



**2019  
IMPACT  
REPORT**

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# INTRODUCTION

We are thrilled to share our 2019 annual impact report, now in its 7th edition. This past year marked an exciting time for our firm, celebrating 20 years of achieving our mission of delivering superior risk-adjusted returns through investment strategies that contribute to positive environmental and social outcomes.

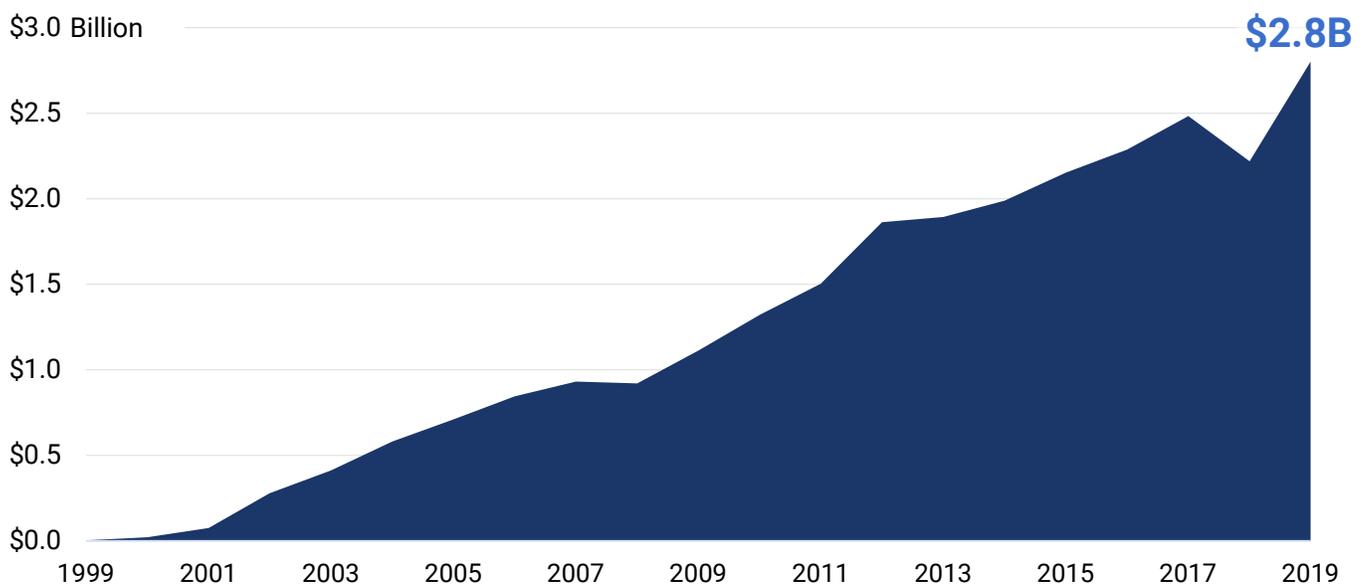
## 20 Years of Impact Innovation

In 1999, we launched an innovative mutual fund, one that enables shareholders to customize their investments into specific communities of their choosing while supporting vital community development activities such as affordable housing, job creation, and neighborhood revitalization. It started with our first bank shareholder, Monroe Bank and Trust, and has since morphed into more than 300 financial institutions and hundreds of other investors – including religious organizations, foundations, non-profits, and high net worth investors – seeking a bespoke impact investing vehicle.

In 2001, our first separate account client was a foundation seeking a customized approach to fixed income investing that aligned with their mission. Since then, our impact customization capabilities have grown and diversified in conjunction with our client base. Thanks to your input and confidence in CCM, we have now invested approximately \$10 billion across 18 positive impact themes including environmental sustainability, disaster recovery, gender lens, and affordable housing, among others. In fact, our first green investment was made in 2000, and our first gender lens investment was made in 2002, long before both environmental sustainability and gender lens were impact investing themes.

Our tradition of creating impact and environmental, social, and governance (ESG) investing strategies with the goal of highly consistent return streams and lower risk profiles expanded in 2013 with a market-neutral, income-oriented ESG fund (CCM Alternative Income Fund), and again in 2018, with two equity impact and ESG strategies (Quaker Small/Mid-Cap Impact Value Fund and Quaker Impact Growth Fund). We are excited about our evolution and look forward to continuing to help investors achieve their impact and investment goals via customized, positive impact portfolios.

## CCM ASSET GROWTH OVER 20 YEARS



## Letter from the CEO and President/COO

In 2019, the universe of impact and ESG investments continued to expand, with some of those investments further broadening the scope of our existing impact themes. Those investments benefiting immigrants and refugees were added to our impact themes of economic inclusion and human empowerment, and investments focused on workforce housing were added to our affordable housing theme.

In February, we distributed a new report, *The Women of Community Capital Management*, which highlights the backgrounds and experience of our educated and well-respected women employees. Their broad and impressive skill sets, combined with their passion and commitment, have shaped our company and our investment strategies, and have inspired our business to thrive in unprecedented ways.

Throughout the year, we signed on to several investor statements. This includes one that provides support for the underlying principles of the Green New Deal which advocates a swift transition to a sustainable, low-carbon economy, and another that focuses on corporate gender equity transparency which encourages companies to increase their disclosures related to this very important topic. We also joined the United Nations Principles for Responsible Investment (UNPRI) in its opposition to proposed rule changes on shareholder voting and proxy voting advice which have the potential to seriously limit the ability to build support for ESG-related proposals.

In June, due to the ongoing interest from religious organizations looking to invest in ways that further their respective values, we hosted a webinar on "Aligning Faith and Finance in Fixed Income." Faith-based groups have long led the way in using the power of capital to bring about change. We are extremely pleased with the growth we have seen from faith-based organizations over the last few years.

Over the summer, we hired four interns who rotated through divisions of the firm including investments, sales, marketing, and operations. We are so pleased that both of our interns from the summer of 2018 returned to CCM – Drew Siskind joined us for his second-year internship and Iza

## CCM GOES "ROWE"

In April, CCM went "ROWE" – or Results Only Work Environment. ROWE is a human resource strategy promoting a culture of efficiency by focusing specifically on the work. The strategy puts the role of working directly into the employees' hands, empowering their ability to contribute to the greater good, which builds passion and willingness to strive for greatness in the workplace. The program has helped enhance our culture by focusing on efficiency, results, and most importantly, our clients.

Daguila joined our marketing team full time in June. Schools represented by our other three interns include the University of Michigan, Penn State University, and Emory University.

In September, we distributed our first Impact/ESG Investing Survey and we are so pleased with the results and feedback and very much appreciate those who filled out a response. The goal of the survey was to share data and insights on investment decisions, impact areas of focus, return expectations, challenges, trends, and of course, opportunities, in this rapidly growing space. The results confirmed our beliefs that investors are incorporating impact and ESG investments into their portfolios and that impact and ESG investments will continue to grow as more and more investors look to have a positive impact on our economy and society.

Our third annual impact awards competition, which took place in November, was another success, with Rosenberg Apartments in Santa Rosa, California, winning this year's prize based on votes from all of you. Rosenberg Apartments provides housing for low-income, developmentally disabled, and senior adults. Supportive services are provided to residents on-site and are tailored to individual resident needs and include services such as case management, counseling, home delivered meals, and socialization activities.

