



Impact Report

3Q 2020

Minority CARES Impact Report

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On Juneteenth of 2020, Community Capital Management (CCM) announced the launch of its new initiative, Minority Community Advancement Racial Empowerment Strategy (CARES). The program allows institutional and retail investors the opportunity to direct their fixed income capital to advance racial equality, tackle social disparities, and help build an economy that provides opportunities for everyone from affordable housing to access to capital – the basic building blocks of income equality. Minority CARES anticipates investing over \$2 billion over the next five years in market-rate bonds that align with the values of social justice, improvement in the lives of those in historically marginalized communities, and increased economic opportunity for people of color.

Minority CARES utilizes CCM's bespoke investment-grade fixed income impact strategy already available on major platforms and in various impact investing models. It looks to invest in market-rate and well-researched bonds that have direct and measurable positive societal impacts to minority individuals, families, and communities and includes investments made in majority-minority census tracts (greater than 50%) along with eight of CCM's 18 existing impact themes. All of the investments made in Minority CARES are subject to CCM's pioneering use of proceeds analysis and tracked within CCM's proprietary impact database for reporting and transparency.

This is our initial quarterly report on our efforts. We have been pleased by the responses and commitments we have received thus far and expect to have more to share as we add assets and investments to the initiative in the months ahead.

Minority CARES Highlights as of 09/30/20¹

\$246m Investment in initiative on behalf of clients since its launch

45 States
+ District of Columbia

Number of states where capital targeting Minority CARES has been directed

562 Loans

Number of loans to minority borrowers

\$155m

Dollar amount invested in 494 majority-minority census tracts

269 Loans

Number of loans to minority women borrowers

21,000 Units

Number of affordable rental housing units in Minority CARES initiative

\$27m

Dollar amount invested in 56 racially/ethnically concentrated areas of poverty (R/ECAP)

A **majority-minority census tract** has a population that is at least 50% minorities, which means that more than half of individuals in the census tract are minorities, i.e. Black, Asian, Hispanic, Asian-Pacific Islander, and/or Native American.

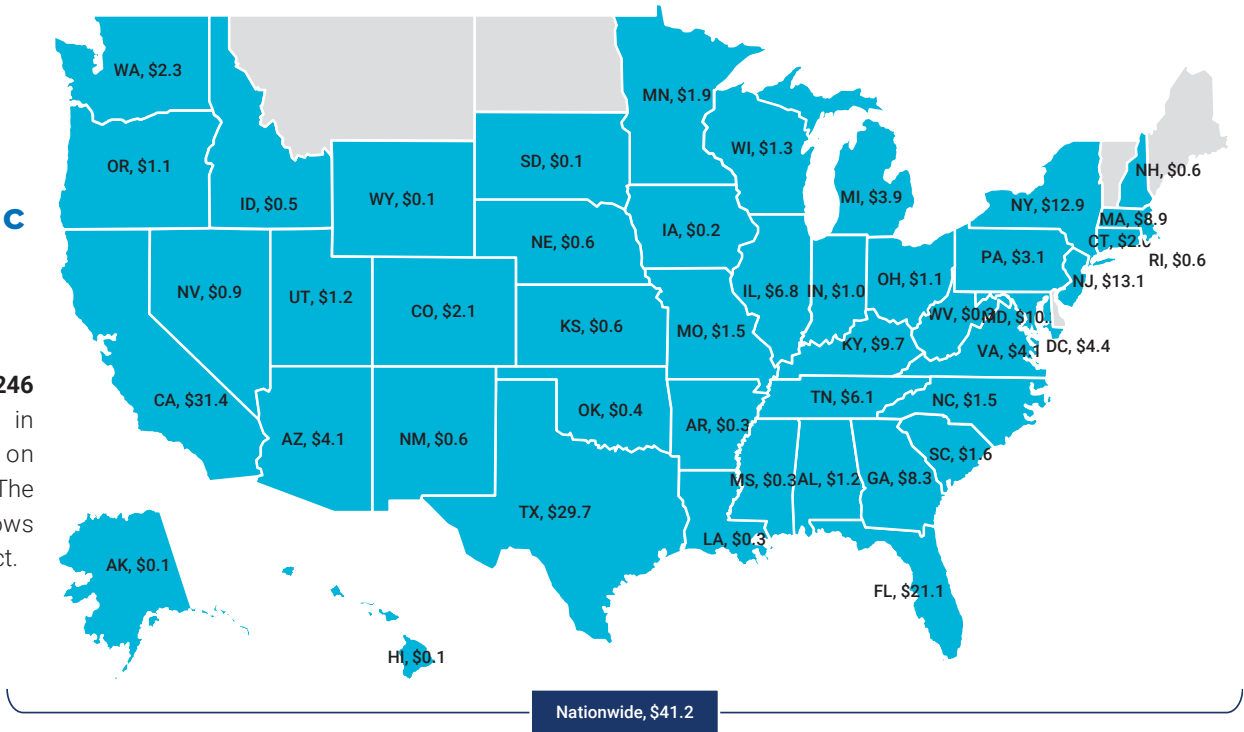
To assist communities in identifying **racially/ethnically-concentrated areas of poverty (R/ECAPs)**, HUD has developed a census tract-based definition of R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test.²

