long-term nursing facility and allow the Center to care for 50 ventilator dependent children. The expansion project is expected to be complete in 2017 at which point, the Center's long-term nursing facility's resident population will increase from 137 children to 169. With the expansion, the Center also plans to hire an additional 109 employees.

Catherine H. Gallagher Cooperative, Massachusetts

Catherine H. Gallagher Cooperative (the Cooperative) is a Low Income Housing Tax Credit property for families located in historic Hyde Square, Jamaica Plain, Massachusetts. The complex has 34 units, of which 25 are restricted to residents with incomes at or below 60% of the area median income.

The Cooperative transformed a large blighted and vacant lot into seven buildings of high quality affordable housing. The project was Phase II of the Back of the Hill Community Housing Initiative, a

In addition to its commitment to children, the Center is also committed to the environment through the Pediatric Center's green initiative and building design. The Yonkers facility has been awarded a Leadership in Energy and Environmental Design (LEED) Gold Certification. It is the only LEED Gold certified green pediatric facility in the country.

partnership between the Jamaica Plain Neighborhood Development Corporation and the Back of the Hill Community Development Corporation, a grassroots, community-led planning and development effort to turn vacant land in the Back of the Hill section of Mission Hill into quality affordable housing.

Youthland Academy Pleasant Ridge, Ohio

Youthland Academy Pleasant Ridge, LLC in Cincinnati, Ohio is a childcare and learning center that assists children in realizing success and fulfillment through positive self-image programs. Mindful of the rise in childhood obesity, Youthland Academy is also committed to teaching children that healthy food choices can be delicious, fun and educational. The President and CEO believe that education and nutrition are important components of a child's development. Careful research is coordinated to establish where food served at Youthland comes from and the business only accepts the freshest and highest quality of meat, breads, fruits and vegetables for the children.

The business is located in a moderate-income census tract and the loan to Youthland Academy was authorized through the Small Business Administration's (SBA) 7(a) program which was established to serve small business borrowers that cannot otherwise obtain private sector financing under suitable terms and conditions.



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Spring/Summer 2016 Conferences:

CCM will be speaking and/or attending the following conferences this spring/summer

*2nd Annual ESG, SRI &
Impact Investing Summit*
March 30-31, New York, NY

Impact Capitalism Summit
April 26-27, Chicago, IL

NEAFP Annual Conference
May 2-4, Boston, MA

Mission Investors Exchange
May 10-12, Baltimore, MD

US SIF Annual Conference
May 23-25, Washington DC

*Leadership Conference Women
Religious Assembly*
August 9-13, Atlanta, GA



ENVIRONMENTAL BENEFITS STATEMENT *of using post-consumer waste fiber vs. virgin fiber*

For the Period: **2/1/2015 to 3/15/2016**

Community Capital Management

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38	26,818	8,181	50,907,779	4,437
fully grown	gallons	pounds	BTU's	pounds

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greenink.com

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