COMMUNITY CAPITAL MANAGEMENT

CCM Community Impact Bond Fund

Key Takeaways

- The S&P 500 Index returned 2.3% in the third quarter, with gains concentrated in larger companies.
- The Bloomberg US Aggregate Bond Index declined 3.5% during the quarter as Treasury yields rose sharply.
- Consumer spending remained resilient, while hiring slowed toward quarter-end. Persistently elevated inflation prompted the Federal Reserve (the Fed) to raise interest rates in September.

Share Classes

	Ticker	Inception	Expense Ratio
CRA	CRAIX	8/30/99	0.88
Institutional	CRANX	3/2/07	0.43
Retail	CRATX	3/2/07	0.78

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 posted a modest gain in the third quarter, with the S&P 500 Index returning 2.3%. Strong corporate fundamentals supported the market despite rising Treasury yields and geopolitical uncertainty. Performance was uneven, with the S&P 500 Equal Weight Index declining 1.9%, indicating that gains were concentrated in larger companies. Sector performance was led by energy, up 17.2% as crude oil prices rose, followed by information technology, which gained 7.2%. Utilities and industrials were the weakest sectors, declining 12.4% and 9.7%, respectively.

The U.S. bond market came under pressure during the quarter. The Bloomberg US Aggregate Bond Index declined 3.5% as higher yields weighed on bond prices. The 2-year Treasury yield rose from 4.18% at the end of June to 4.89% at the end of September, while the 10-year yield increased from 4.47% to 5.29%. The difference between 10-year and 2-year yields widened from 29 to 40 basis points, resulting in a modest steepening of the curve.

Economic data suggested the U.S. economy continued to expand. The latest reading of second quarter real gross domestic product (GDP) growth was a 2.2% annualized rate. Consumer activity remained supportive during the third quarter, with personal consumption expenditures rising 0.9% month-over-month in August. Business investment also supported economic growth, with the buildout of artificial intelligence (AI) infrastructure fueling spending on data centers and computing equipment. That demand extended into manufacturing supply chains, where respondents to the Institute for Supply Management (ISM) survey cited strong AI-related demand for industrial materials and components. This provided a source of support for continued manufacturing expansion during the quarter. The ISM Manufacturing Purchasing Managers Index (PMI) reached 55.6 in July, its highest level since May 2022, before easing to 54.5 in September.

Hiring remained mixed during the third quarter and slowed in September. Nonfarm payrolls increased by 29,000, following a revised gain of 133,000 in August and a revised decline of 10,000 in July. The unemployment rate edged up to 4.2% in September from 4.1% in August. Although the softer September report and downward revisions suggested that hiring had not developed sustained momentum, unemployment claims offered a more reassuring signal. Weekly initial and continuing jobless claims declined throughout the quarter, ending September around 200,000 and 1.7 million, respectively. Taken together, the data suggested that employers remained cautious about adding workers, while layoffs remained limited.

Inflation remained elevated, with renewed energy price pressure keeping headline inflation above core measures. The Consumer Price Index (CPI) rose 3.4% year-over-year in August, while core CPI, which excludes food and energy, increased 2.4%. Gasoline prices rose 3.9% during the month and accounted for more than one-third of the monthly increase in headline CPI.

Against this backdrop, the Fed held the federal funds target range at 3.50% to 3.75% in July before raising it by 25 basis points to 3.75% to 4.00% at its September meeting. The September decision was unanimous. The Committee cited resilient domestic spending, strong capital investment, and continued inflation pressure. The September Summary of Economic Projections indicated a median year-end policy rate consistent with one additional 25-basis-point increase.

Looking ahead, the U.S. economy appears positioned for continued growth, supported by consumer spending and business investment, including the ongoing buildout of AI infrastructure. However, slower hiring, higher borrowing costs, and energy prices may present headwinds. Markets look to remain focused on whether hiring stabilizes and whether underlying inflation continues to ease. The outlook for energy supply and developments in the Middle East remain important sources of uncertainty. For fixed income markets, the balance between resilient spending, softer hiring, and inflation will help determine the path of monetary policy and longer-term yields.

Portfolio Contributors

- Overweight taxable municipal bonds
- Subsector allocation within non-agency asset-backed securities (ABS)

Portfolio Detractors

- Subsector allocation within agency commercial mortgage-backed securities (CMBS)
- Underweight U.S. Treasuries
- Longer average duration relative to the Benchmark

Portfolio Commentary

In the third quarter of 2026, the CCM Community Impact Bond Fund (the Fund) CRA Shares (CRAIX), Institutional Shares (CRANX), and Retail Shares (CRATX) were down 2.97%, 2.97%, and 3.05%, respectively, net of fees. The Intermediate component of the Bloomberg Aggregate Bond Index (the Benchmark) was down 2.56%.

Duration and Yield Curve Positioning

Treasury yields rose sharply during the quarter against a backdrop of resilient economic activity and elevated inflation. The Fed raised interest rates in September, when most of the quarter's increase in Treasury yields occurred. Yields rose most in the five- to seven-year segment, while the spread between five- and 30-year yields narrowed. The Fund's average duration exceeded that of the Benchmark during the quarter, detracting from relative performance as interest rates rose across the curve.

Sector Allocation and Composition

The Benchmark's U.S. Treasury, agency mortgage-backed securities (MBS), and corporate sectors posted negative returns of 1.69%, 4.25%, and 2.31%, respectively. Higher Treasury yields weighed on bond prices, while widening mortgage and corporate spreads added to the pressure.

Sector positioning detracted from relative performance. The Fund's underweight to U.S. Treasuries was a headwind as Treasuries performed better than the Benchmark's other major sectors. Subsector allocation within CMBS detracted, partly offset by the favorable effect of the broader sector allocation.

Agency MBS exposure was another detractor, which was mostly driven by the Fund's overweight to the sector and its subsector allocations. Within MBS, the Fund's overweight to 30-year pools and corresponding underweights to 15- and 20-year pools detracted from relative performance. Additionally, an underweight to lower-coupon pools and an overweight to the middle of the coupon stack within 30-year MBS detracted from relative performance. These factors were partially offset by a modest benefit from security selection.

The Fund's overweight to taxable municipal bonds and non-agency ABS partially offset these detractors. Both sectors outperformed the overall Benchmark during the quarter, supported by spread tightening. Subsector allocation within non-agency ABS also contributed positively to relative performance.

Positioning Changes

The team's outlook on inflation became more cautious over the quarter as resilient consumer and business spending, strong capital investment, and renewed energy-price pressure increased concerns about additional rate hikes. Consequently, the Fund's duration was reduced in July and August, ending the quarter with duration in line with the Benchmark. Target sector allocations remained broadly unchanged. Treasury exposure declined and cash increased, while agency MBS and corporate allocations were broadly stable. Despite higher yields, the team remains mindful of additional rate increases.

As of 09/30/26, the average annual returns for CRAIX for 1-year, 5-year, 10-year and since inception (08/30/1999) were -1.32%; -0.38%; 0.60%; and 2.96%. The average annual returns for CRANX for 1-year, 5-year, 10-year and since CRANX inception (03/2/07) were -0.98%; 0.05 %;1.04%, and 2.48%. The average annual returns for CRATX for the same periods were -1.22 %; -0.28%; 0.70%; and 2.13%. As of 09/30/26, the 30-Day SEC yield for the CRA Shares, Institutional Shares, and Retail Shares was 3.52%, 3.98%, and 3.62%, 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 0.88%; 0.43% and 0.78%, 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.