

# CCM Community Impact Bond Fund

## Key Takeaways

- The S&P 500 Index declined 4.3% as investors rotated away from technology and growth sectors toward defensive and value-oriented stock.
- The Bloomberg U.S. Aggregate Bond Index rose 2.8%, driven by falling Treasury yields amid growing economic uncertainty.
- U.S. economic data indicated a notable slowdown, with declining consumer and business surveys highlighting increased risks to the outlook due to recent trade policy changes.

## Share Classes

|               | Ticker | Inception | Expense Ratio |
|---------------|--------|-----------|---------------|
| CRA           | CRAIX  | 8/30/99   | 0.87          |
| Institutional | CRANX  | 3/2/07    | 0.42          |
| Retail        | CRATX  | 3/2/07    | 0.77          |

## Portfolio Managers

### Andy Kaufman, Chief Investment Officer

Senior Portfolio Manager

Industry Start Date: 2004

CCM Portfolio Manager Since 2015

### Elliot Gilfarb, CFA, Head of Fixed Income

Senior Portfolio Manager

Industry Start Date: 2005

CCM Portfolio Manager Since 2012

### Miriam Legrand, Director of Credit Research

Portfolio Manager

Industry Start Date: 2001

CCM Portfolio Manager Since 2022

### Shonali Pal, CFA, Portfolio Manager

Industry Start Date: 2014

CCM Portfolio Manager Since 2022

### Alex Alario, Portfolio Manager

Industry Start Date: 2016

CCM Portfolio Manager Since 2024

## Market Commentary

The first quarter of 2025 marked a reversal for U.S. equity markets as the S&P 500 Index declined 4.3%, pulling back after strong performance in 2024. Technology and growth sectors experienced the sharpest declines due to stretched valuations and heightened economic uncertainty, while defensive and value sectors, such as energy, healthcare, and consumer staples, outperformed.

In contrast, bonds performed well as Treasury yields declined on rising concerns about economic growth. The 10-year U.S. Treasury yield dropped to 4.21% by quarter-end from 4.57% at year-end 2024. Consequently, the Bloomberg U.S. Aggregate Bond Index rose 2.8%, reversing some of its losses from the previous quarter. The yield curve steepened further, reflecting market anticipation of a more accommodative monetary policy.

Economically, the U.S. demonstrated resilience but exhibited signs of slowing momentum. The manufacturing and trade sectors struggled, impacted by the anticipation of new trade policies and softer global demand. Consumer spending remained strong but showed divergence between higher and lower income consumers. Higher income consumers continued to spend, supported by robust wage growth and a positive wealth effect from equity market gains early in the quarter, while lower income consumers faced pressures from persistent inflation and below-average wage growth.

As the quarter progressed, the economic impact of anticipated trade policy changes became more apparent. Business survey data, including the Purchasing Managers' Indices (PMIs) and the Conference Board Consumer Confidence indices, trended lower during the quarter. The unemployment rate held steady around 4.1%, signaling a stable, though slightly softening, labor market. This weakening in survey data added uncertainty to the economic outlook.

Inflation continued to show gradual moderation, with core personal consumption expenditures (PCE) inflation easing to 2.8% year-over-year in February from 2.9% in December. Durable goods prices experienced deflation, while services inflation remained elevated around 3.5%. Although gradual moderation is encouraging, inflation remains above the Federal Reserve's (Fed's) 2% target.

The Fed maintained a cautious stance amid evolving economic conditions, holding the federal funds rate steady at 4.25% to 4.50%. Fed Chair Jerome Powell emphasized the need for clarity on trade policy impacts before considering further policy adjustments, reflecting caution due to potential inflation and growth risks from tariffs.

Looking ahead, the economic outlook appears to be deteriorating with decelerating fundamentals signaling increased risks. While consumer spending continues to support economic activity, declining confidence, trade uncertainties, and persistent services inflation suggest ongoing market volatility through 2025.

## Portfolio Contributors

- Underweight corporate bonds, particularly those rated BBB
- Overweight housing-related taxable municipals
- Overweight consumer and solar loan-backed non-agency asset-backed securities (ABS)

## Portfolio Detractors

- Barbell yield curve positioning
- Underweight U.S. Treasuries
- Overweight 30-year impact agency mortgage-backed security (MBS) pools

## Portfolio Commentary

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In the first quarter of 2025, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 2.27%, 2.38%, and 2.30%, respectively, on a net-of-fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) posted a return of 2.61%.

### Duration and Yield Curve Positioning

Interest rates declined across the yield curve between 1 and 42 basis points with the largest declines in the three- and seven-year segments of the curve. The Fund's duration was slightly lower than that of the Benchmark during the quarter, averaging 4.38 years compared with the Benchmark's 4.42 years. This duration, combined with the Fund's underweight position in the three-year segment of the curve, detracted from overall relative return.

### Sector Allocation and Composition

All three major sectors of the Benchmark posted positive total returns with the U.S. Treasury, MBS, and corporate segments of the Benchmark up 2.49%, 3.06%, and 2.27%, respectively. Smaller sectors in the Benchmark, agency commercial mortgage-backed securities (CMBS), non-agency ABS, and taxable municipals also delivered positive returns, up 2.86%, 1.53%, and 2.25%, respectively. Spreads widened across most Benchmark sectors, particularly in March as investors grew concerned about the potential negative economic impact of higher tariffs.

During the quarter, the Fund's relative positioning was a slight detractor to relative returns. Its underweight to U.S. Treasuries (averaging 6.6% compared with the Benchmark's 43.2%), overweight to agency CMBS (averaging 27.5% compared with the Benchmark's 0.9%), and the relative performance of its impact agency MBS pools were its largest detractors. The relative performance of housing-related taxable municipals and solar and consumer ABS as well as an underweight to corporate bonds (averaging 13.6% compared with the Benchmark's 19.8%) helped offset detractors. An underweight to BBB-rated bonds was beneficial during this time of market uncertainty (averaging <1% compared with the Benchmark's 10%). Spreads widened more than the other credit segments of the Benchmark after reaching near record-low levels.

### Positioning Changes

The Fund's duration ended the quarter close to where it started. Given our cautious outlook on tariffs and their potential effects on the economy and inflation, we are maintaining a neutral duration and slightly barbell positioning, reflecting the more attractive risk/reward opportunities in the seven- to 10-year and sub-one-year segments of the curve. We made minimal adjustments within and across sectors during the quarter as our conviction remains strong in the relative value of our holdings and sectors.

As of 03/31/25, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (08/30/1999) were 4.66%; -0.51%; 0.78%; and 3.08%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (03/2/07) were 5.14%; -0.05%; 1.24%; and 2.57%. The average annual returns for CRATX for the same periods were 4.77%; -0.40%; 0.89%; and 2.22%. As of 03/31/25, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 2.97%, 3.42%, and 3.07%, 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 888-272-0007. The annual operating expenses for the CRA Qualified Investment Fund's CRA Shares, Institutional Shares, and Retail Shares is 0.87%; 0.42% and 0.77%, respectively.

Data sources: Bloomberg 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, LLC.

This fund involves impact risk. The Adviser may select or exclude securities of certain companies for reasons other than performance and, as a result, the Fund may underperform other funds that do not use an impact screening process. Impact investing is qualitative and subjective by nature. There is no guarantee that impact criteria used by the Adviser will reflect beliefs or values of any particular investor.