

CCM Community Impact Bond Fund

Key Takeaways

- The Bloomberg US Aggregate Index was up 1.1% in the fourth quarter, driven in part by a steepening of the Treasury curve, with declining 2-year yields and rising 10-year yields.
- U.S. equities finished the quarter higher, with modest gains as the S&P 500 Index rose approximately 2.3%.
- Inflation continued to ease, while the labor market showed clearer signs of cooling, with payroll growth slowing since spring and unemployment rising over the quarter.

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. risk assets advanced during the fourth quarter, supported by ongoing confidence that economic growth could slow without tipping into a recession. Equity performance remained positive but more subdued than earlier in the year, as investors balanced softer labor-market signals with resilient corporate fundamentals.

In fixed income, returns were driven less by a broad rally in long rates and more by a front-end repricing, as short- and intermediate-maturity yields declined amid growing expectations that the Federal Reserve (the Fed) would prioritize sustaining the economic expansion. Credit markets remained constructive, with only modest spread widening in investment grade sectors and largely unchanged spreads in high yield.

Financial markets in the fourth quarter were shaped primarily by expectations around the pace and durability of monetary policy easing. The shift toward an expectation of rate cuts became more plausible as inflation continued to moderate and labor conditions softened. Payroll growth has shown little net change since the spring of 2024, the unemployment rate has drifted higher, and underemployment measures (including part-time employment for economic reasons) increased meaningfully—all signals that labor conditions are losing momentum.

Against this backdrop, the Fed explicitly framed policy as a balancing act between the two sides of its dual mandate. In December, the Fed noted that downside risks to employment had risen and cut the federal funds target range by 25 bps to 3.50%–3.75%, while emphasizing that further moves would remain data-dependent.

Inflation data reinforced a “cooling but not finished” narrative. During the quarter, the most recent Consumer Price Index (CPI) report showed headline inflation running 2.7% year-over-year and core inflation at 2.6%, with shelter inflation continuing to moderate versus prior peaks.

Current conditions point to a prolonged late-cycle slowdown rather than a sharp downturn, with moderating growth, inflation approaching the Fed’s 2% target, and monetary policy shifting toward sustaining the expansion. Markets will continue to assess the durability of disinflation and whether labor market cooling stabilizes at a pace consistent with slower growth or weakens enough to pressure earnings and consumer demand.

Portfolio Contributors

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

Portfolio Detractors

- Overweight agency commercial mortgage-backed securities (CMBS)
- Overweight non-agency asset-backed securities (ABS)
- Underperformance of corporates in the financials sector

Portfolio Commentary

In the fourth quarter of 2025, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) posted returns of 1.19%, 1.30%, and 1.21%, respectively, on a net of fees basis. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) posted a return of 1.35%.

Duration and Yield Curve Positioning

During the quarter, the yield curve steepened, with U.S. Treasury yields declining in the 2-year and shorter maturities while rising in the 20+ year part of the curve. The middle of the yield curve (3-10 years) traded within a tight range, ending the quarter at a similar level to where it started. The Fund's slightly shorter average duration versus the Benchmark (4.26 vs. 4.29 years) had minimal effect on relative returns. While modestly overweight long-term and underweight short-term securities slightly detracted from performance, higher income from the barbelled positioning more than offset this impact. Longer-term holdings, where the Fund was overweight, generated more income than shorter-duration holdings in which it was underweight.

Sector Allocation and Composition

All three major sectors of the Benchmark posted positive total returns: U.S. Treasuries rose 1.15%, agency MBS gained 1.71%, and corporates were up 1.29%. Smaller Benchmark sectors also delivered positive returns: agency CMBS rose 1.27%, non-agency ABS gained 1.25%, and taxable municipals were up 1.61%. Spreads in most sectors started the quarter close to 20-year lows. With signs of economic softening, corporate, ABS, and agency CMBS spreads widened modestly, whereas agency MBS and taxable municipal spreads tightened more substantially.

During the quarter, the Fund's sector allocation contributed positively to relative returns. Key drivers included an underweight in U.S. Treasuries (8.6% vs. 44.2%) and overweight positions in taxable municipal bonds (averaging 13.1% vs 0.1%) and agency MBS (31.0% vs 29.3%). The Fund's agency MBS segment generated 78 basis points of excess return, outperforming other Fund and Benchmark sectors, primarily due to an underweight in Ginnie Mae 30-year MBS pools. These gains were partially offset by the Fund's overweight positions in agency CMBS, non-agency consumer loan and solar ABS, as well as in corporate bonds within the financials sector.

Positioning Changes

Amid weakening economic data and the portfolio team's outlook for a lower interest rate environment, portfolio duration was extended, ending the quarter at 4.35 years compared with 4.29 years for the Benchmark. The majority of the duration extension came from an increase in 4% and 5% coupon 30-year agency MBS pools, which the team views as offering the best relative value along the MBS coupon stack. With spreads remaining at historically tight levels, the team also modestly increased the Fund's allocation to U.S. Treasuries.

As of 12/31/25, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (08/30/1999) were 6.40%; -0.08%; 1.17%; and 3.14%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (03/2/07) were 6.88%; 0.39%; 1.63%; and 2.70%. The average annual returns for CRATX for the same periods were 6.40%; 0.01%; 1.27%; and 2.34%. As of 12/31/25, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 2.93%, 3.37%, and 3.02%, 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.