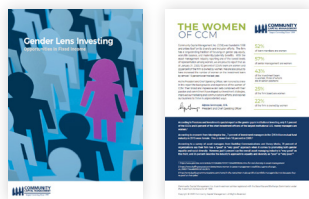


Gender Lens Investing:

How CCM Continues to Grow in an Expanding Space

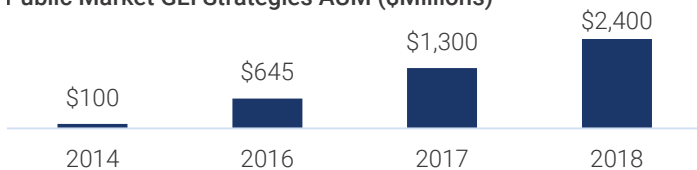
In the fall of 2018, CCM published a report, *Gender Lens Investing: Opportunities in Fixed Income*, which received positive feedback for drawing attention to the trend and also for communicating to the financial markets the desire for even more capital to be placed in gender lens investments. In celebration and in recognition of International Women's Day, we are providing an update to that report and to another gender lens-related report, *The Women of CCM*. We are honored to have so many wonderful and accomplished women working at Community Capital Management (CCM) and to be able to share their broad and impressive skill sets.



Overview of Gender Lens Investing

Gender Lens Investing (GLI), the term for which was coined around 2009, is the practice of investing for financial returns while also considering the benefits to women. According to Veris Wealth Partners' fifth survey of GLI products, capital inflows to public market gender-focused products have accelerated and the pace of new product offerings has increased. In four years, assets under management have jumped from \$100 million to \$2.4 billion and the number of investment strategies has more than quadrupled, from eight options to 35.¹

Public Market GLI Strategies AUM (\$Millions)



Source: Veris Wealth Partners, As of 9/30/2019

While the ecosystem is growing, there is still a lot of work that needs to be done to better define the metrics and measurements of GLI. According to *Gender Lens Investing: Uncovering Opportunities for Growth, Returns, and Impact*, written by Joseph Quinlan and Jackie VanderBrug, there are ten areas of GLI measurement:²

Top 10 GLI Metrics

1. Female labor force participation rate	6. Women entrepreneurs
2. Educational attainment	7. Corporate gender diversity
3. Women's income and wealth	8. Paid family leave
4. Gender pay gap	9. Women in politics
5. Unpaid work	10. Women and technology

Corporate gender diversity, number seven on the Top 10 metrics list, has proven to gain traction with the signing of Women on Boards (Senate Bill 826). The Bill was signed into law to advance equitable gender representation on California corporate boards. California is now leading the way as the first state in the nation to require all publicly-held domestic or foreign corporations whose principal executive offices are located in the state to have at least one female director on their boards by this past December 31, 2019, either by filling an open seat or by adding a seat. One or two more women directors would be required, depending upon the size of the public company's board by December 31, 2021.³

Another move forward in corporate gender diversity took place earlier this year when Goldman Sachs announced it will not take any company public unless it has at least one "diverse" board member. This new initiative particularly focuses on getting more women on corporate boards. The requirement will increase to two diverse board members in 2021.⁴ CCM is supportive of this trend for board diversity.

We have seen encouraging results looking at the 2019 edition of the CS Gender 3000 report with gender diversity in the boardroom in North America at 24.7 percent, a clear positive for governance. This figure has been steadily increasing over the last five years – in 2015, it was at 17.3 percent.

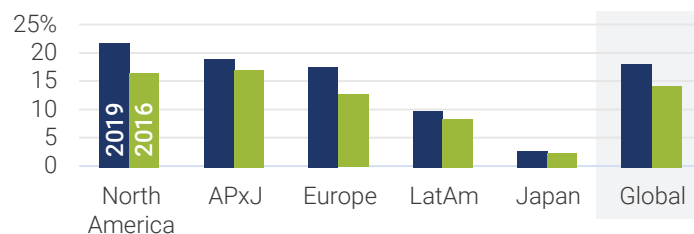
Diversity in the Boardroom by Region: % of Female Directors

	2015	2016	2017	2018	2019
North America	17.3	18.8	20.1	22.6	24.7
Europe	22.5	25.2	27.0	28.8	29.7
APxJ	11.6	12.6	13.6	14.3	14.4
Japan	3.4	4.3	5.0	6.0	5.7
Latam	5.9	7.1	7.1	8.3	7.8
Global	15.3	16.9	18.2	19.9	20.6

Source: Credit Suisse Research, CS Gender 3000, Published 10/2019

Looking at the proportion of women in management, we see it has risen to 17 percent in 2019, from 14 percent in the 2016 study (North America now has the largest female representation in management).

