



COMMUNITY CAPITAL MANAGEMENT

Established in 1998, Weston, Florida-based Community Capital Management is a fixed income manager and an SEC registered investment advisor with \$1.1 billion under management (as of September 30, 2009). Community Capital Management provides core fixed income investment services to institutions and individuals through separate account management (Core Fixed Income Composite) and their flagship mutual fund, the CRA Qualified Investment Fund.

Community Capital Management also offers investors a set of optional screens designed to proactively identify bonds that target: a predefined geographic area; specific community and economic development initiatives (e.g. “green” or “sustainable design”); and/or low- to moderate-income and/or minority neighborhoods (defined by census tract data).

HISTORY OF THE FIRM

Community Capital Management was co-founded by President/Chief Investment Officer Todd Cohen and Executive Vice President/Senior Portfolio Manager Barbara VanScoy. Todd and Barbara created the Firm to capitalize on their belief that portfolios of government-related securities, primarily excluded from the major bond indices, could produce competitive returns while also promoting community development. In 1999, they launched the CRA Qualified Investment Fund. In 2001, they expanded their services by offering separate account management for clients such as foundations, religious organizations, pension funds, and insurance companies.



Community Capital portfolio managers (L-R) Barbara R. VanScoy, Michelle Rogers, and Alyssa D. Greenspan. Community Capital recently became a majority women-owned investment company.



COMMUNITY INVESTING

Community investing, a subset of Socially Responsible Investing (SRI), is the practice of using financial investments to help underserved communities and support community investment initiatives with the goal of also earning a financial return. Community investing is an investment style that allows investors to have a direct positive impact on economically disadvantaged communities by creating jobs, homes and improving the environment. SRI includes the addition of any secondary objectives into the investment process such as an investor's social, moral, ethical, or religious criteria. SRI may also include positive and negative screening and shareholder advocacy.

There are many types of investment institutions that offer community investing products. These include community development banks, credit unions, bond funds, loan funds, venture capital funds, pooled funds, and social enterprises, among others. The types of community development activities these investments finance may include, but are not limited to: affordable housing, microfinance, job training to underserved people and communities, economic development in low- and moderate-income communities, basic financial services to underserved individuals, community development projects, and affordable healthcare.

The CRA Qualified Investment Fund is a community investment vehicle that invests in fixed income securities such as mortgage-backed securities, asset-backed securities, and municipal bonds that support community development activities nationwide in low- and moderate-income and minority communities. These activities help create jobs, stimulate neighborhood revitalization and community development, and supply capital for small businesses, affordable housing, and vital community services.

MISSION RELATED INVESTING

Mission related investing (MRI) is the practice of using financial investments to advance a specific mission and earn financial return. Market-rate mission investments seek to achieve market or above market risk-adjusted returns while financing activities aligned with an institution's specific mission. MRI is an investment style that incorporates an investor's mission into its investment choices whereas SRI includes the addition of any secondary objectives into the investment process such as an investor's social, moral, ethical, or religious criteria. While the entire MRI universe can be considered socially responsible, very little of the SRI universe can be considered mission related.

Community Capital Management actively manages mission related investment fixed income portfolios which are designed to provide investors with competitive returns and to make a positive community impact. Community Capital focuses exclusively on high quality bonds (rated "A" or better at purchase) issued to promote community initiatives that typically benefit low- to moderate-income and minority families and communities.



ECONOMICALLY TARGETED INVESTING

Economically targeted investing is the practice of using financial investments to assist in the economic stimulation and improvement of a specific geography and earn financial return (typically by pension trust funds). Economically targeted investments seek to achieve market or above-market risk-adjusted returns while financing activities that promote economic development. For example, a bond that finances an economic development project that helps with job creation, neighborhood revitalization and urban development would be considered an economically targeted investment.

Economically targeted investing is an investment style that essentially adds a second goal of economic development to a traditional investment strategy (typically for pension funds) whereas SRI includes the addition of any secondary objectives into the investment process such as an investor's social, moral, ethical, or religious criteria. While the entire ETI universe can be considered socially responsible, very little of the SRI universe can be considered economically targeted.