While gender lens is not one of the eight identified impact themes in the minority CARES initiative, we thought it was worthwhile to share this additional level of data given women's fight for gender equality and their ongoing need for safe, decent, and affordable housing.

Minority CARES Geographic Impact

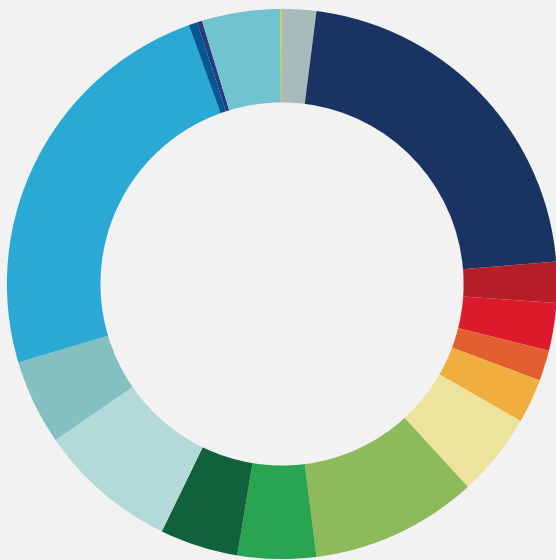
(in \$Millions)

CCM has invested **\$246 million** nationwide in Minority CARES on behalf of its clients. The following map shows state-by-state impact.

