THE COMMUNITY INVESTOR

COMMUNITY CAPITAL MANAGEMENT

SPRING 2020

IN THIS ISSUE

COVID-19 & MARKET UPDATE

The spread of COVID-19, also known as the Coronavirus, continues to impact the financial markets and has led to unprecedented actions by state and Federal governments and by the Federal Reserve. We recently emailed a letter to our valued shareholders, clients, and friends providing an update on how the recent developments impact our strategies and what our firm is doing to ensure uninterrupted service while protecting the health and safety of our clients, colleagues, and employees. We remain operational while also abiding by the guidelines established to protect

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CRA REGULATORY UPDATE

In early March, we emailed an update on the CRA Fund's comments to the Notice of Proposed Rulemaking (NPR) that has been published in the federal register. Our comment letter focuses on proposed changes to the CRA that we believe will result in unintended consequences for banks, borrowers, and communities.

The United States is facing an affordable housing crisis, with housing affordability one of the primary issues facing many communities across the nation. We are concerned that the NPR is

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BANK CEOS AND THE CRA

A recent article in The Wall Street Journal discussed how OCC Comptroller Joseph Otting is seeking support from some of the largest bank CEOs. It is unprecedented for the head of a regulatory agency to reach out for comment on a pending proposal; however, it is also not surprising given the many proposed changes in the NPR. One area of concern to bank CEOs is the extra expenses that could be incurred with a new set of rules. Most important is what the story goes on to say about mortgage-backed securities (MBS): "…the plan could inadvertently restrict mortgage lending in low-income areas by effectively penalizing banks for selling or securitizing mortgages rather than holding them on their balance sheets." Buzz Roberts, president and CEO of the National Association of Affordable Housing Lenders, was quoted in the article adding: "The proposal would give banks nearly 30 times more credit for holding a typical home mortgage than for selling it into the secondary market. For banks, that would mean more risk and less liquidity while tying up capital that could be used to make more loans." **This is a major issue that needs to be addressed in the NPR by banks and community groups alike.**

NEW REPORT

2019 ANNUAL IMPACT REPORT

Now in its seventh year of publication, we are thrilled to make our 2019 Annual Impact Report available, demonstrating our 20-year commitment to impact and ESG investing. We are extremely proud of our many contributions to the field, including investing approximately $10 billion since inception in impact and ESG initiatives on behalf of clients into environmental and social initiatives nationwide. We hope you enjoy reading our report, and we welcome suggestions and thoughts on our efforts. Thank you for encouraging us to be the best impact and ESG investing manager we can be and for your continued support throughout the year.

In conjunction with our 2019 Annual Impact Report, we will be hosting a webinar on Tuesday, April 7 featuring four senior team members: Alyssa Greenspan, CFA, president/COO; Andy Kaufman, CIO; David Sand, chief impact strategist; and Jessica Botelho, director of CRA & impact research. During the webinar and roundtable discussion, they will share thoughts on CCM and the firm's history in the space, provide highlights of our impact report, and discuss the current state and future of impact and ESG investing.

CCM UNVEILS NEW LOGO

COMMUNITY CAPITAL MANAGEMENT

We are excited to share the launch of our new logo! We are also in the process of updating our marketing collateral along with an updated website incorporating the new branding which will launch later this year. The changes come in an effort to modernize the firm's look and introduce a fresh logo while keeping with the tradition of CCM's 20-year impact and ESG investing history. Even though the logo has changed, CCM's mission remains the same – to deliver superior risk-adjusted returns via investment strategies that contribute to positive environmental and social outcomes.

The firm started managing assets in 1999 with a focus on community investments for financial institutions, primarily in affordable housing, and has since evolved to investing across 18 impact themes such as arts & culture, disaster recovery, economic inclusion, environmental sustainability, transit-oriented development, and more. We have removed the fence on our new logo to showcase the breadth and depth of our investment impact, and while affordable housing still remains a critical component of our impact, it is not the only impact outcome.

The new CCM logo and design will be rolled out on all materials moving forward. The branding builds on years of recognition as a pioneer and leader in impact and ESG investing. The firm website will continue to be located at www.ccminvests.com. We are excited to showcase our new logo in marketing materials, in social media, and at conferences with new banners.

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the health and safety of our community. We fully expect tremendous social and economic strains for society because of this crisis and its repercussions. We expect underserved communities and individuals to be the hardest hit. Our mandate from clients to provide needed capital to low- and moderate-income communities and families is more important than ever. The full letter is available on our website. We hope that you and your families remain healthy and safe and we will continue to update you on COVID-19 and the markets in the weeks to come.

CRA INVESTMENTS WITH A FOCUS ON AFFORDABLE HOUSING

Throughout our two decades of work in impact and ESG investing, we have developed a series of impact themes, where one or more theme is associated with each of our investments. The themes cover a wide variety of issues and opportunities of interest to our clients. The creation and evolution of these impact themes have occurred in response to changing markets and the growing availability of impact and ESG investments. In this edition of The Impact Investor, we spotlight our impact theme of "Affordable Housing" along with two investment examples that align with this theme.

AFFORDABLE HOUSING

Financing for affordable homeownership to low- and moderate-income borrowers and renters, including workforce housing, and investing in opportunities that promote affordable homeownership and access to quality living.

"Affordable housing is not only a roof over somebody's head. It allows kids to do better in school, for families to stay healthier, for workers to have shorter commutes."

Garth Rieman, Director of Housing

Advocacy and Strategic Initiatives,
National Council for State
Housing Agencies

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CRA INVESTMENTS WITH A FOCUS ON AFFORDABLE HOUSING

The preservation and growth of affordable housing is critical and investors can play a role in its sustainability. Research has shown that the stability of an affordable mortgage or rent can have profound effects on childhood development, school performance, and health outcomes for families and individuals. In addition to providing families a roof over their heads, the development of affordable housing can also yield positive outcomes at the community level.