Community Capital Management actively manages economically targeted investment fixed income portfolios which are designed to provide investors with competitive returns and to make a positive community impact. One of the benefits in Community Capital's investment approach is the ability to customize a market-rate, fixed income portfolio that can be economically and geographically targeted to support community and economic development initiatives.



INVESTMENT PHILOSOPHY

Community Capital Management invests in government-related subsectors of the bond market traditionally excluded from the major bond indices. Community Capital Management 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.

INVESTMENT PROCESS

Community Capital Management specializes in the construction and management of high-quality government-related bond portfolios composed primarily of non-index securities. The portfolio management team establishes long-term strategic asset allocation ranges, which may call for the inclusion of instruments from the following subsectors (among others):

1. Taxable municipal bonds
2. U.S. Agency Multifamily Mortgage Backed Securities (MBS)
3. U.S. Agency Single Family MBS
4. Asset Backed Securities (securitized pools of U.S. Government-guaranteed Small Business Administration (SBA) loans and United States Department of Agriculture (USDA) loans)

The selection and/or creation of securities within these subsectors often entail one or more of the following actions:

1. Maintain perpetual awareness of supply of new and secondary issues
2. Collaboration with municipal bond issuers and their underwriters
3. Analysis of secondary-market loans, and subsequent securitization

SELL DISCIPLINE

Sell decisions are primarily by one of two "triggers":

1. Portfolio drifts from duration target and/or sector allocation target
2. Changing credit conditions



COMMUNITY
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Revitalizing America

FLAGSHIP FUND: CRA QUALIFIED INVESTMENT FUND

Launched on August 30, 1999, the CRA Qualified Investment Fund currently has assets of \$870.4 million (all three share classes as of September 30, 2009). The CRA Shares of the CRA Qualified Investment Fund (Ticker: CRAIX) was initially created as a vehicle for banks and thrifts. Significant demand existed for this type of strategy because it helps banks and thrifts satisfy the requirements under the Investment Test portion of the Community Reinvestment Act ("CRA") Exam. In March 2007, due to increased demand from non-bank investors interested in this community development strategy, two additional share classes were introduced – an institutional share class (Ticker: CRANX) and a retail share class (Ticker: CRATX).

The Fund seeks to provide current income consistent with the preservation of capital through investments in high-credit quality fixed income securities that support community development activities. In determining whether a particular investment is primarily for the purpose of promoting community development, Community Capital considers whether the investment: provides affordable housing for low to moderate income (LMI) individuals; provides community services targeted to LMI individuals; funds activities that promotes economic development; and funds activities that revitalize or stabilize LMI areas and/or underserved or distressed areas.



GREEN FIXED INCOME INVESTING

Community Capital Management actively manages environmental or “green” fixed income portfolios which are designed to provide clients with competitive returns while financing environmentally sustainable initiatives. These green activities may include: brownfield redevelopment, energy efficient housing, green jobs, environmentally-friendly businesses, water conservation, and the use of recycled materials, among others. The environmental benefits of each investment are analyzed as rigorously as the financial characteristics within the portfolios. The green component is an optional secondary screen that can be applied to a portfolio.

The types of fixed income securities Community Capital Management invests in that finance green initiatives include: taxable municipal bonds, multifamily (agency) mortgage backed securities, government guaranteed loans, agency or government-related securities, and securitized loans (this includes economic development loans, and other loans originated by community corporations or community-based, charitable, government and quasi-governmental lenders).

Typically, green portfolios invest a minimum of 50% of the portfolio in bonds that finance environmentally sustainable initiatives.

Community Capital Management, Inc. is a Florida-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940.

Past performance does not guarantee future results. The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCo), 1 Freedom Valley Dr., Oaks, PA 19456. SIDCo is not affiliated with Community Capital Management. Investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. Carefully consider the fund's investment objectives, risks, charges, and expenses. This and other information can be found in the fund's prospectus, which can be obtained by calling 866.202.3573. Please read carefully before investing.