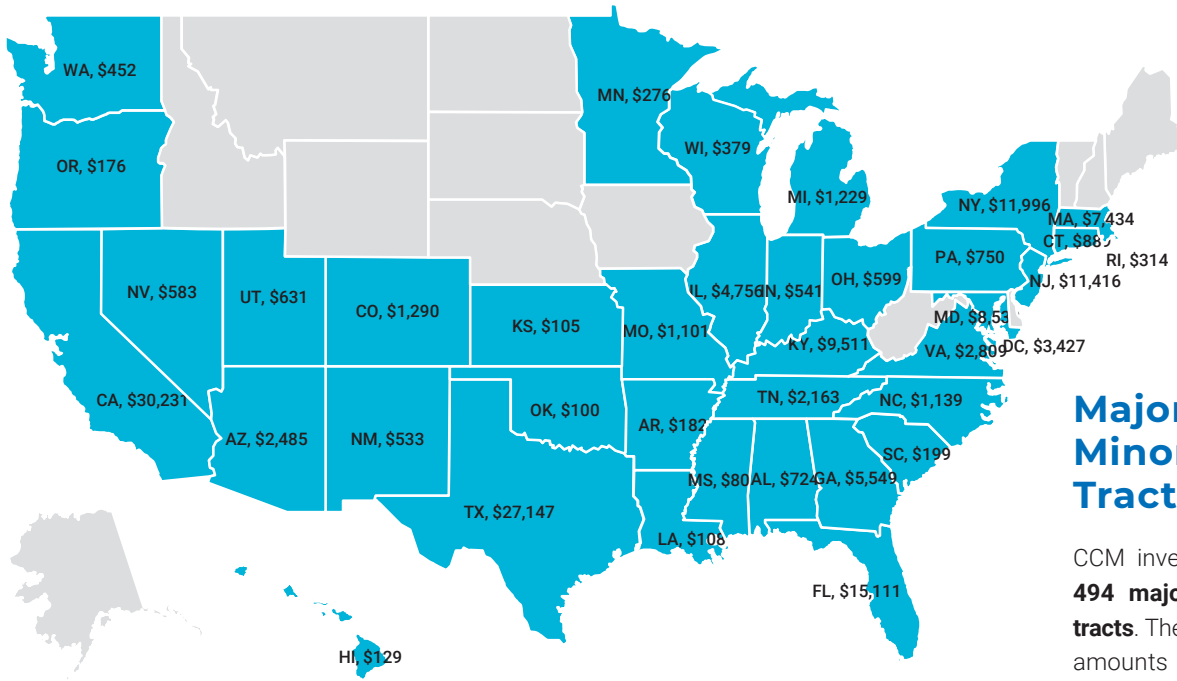


Minority CARES and Impact Themes

The chart below shows how the investments in Minority CARES align with all 18 impact themes, with each investment aligning with at least one of the eight themes in the program.



Affordable Health and Rehab Care	2.0%
Affordable Housing	21.7%
Arts and Culture	2.4%
Disaster Recovery, Resilience, and Remediation	2.8%
Economic Inclusion	1.8%
Education and Childcare	2.6%
Enterprise Development and Jobs	4.9%
Environmental Sustainability	9.8%
Gender Lens	4.6%
Government Supported Communities	4.6%
Healthy Communities	8.2%
Human Empowerment	5.0%
Minority Advancement	24.1%
Neighborhood Revitalization	0.5%
Rural Community Development	0.3%
Seniors and the Disabled	4.6%
Sustainable Agriculture	0.0%
Transit-Oriented Development	0.1%