We cannot believe another year of impact has come and gone and we are honored to have been featured in stories in 2019 in Barron's, FundFire, U.S. News, Morningstar, Pensions & Investments, The New York Times, Reuters, and other publications that continue to cover impact and ESG investing.

## INTRODUCTION

Last but not least we are so proud of our employees. Highlights of some of their awards, recognitions, and board appointments include: Kristin Fafard's election to the Board of U.S. SIF: The Forum for Sustainable and Responsible Investing, Alex Alario passing Level III of the CFA® Program, Julie Egan's election to Smith's 2019 All-Star Second Team in the Housing Bond Category, Michelle DeLaCruz earning the Chartered SRI Counselor™ (CSRIC™) professional designation, Andy Kaufman's promotion to Chief Investment Officer, Elliot Gilfarb's promotion to Head of Fixed Income, and Andrew Cowen's promotion to Head of Equities.

We hope you enjoy reading our report and welcome suggestions and thoughts on our efforts. Thank you for encouraging us to be the best impact and ESG investing manager we can be and for your continued support throughout the year.

The CSRIC™ professional designation is a groundbreaking certification in the fast-growing field of sustainable, responsible, and impact investing (SRI). The designation is the first major financial credential dedicated specifically to SRI.

Respectfully,



**Todd Cohen**

Founder and CEO



**Alyssa Greenspan, CFA**

President and Chief Operating Officer



COMMUNITY CAPITAL



**ABOUT  
CCM**

## 20 yrs

CCM has a 20-year history of client customization and consistent management of its impact and ESG investment strategies.

## \$2.8B

As of 12/31/19, CCM manages over \$2.8 billion in assets.

## \$10B

As of 12/31/19, CCM has invested approximately \$10 billion in impact and ESG investments across the United States on behalf of a diversified client base of investors.

CCM was founded in 1998 and our flagship core bond fund – the CRA Qualified Investment Fund (CRAIX) – was launched in August of 1999. The earliest investors were predominantly banks looking to meet community development investing under the requirements of the Community Reinvestment Act (CRA).

Given the subsequent growth in demand for impact and ESG investments from institutions and individual investors, the firm began managing separate accounts in 2001 and launched an institutional (CRANX) and retail (CRATX) share class of its flagship CRA Qualified Investment Fund in 2007. In keeping with the firm's impact and ESG investing focus, in 2013, the firm responded to investor demand for an income-driven, market neutral impact and ESG fund and thus launched the CCM Alternative Income Fund. In late 2017, the firm was appointed advisor to the Quaker equity funds and presently manages the Quaker Small/Mid-Cap Impact Value Fund and Quaker Impact Growth Fund. Today, CCM has a 20-year history of client customization and consistent management of its impact and ESG investment strategies. As of 12/31/19, CCM manages over \$2.8 billion in assets and has invested approximately \$10 billion in impact and ESG investments across the United States on behalf of a diversified client base of investors.

### CCM'S DIVERSIFIED CLIENT BASE



BANKS



FOUNDATIONS



HEALTHCARE



HIGH NET WORTH



NON-PROFITS



FAITH-BASED



PENSIONS

# Impact and ESG Policy

Our Impact and CRA Committee is responsible for reviewing the Impact and ESG Policy annually and modifying it as needed. The Committee is overseen by the Chief Impact Strategist with support from senior investment professionals across asset classes.

CCM believes that a fully integrated portfolio, one that includes impact and environmental, social, and governance (ESG) factors, can deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. The firm has expanded from managing U.S. high credit quality taxable fixed income impact strategies to impact and ESG investing strategies across asset classes.

We execute on this philosophy as described below:

- CCM manages assets that align with one or more of 18 impact themes. Initially developed for the firm's work in fixed income, we have expanded the use of these impact themes across all asset classes. These themes include: affordable health/rehab care, affordable housing, arts & culture, disaster recovery, economic inclusion, education/childcare, enterprise development/jobs, environmental sustainability, gender lens, government supported communities, healthy communities, human empowerment, minority neighborhoods, neighborhood revitalization, rural community development, seniors/disabled, sustainable agriculture, and transit-oriented development.
- We look for affirmative, bottom-up expressions of impact and ESG qualifications.
- Our two-fold approach includes seeking positive impact and ESG attributes that align with our impact themes while also avoiding investments which we believe are inconsistent with these themes.

CCM was one of the original signatories to the UN Principles for Responsible Investment (PRI) and is a current signatory. We believe the approach to responsible investment set out in this policy aligns well with these Principles.

By looking at investments from the bottom-up, each individual asset can be evaluated on its own fundamentals as well as its impact and ESG merits.

## Fixed Income

CCM's fixed income strategies invest in high quality, well-researched bonds where we have confidence that the use of the proceeds will have positive societal impacts. Each of the bonds that we select for a portfolio must meet our stringent impact and financial criteria. Our impact criteria includes:

- 1 Use of Proceeds:** The use of proceeds must be expected to positively impact a community in one or more ways.
- 2 Transparency:** Our proprietary approach, whereby we have visibility into the use of bond proceeds, allows us to better understand the financed programs and have confidence in their expected positive environmental and social outcomes.
- 3 Reporting:** We must be able to quantify and report on the expected impact and/or detail the qualitative benefits of the investment. Quantitative data can include the number of jobs created or the number of affordable housing units as well as dollar amounts invested in impact themes. Qualitative research is the "story," so to speak, which includes detailed explanations of what the security is financing. We report to clients on the positive impact outcomes of their investments and offer institutional clients the opportunity to customize their fixed income portfolios by geographies or impact themes.

### Equities

Similar to our approach to fixed income, we evaluate equity securities from an impact and financial perspective. CCM supplements its in-house research with third-party data to determine where potential holdings fall in the following four categories:

- 1 Strong Positive Impact:** companies that we believe are significant contributors to society such as those that generate more than 50 percent of their revenue from a product or service and that aligns with one or more of our 18 impact themes.
- 2 Moderate Positive Impact:** companies which have characteristics that align with one or more of our 18 impact themes and that we believe are a net benefit to society.
- 3 Neutral Impact:** companies that do not fall within the first two categories but where there exists the potential to be included in the two categories in the future.
- 4 Negative Impact:** companies with excessive ESG-related risk such as fossil fuel exploration and production or any activity related to coal, tobacco, chemical manufacturing, weapons, and prison management, among others. These securities are not eligible for investment.

For investment strategies that include both fixed income and equity investments in a single portfolio, we apply the same respective tools and techniques mentioned above to each investment when measuring, monitoring, and tracking impact and ESG metrics and outcomes.

### Proxy Voting Guidelines

As an active investor strongly concerned with corporate responsibility, we support communication with company management about organizational practices we would like improved. We engage in active, ongoing dialogue with clients to ensure that the views we express to corporations reflect our opinion and theirs as well.

