COMMUNITY CAPITAL MANAGEMENT
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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.

Quaker Funds

QUAKER IMPACT GROWTH FUND

The Quaker Impact Growth Fund posted a strong start to the year in a fiercely improving market. We are particularly happy with this result given our low relative exposure to some of the largest technology companies compared to many other growth funds. Instead, we have higher exposure to many large banks and payment infrastructure companies. We feel these financial companies have shown strong growth enterprises, and are valued as if they are shrinking.

While many of the front-page stories, such as recent IPO's, might feature these larger technology companies with higher revenue growth profiles (and more innovative use of the letter Y or lack of vowels in their names), companies with a steadily growing cash flow and businesses with profits among wide competitive moats are much more attractive to us.

The coming quarter looks to have a number of hurdles for markets: a potential trade deal (or lack there of) with China, the impending resolution to Brexit, the impact of a possible weaker dollar on emerging markets, and the timing of a probable European Central Bank (ECB) balance sheet reduction, are among a few.

We believe the fundamental backdrop remains positive in general, but many tailwinds seem to be dissipating. Lapping the tax law change is probably the most difficult change for many companies, but there are others. As we said, though, we believe we are concentrated in investments where growth is being discounted and companies have many self-help levers to pull.

QUAKER SMALL/MID-CAP IMPACT VALUE FUND

The Quaker Small/Mid-Cap Impact Value Fund's Institutional Share Class posted an extremely strong start to the year rising 15.22%, exceeding both our benchmark, the Russell 2500®. This marks the second straight quarter of relative outperformance, first beating our benchmark in last quarters weak market environment, and most recently, outperforming in an ebulliently rallying market.* This is difficult to do without dramatically altering the portfolio's macro risk and exposures, but we did it without trimming or changing much of the portfolio's construction.

Furthermore, thanks to the relatively high cash levels in the fourth quarter, we increased some of our favorite positions as they hit attractive levels. And some of these increases played out quite well starting in January.

Although a number of our investments performed quite well in the quarter, many of our biggest and highest-conviction parts of the portfolio remain at fairly depressed levels. While we have trimmed, or completely exited, positions we feel are approaching full value, we have actually added to others that have fallen farther from fair value. Therefore, even after the hottest start to a year in well over a decade, we feel there could be tremendous value in our portfolio and remain excited to see how the rest of the year plays out.

*The funds may experience negative performance. **Past performance does not guarantee future results.**

As of 03/31/19, the average annual returns for the ***Quaker Impact Growth Fund's*** *Institutional Shares for 1-year and since inception were 8.35 and 6.35. The average annual returns for the* ***Quaker Small/Mid-Cap Impact Value Fund*** *Institutional Shares for 1-year and since inception 8.92 and 5.88.*

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. Returns over one year are annualized.

The annual operating expense for the ***Quaker Impact Growth Fund's*** *Institutional Shares is 2.03% with an Inception Date 01/01/18; while the annual expense for the* ***Quaker Small/Mid-Cap Impact Value Fund's*** *Institutional Shares is 2.22% with an inception date 01/01/18.*

Important Information

There's no guarantee that a strategy will be successful. Mutual fund investing involves risk including the possible loss of principal. The **Quaker Impact Growth Fund** invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Equity securities are subject to price fluctuation and possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The Fund invests in smaller companies (generally less than $1.5 billion market capitalization). The **Quaker Small/Mid-Cap Impact Value Fund's** smaller companies can be riskier investments than larger companies. The Fund invests in companies that appear to be "undervalued" in the marketplace (i.e. trading at prices below the company's true worth). If the Fund's perceptions of value are wrong, the securities purchased may not perform as expected, reducing the Fund's return. Fund holdings, sector allocations, and asset allocations are subject to change and are not recommendations to buy or sell any security.

The S&P 500® Total Return Index is a widely recognized, unmanaged index consisting of the approximately 500 largest companies in the United States as measured by market capitalization. You cannot invest directly in an index.

The Russell 2500® Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index.

Consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The Statutory, and where available, the Summary Prospectuses contain this and other important information and are available for download at www.ccminvests.com or by calling 866.202.3573. Read carefully before investing.

Source: Fund data provided by Quaker Funds. CCM is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Effective September 6, 2018 the Fund's name changed from Quaker Strategic Growth Fund to Quaker Impact Growth Fund and Quaker Small Cap Value Fund to Quaker Small/Mid-Cap Impact Value Fund.

The Quaker Funds are distributed by Foreside Fund Services, LLC