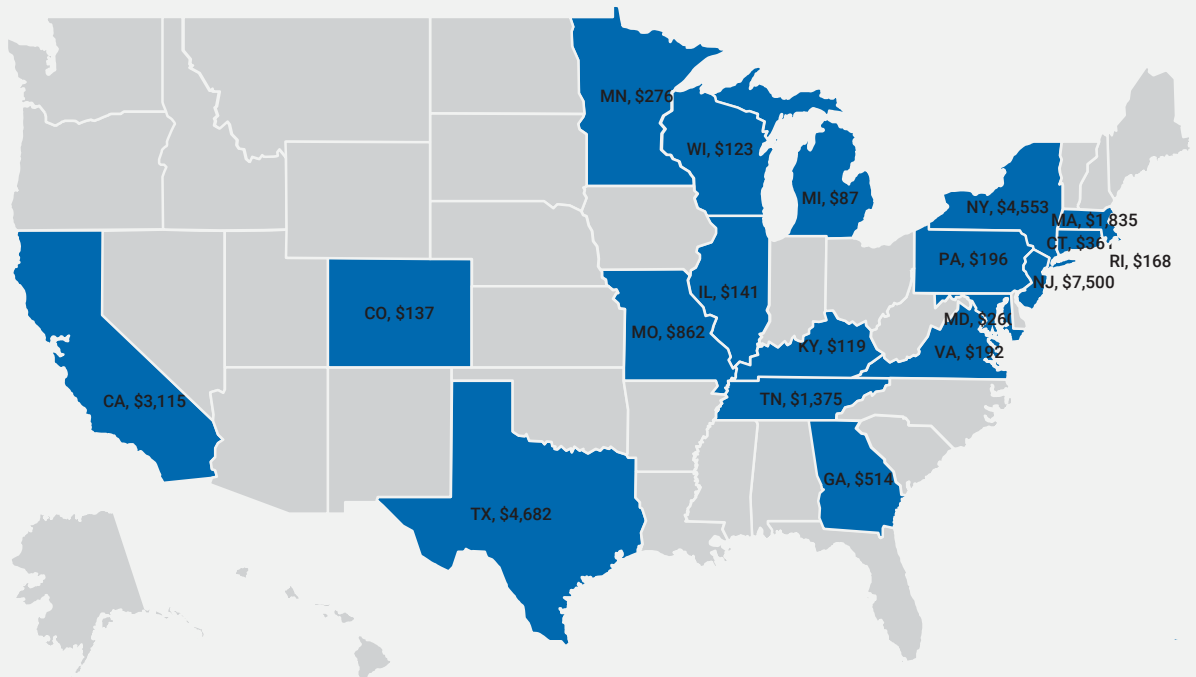


Majority-Minority Census Tracts

CCM invested **\$155 million** in **494 majority-minority census tracts**. The map shows the dollar amounts invested in majority-minority census tracts by state (in \$Thousands).

R/ECAP Census Tracts

CCM invested **\$27 million** in **56 R/ECAP census tracts**. The map shows the dollar amounts invested in R/ECAP census tracts by state (in \$Thousands).



Impact Stories: Minority CARES Investments

Howard University

Washington D.C. | Sector: Corporates

Howard University is a private university founded in 1867 with campuses in Washington, D.C., and Maryland. It is one of 101 Historically Black Colleges and Universities (HBCUs) in the U.S. and is consistently ranked as one of the top universities in this category by U.S. News & World Report.



Howard University³ is a federally chartered university that confers undergraduate, graduate, and professional degrees. It has an enrollment of just under 10,000 students across all its degree programs, which span more than 120 areas of study within its 13 schools and colleges, including a law school, divinity school, and medical school with a teaching hospital.

Howard University is a leader in science, technology, engineering, and mathematics (STEM) among HBCUs. Approximately 12% of Black students who earn doctoral degrees in STEM fields receive those degrees from an HBCU; 33% of those students received their Ph.D. from Howard University.⁴

On July 15, 2020, Howard University issued a taxable bond to refinance debt from a previous bond issuance whose proceeds are being used toward general upgrades, renovations, and construction of facilities on the university's Main Campus, East Campus, and West Campus. These included heating, air conditioning, and sprinkler/fire systems, modernization of classrooms, upgrading laboratories for research, roof replacement and repairs, and renovating buildings for safety and access. It also funded the installation of modern instructional and clinical equipment and the equipping of classrooms, teaching laboratories, and other building learning spaces with enhanced multimedia technology, improved information systems, fiber optic wiring, camera surveillance, and entry access systems as well as new construction of a science, technology, engineering, and mathematics building, and an interdisciplinary building.

The upgrades may have helped smooth the university's transition to remote learning in response to the COVID-19 pandemic. Because it had recently completed IT network upgrades and many faculty members were already trained in online teaching platforms, the transition was successful and required only modest additional investments in software licenses and laptops for faculty and student use.

With interest rates low, many educational institutions are tapping the bond market to raise capital for projects, renovations, and other funding needs. So far in 2020, more than 100 U.S. universities have issued \$27 billion in bonds. Howard University is the only HBCU so far to join this trend, issuing two bonds in 2020. Even as the market continues to favor borrowers, most HBCUs simply do not have the financial profile to enter the bond market and take advantage of low-interest financing as can wealthier universities. Supporting investments in HBCUs plays an important role in working toward economic equality and racial justice.