#### We support:

- Corporate boards that include adequate representation for independent, women, and minority directors and we will withhold votes from all corporate board nominees that result in fewer than two women directors.
- Corporate disclosure, reporting, and transparency resolutions, especially in regard to disclosure of climate risk and gender pay gap.
- "Say on pay" and similar efforts to give a company's owners a voice in management compensation.
- Company benefits and/or compensation plans for all regardless of gender, race, age, or sexual orientation.
- Policies that promote the voting power of the share classes offered to the public.
- Companies that recognize the carbon intensity of their businesses.
- Safe working conditions for all employees, suppliers, and contractors regardless of global location.



## A Conversation with David Sand, CCM's Chief Impact Strategist



**Q** What changes did you see in 2019 at the firm and in the impact investing field?

**A** It's exciting to say that 2019 was a great year at CCM. We successfully on-boarded new investment strategies in response to client demands. We also saw growth in the impact investing field as firms large and small rolled out impact funds and services. Some of these players represent new competitors for us and we welcome them as they help validate our leadership role in impact investing over the past two decades.

**Q** Has CCM had to change its approach to impact and ESG with the addition of new asset classes and product offerings in recent years?

**A** CCM began as a boutique fixed income manager and our heritage and history continue to serve us well as we have grown into other investment arenas. Our expansion has occurred organically as we see complementary opportunities in adjacent asset classes. We remain committed to our role as an industry leader in impact reporting and transparency and have successfully integrated evaluating publicly listed equities utilizing our proprietary impact and ESG framework. Our pioneering impact themes are embedded into our analysis across all asset classes as they represent core principles guiding our research and investment decisions.

**Q** Any thoughts on upcoming changes to CCM's impact policies?

**A** We always have active and engaging dialogue with our clients about the changing state of play for impact and the application of impact themes to our work. Our clients are diverse and range from individuals to large institutions and we see common areas of focus and concern. Climate change, and its effect on people and communities, remains the top issue followed by income and gender equality. In 2020, we will continue to dig deeper into our existing impact themes while remaining on the lookout for new ones.

## Investment Strategies

CCM provides impact and ESG investment solutions, coupled with hands-on client service, to a broad range of investors through strategies in fixed income, equities, and alternatives. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining measurable social, economic, and environmental positive impacts with rigorous financial analysis, an inherent focus on risk management, and transparent research.

### Fixed Income

CCM manages several fixed income strategies including our flagship core fixed income strategy, mortgage-backed securities (MBS), short duration, and tax-exempt municipals.

#### Our core fixed income investment philosophy is grounded in three core beliefs:

- 1** Fixed income impact investing can have positive societal impacts
- 2** Fixed income impact investing can deliver attractive risk-adjusted returns
- 3** Core fixed income should be looked at as ballast in a diversified portfolio

#### Given what we believe, we seek to:

- 1** Invest in high quality, well-researched bonds that have positive societal impacts, requiring transparency into the specific use of the proceeds, and measurement of their anticipated corresponding impact.
- 2** Actively manage the portfolio to take advantage of opportunities and reduce unnecessary risks.
- 3** Build a portfolio that keeps risks lower, income higher, and diversification benefits better than the broad investment grade bond market.

Given our success in both the agency mortgage-backed security and municipal bond sectors, last year, we were awarded separate account mandates focused solely on each of these two areas of the fixed income market. Both investment strategies follow the same impact investing philosophy and process as our flagship core fixed strategy described above.

### Alternatives

Our liquid alternatives strategy was launched in 2013 and looks to provide a high level of current income consistent with the preservation of capital and reduced correlation to conventional stock and bond markets while considering ESG factors. The strategy is available as a separate account and in a mutual fund (CCM Alternative Income Fund).

The strategy was created to fill a market need for investors seeking high income and absolute return without taking the extraordinary risks associated with traditional income-oriented stock funds, high yield bond funds, or the liquidity risks associated with hedge funds. What makes this strategy even more unique is the fact that impact and ESG factors are incorporated into the investment process. At a high level, the

strategy invests across the capital markets and hedges out the two major market risks which are generally prevalent in other areas of investor portfolios – stock market risk and interest rate risk.

The investment grade fixed income sector invests in similar types of securities to those found in our flagship core fixed income strategy, with all investments going through our extensive impact and financial research process. The remainder of the portfolio focuses on identifying attractively valued securities among multiple sectors including stocks, high yield/investment grade corporate bonds, preferred stocks, and other higher yield seeking investments. Our equity research incorporates ESG factors and proxy voting guidelines as described earlier.

### Equities

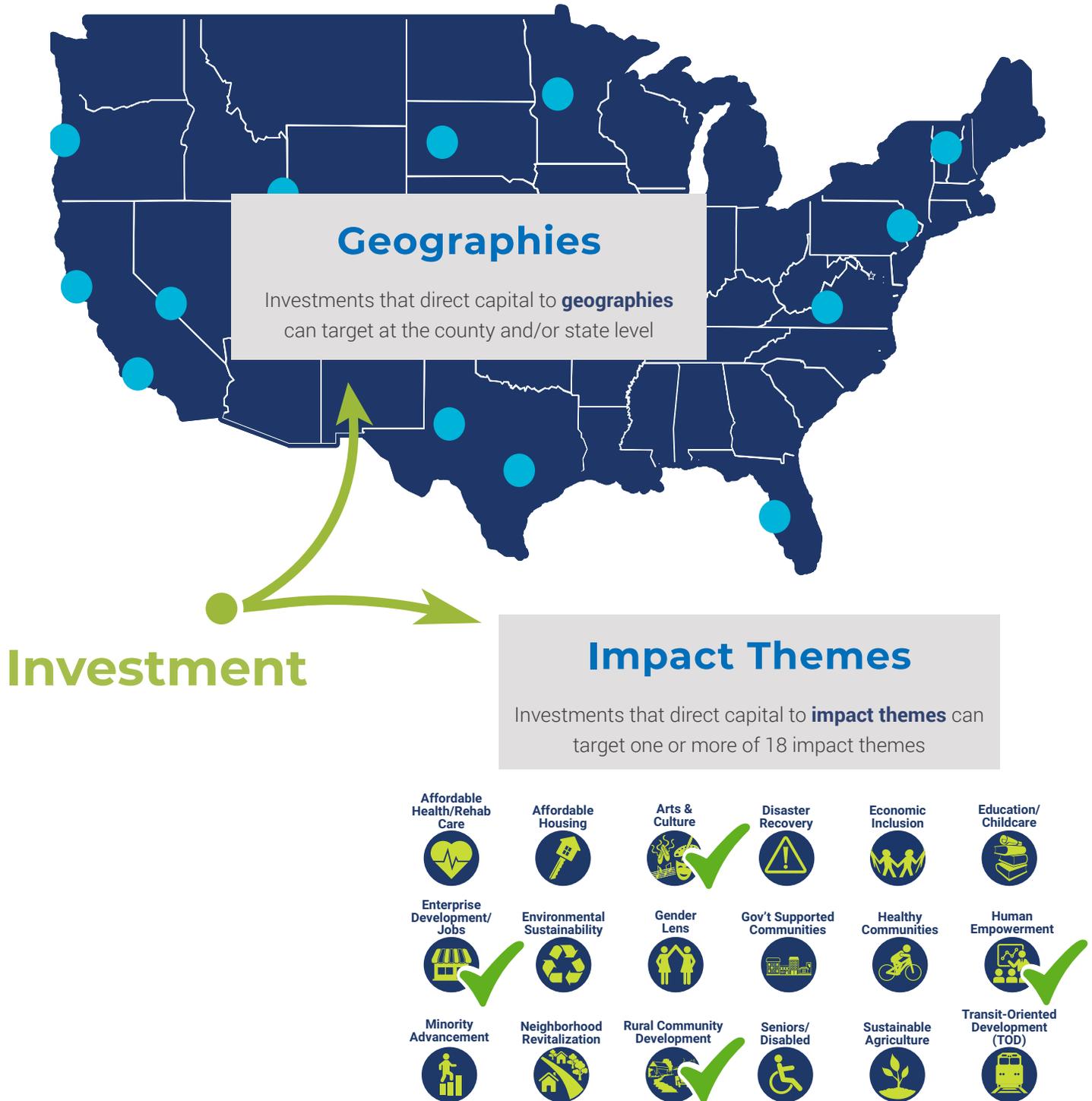
In 2018, CCM was appointed the investment advisor to the Quaker Investment Trust and now manages two equity funds – the Quaker Impact Growth Fund and the Quaker Small/Mid-Cap Impact Value Fund. We are very excited with the interest we have seen for these newer strategies over the last year. In June, we hosted a webinar on the Small/Mid-Cap Impact Value strategy which is available on our website at [www.ccminvests.com](http://www.ccminvests.com). We encourage you to read and learn more about these strategies and we look forward to highlighting them even further at conferences and meetings in 2020.

