

CCM Core Impact Equity Fund*

Investment Objective

The CCM Core Impact Equity Fund (the "Fund") seeks to provide long-term growth of capital.

Why Invest

The Fund seeks long-term growth of capital by investing in a portfolio of mid- and large-cap companies where earnings growth is expected to compound. The research process focuses on identifying companies with sustainable business models that are developed and executed by experienced and shareholder-aligned management teams and which include environmental, social, and governance (ESG) related factors in their assessment of opportunities and risks.

Share Classes

	Ticker	Inception Date	Expense Ratio
Institutional	QAGIX	1/1/18	1.84
Advisor	QUAGX	1/1/18	2.09

Portfolio Managers

Andy Kaufman

Chief Investment Officer

Industry Start Date: 2004
CCM Portfolio Manager Since 2015

Andrew Cowen

Head of Equities

Industry Start Date: 2000
CCM Portfolio Manager Since 2013

Thomas Lott

Portfolio Manager

Industry Start Date: 1999
CCM Portfolio Manager Since 2013

Key Takeaways

- The introduction of a COVID-19 vaccine and fiscal stimulus provided investors the needed confidence to drive equity and corporate debt markets even higher.
- Lower-quality bonds posted significantly higher returns than higher-quality bonds.
- Equities of the highest-growth and largest capitalization companies no longer led the market.

Market Commentary

The fourth quarter proved eventful across the globe. The number of new COVID-19 infections grew to record levels, causing increased deaths and contributing to another pause in economic activity. Consumer confidence, spending, and income declined as most developed countries were forced to roll back their previous attempts to re-open their economies. In November, the delayed, and then contested, results from the U.S. presidential election and still unknown senate results in Georgia meant the country's future political leadership was still unknown. The anticipated announcement of two potential COVID-19 vaccines helped alleviate some of the uncertainty, especially with both receiving approval for emergency use. Following this good news was the \$900 billion of fiscal stimulus authorized in late December. Both positive outcomes helped overcome the ongoing political uncertainty, providing investors the additional confidence needed to drive equity and corporate debt markets higher.

In fixed income, the Bloomberg Barclays U.S. Aggregate Index ("the Index") posted a positive quarterly return of 0.67%, with a wide dispersion of returns among the Index sectors. In a continued recovery from the drawdown that occurred in the first quarter, the corporate sector of the Index led the way in the fourth quarter delivering a 3.05% return while the U.S. Treasury and mortgage-backed security (MBS) sectors of the Index lagged, declining 0.83% and gaining 0.24%, respectively. With the positive news of the COVID-19 vaccines and the prospect of further economic stimulus, lower-quality bonds posted significantly higher returns than higher-quality bonds with investment-grade Index bonds rated "BBB" delivering a 4.03% return in the fourth quarter and high-yield bonds returning 6.45%, as measured by the Bloomberg Barclays U.S. Corporate High Yield Index. With the 9-month-long recovery in the corporate bond market, investment-grade corporate bond spreads are now close to where they were 12 months ago, indicating that investors have almost fully regained the confidence they lost back in the first quarter when the ramifications of the pandemic were unknown. With yields still near historic lows, investors continue to reach for yield across the bond market, taking more risk by accepting lower spreads. Investors seem to be more willing to accept lower spreads, especially in an environment where interest rates are expected to rise, and the Federal Reserve is supporting most bond market sectors.

U.S. equity investors started the fourth quarter with uncertainty and quickly regained confidence in early November, helping to drive the S&P 500 to a 12.2% total return for the quarter. Small-cap stocks were the largest winners with the Russell 2000 gaining 31.4%, an almost 100% return from the low levels in March when it declined over 40% in the span of just 23 trading days. The fourth quarter also gave active equity managers the long-awaited opportunity they have been seeking – the largest U.S. stocks were no longer the leading performers they had been in prior quarters, as evidenced by the 6.3% advantage of the equal-weighted S&P 500 Index, which gained 18.5% during the quarter. And those valuation-conscious active investment managers were additionally rewarded when the value segments of the Russell 1000 and Russell 2000 indexes outperformed their growth counterparts by 4.86% and 3.75%, respectively, during the fourth quarter. Valuations among the major market indices and among sectors of the S&P 500 still look high relative to their 10-year averages; however, they are lower than where they were in the third quarter, given the improvement in earnings expectations. With earnings expectations for the S&P 500 and Russell 2000 remaining negative and valuations high, there is little margin of safety in these broad indexes if the vaccine distribution and/or results fail to meet expectations. Given that the valuations of the largest growth equities relative to the rest of the stock market are at the highest levels in decades and have a disproportionate impact on the major stock market index valuations, good value remains elsewhere, providing astute and selective active managers with opportunities to outperform.

