

Core Fixed Income



COMMUNITY
CAPITAL
MANAGEMENT
Revitalizing America

Fourth Quarter 2009

Composite Facts

Benchmark:	Barclays Capital U.S. Aggregate Bond Index
Inception Date:	August 30, 1999
Assets:	\$1.0 billion

Investment Strategy

Community Capital Management (CCM) invests in government-related subsectors of the bond market traditionally excluded from the major bond indices. CCM believes these government-related subsectors of the bond market are chronically undervalued and may offer a relative yield advantage, and an opportunity to generate above-average, risk-adjusted returns with lower volatility and lower credit risk.

Risk and MPT Statistics*

	Portfolio	Benchmark
Excess Return (%)	0.14	-
Tracking Error (%)	1.60	-
Standard Deviation (%)	3.10	3.70
Sharpe Ratio	0.72	0.57
Information Ratio	0.09	-
R-Squared	0.82	-
Beta (%)	0.76	1.00
Alpha (%)	1.32	-

*Five-year period ending 12/31/09; Source: eVestment Alliance

Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration (yrs)	4.04	4.57
Wtd. Avg. Maturity (yrs)	5.24	6.84
Wtd. Avg. Coupon (%)	4.87	4.68
Yield to Worst (%)	4.03	3.68
Wtd. Avg. Quality	AAA	AA+

Sector Distribution*

	Portfolio (%)	Benchmark (%)
Treasury	0.0	28.0
Government-Related	0.2	13.3
Taxable Municipal Bonds	21.1	0.0
Corporate	0.0	19.3
MBS:		
Single Family Passthroughs	32.6	35.7
Multi Family Passthroughs	18.6	0.0
Multi Family CMOs	19.7	0.0
CMBS	0.0	3.3
ABS	3.3	0.4
Cash Equivalents	4.5	0.0

*Source: BondEdge

Quality Distribution*

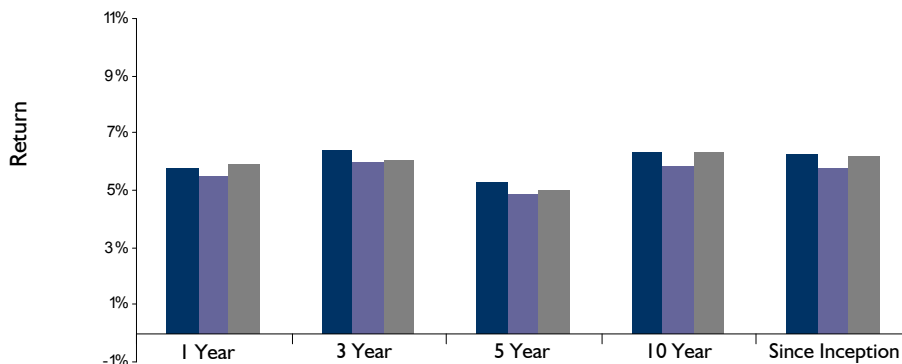
	Portfolio (%)	Benchmark (%)
Treasury	0.0	28.0
Agency	73.5	44.7
AAA	13.6	4.8
AA	9.4	4.1
A	2.9	9.9
BBB	0.6	8.5
Not Rated	0.0	0.0

*Source: BondEdge

About Community Capital Management

Founded in 1998, Community Capital Management is an institutional fixed income manager and a registered investment adviser with the SEC. CCM is a majority women-owned firm that offers investors the opportunity to invest in our government-related, core fixed income strategy via a separate account product or via a mutual fund.

Annualized Investment Performance as of December 31, 2009



Annualized Performance	1 Year	3 Year	5 Year	10 Year	Since Inception
■ Core Fixed Income Composite (gross of fees)	5.79	6.41	5.29	6.34	6.23
■ Core Fixed Income Composite (net of fees)	5.47	6.00	4.85	5.85	5.76
■ Barclays Capital Aggregate Bond Index	5.93	6.04	4.97	6.33	6.21



Fourth Quarter 2009

Bond Market Commentary

The U.S. seems to be recovering from the Great Recession as government programs funded by huge deficits and a ballooning Federal Reserve balance sheet helped stabilize the economy in 2009. However, the strength and longevity of growth in gross domestic product (GDP) still remains uncertain as weakness continues in many sectors of the economy. It is also unclear whether the private sector can stand on its own as the government considers exit strategies in 2010.