"In 2018, CCM was appointed the investment advisor to the Quaker Investment Trust and now manages two equity funds – the Quaker Impact Growth Fund and the Quaker Small/Mid-Cap Impact Value Fund."



## Customization

Within our fixed income portfolios, customization provides investors the opportunity to direct their capital to support specific **geographies** (also known as place-based impact investing) or to one or more of our **18 impact themes**.



## Impact by Geography

Investments targeted to geographies can be as narrowly defined as a county. Investors can choose multiple geographies within different counties and/or states. When a client selects customization by geography, the investments will support a variety of CCM's 18 impact themes.

### Case Study

The foundation's mission is to support community development in Los Angeles County, California. On their behalf, CCM invests in bonds financing a variety of impact and ESG initiatives in Los Angeles County.

#### La Puente Park Apartments

**LOS ANGELES, CA**  
**SECTOR: AGENCY MBS**

La Puente Park Apartments is an affordable rental property for families in Los Angeles County, California. The property consists of eight one-bedroom units, 88 two-bedroom units, and 36 three-bedroom units for a total of 132 garden style apartments. The Low Income Housing Tax Credit property was rehabilitated in partnership with Preservation Partners Development, a company committed to permanently preserving at-risk affordable housing communities. All of the units at La Puente Park Apartments receive Section 8 assistance. The property features Spanish-influenced architecture, mature trees, outdoor walkways, and green spaces as well as onsite amenities such as laundry facilities and covered parking. The family-focused property features a gated entry, a playground, and after-school programs such as tutoring from the Jamboree Community Impact Group. La Puente Park Apartments is located in close proximity to six local schools, public transportation, dining, and shopping. La Puente Park Apartments is located in a census tract where the majority of the population are minority households.



Source: <https://ppmginc.com/properties/la-puente-park/>

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Affordable Housing
-  Education/Childcare
-  Minority Advancement

### Impact by Theme(s)

Throughout our two decades of work in impact and ESG investing, CCM has developed a series of impact themes, where one or more themes are associated with each of our investments. The themes cover a wide variety of issues and opportunities of interest to our clients. The creation and evolution of these impact themes have occurred in response to client input, changing markets, and the growing availability of impact and ESG investments. While the themes are distinct and diverse, certain common characteristics can be found in all of them and are guidelines for the adoption of future themes:

- CCM must believe that market-rate opportunities will exist to allow client commitments to individual themes to be fulfilled over time. These opportunities must fit in with CCM's overall risk/return and asset allocation goals.
- An impact theme must correspond to demonstrated client interest in the relevant economic or social objective being addressed.
- Finally, all CCM investments are subject to rigorous analysis so that the impact and ESG metrics are defined, assigned, and tracked to each investment by CCM's proprietary impact database for reporting and transparency.

As a leader in the impact and ESG investing industry, CCM seeks to advocate for greater investment product creation in support of our impact themes. By communicating our clients' interests to the broader capital markets, CCM hopes to play a catalytic role in the creation of greater impact investment opportunities.

For a full list of impact themes and their descriptions, see pp. 16-17.

## Case Study

A client of a financial advisor would like her investments to support at least one of three specific impact themes: arts & culture, education/childcare, and gender lens. On the client's behalf, CCM invests in bonds that align with one *or more* of those three impact themes. The investments are located anywhere in the United States.

### The Workhouse Arts Center

**LORTON, VA**  
**SECTOR: TAXABLE MUNICIPALS**

The Workhouse Arts Center is a 56 acre, historical landmark situated on the site of the former Lorton Correctional Complex operated by the District of Columbia. Originally constructed in the early 1900's, the correctional complex, which was operated as an agricultural work camp, closed in 2001 and remains on the National Park Service's Register of Historic Places. After the Lorton Correctional Complex closed, the County purchased 2,440 acres including the correctional complex and performed a comprehensive adaptive reuse study to determine the best use of this prime location.

Much of the land purchased was preserved for parks and open space. The County also developed an adaptive reuse plan for the complex buildings. The Lorton Arts Foundation restored ten buildings and transformed the former correctional facility into a cultural arts center. The County continues to provide site stabilization and preservation of the land. The Workhouse Arts Center today consists of six artist studio buildings, three main galleries, the Youth Arts Center and W 3 Theatre, Art of Movement building, and Metropolitan School, which are situated on open parkland and rustic settings that reflect the community interests expressed during the intensive land use site planning process.

The Center provides the community with affordable art studios and galleries which support more than 100 professional and developing artists. Additionally, the Center supports the performing arts with its theater, film institute, and many musical and dance performances. This historic landmark provides important cultural opportunities and improves the quality of life in the surrounding community. The education department consists of 18 classrooms including six visual arts, one ceramic, three glass, one glass blowing, five art of movement, one media lab, and one culinary classroom. The Workhouse Youth Camp program supports and promotes arts education and creativity in the community's youth by continuously developing opportunities to make art easily accessible to children ages 6 to 15. Class offerings range from visual arts to digital media, culinary, and more. Youth Arts Camps are taught by Master of Art in Teaching students at George Mason University and have reached over 1000 young artists in the Northern Virginia area.



Source: <http://www.workhousearts.org/>

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Arts & Culture
-  Education/Childcare
-  Environmental Sustainability
-  Neighborhood Revitalization
-  Sustainable Agriculture

## IMPACT THEMES



### Affordable Health/ Rehab Care

Creating and retaining affordable healthcare services and rehabilitation facilities for low- and moderate-income and medically underserved persons<sup>1</sup> and investing in opportunities that promote wellness and access to high-quality health care for everyone.