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Education and
Childcare



Minority
Advancement

HBCUs typically have smaller endowments than their non-HBCU peers. There are currently no Black institutions among the top 100 richest schools in the country, and HBCUs average \$15,000 per student in endowment funds, compared to \$410,000 per student for similar non-HBCU schools, according to a 2018 U.S. Government Accountability Office report. The United Negro College Fund estimates that the combined endowment of all 101 HBCUs is approximately \$3.86 billion – a tenth of Harvard University's endowment – with Howard University having the largest endowment at \$688 million (as of June 30, 2019).

John D. & Catherine T. MacArthur Foundation

Nationwide | Sector: Corporates

The John D. & Catherine T. MacArthur Foundation is a non-profit grantmaking organization and one of the largest private foundations in the U.S. with an endowment of \$7.2 billion as of December 31, 2019. It supports organizations in 40 countries working in the areas of social justice, peace building, and environmental sustainability.⁵ On August 27, 2020, the MacArthur Foundation issued a \$125 million taxable social bond to fund grantmaking to non-profit organizations and initiatives that seek to address the economic and social challenges resulting from the COVID-19 pandemic, particularly among communities of color. The foundation will also use a portion of the proceeds to fund organizations seeking to address systemic inequalities, discrimination, and racism in America through a variety of strategies, including voter registration, voter protection, and get-out-the-vote efforts.

The MacArthur Foundation believes the COVID-19 pandemic and its consequences present a threat to the global economy, global health, and global well-being. It is concerned that the non-profit sector will experience significant harm from the economic fallout of COVID-19. In the U.S., non-profits employ more than 10% of the private workforce, or approximately 12.3 million people.

The confluence of historic crises arising from the pandemic have exposed deep racial and socioeconomic disparities and inequities that take a disproportionate toll on people of color and other historically marginalized communities, in particular Black, Latinx, and indigenous people. The protests over police killings of Black people and other people of color have illustrated that systems and structures must be reinvented and rebuilt to ensure that communities are just, equitable, and resilient. Though the pandemic is wreaking tragedy across the world, an opportunity is emerging to reinvent the critical systems that people need to thrive. To address these urgent challenges, bond proceeds will be used to fund a special grantmaking initiative, the COVID-19 Grants, that will be separate and distinct from the foundation's regular grantmaking programs.

The foundation has identified the following categories of potential grantmaking to address the pandemic, its associated economic fallout, and racial inequality:

- Hastening the recovery and reinvention of non-profits and communities that are most affected by the crises.
- Seizing the clear, immediate opportunities for transforming equitable systems and strengthening American democracy, with possible areas of focus on voter registration, voting rights, and voter protection.
- "Blue sky" thinking and focus on areas of work where the use of funds can have transformative and systemic impact as the situation unfolds.

This offering is part of a joint commitment by five major U.S. charitable organizations announced in June of 2020 that include The Doris Duke Charitable Foundation, Ford Foundation, W.K. Kellogg Foundation, the John D. & Catherine T. MacArthur Foundation, and the Andrew W. Mellon Foundation.

The foundation intends for its social bond to track the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines of the International Capital Market Association (ICMA). It expects the bond's use of proceeds will be consistent with several of the U.N. Sustainable Development Goals (SDGs).

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Disaster Recovery, Resilience, and Remediation



Enterprise Development and Jobs



Minority Advancement

On September 21, 2020, the foundation announced that it has awarded the first set of the COVID-19 Grants: \$25 million to address anti-Black racism, support Native Americans impacted by COVID-19, strengthen voter education and mobilization, and combat voter suppression.

SANA Apartments

Hartford, Connecticut | Sector: Agency CMBS

SANA Apartments is an affordable housing community for low-income and very-low-income families and seniors in Hartford, Connecticut (Hartford County). The property is in a low-income, high-minority, high-poverty census tract where 99% of the population are minorities and 44% live below the poverty line. All 256 units receive Section 8 assistance. SANA Apartments is a community of townhouse and low-rise apartment buildings with professional landscaping and a playground. Electricity, heat, and hot water are included in the rent, and management provides 24-hour maintenance.

