

CCM Community Impact Bond Fund

Key Takeaways

- The S&P 500 Index was up 8.1% in the third quarter driven by declining interest rates and strong corporate earnings, with the technology and consumer discretionary sectors leading the gains.
- The Bloomberg US Aggregate Bond Index rose 2%, primarily driven by lower Treasury yields and modest spread tightening.
- Economic data indicated that the economy continued to expand at a slower pace, with steady consumer spending helping to offset softness in manufacturing and signs of cooling in the labor market.

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

U.S. equities extended their rebound in the third quarter, with the S&P 500 Index up 8.1%, adding to strong gains from the second quarter. Growth-oriented sectors, including technology and consumer discretionary, led market performance, supported by easing financial conditions and continued optimism surrounding artificial intelligence investment trends. Defensive sectors, including real estate and consumer staples, lagged the broader market.

Fixed income markets also delivered positive results. The Bloomberg US Aggregate Bond Index rose 2%, as Treasury yields moved lower across the curve following a deterioration in labor market data and a September Federal Reserve rate cut. The 10-year Treasury yield declined from 4.23% at the end of June to 4.15% by quarter-end, while credit spreads tightened modestly on stable corporate fundamentals and improved risk sentiment.

Economic data suggested the U.S. economy continued to grow in the third quarter, though momentum slowed compared to earlier in the year. Consumer spending remained positive, with retail sales and services activity providing support, though sentiment measures slipped as households expressed concern about inflation and labor market prospects. Manufacturing activity remained in contractionary territory, weighed down by trade-policy uncertainty and tariffs, which pressured survey data and new orders.

Labor market conditions softened gradually, with job gains moderating and the unemployment rate inching higher to 4.3%. While layoffs remained limited, businesses slowed hiring amid increased caution on the economic outlook. Inflation progress was mixed. Core goods prices remained subdued, but services inflation continued to trend above 3%, led by shelter costs. Headline inflation edged up modestly to just below 3% year-over-year, reflecting higher energy and food prices.

The Federal Reserve cut its policy rate by 25 basis points in September, bringing the target range to 4.00%–4.25%. Officials maintained a data-dependent stance, acknowledging progress on inflation but highlighting downside risks to growth and uncertainty around the impact of tariffs. Markets seem to be anticipating the potential for additional monetary easing in the coming quarters should labor market weakness continue.

The U.S. economy is expected to remain on a slower growth trajectory into year-end, driven by ongoing trade tensions and signs of softening in the labor market. Monetary policy will likely remain a key driver of financial markets, with investors watching closely for signals from the Federal Reserve on the pace of future rate cuts. Risks tied to trade policy, geopolitical developments, and inflation trends suggest volatility may remain elevated into the final quarter of 2025.

Portfolio Contributors

- Underweight U.S. Treasuries
- Overweight agency mortgage-backed securities (MBS)
- Overweight taxable municipal bonds

Portfolio Detractors

- Underweight corporate bonds
- Underweight BBB-rated bonds
- Overweight solar loan-backed non-agency asset-backed securities (ABS)

Portfolio Commentary

In the third quarter of 2025, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 1.72%, 1.83%, and 1.64%, respectively, on a net of fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) posted a return of 1.79%.

Duration and Yield Curve Positioning

U.S. Treasury yields were volatile during the quarter—rising in July before declining in August and September as economic data pointed to signs of weakening. The yield curve steepened further, with the largest rate declines occurring in the sub-2-year segment. The Fund's average duration was slightly shorter than the Benchmark (4.32 vs. 4.36 years), which modestly detracted from performance. However, this was more than offset by higher income from the Fund's barbelled yield curve positioning, as longer-term securities generated greater income than shorter-duration securities where the Fund was underweight.

Sector Allocation and Composition

All three major sectors of the Benchmark posted positive total returns, with U.S. Treasuries, agency MBS, and corporates gaining 1.26%, 1.64%, and 2.04%, respectively. Smaller Benchmark sectors also performed well—agency commercial mortgage-backed securities (CMBS), non-agency ABS, and taxable municipals were up 1.64%, 1.64%, and 2.03%, respectively. Spreads tightened across sectors, with BBB-rated corporate bonds tightening the most, resulting in higher excess returns compared to higher-quality corporates.

During the quarter, the Fund's sector allocation contributed positively to relative performance. Its underweight to U.S. Treasuries (8.3% vs. 44.0% in the Benchmark) was beneficial, as U.S. Treasuries underperformed other major fixed income sectors. The Fund's overweight to agency MBS (31.3% vs. 29.4% in the Benchmark) also added value, with the sector's 97 basis points of excess return outperforming other Fund and Benchmark sectors—helped by the Fund's underweight to weaker-performing Ginnie Mae 30-year pools. These gains were partially offset by the Fund's underweight to corporate bonds, particularly lower-quality BBB-rated corporates that outperformed, and its exposure to the underperforming solar-backed ABS sector, which is not in the Benchmark.

Positioning Changes

With economic data showing signs of softening and the portfolio team anticipating lower interest rates, the Fund's relative duration was modestly extended, ending the quarter at 4.31 years compared to 4.35 years for the Benchmark. Sector allocations remained largely unchanged; however, within sectors, the team identified opportunities to shift into securities offering more attractive relative value.

As of 09/30/25, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (08/30/1999) were 2.75%; -0.30%; 0.99%; and 3.13%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (03/2/07) were 3.21%; 0.17%; 1.45%; and 2.67%. The average annual returns for CRATX for the same periods were 2.74%; -0.20%; 1.08%; and 2.31%. As of 09/30/25, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 2.98%, 3.43%, and 3.08%, 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.