### Affordable Housing

Financing for affordable homeownership to low- and moderate-income borrowers and renters, including workforce housing,<sup>2</sup> and investing in opportunities that promote affordable homeownership and access to quality living.



### Arts & Culture

Supporting educational programs, businesses, organizations, and the development of properties involved with visual, performing, design, literary, and other art-related works.



### Disaster Recovery

Supporting disaster-prevention and resiliency initiatives and community development activities in federally designated disaster and disaster-prone areas to enable the recovery and continuation of daily life.



### Economic Inclusion

Assisting and supporting the process of bringing targeted groups, individuals, and communities, including immigrants and refugees, closer to the economic mainstream and capital markets. Financial literacy training, loans to first-time homebuyers, small business loans, rent-to-own housing programs, and “banking the unbanked” initiatives are all examples of economic inclusion opportunities.



### Education/Childcare

Providing education and/or childcare services primarily in low- and moderate-income communities, improving the quality of educational services and facilities, and offering broad-based youth development programs that look to have a beneficial impact to children.



### Enterprise Development/ Jobs

Providing small businesses with access to capital, creating jobs, retaining jobs, and offering job training programs.



### Environmental Sustainability

Supporting properties, projects, companies, and small businesses implementing sustainable initiatives such as rehabilitation of existing buildings/adaptive reuse; meeting energy codes; LEED certification; using renewable energy, reused, or recycled materials for construction; water conservation efforts; brownfield development; and Walk Scores<sup>3</sup>.

<sup>1</sup> “Medically Underserved” are areas or populations designated by HRSA (U.S. Department of Health and Human Services, Health Resources and Services Administration) as having: too few primary care providers, high infant mortality, high poverty and/or high elderly population.

<sup>2</sup> The most common definition of workforce housing comes from the Urban Land Institute, which defines workforce housing as: “housing that is affordable to households earning 60 to 120 percent of the area median income.”

<sup>3</sup> <https://www.walkscore.com/>



## Gender Lens

Benefiting women and girls, primarily those that are low- and moderate-income, such as women-owned businesses, educational programs, health-related services, and affordable homeownership. Investing in opportunities with women leadership, workplace equity, products and services beneficial to women and girls, and related shareholder engagement and policy work.



## Government Supported Communities

Assisting communities in need of economic and community development as designated by U.S. Government, federal agencies, and/or state agencies.



## Healthy Communities

Establishing and maintaining effective strategies to achieve healthy equity in neighborhoods such as multi-use trails, high Walk Scores, high Bike Scores<sup>3</sup> community parks, access to nutritious foods, and investing in opportunities that promote health and wellness.



## Human Empowerment

Assisting individuals and families, including immigrants and refugees, through resources and programs designed to achieve personal goals, greater self-sufficiency, and upward mobility.



## Minority Advancement

Supporting communities with a high minority population (over 50%), programs offering equal access to jobs, economic development, and affordable housing. Investing in opportunities with minority leadership, workplace equity, services beneficial to minorities, and related shareholder engagement and policy work.



## Neighborhood Revitalization

Transforming blighted neighborhoods into areas of opportunity and vibrant, safe places to live by assisting in the revitalization of neighborhood facilities.



## Rural Community Development

Investing in small businesses and other economic opportunities in rural communities.



## Seniors/Disabled

Offering affordable living for seniors and/or disabled individuals including physical, social, and psychological services.



## Sustainable Agriculture

Supporting agriculturally-sustainable businesses such as those that engage in pesticide-free agriculture, hydroponics, aquaponics, and vertical farming.



## Transit-Oriented Development (TOD)

Creating vibrant, livable, and sustainable communities through the integration of compact, walkable, pedestrian-oriented, mixed-use communities centered around high-quality train systems.<sup>4</sup>

<sup>4</sup> <http://www.tod.org/>

## Opportunity Set

We get asked all the time what types of investments align with our impact themes. Our opportunity set of investments for both fixed income and equities is included in the table below.

The number of investments that meet our impact and financial criteria has evolved over time. We have been able to act as a demand-side stimulus for investments with greater amounts of embedded impact and transparency. We are money managers and never originate or structure securities. However, we interact with originators and professionals in the public and corporate finance field and share the wishes and needs of our clients.

For example, corporate bonds, including green bonds, have recently been included in our opportunity set. Twenty years ago, corporate debt was issued almost entirely for “general corporate purposes,” which does not lend itself to use-of-proceeds analysis. Around ten years ago, debt issuers started seeing advantages to coming to market in ways that showcased corporate behavior for which they wanted recognition. These deals were a step in the right direction for us, but still did not allow for directly tying bond proceeds to particular projects. We are pleased to report that in the last few years, we have seen an increase in these bonds that fit our financial criteria, align with one or more of our impact themes, and allow us (and investors) to track the proceeds and associated beneficial environmental and societal outcomes.

		Agency CMBS	Agency MBS	Taxable Municipals	ABS	Corporate Bonds	Equities
<b>Affordable Health/Rehab Care</b> 		●		●	●	●	●
<b>Affordable Housing</b> 		●	●	●	●	●	●
<b>Arts &amp; Culture</b> 		●		●			●
<b>Disaster Recovery</b> 		●	●	●		●	●
<b>Economic Inclusion</b> 					●		●
<b>Education/Childcare</b> 		●		●	●	●	●
<b>Enterprise Development/Jobs</b> 		●		●	●	●	●
<b>Environmental Sustainability</b> 		●	●	●	●	●	●
<b>Gender Lens</b> 		●	●	●	●	●	●
<b>Government Supported Communities</b> 		●		●	●		
<b>Healthy Communities</b> 		●	●	●	●	●	●
<b>Human Empowerment</b> 		●		●			●
<b>Minority Advancement</b> 		●	●	●	●	●	●
<b>Neighborhood Revitalization</b> 		●		●	●	●	●
<b>Rural Community Development</b> 		●	●	●	●		
<b>Seniors/Disabled</b> 		●		●	●	●	●
<b>Sustainable Agriculture</b> 		●		●	●	●	●
<b>Transit-Oriented Development (TOD)</b> 		●		●		●	●

# Alignment with United Nations' Sustainable Development Goals

When CCM started over twenty years ago, the firm made a commitment to being transparent in all of its impact reporting. Our goal was to inform clients about what we were doing with their money and detail how our investments align with their mission- and values-focused mandates. Like all pioneers, we invented the guidelines and reporting taxonomies that we used which resulted in the development of our 18 impact themes.

Over the years, we have seen a proliferation of U.S. and global standards, goals, and principles that seek to unite like-minded investment managers and their clients around various desirable and needed objectives (i.e., IRIS, GIIRS, Green Bond Principles, etc.). While all guidelines have been helpful to the industry, the one that seems to have the greatest usage and traction are the United Nations' Sustainable Development Goals (SDGs). In 2019, we saw continued increase from clients who are using the SDGs as the organizing framework for their impact and sustainability policies. In recognition of the increased currency of the SDGs, we regularly illustrate how CCM's impact themes align with the SDGs.

