COMMUNITY CAPITAL MANAGEMENT

CCM Community Impact Bond Fund*

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	$3.6 Billion
Impact and ESG Experience	21 Years
Impact and ESG Initiatives[1]	$11.6 Billion Invested Nationwide

Key Takeaways

- Consumers unleashed their accumulated savings on the services they had been denied in the prior 15 months, leading to a full recovery in U.S. gross domestic product (GDP)
- Despite the rebound in economic growth, interest rates in the 5+ segment of the yield curve declined
- Equities were broadly higher, but in contrast to the first quarter, growth stocks outperformed value and cyclicals amidst questions around the durability of the current growth rate

Market Commentary

Economic recovery was evident in the second quarter of 2021 as states across the U.S. lifted most COVID-19-related restrictions and consumers responded accordingly, unleashing their accumulated savings on the services they had been denied in the prior 15 months. This, combined with record government spending, resulted in the U.S. GDP fully recovering from the COVID-19-decline, and raising the International Monetary Fund's estimate of 2021 U.S. GDP estimate to 6.4%, from the 3.1% estimate six months ago. Between the acceleration in spending and the large number of unfilled jobs, the most hotly debated topic during the quarter was the future direction of inflation and whether the quarter's high level of inflation was "transitory" or here to stay. If interest rate moves were an indicator of inflation expectations, declining rates during the quarter would suggest that the current high inflation rate is temporary, fueled by a rebound in demand from last year's lows. And despite the headwinds of bottlenecks in supply chains, a plateau in the vaccination rate, and new variants of the COVID-19 virus, stock market enthusiasm continued as the S&P 500 rose 8.6% during the quarter with total gains now exceeding 75% since hitting the COVID-19-lows of March 2020.

In fixed income, the Bloomberg Barclays U.S. Aggregate Index (the Index) reversed its prior quarter's course and posted a positive return of 1.83%. Despite signs of continued economic growth, yields declined in the 5+ year segment of the U.S. Treasury yield curve, suggesting that the recent impressive economic growth rate may not persist into the future. While most all segments of the Index delivered positive returns, investors favored the riskier segments of the bond market with the BBB segment of the Index increasing by 3.71% vs. the 1.17% return of the AAA segment.
Except for mortgage-backed securities (MBS), spreads narrowed across all major segments of the Index, pointing to investor confidence in not only the credit markets but in the continued technical support provided by the Federal Reserve's bond-buying program. While the MBS segment of the Index posted positive returns, spreads widened amidst concern of another round of refinancing in a lower interest rate environment. Longer duration securities posted the best results as yields declined primarily along the 10+ segment of the curve with 10-, 20-, and 30-year Treasury yields declining by 0.29%, 0.31%, and 0.35%, respectively. While the debate around the future level of inflation continues, there is no denying the fact that the inflation-suppressing effects from technology and globalization have been exacerbated since the start of the pandemic. Looking forward, one of the biggest debates is whether the current supply shortages and record-level of government spending are enough to offset this disinflationary structural trend. The continued demand for bonds, despite the increased risk in the bond market, would suggest that inflation and rising rates are not a concern. The duration of the Index at quarter end was at a record high of 6.58 years, and 14.7% of the Index was in the lowest quality BBB securities, a level almost double that of August 2008. With historically low yields, investment-grade corporate bond spread levels having reached lows not seen since 2005 and the ratio of corporate debt-to-GDP at an all-time high, risk has become an even more important factor in the overall management of a bond portfolio.

In equities, the quarter's gains were once again impressive; however, in contrast to the first quarter, growth stocks led the way and value stocks lagged after their impressive recovery in the prior two quarters. The resiliency of corporate earnings and expectations for continued improvement have been remarkable. While the S&P 500 operating earnings per share growth declined by 22% in 2020, corporate earnings, particularly in the previously beaten-down energy, industrials, and consumer discretionary sectors, have seen sharp rebounds. Despite a subsequent increase in wages, and difficulty in filling open jobs, expectations for S&P 500 corporate profit growth in 2021 now exceeds the levels prior to COVID-19 as companies have found additional ways to become more efficient. Stock valuations across the major market indices remain high given the strong recovery in earnings expectations and appear more reasonable than where they were at the start of the year. However, the dispersion of valuations among stocks remains high. For example, in the S&P 500, the difference in price-to-earnings (PE) multiples between the 20% most expensive and 20% least expensive stocks has grown to a level that far exceeds its 25-year average. We believe the large dispersion creates an opportunity for active investment managers to outperform their benchmarks through security selection. The current market backdrop also favors an equity strategy focused on higher-quality, more resilient companies. Most stocks have fully recovered from their 2020 lows and the persistence of economic growth is no longer a given; companies with profitable growth trajectories that are less tied to the economic cycle should be able to outperform their cyclical counterparts while also providing that desired margin of safety for when tomorrow's expectations fade.