PACT Mortgage Loan

Brooklyn, NY
Sector: Taxable Municipal

Bond proceeds are financing a series of the Permanent Affordability Commitment Together (PACT) Mortgage Loan for the PACT Brooklyn Bundle II. The PACT Mortgage Loan is expected to rehabilitate nine multifamily developments across Brooklyn while safeguarding tenants' rights and preserving long-term affordability. Over 6,300 residents will benefit from the comprehensive upgrades that will occur across 2,625 apartments and common areas, including renovation of apartment interiors, including kitchens, bathrooms, windows and flooring; full rehabilitation of elevators and heading systems; improved safety and security measures including fire systems and new high-tech intercom and security camera systems in common areas; and other needs identified by resident association leaders at each development. Bond proceeds will also ensure that the 2,625 apartment units shift to project-based Section 8 funding to guarantee long-term affordability.

The nine developments plan to work with social service partners to enhance the resident experience with on-the-ground community services. These organizations include Bedford Stuyvesant Restoration Corporation, El Puente, ParCare, NAN Tech World, and United Jewish Organizations of Williamsburg and North Brooklyn.

Utah Housing Corporation

Statewide
Sector: Taxable Municipal

Utah Housing Corporation (UHC) issued the Bonds in furtherance of its Single Family Mortgage Program to provide financing for the purchase of housing by low- and moderate-income persons within the state of Utah. The UHC was created in 1975 by Utah legislation to serve a public purpose in creating an adequate supply of money with which mortgage loans at reasonable interest rates could be made to help provide affordable housing for low- and moderate-income persons. In 2018, UHC raised over $1,042,000,000 for affordable housing and assisted over 4,800 households across Utah in buying a home of their own.

UHC's "FirstHome" mortgage program is geared towards first-time homebuyers of modest income (plus Single Parent or Veteran households) with a credit score of 660 or higher. This program offers competitive interest rates that keep monthly house payments affordable, allowing families with smaller incomes to purchase a home. UHC's "HomeAgain" mortgage program is geared towards families of modest income with a credit score of 660 or higher who have previously owned a home. UHC's "Score" mortgage program is geared towards families of modest income with a credit score of 620-659 who previously owned a home as well as first-time homebuyers unable to quality under the "FirstHome" or "HomeAgain" program. UHC's "NoMI" mortgage program is geared towards families of modest income with a credit score of 700 or higher. UHC's Streamline Refinance Loan program is geared towards families who want to reduce their current mortgage payment with a refinance but do not have the funds to pay off their current UHC Subordinate Loan. And last not but least, UHC's Subordinate Loan can be combined with any of these loan programs to help families with funds needed to purchase a home. This program is for borrowers who have not been able to save enough money for their down payment and closing costs. This loan provides an additional option to limited income working families who have insufficient funds to purchase a home.

The securities identified and described herein are for illustrative purposes only and their selection was based upon non-performance criteria, such as the security's social and/or environmental attributes. As of 12/31/19, the PACT Mortgage Loan investment and the D3 Program represented 0.03 percent and 0.09 percent, respectively, of the Fund's assets.

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CRA REGULATORY UPDATE

limiting efficient tools currently in place to assist banks in serving this dire need.

Under the NPR, the calculation of the value of qualifying activities includes a doubling of the dollar value of certain community development activities, including for some investments and loans. However, community development investments in mortgage-backed securities (MBS) and community development investments in municipal bonds would not be subject to the multiplier. This has the effect of discounting the value of these CRA-qualified activities by 50 percent.

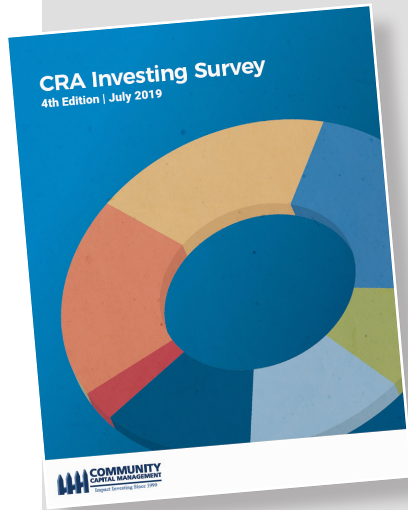
We know from our work with over 500 banks over the past 20 years that MBS and municipal bonds are a key component to an institution's CRA program and that banks rely on the full value of these important investments to aid communities and meet their CRA obligation. The CRA Qualified Investment Fund's comment letter addresses the risks for banks, low-income borrowers, and communities if the NPR is adopted as proposed.

We hope that you will provide the OCC and FDIC valuable feedback by commenting on this concern prior to the April 8th deadline. Additionally, please share your feedback and concerns with any banking or membership association you are a part of to ensure these issues are brought to the forefront.

If you have any questions, please reach out to Jessica Botelho at jbotelho@ccminvests.com or 980.365.8556. If you would like to access the CRA Fund's full comment letter, please visit: https://www.regulations.gov/document?D=OCC-2018-0008-1902

VISIT CCMINVESTS.COM TO:

- ✓ Watch our CRA investing video
- ✓ Read our 2019 CRA Investing Survey
- ✓ Download our 2019 Annual Impact Report



CRA FUND HIGHLIGHTS

OVERALL:

- Extensive documentation on each investment purchased
- New investments identified, purchased, and earmarked to a bank per CRA exam cycle
- Ongoing dialogue with examiners/regulators
- Easy way to accomplish your CRA investment goals

FINANCIAL:

- Daily liquidity
- Monthly dividends
- Competitive financial performance
- Investing in high credit quality

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