In 2009, the cumulative effect of the government's efforts, including the Fed maintaining its target lending rate in the range of 0 – 0.25%, began to rejuvenate the economy with third quarter GDP increasing at a rate of 2.2% quarter-over-quarter. In the midst of the quantitative easing measures, the housing market began to stabilize as the Fed purchased two-thirds of all mortgage-backed securities securitized by Fannie Mae and Freddie Mac and extended the homebuyer tax credit program.

However, the recovery has been a so-called "jobless" one thus far with the unemployment rate at 10%, the highest level since the early 1980s. With high unemployment and excess capacity, inflation remained muted despite a 75% rise in crude oil during the year. The dollar weakened for much of the year as near-zero rates and massive budget deficits led investors to seek non-dollar holdings.

In the credit markets, 2009 was marked by the return of the risk trade compared to the flight to quality in 2008. Equities, as measured by the Standard and Poor's 500 Index, returned 26.5% and high yield bonds, as measured by the Merrill Lynch index, returned 57.5%. Corporate bonds, as measured by the corporate subsector of the Barclays Capital U.S. Aggregate Bond Index, were the best performing subsector of the bond market index, returning 18.7% while Treasuries were the worst performing subsector, returning -3.57%. Long-term Treasuries had their worst year ever, with the 30-year Treasury bond returning -26.0%.

The yield curve steepened dramatically in 2009 as the spread between the 2-year and 10-year notes widened by 125 basis points (1.25%). The yield on the 10-year note was 3.84% at year-end as compared to 2.21% at the beginning of the year.

The debatable question for 2010 is if the private sector will be able to replace government funding thus creating a sustainable recovery.

Community Capital Management, Inc. is a Florida-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. The Core Fixed Income Composite is comprised of all actively managed fixed-income accounts managed by Community Capital Management that invest mainly in investment grade securities with community development as the primary purpose. The Composite assets of December 31, 2009 were \$1.0 billion, which represented 92.0% of the firm's total assets. Returns are calculated in U.S. dollars. Community Capital Management has received a firm-wide GIPS® Verification for the period August 30, 1999 through September 30, 2009. In addition, the Core Fixed Income Composite has received a Performance Examination for the same time period. Community Capital Management claims compliance with the Global Investment Performance Standards (GIPS®).

To receive a complete list and description of Community Capital Management's composites and/or a presentation that adheres to the GIPS® standards, contact Alyssa Greenspan, CFA at 877-272-1977 or agreenspan@ccmfixedincome.com, or write Community Capital Management: 2500 Weston Road, Suite 101, Weston, Florida 33331. The Community Investment Composite was renamed the Core Fixed Income Composite in March 2008.

Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value. The results portrayed included the reinvestment of dividends, interests and other earnings. The index information presented herein does not reflect the impact of fees; you can not invest directly in an index.

Portfolio Commentary

The Core Fixed Income Composite returned -0.22% for the fourth quarter versus the Barclays Capital U.S. Aggregate Bond Index return of 0.20%. The relative underperformance was primarily due to investors' continued flight to riskier assets. Bond investors' appetite for corporate debt caused a substantial reduction in the risk premium these securities offer relative to treasuries. In 2009, corporate and treasury bonds remained the most volatile sectors within the core fixed income universe. The Composite does not own either of these sectors and therefore does not experience their extreme volatility.

With continued economic uncertainty and corporate yield spreads having experienced tightening during the past year, taxable municipal securities currently offer higher yield/income with less credit risk, lower volatility and lower correlation (increased diversification) to the equity markets.

On a short- and long-term basis, the Composite continues to exhibit a lower risk profile than the benchmark. Its one-year standard deviation (volatility) of monthly returns is 3.05% versus the benchmark's standard deviation of 3.34%. For the same time period, Beta (market risk) equaled 0.77 and Alpha (excess return) totaled 1.22%. For the five years ending December 31, standard deviation of monthly returns is 3.10% versus the benchmark's standard deviation of 3.70%. For the same time period, Beta equaled 0.76 and Alpha totaled 1.32%.

During the fourth quarter, single family agency mortgage backed securities (32.6% of the portfolio) was the best performing sector, returning 0.88%. Collateralized agency mortgage obligations (19.7% of the portfolio) also performed well with a 0.20% return for the quarter.

We feel the Composite is fundamentally well positioned for these uncertain times: the average coupon is 4.87% versus 4.68% for the benchmark, the yield-to-worst is 35 basis points (0.35%) above the benchmark, and duration (interest rate risk) is 4.03, compared to 4.57 for the benchmark.