The complex is at the gateway to a major commercial district, and its rehabilitation is seen as key to efforts to revitalize the neighborhood. SANA Apartments is operated by Sheldon Oak Central, a non-profit housing development agency whose mission is to develop, manage, and produce affordable housing for at-risk populations. The agency is also committed to the sustainability of its projects through its network of community centers and the development of commercial real estate necessary for community economic growth. Sheldon Oak Central was founded in 1968 by a group of churches; since then it has developed 11 properties that are home to almost 700 Hartford families and seniors.⁶ SANA Apartments has a Walk Score of 83 from WalkScore.com, which is considered to be “very walkable” so that most errands can be accomplished on foot.⁷



Sana Apartments



Source: <http://www.sheldonoak.org/sana-apartments.html>

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

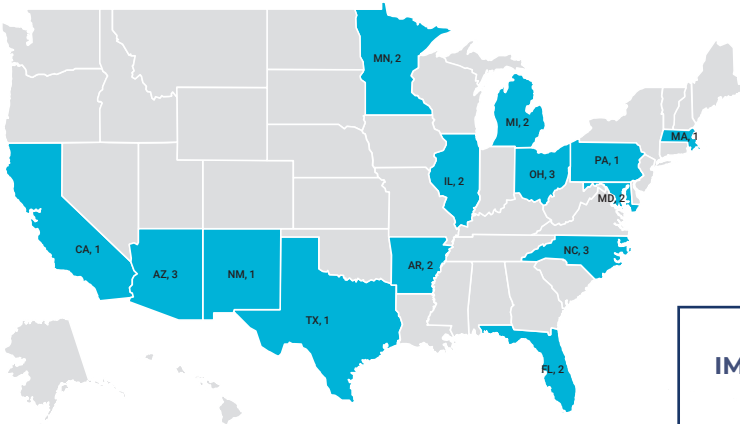
- Affordable Housing
- Minority Advancement
- Environmental Stability
- Neighborhood Revitalization
- Government Supported Communities
- Seniors and the Disabled
- Healthy Communities

Affordable Mortgages

Nationwide | Sector: Agency MBS

An affordable mortgage pool of LMI borrowers is comprised of 26 loans across 14 states. All the loans financed owner-occupied properties and were originated in 2020.

LMI Borrowers by State



Loan Pool Highlights

- 14 states
- 2 loans were made to first-time homebuyers
- 2 purchase loans
- 24 loans were refinanced existing homes
- 18 loans were made to minority borrowers
- 7 loans were made to minority women borrowers
- 12 loans were in majority minority census tracts
- 1 loan was in a R/ECAP census tract

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

- Affordable Housing
- Gender Lens
- Environmental Stability
- Healthy Communities
- Government Supported Communities
- Minority Advancement

Baychester and Arthur H. Murphy Houses⁸

Bronx, New York | Sector: Taxable Municipals

The Baychester and Arthur H. Murphy Houses are affordable housing complexes in the Bronx, New York, with a combined 722 units. Built as public housing in the early 1960s, they have been untouched for nearly 60 years. Both developments are in high-minority and high-poverty census tracts.

In 2018, city officials announced that the Baychester and Murphy Houses would be part of the NextGeneration New York City Housing Authority (NYCHA) initiative through which public housing will be converted to Section 8 housing. This conversion prevents these unfunded units from falling into complete disrepair and protects their affordability along with residents' rights. As part of the initiative, both complexes are being renovated, upgraded, and revitalized, with new roofs, floors, and elevators; facade repairs; and upgrades to kitchens, bathrooms, and common areas. To promote sustainability, the Baychester property will have solar panels installed and both properties will have low-flow fixtures and high efficiency appliances. The \$90 million project began in 2019 and is expected to be completed by 2023.