UN SDG	CCM'S Impact Themes	UN SDG	CCM'S Impact Themes
 Goal 1: No Poverty	 Affordable Health/Rehab Care  Disaster Recovery	 Affordable Housing  Human Empowerment	 Goal 7: Affordable and Clean Energy  Environmental Sustainability
 Goal 2: Zero Hunger	 Sustainable Agriculture	 Goal 8: Decent Work and Economic Growth	 Enterprise Development/Jobs
 Goal 3: Good Health and Well Being	 Affordable Health/Rehab Care  Healthy Communities	 Goal 9: Industry, Innovation, and Infrastructure	 Neighborhood Revitalization  Transit-Oriented Dev't
 Goal 4: Quality Education	 Education/Childcare  Gender Lens	 Goal 10: Reduced Inequalities	 Economic Inclusion
 Goal 5: Gender Equality	 Gender Lens	 Goal 11: Sustainable Cities and Communities	 Affordable Housing  Transit-Oriented Dev't
 Goal 6: Clean Water and Sanitation	 Environmental Sustainability	 Goal 13: Climate Action	 Environmental Sustainability

## Team

Our team includes individuals committed to long-term client relationships and exceptional client service. Our employees are critical to our success. Their backgrounds and experience are diverse and they all have played a pivotal role in helping CCM grow to where it is at today. We appreciate their hard work and their dedication to the firm as well as to impact and ESG investing.

## Leadership



**Todd Cohen**  
Founder, CEO



**Alyssa Greenspan, CFA**  
President & Chief Operating Officer

## Investment Team



**Andy Kaufman**  
Chief Investment Officer



**Kristin Fafard, CFA**  
Chief Investment Strategist



**David Sand**  
Chief Impact Strategist



**Elliot Gilfarb, CFA**  
Head of Fixed Income



**Andrew Cowen**  
Head of Equities



**Julie Egan**  
Director of Municipal Research/PM



**Jessica Botelho**  
Director of CRA & Impact Research



**Thomas Lott**  
Portfolio Manager



**Cayce Shawn**  
Trader



**Alex Alario**  
Jr. Portfolio Manager



**Isha Naidu**  
Investment Analyst



**Allison Glansberg**  
Investment Analyst



**Daniel Caballero**  
Investment Analyst



**Shonali Pal**  
Investment Analyst

## TEAM

### Business Management



**Stefanie J. Little**

Chief Compliance Officer



**James Malone, CFA**

Chief Financial Officer



**Jon Conway**

Software Developer



**Melodie Dinkins**

Office Coordinator

### Operations



**Priscilla Lozevski**

Operations Specialist



**Alex Trifan**

Operations Analyst

### Marketing



**Jamie Horwitz**

Chief Marketing Officer



**Barbara Seaman**

Sales & Marketing Specialist



**Izabela Daguila**

Sales & Marketing Assistant

### Sales and Client Services



**Andy Shafter**

Sr. Client Portfolio Manager



**Martha Schuman**

Sr. Client Portfolio Manager



**Joffrey Pearlman**

Sr. Client Portfolio Manager



**Michelle DeLaCruz**

Client Portfolio Manager



**Maria Leon**

Client Services Associate



**Jackson Silverstein**

Business Development Associate



## CCM Interns: In Their Own Words

### Daniela Schwartz



My name is Daniela Schwartz and I am a sophomore at Emory University studying Accounting and Finance. At CCM this summer, I learned how impact investing creates positive environmental and social outcomes. On the marketing team, I wrote a series of blog posts about homelessness in Los Angeles and

CRA activities in Puerto Rico. On the client services and operations team, I wrote impact stories for bond purchases and helped update account statements. Finally, on the investment team, I researched potential bond purchases to ensure their alignment with impact themes and ESG factors. From my experience with the various teams at CCM, I not only learned about impact investing, but also now understand how my generation is changing the way we invest to improve society.

### Samantha Rosenberg



My name is Samantha Rosenberg and I am a sophomore at the University of Michigan Ross School of Business. I plan on concentrating in Finance. At CCM, I had the opportunity to explore multiple parts of the company including sales, operations, and marketing. On the sales team, I was responsible for

organizing contacts from different banks into HubSpot, an online database for sales and marketing. Moreover, on the marketing team, I wrote weekly blogs about current news in impact investing and even got to write a blog about my own experience with business and impact! Lastly, on the operations team, I helped update financial and impact reports for the upcoming year using data from Tracker (CCM's proprietary software system) and Carlton software. Throughout my entire internship experience, I learned how investments can make a positive impact on communities and families while also getting competitive financial returns. My exposure to the impact investing world has motivated me to seek out more impact investing career opportunities in school this upcoming year and in my future.

### Drew Siskind



My name is Drew Siskind and I am a sophomore at the University of Michigan. This summer was my second year interning at CCM, and I am grateful for every minute I've spent here and all that I have learned along the way. I worked alongside the marketing, operations, investment, and sales teams, and each

experience taught me a lot about the holistic approach it takes to run a successful impact investment management firm. Of everything I did during my internship, my favorite part was researching potential investments and analyzing their positive impact and ESG merits. It showed me that here at CCM, we do our own due diligence and research to ensure our investments are making an impact, making sure that no stones are left unturned.

### Mike McPeck



My name is Mike McPeck and I am a junior at Penn State University majoring in Applied Mathematics. At CCM this summer, I had the opportunity to rotate within the investment team, sales, marketing, and operations/reporting. Being able to rotate in all of these divisions has given me a

better understanding and holistic view of how an asset management/impact investment firm operates. I have learned a lot through our weekly internship classes, asking questions of employees, and completing projects assigned to me throughout the summer. We even had the opportunity to volunteer in Ft. Lauderdale where we worked with foster children. I found it very interesting to see how CCM's investments positively impact different communities and groups of people while generating financial returns. My experience at CCM has been a positive educational experience, and I am excited to see the firm, along with the rest of the impact investment world, continue to grow.



**2019  
INVESTMENT  
IMPACT**

# 2019 INVESTMENT IMPACT

We continue to measure, monitor, and track our investments – across all of our asset classes – with a focus on transparency, extensive due diligence and research, ongoing monitoring, and a focus on positive impact and ESG attributes. This has been our core mission over the last two decades and we will continue to employ this positive approach into the future.

In this section, we describe how we measure impact and provide quantitative data and qualitative details on the positive impact(s) our investments have in communities, and for people, nationwide.

## Quantifying Impact

Impact measurement is constantly evolving and there are many ways, shapes, and forms of measurement within the impact and ESG industry. Since our founding in 1999, we have remained consistent in our commitment to measure impact and have continued to adapt and add to the methodology over time.