Women in Management by Region



Source: Credit Suisse Research, CS Gender 3000, Published 10/2019

While the two charts above show steady increases in women on boards and women in management, there is still a way to go in terms of women in senior management – barely five percent of the CS Gender 3000 companies have female CEOs, and less than 15 percent have female CFOs.⁵

CCM, Gender, and Investing

Whereas “GLI” may have been coined in 2009, CCM has actually been investing in bonds with a gender lens component for 20 years. In fact, one of our earliest investments helped finance a business incubator for women-owned businesses. Although there was no formal GLI terminology at the time, we knew that investing in women contributed to positive community and economic development. Over the years, we have seen more bonds financing women-owned businesses, schools for girls, and affordable rental housing properties for women and their families. In 2015, we were asked if we could custom-create a portfolio of bonds benefiting women and girls, which led to the addition of our gender lens impact theme. And in 2017, we created what we believe to be the first mortgage-backed security comprised of loans to low- and moderate-income borrowers.

GLI Research & Sectors

As a manager of multiple fixed income strategies, each of the bonds that we select for a portfolio must meet our stringent impact and financial criteria. Our proprietary approach researches the use of bond proceeds for every security, ensuring a full understanding of the programs being financed and their positive environmental and social impacts. Social impact includes how the bond benefits women and girls – in other words, investing with a gender lens.

We typically see GLI fixed income investments in four sectors of the bond market, and while there are many examples of GLI impact to share, we narrowed it down to highlight a few illustrations.

	Asset-Backed Securities (ABS)	Agency CMBS	Agency MBS	Taxable Municipals
Overview	Financial securities backed by a loan, lease, or receivables against assets other than real estate or MBS	Mortgage pools with underlying assets of commercial real estate, predominantly affordable multifamily properties	Pools of high-quality, single-family mortgages where the underlying borrowers are low- and moderate-income	Debt obligations of a state or local government
GLI Impact	Women-owned organizations, businesses dedicated to improving the lives of women and girls, loans to minority women with no credit history	Affordable rental housing for women and their families and on-site social support services for women and girls including STEM programs and financial literacy programs	Customized mortgage pools providing capital exclusively to low- and moderate-income women borrowers and minority women borrowers	Schools for girls, affordable rental housing with women's initiatives, on-site social support services for women and girls, housing for women who have been victims of domestic violence, contracting services to Minority, Women, and Emerging Small Businesses (MWESB)

financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. A sustainable investment strategy which incorporates ESG criteria may result in lower or higher returns than an investment strategy that does not include such criteria.

Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon nonperformance-based objective criteria, including, but not limited to, the security's social and/or environmental attributes. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities identified. Impact figures mentioned are approximate values. A full list of regulatory disclosures for Community Capital Management, Inc. are available by visiting: <https://www.ccminvests.com/regulatory-disclosures/>.

CCM GLI Case Study: Fixed Income/Agency CMBS

Grove Place Apartments, Austin, TX

Grove Place Apartments⁶ is a Low-Income Housing Tax Credit property located in a low-income census tract in Austin, Texas. The property has 184 units, of which 146 are restricted to residents with incomes at or below 60 percent of area median income. Grove Place accommodates special-needs families with 18 units for mobility-impaired residents and another four units for those with vision or hearing impairments. The property offers community amenities including a children's play area, business center, nearby public parks, a fitness center, and a swimming pool. Grove Place Apartments is adjacent to SafePlace, which provides housing, healing, and support for individuals and families affected by domestic violence and sexual assault and exploitation through prevention and intervention services. SafePlace has long provided up to 18 months of transitional housing and services for abused women and their families. Many of the low-income women working minimum-wage jobs face the need to move to other housing following their time at SafePlace, so Grove Place Apartments was opened next door to give them a long-term affordable housing option. Of the 184 units, about 35 have been rented to residents of Safe Place.



GLI Literature

For more information on CCM's GLI offerings, please visit us online at www.ccminvests.com. You can also download our 2018 report, *Gender Lens Investing: Opportunities in Fixed Income*, and our recently updated report, *The Women of CCM*, on our website.

- ¹ https://www.veriswp.com/wp-content/uploads/2018/10/GLL_Bending_the_Arc2018-web.pdf
- ² <https://books.google.com/books?id=PeIqDQAAQBAJ&pg=PA10&lp-g=PA10&dq=top+10+metrics+of+gender+lens+investing+jackie+vanderbrug&source=bl&ots=P48FMRS5dv&sig=ACfU3U30XdZorFt2eH-1GADI33PPbN0ipaA&hl=en&sa=X&ved=2ahUKEwji7tHG0MfnAhV11kKH-QwiDS8Q6AEwAHoECAoQAQ#v=onepage&q=top%2010%20metrics%20of%20gender%20lens%20investing%20jackie%20vanderbrug&f=false>
- ³ <https://www.sos.ca.gov/business-programs/women-boards/>
- ⁴ <https://www.bloomberg.com/news/articles/2020-01-24/goldman-rule-adds-to-death-knell-of-the-all-white-male-board>
- ⁵ <https://www.credit-suisse.com/about-us-news/en/articles/news-and-expertise/cs-gender-3000-report-2019-201910.html>
- ⁶ <https://www.groveplaceapts.com/>

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