For the renovations of Baychester and Murphy Houses, NYCHA partnered with MBD Community Housing Corporation, Camber Property Group, and L+M Development Partners. MBD is a local non-profit in the Crotona Park East neighborhood of the Bronx, founded in 1974 to combat the overwhelming incidents of arson, disinvestment, abandonment, and population loss in the area. Camber Property Group is an emerging leader in New York City mixed-income and workforce housing development. Founded in 1984, L+M is a double bottom line company that is an innovator in the affordable, mixed-income, and market-rate housing market. Residents played a role in finalizing the rehab scope for their developments, giving feedback on kitchen and bathroom upgrades and improvements to common areas, outdoor spaces, and community centers to create a stronger sense of pride and belonging among residents. Residents are continuing to live in their apartments during the remodeling.

The development team is working with BronxWorks to provide tailored social services to residents. When the COVID-19 pandemic began, L+M Development Partners and BronxWorks teamed up with a robust network of non-profit and community organizations to provide food assistance to residents at Baychester and Murphy Houses, delivering food and water directly to their doors so they could remain in their homes. BronxWorks has stated that it will continue to connect residents to necessary resources during the pandemic and after.

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable
Housing



Environmental
Stability



Healthy
Communities



Minority
Advancement

Walk Score

75

**Baychester
Houses**

Walk Score

92

**Murphy
Houses**



Source: <https://nelliganwhite.com/projects/baychester-and-murphy-houses/>

CNote

Sector: Cash

CNote is a women-founded and women-led impact investing platform. Working exclusively with federally certified Community Development Financial Institutions (CDFIs) and low-income designated credit unions, CNote offers fixed income and cash opportunities that cover all 50 states and allow investors to customize their investments. Investors can target 26 unique investing themes, including Refugee Crisis and Immigration Issues, Climate Change, Affordable Housing, and Racial Equity, among others, and maps these investments with the U.N. Sustainable Development Goals. Place-based investing also is offered as an option and investors can target specific geographies or communities (from a regional to a city focus). CNote investments drive economic justice in underserved communities across America. An investment with CNote funds businesses owned by women and people of color along with helping to develop affordable housing and increasing the number of dollars flowing into low-income and communities of color.⁹

IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable Housing



Environmental Stability



Disaster Recovery, Resilience, and Remediation



Gender Lens



Economic Inclusion



Minority Advancement



Enterprise Development and Jobs

Community Development Financial Institutions (CDFIs) are entities that CCM has supported and invested in many different forms over our 20-year history. From short-term placements in CDFI issued notes to direct CDFI bond issuances, CCM continues to expand our opportunity set of liquid and high-quality investments.

¹ All data are approximate figures. All data in this report is as of 09/30/20.

² https://hudgis-hud.opendata.arcgis.com/datasets/56de4ed-ea8264fe5a344da9811ef5d6e_0

³ <https://www2.howard.edu/home>

⁴ <https://www.air.org/sites/default/files/downloads/report/Role%20of%20HBCUs%20in%20STEM%20PhDs%20for%20Black%20Students.pdf>

⁵ <https://www.macfound.org/>

⁶ <http://www.sheldonoak.org/sana-apartments.html>

⁷ <https://www.walkscore.com/>

⁸ <https://nelliganwhite.com/projects/baychester-and-murphy-houses/>; <http://www.nychdc.com/content/pdf/BoardMaterial/112918/Memo-Approval%20Baychester-Murphy.pdf>

⁹ <https://www.mycnote.com/>

About CCM

Community Capital Management, Inc. (CCM) is an investment adviser registered with the Securities and Exchange Commission. Headquartered in Fort Lauderdale with employees in Boston, Charlotte, the New York City area, and Southern California, CCM was founded in 1998 and manages \$3 billion in assets. The firm believes a fully integrated portfolio – one that includes environmental, social, and governance (ESG) factors – can deliver strong financial performance while simultaneously having positive long-term economic and sustainable impact. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and ESG investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. For more information, please visit: www.ccminvests.com.

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Any of the securities identified and described herein are for illustrative purposes only. Their selection was based upon non-performance-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.