## Fixed Income

Because we conduct a deep dive analysis into how a bond issuer intends to use the proceeds raised in a bond offering, the positive expected impact from our fixed income investments can generally be quantified. These metrics fall into one of the following six broad categories:



AFFORDABLE HEALTHCARE  
AND REHABILITATION  
FACILITIES



AFFORDABLE RENTAL  
HOUSING



ENTERPRISE DEVELOPMENT  
AND JOB CREATION



AFFORDABLE  
MORTGAGES



ECONOMIC AND  
ENVIRONMENTAL  
INITIATIVES



STATEWIDE  
HOMEOWNERSHIP

## QUANTIFYING IMPACT

Since inception, the firm has invested approximately \$10 billion in impact and ESG initiatives nationwide on behalf of its clients. This includes approximately \$780 million invested in 2019 among these same broad categories<sup>5</sup>:



### Affordable Healthcare and Rehabilitation Facilities

**\$950,000**

In affordable healthcare, rehabilitation care, and opportunities that promote wellness



### Economic and Environmental Initiatives

**\$176m**

In green projects, neighborhood revitalization, healthy communities, and general community development



### Affordable Mortgages

**\$394m**

financing approximately 2,200 affordable mortgages



### Enterprise Development and Job Creation

**\$5m**

In job creation opportunities, access to capital, and small business development



### Affordable Rental Housing

**\$165m**

financing approximately 30,000 affordable rental housing units



### Statewide Homeownership

**\$39m**

Financing for affordable homeownership, assistance with down payments, and first-time homebuyer programs

<sup>5</sup> In 2019, we conducted a database review on our impact and ESG metrics and reclassified some fixed income securities across our six broad categories. We also removed some non-impact securities previously included in our impact data figures. This resulted in a decrease, year over year, in the dollar amount totals in some of the six categories. This database review did not affect the accuracy of individual client reporting and it did not affect the accuracy of any performance data.

50

States where investments were made in 2019

\$111M

Largest amount invested in one state in 2019 in New York

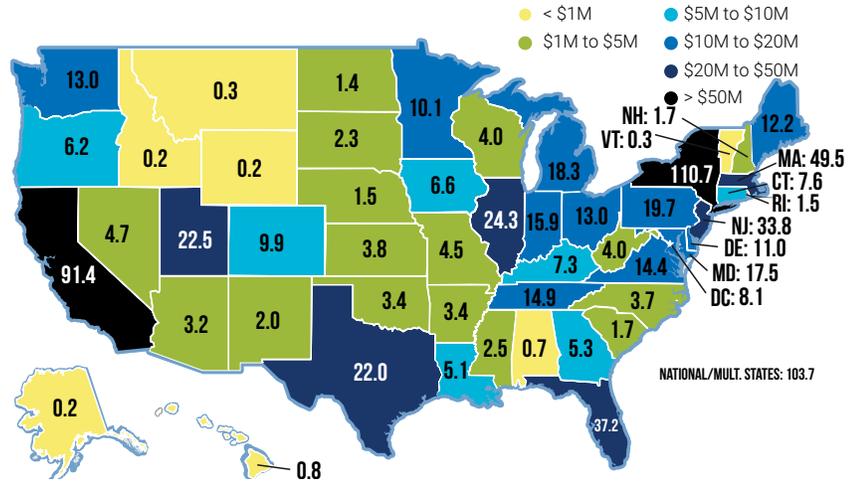
\$104M

Invested nationally/across multiple states

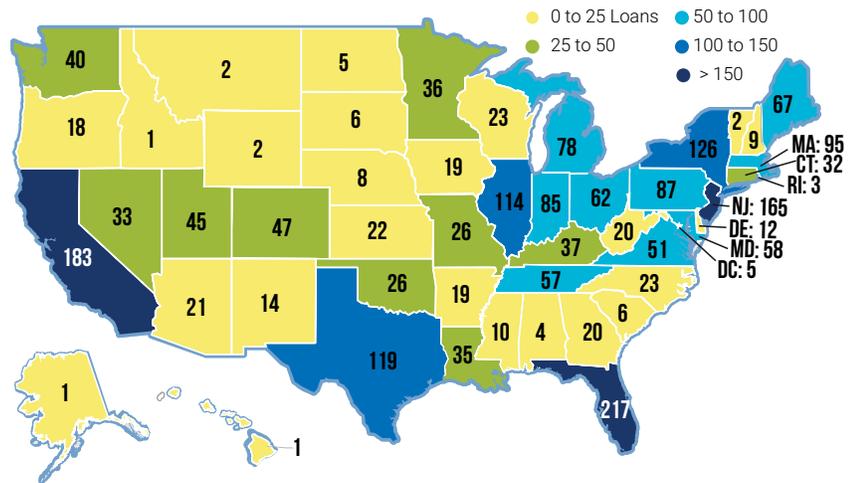
### Impact by Geography

Below are three different illustrations of the broad geographic impact from the investments we made in 2019:

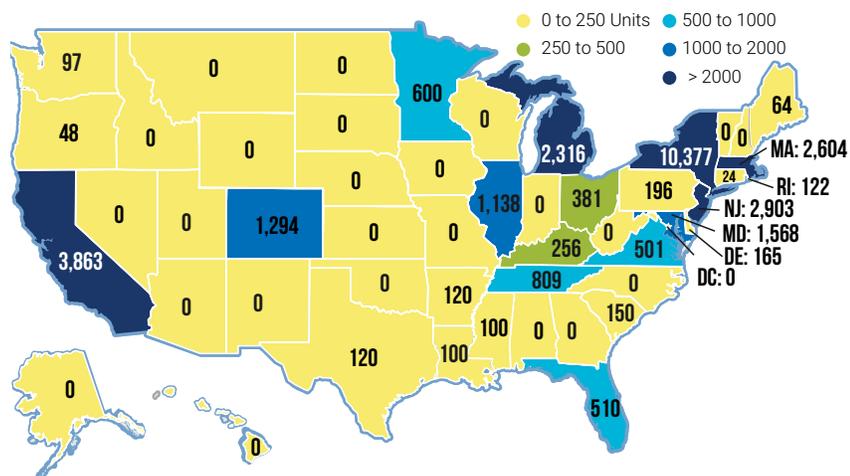
#### IMPACT INVESTMENT BY STATE IN \$MILLIONS



#### AFFORDABLE MORTGAGES BY STATE



#### AFFORDABLE RENTAL HOUSING UNITS BY STATE



## Impact by Themes

As many of you are aware, one investment may deliver multiple positive societal outcomes, many of which go beyond the aforementioned statistics. That is why we delve even further into our investments to report on the multiple benefits and how they align with our 18 impact themes. In fact, over 48% of the investments made in 2019 supported two or more impact themes and over 32% supported three or more impact themes.

Looking at our 2019 impact theme composition, we continue to see a large percentage of our investments benefiting affordable housing, environmental sustainability, and minority advancement. From 2018, we saw a big increase in healthy communities and slight increases in affordable health/rehab care and government supported communities. We saw slight decreases in economic inclusion and education/childcare.

