1Q 2019 Commentary

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MARKET COMMENTARY

The first quarter of 2019 proved to be the reemergence of the Federal Reserve's focus on the balance sheet. While Jerome Powell hinted to slowing the pace of run-off of the balance sheet in December, in the first quarter of 2019, he explicitly stated that the Federal Reserve intends to hold the balance sheet steady and stop the increase of fed funds rates unless economic data says otherwise. Powell's confirmation paired with the later stages of a long economic cycle, lower domestic growth projections, and some recent releases of weaker economic data, makes a reversal from lower rates very unlikely in the near future. It helped calm the markets from the increased volatility we saw at the end of 2018 and push both equities and fixed income higher during the first quarter of 2019.

Global stock markets rallied with the S&P 500 Index® up 13.7%, and the MSCI EAFE Index and Emerging Markets Indices both up almost 10%. In the U.S., investors shrugged off news that profit margins had declined from their 2018 record-high levels. Price gains were broad-based, yet most pronounced in the stocks of higher-growing companies, which had been the hardest hit at the end of last year when investors became concerned about their continued ability to grow in a slower-growth environment. The impressive 14.6% return in the small-cap-dominated Russell 2000 Index® was not enough to erase its now 15-year performance deficit against the largest companies found in the Russell Top 200 Index®. With the exception of small cap value stocks, these recent price increases have left the valuations of the broad-based U.S. market indices at or above their 20-year averages.

While stocks grew in the first quarter, the bond market also rallied with the Barclays Aggregate Index moving up almost 3% during the quarter as long-maturity corporates and non-investment grade bonds led the way. Both the Bloomberg Barclays U.S. Aggregate Credit-Long and High Yield Indices were up over 7%, in keeping with their historical pattern of being highly correlated to stocks. Corporate spreads are now back below their median levels of the last 15 years, so similar to stock technicals, there would appear to be very little margin should growth expectations shift even lower. But with more indications that rates may remain lower for longer, cheap access to credit may once again prove to justify lofty valuations in both the credit and stock markets.

CRA Qualified Investment Fund

PORTFOLIO COMMENTARY

In the first quarter of 2019, the CRA Qualified Investment Fund CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted positive returns of 1.86%, 1.88% and 1.79%, respectively, on a net of fees basis. The Intermediate component of the Bloomberg Barclays Aggregate Bond Index ("benchmark") was up 2.28%.

The CRA Qualified Investment Fund's (the "Fund") largest sector, agency commercial mortgage-backed securities (CMBS), was up 2.04%. On a stand-alone basis, the sector contributed 27 basis points of income return, while the Fund's total income return was 81 bps. In addition to the income profile, the price return in the sector was better than the benchmark's Treasuries given our longer duration exposure.

The Fund's second largest sector, single family agency mortgage-backed securities, was up 2.17% during the month and performance was in-line with the benchmark's MBS. The Fund's overweight exposure to 30-year MBS vs. the benchmark (the Fund currently has no exposure to 15/20-year MBS while the benchmark's sector exposure is 13%), slower prepayments vs. the benchmark, and a higher income profile all helped negate the underweight allocation of 3% coupons, which were the best performing coupon during the quarter.

The third largest sector in the Fund, taxable municipal bonds, was up 2.36%. With spreads tightening during the quarter, albeit not as much as spreads in the corporate sector, plus the move in rates, the overall price return was 1.56%. The rest of the total return in the sector was due to the income component

The benchmark's performance for the quarter seemed to be helped by its larger position in corporates, which were the best performing sector in the bond market during the quarter, generating a 3.82% total return and an excess return of 2.10%. Treasuries and Mortgages also contributed to the benchmarks performance by being up 1.59% and 2.17%, respectively.

As of March 31, 2019, the Fund's Yield-to-Worst (YTW) is 3.20%, higher than the benchmark's YTW of 2.78% and it exhibited eight percent longer duration, or interest rate risk, to the benchmark. The portfolio management team does not anticipate any changes to its current asset allocation weightings.

Important Information

The benchmark for the CRA Qualified Investment Fund changed in February 2018 from the Bloomberg Barclays U.S. Aggregate Bond Index to the Bloomberg Barclays Intermediate U.S. Aggregate Index. The sector returns quoted are for the new benchmark.

As of 03/31/19, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were 3.06%; 1.97%; 2.50%; and 3.88%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were 3.44%; 2.41%; 2.96%; and 3.38%. The average annual returns for CRATX for the same periods were 3.07%; 2.08%; 2.61% and 3.03%. As of 03/31/19, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 2.26%, 2.70%, and 2.36% 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 877-272-1977. The annual operating expenses for the CRA Qualified Investment Fund's CRA Shares, Institutional Shares, and Retail Shares is 0.91%; 0.46% and 0.81% 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.

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, Inc.

Investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The CRA Qualified Investment 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.