Learn more about our impact and ESG strategies at www.ccminvests.com

**Effective March 1, 2021 the Fund's name changed from CRA Qualified Investment Fund to CCM Community Impact Bond Fund.*

[1] *Impact numbers are approximate figures.*

About the Fund

The Fund is an investment grade, intermediate duration bond fund that seeks to preserve capital, deliver attractive risk-adjusted returns, and serve as the ballast in a portfolio. The Fund invests in well-researched, fossil fuel free bonds that have direct and measurable positive environmental and societal impacts, with most bonds qualifying under the Community Reinvestment Act (CRA) of 1977. The Fund offers impact targeting where shareholders meeting minimum requirements can direct their capital to support specific geographies or impact themes, a benefit accompanied by impact reporting.

Share Classes

	Ticker	Inception Date	Expense Ratio
CRA	CRAIX	8/30/99	0.91
Institutional	CRANX	3/2/07	0.46
Retail	CRATX	3/2/07	0.81

Portfolio Managers

Andy Kaufman
Chief Investment Officer
Industry Start Date: 2004
CCM Portfolio Manager Since 2015

Elliot Gilfarb, CFA
Head of Fixed Income
Industry Start Date: 2005
CCM Portfolio Manager Since 2012

Julie Egan
Director of Research
Industry Start Date: 1987
CCM Portfolio Manager Since 2010

Portfolio Contributors

- Yield curve positioning
- Agency mortgage-backed securities (MBS) positioning (higher income, slower prepayments)
- Underweight to U.S. Treasurys

Portfolio Detractors

- Higher credit quality
- Underweight to corporate bonds
- Shorter duration municipal and corporate positioning

Portfolio Commentary

In the second quarter of 2021, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 0.57%, 0.78%, and 0.60%, respectively, on a net-of-fees basis. The Intermediate component of the Bloomberg Barclays Aggregate Bond Index (the Benchmark) was up 0.78%.

The Fund benefited from its overweight to agency commercial mortgage-backed securities (CMBS), which was the best-performing sector of the Benchmark. It also benefited from being underweight to U.S. Treasurys and MBS, which were the two worst-performing major sectors in the Benchmark, delivering returns of 0.62% and 0.33%, respectively. Offsetting these gains were the Fund's underweight to corporate bonds (11% vs. 20% in the Benchmark) and overweight to asset-backed securities (ABS), 6.8% vs. 0.4% in the Benchmark, as the corporate segment of the benchmark was up 1.70% and ABS segment was up a mere 0.34%.

The Fund faced a meaningful structural headwind during the quarter due to its higher-quality strategy (the Fund holds less than 1% in BBB securities vs. the 11% allocation in the Benchmark). The BBB segment of the Benchmark delivered excess returns of 1.30% over comparable duration U.S. Treasurys, far exceeding the excess returns of the other three credit quality segments, which ranged from 0.01% to 1.03%.

During the quarter, the yield curve flattened as yields on the front-end part of the curve (below 5 years) ended the quarter 0.00% to 0.11% higher than where they began yet yields in the 5- to 30-year segments of the curve declined 0.05% to 0.35%. Even though the Fund held a shorter duration than that of the Benchmark, it benefited from its yield curve positioning, particularly its slightly higher allocation to the 5+ year segment of the curve where yields declined.

From a security selection perspective, the Fund's MBS portfolio outperformed the MBS segment of the Index by 0.17%, returning 0.50% vs. 0.33% due to slower mortgage prepayments in a declining interest rate environment and higher income. The Fund's ABS performance was almost twice that of the ABS segment of the Benchmark, up 0.66% vs. 0.34% as the portfolio's largest ABS segment, pools backed by consumer solar loans, delivered an attractive 1.27% total return. Both the corporate bond and taxable municipal bond segments each returned 1%; however, they did not outperform their respective Benchmark sectors due to their higher quality and shorter duration positioning.

As of quarter end, the Fund's duration was 3.85 years vs. 4.19 years for the Benchmark, and its yield advantage remained healthy at 1.42% vs. 1.22% for the Benchmark.

As of 06/30/2021, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (8/30/1999) were -0.34%; 1.64%; 2.17%; and 3.78%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (3/2/2007) were 0.11%; 2.10%; 2.64%; and 3.39%. The average annual returns for CRATX for the same periods were -0.33%; 1.73%; 2.28% and 3.03%. As of 06/30/2021, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 0.91%, 1.36%, and 1.01% respectively. 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. The annual operating expenses for the CRA Qualified Investment Fund's CRA Shares, Institutional Shares, and Retail Shares is 0.91%; 0.46% and 0.81% respectively.

Data sources: Barclays Live, Bloomberg PORT, and eVestment Alliance.

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

Risk Considerations: Investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The CCM Community Impact Bond Fund is not diversified. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. There is no guarantee the investment objective or goals of the Fund will be achieved. Holdings are subject to change.

This material must be preceded or accompanied by the current Fund prospectuses. Please read them carefully before investing. The Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Community Capital Management, Inc.