About CCM

Community Capital Management, Inc. (CCM) was founded in 1998 and is a pioneer in impact and ESG investing. The firm believes a fully integrated portfolio, one that includes impact and environmental, social and governance (ESG) factors, can deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. CCM provides impact and ESG investing solutions coupled with customized reporting to clients on the positive impact outcomes of their investments. For more information, please call 877-272-1977 or visit: www.ccminvests.com.

Firm Assets	\$3.3 Billion
Impact and ESG Experience	21 Years
Impact and ESG Initiatives¹	\$10.5 Billion Invested Nationwide

Portfolio Commentary

The CCM Core Impact Equity Fund's Institutional share class (QAGIX) was up 12.36% during the fourth quarter of 2020, outperforming its benchmark (S&P 500 Total Return Index (Index)) by 21 basis points. With multiple vaccine approvals in November and December, the market rejoiced, hitting record highs across the board. Of course, the election also added fuel to the fire, as Democratic control in Washington will certainly lead to higher stimulus checks and perhaps a quicker recovery.

In 2020, the only stocks that rallied seemed to be technology and renewable names. Tesla has traded to astonishing highs, rising 5% to 10% on many days on no news. We rarely consider stock splits to be ones that create more wealth. Of course, retail trading has spiked, creating a class of levered-long investors in many growth stocks, the likes of which we have not witnessed since the dot-com era. The valuation of the Nasdaq, for example, has increased by over 40% this year, resulting in a year-end EV/EBITDA of 22x growing 38% from the 16x level at the start of the year. There could be a reckoning should valuations revert to average levels.

To manage through this, we continue to focus on high-quality companies with fortress balance sheets trading at reasonable valuations. Last quarter, we wrote that we would migrate more of our portfolio to neglected recovery stocks, and those indeed were winners in the fourth quarter. While many bandy about the terms "value" and "growth," we just focus on companies that we believe can compound earnings over long periods throughout economic cycles trading. At present, many of the best priced earnings compounders are companies leveraged to an economic recovery.

Our technology exposure has been reduced almost exclusively to what we call platform technology, with no exposure to the richly valued emergent technology names that have benefitted so much from the work-from-home trend. Our mix of healthcare, cyclicals, and financials have terrific long-term growth records and still trade today at large discounts to the S&P 500.

Still, our primary focus remains on finding stocks with capital appreciation potential. History suggests that companies that generate substantial free cash flow while simultaneously growing earnings per share at above-market rates is a market-beating strategy. Overall, our portfolio looks to have similar growth rates in 2021 versus 2020 and yet trades at a 25% discount to the S&P 500.

With the Federal Reserve continuing its Quantitative Easing program in 2021, the risk/reward likely continues to favor owning equities. After growth's torrent rally, a mix of value seems prudent.

We hope everyone stays healthy in this new year!

¹Bonds with a rating of BBB- (on the Standard & Poor's and Fitch scale) or Baa3 (on Moody's) or better are considered investment-grade.

Inception date as of January 1, 2018. The funds may experience negative performance. Past performance does not guarantee future results. The fund recently experienced significant negative short-term performance due to market volatility associated with the COVID-19 pandemic.

As of 12/31/2020, the average annual returns for the **CCM Core Impact Equity Fund's** Institutional Shares for 1-year and since inception were 19.02% and 13.91%.

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 **CCM Core Impact Equity Fund's** Institutional Shares is 1.84% with an Inception Date 01/01/18.

The top 10 holdings as of 12/31/2020 are: Microsoft Corp (6.12%), Amazon Com Inc (5.97%), Apple Inc (5.07%), Facebook Inc (4.59%), First American Funds Inc (3.12%), Discover Financial Services (3.11%), Dell Technologies Inc (3.02%), Alphabet Inc (2.95%), Alphabet Inc (2.94%), Berkshire Hathaway Inc (2.83%). Holdings are subject to change.

Important Information

There's no guarantee that a strategy will be successful. Mutual fund investing involves risk including the possible loss of principal. Impact/ESG investing is qualitative and subjective by nature. There is no guarantee that Impact/ESG criteria used by the Adviser will reflect beliefs or values of any particular investor. Common stock risks include the financial risk of selecting individual companies that do not perform as anticipated, the risk that the stock markets in which the Fund invests may experience periods of turbulence and instability, and the general risk that domestic and global economies may go through period of decline and cyclical change. Recent Market Events Risk – The effects of COVID-19 may lead to a substantial economic downturn or recession in the U.S. and global economies, the recovery from which is uncertain and may last for an extended period of time. As a result of this significant volatility, many of the risks discussed herein associated with an investment in the Fund may be increased.

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.

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 Investment Trust. CCM is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

The CCM Funds are distributed by Foreside Fund Services, LLC.

*Effective October 28, 2020 the Fund's name changed from Quaker Impact Growth Fund to CCM Core Impact Equity Fund.