

CCM Community Impact Bond Fund

Key Takeaways

- The S&P 500 Index rebounded sharply in the second quarter, rising 10.6% as trade tensions eased and investor sentiment improved, led by a renewed rally in technology and growth sectors.
- The Bloomberg U.S. Aggregate Bond Index gained 1.2% in the second quarter, supported by falling short-term yields and investor expectations for potential Federal Reserve (Fed) rate cuts later in the year.
- Economic data was generally positive during the second quarter, with steady consumer spending and a modest pickup in business activity.

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 2020

Market Commentary

After a weak start to the year, U.S. equities rebounded strongly in the second quarter, with the S&P 500 Index gaining 10.6% and the technology-heavy Nasdaq surging nearly 18%. Markets recovered from an early-April selloff tied to rising trade tensions, as investors grew more optimistic following a temporary pause in new tariffs. The rally was led by growth-oriented sectors, particularly technology and communication services, while more defensive sectors such as energy and healthcare underperformed.

The U.S. bond market posted a positive return, despite interest rate volatility early in the quarter. The Bloomberg U.S. Aggregate Bond Index rose 1.2%, supported by a steepening yield curve and narrowing credit spreads. Treasury yields spiked in April as inflation fears and geopolitical uncertainty intensified but retreated in May and June. The 10-year Treasury yield closed the quarter at 4.23%, roughly unchanged from the end of the first quarter, while short-term yields fell amid growing expectations for Fed rate cuts.

Many of the data points that feed into gross domestic product (GDP) growth trended positively during the second quarter, with steady consumer spending and a modest pickup in business activity, helping to support overall economic momentum. Retail sales and auto purchases were resilient, and services sector indicators remained in expansion. Labor market conditions softened slightly, with monthly job gains slowing and the unemployment rate edging up to 4.2%. However, layoffs remain low, real wage growth is positive and stable, and job openings continue to be above pre-COVID levels.

Inflation continued to moderate, as headline consumer price index (CPI) rose at a mid-2% rate in April and May. Core CPI rose 2.8%, down from over 3% earlier this year. Goods inflation continues to be modest, while services inflation remained elevated but trended lower. While progress on inflation continues to be made toward the Fed's 2% target, significant uncertainty remains around how tariffs will affect inflation trends.

The Fed held its policy rate steady at 4.25% to 4.50%, emphasizing a cautious, data-dependent approach. Fed officials acknowledged progress on inflation but pointed to heightened uncertainty stemming from trade policy and softening economic indicators. The Fed's updated projections modestly downgraded 2025 growth expectations while raising the inflation outlook, reflecting concerns that sustained tariffs could weigh on both sides of the dual mandate. Markets increasingly expect the Fed to begin cutting rates in the second half of the year, though policymakers have remained noncommittal.

Looking ahead, the U.S. economy is expected to follow a slower growth path, with easing inflation and a resilient labor market providing support. However, risks tied to trade policy, geopolitical developments, and shifting monetary expectations continue to pose downside risks. While the base case remains constructive, volatility is likely to persist as markets digest incoming data and policy signals in the second half of 2025.

Portfolio Contributors

- Underweight U.S. Treasuries
- Outperformance of the industrials sector

Portfolio Detractors

- Barbell yield curve positioning
- Overweight housing-related taxable municipals
- Overweight solar loan-backed non-agency asset-backed securities (ABS)

Portfolio Commentary

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In the second quarter of 2025, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 1.08%, 1.19%, and 1.10%, respectively, on a net of fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) posted a return of 1.51%.

Duration and Yield Curve Positioning

U.S. Treasury yields moved within a 40 to 60 basis point range during the quarter, with the yield curve ultimately steepening as yields in the 1- to 7-year segment of the curve ended the quarter 7 to 21 basis points lower and yields in the 20- to 30-year segment rose 17 to 19 basis points. The Fund's average duration was comparable with the Benchmark; however, it was underweight to the 1- to 3-year segment of the yield curve where rates declined and slightly overweight to the 10+ segment where yields rose resulting in yield curve positioning being a modest detractor from relative performance.

Sector Allocation and Composition

All three major sectors of the Benchmark posted positive total returns—U.S. Treasury, mortgage-backed securities (MBS), and corporates were up 1.46%, 1.14%, and 2.12%, respectively. Smaller Benchmark sectors also delivered positive returns—agency commercial mortgage-backed securities (CMBS), non-agency ABS, and taxable municipals were up 1.76%, 1.38%, and 1.59%, respectively. Spreads initially widened in April amid investor concerns that tariffs could negatively affect economic growth and inflation. However, they tightened meaningfully in May and June as tariff policies became less restrictive, ending the quarter overall tighter. Spreads tightened the most in the Benchmark's BBB-rated corporate segment after widening the most during the previous quarter, leading to its 2.23% total return.

During the quarter, the Fund's sector allocation was a detractor from relative returns. Its underweight to U.S. Treasuries (averaging 8.0% versus the Benchmark's 43.7%) contributed positively, as U.S. Treasuries underperformed other major bond market sectors. Outperformance of the Fund's industrial corporate bonds was also a benefit as they posted better excess returns, offsetting the headwinds from the Fund's underweight to lower quality BBB-rated corporate bonds. However, these benefits were not enough to overcome spread widening in Ginnie Mae agency CMBS, housing-related taxable municipal bonds, and solar-backed non-agency ABS. These sub-sectors, which are not included in the Benchmark, comprised average allocations of 12%, 11.2%, and 3%, respectively, of the Fund during the second quarter.

Positioning Changes

With yields ending the quarter near the lower end of the portfolio team's expected range, the Fund's relative duration was slightly shorter than the Benchmark—4.35 years versus 4.42. Most of this underweight came from the 1- to 3- year segment of the curve, where rates declined during the quarter. The team made minimal adjustments within and across sectors, as our conviction remains strong in the relative value of our holdings and sectors.

As of 06/30/25, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (08/30/1999) were 5.46%; -0.56%; 0.97%; and 3.09%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (03/2/07) were 5.93%; -0.11%; 1.43%; and 2.61%. The average annual returns for CRATX for the same periods were 5.56%; -0.46%; 1.08%; and 2.25%. As of 06/30/25, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 3.06%, 3.50%, and 3.16%, 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.