### IMPACT THEMES IN 2019



Affordable Health/Rehab Care	2.1%
Affordable Housing	39.3%
Arts & Culture	0.3%
Disaster Recovery	0.1%
Economic Inclusion	4.6%
Education/Childcare	1.0%
Enterprise Development/Jobs	2.0%
Environmental Sustainability	13.6%
Gender Lens	0.1%
Government Supported Communities	1.5%
Healthy Communities	10.5%
Human Empowerment	2.3%
Minority Advancement	12.8%
Neighborhood Revitalization	0.4%
Rural Community Development	2.2%
Seniors/Disabled	7.0%
Sustainable Agriculture	0.0%
Transit-Oriented Development	0.2%

## Equities

Our impact and ESG classification divides investments into four categories: Strong Positive Impact, Moderate Positive Impact, Neutral Impact, and Negative Impact. At the end of 2019, we were invested in the stock of 102 companies.<sup>6</sup> Here is how the portfolio was allocated among our impact categories:

### IMPACT CLASSIFICATION AS OF 12/31/2019



● Strong Positive Impact	31%
● Moderate Positive Impact	13%
● Neutral Impact	56%

## IMPACT THEMES

Securities designated Strong Positive Impact and Moderate Positive Impact align with one or more of our 18 impact themes:



● Affordable Health/Rehab Care	10.7%
● Affordable Housing	8.9%
● Arts & Culture	1.5%
● Disaster Recovery	0.7%
● Economic Inclusion	3.3%
● Education/Childcare	8.9%
● Enterprise Development/Jobs	7.2%
● Environmental Sustainability	27.7%
● Gender Lens	2.5%
● Government Supported Communities	1.3%
● Healthy Communities	8.6%
● Human Empowerment	3.4%
● Minority Advancement	4.2%
● Neighborhood Revitalization	5.1%
● Rural Community Development	0.0%
● Seniors/Disabled	2.3%
● Sustainable Agriculture	2.8%
● Transit-Oriented Development	0.9%

<sup>6</sup> Excludes Closed-End Funds and Preferreds.

# Impact Reporting

As a 20-year veteran in impact and ESG investing, we have seen many types of impact reports. We too have adapted and improved our impact reporting over the years based on client feedback, internal discussions, and enhanced metrics and outcomes. We are honored that so many recent entries into the impact arena have followed our lead and published impact reports on their activities.

We continue to produce impact reports with a mix of quantitative data and qualitative details, also known as “impact stories.” We believe that these stories truly capture the impact outcomes of the investments by providing a powerful overview of how these investments are making positive contributions to society.

”As a pioneer in impact and ESG investing, CCM has created a proprietary impact model and reporting system where we track and monitor the positive impact and ESG attributes of every investment.”

## Impact Stories

In 2019, we purchased over 450 securities. Below are impact stories from a select few of the investments we made in different sectors of the bond market and in equities.

### Customized Pool of Mortgages to Low- and Moderate-Income Borrowers

#### SECTOR: AGENCY MBS

We invested in many customized pools of mortgages to low- and moderate-income borrowers in 2019. Customized pools are geographically targeted to areas within the United States. Homeownership continues to be an important avenue for building wealth in the United States, particularly among low-income and minority households. With safe and sustainable mortgages, homeowners can stabilize their monthly housing costs, build equity, and accumulate wealth over the long term through automatic savings associated with self-amortizing loans.<sup>7</sup> Additionally, there is a correlated relationship between affordable housing and mental, physical, and academic well-being. Research has shown that the stability of an affordable mortgage can have profound effects on childhood development, school performance, and health outcomes for families and individuals.<sup>8</sup>



#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable Housing

<sup>7</sup> <https://www.huduser.gov/portal/periodicals/em/spring16/highlight3.html>

<sup>8</sup> <https://providencehousing.org/wp-content/uploads/2014/03/Housing-and-Economic-Development-Report-2011.pdf>

## The Roost<sup>9</sup>

SEATTLE, WA | SECTOR: AGENCY CMBS

Built in 2018 to support and strengthen the Seattle arts community, The Roost's co-living community provides opportunities for artists to live, work, share ideas, and connect with others. The property features 35 units, with nine units reserved for low-income residents. In addition to artists housing, the mixed-use property supports the arts with a non-profit arts organization occupying the lower level of the building.

The Roost was designed from the ground up as a live-work housing property, focused on goals of affordability, livability, community, support of the Arts, and sustainability. The residential units are double height spaces with a loft bed, freeing up the room on the main level for workspace or living room furnishing and functioning like unique one-bedroom apartments. Residents can enjoy three shared kitchen spaces, a dining area, TV lounge, meeting space, on-site laundry, and complimentary wi-fi. The shared spaces provide a community center for gatherings and create more opportunities for chance encounters among neighbors as part of the day-to-day living experience.

The Roost is energy and resource efficient and is one of only three apartment buildings in Washington State to achieve a Built Green<sup>10</sup> 5-star rating. The 5-star rating certification is granted when a building achieves 30 percent energy use improvement above current Washington State Code and has installed a solar PV or solar thermal system. The overall energy performance at The Roost is designed to be a third of a conventional apartment building.

The property is considered very walkable, where most errands can be accomplished on foot, creating one of the simplest and best solutions for the environment, overall health, and the economy. To encourage the use of nearby public transportation, the property does not provide any parking. A secure room for 26 bikes is located in the lower level to encourage environmentally friendly transportation options for residents. Separate compost bins, garbage bins, and recycling bins are available for each unit and complimentary compost bags are available in the community kitchen.



Source: <http://theroostlofts.com/>

### BUILT GREEN

Built Green is the green home certification program of the Master Builders Association of King and Snohomish Counties. Their mission is to serve as the driving force for environmentally sound design, construction, and development practices in Washington's cities and communities.

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Affordable Housing
-  Arts & Culture
-  Environmental Sustainability
-  Healthy Communities
-  Minority Advancement

<sup>9</sup> <http://theroostlofts.com/>

<sup>10</sup> <https://www.builtgreen.net/>

## No Place Like Home Program

### CALIFORNIA | SECTOR: TAXABLE MUNICIPALS

On July 1, 2016, Governor Brown signed landmark legislation enacting the No Place Like Home program to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA). In November 2018, voters approved Proposition 2, authorizing the sale of up to \$2 billion of revenue bonds and the use of a portion of Proposition 63 taxes for the No Place Like Home program.

Key features of the program include:

- Counties will be eligible applicants (either solely or with a housing development sponsor).
- Funding for permanent supportive housing must utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.
- Counties must commit to provide mental health services and help coordinate access to other community-based supportive services.<sup>11</sup>

“Permanent supportive housing” is housing reserved for persons who are homeless, that has no limit on length of stay, and that is linked to services that assist residents in retaining housing, improving their health status, and maximizing their ability to live, and when possible work, in the community. The No Place Like Home Program awards are being used for capital costs associated with the acquisition, construction, or rehabilitation of rental housing developments, a reserve for building operations, and other related uses. All counties seeking to apply for funds under the No Place Like Home Program must commit to providing mental health supportive services to tenants for at least 20 years and coordinate the provision of, or referral of, other services.

<sup>11</sup> <https://www.hcd.ca.gov/grants-funding/active-funding/nplh.shtml#background>

The populations being served through this program include:

- adults with serious mental illness
- children with severe emotional disorders and their families
- persons who require, or are at risk of requiring, acute psychiatric inpatient care, residential treatment, or outpatient crisis intervention because of a mental disorder with symptoms of psychosis, suicidality, or violence and who are homeless, chronically homeless, or at risk of chronic homelessness

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:



Affordable Health/Rehab Care



Affordable Housing



## Aura Financial

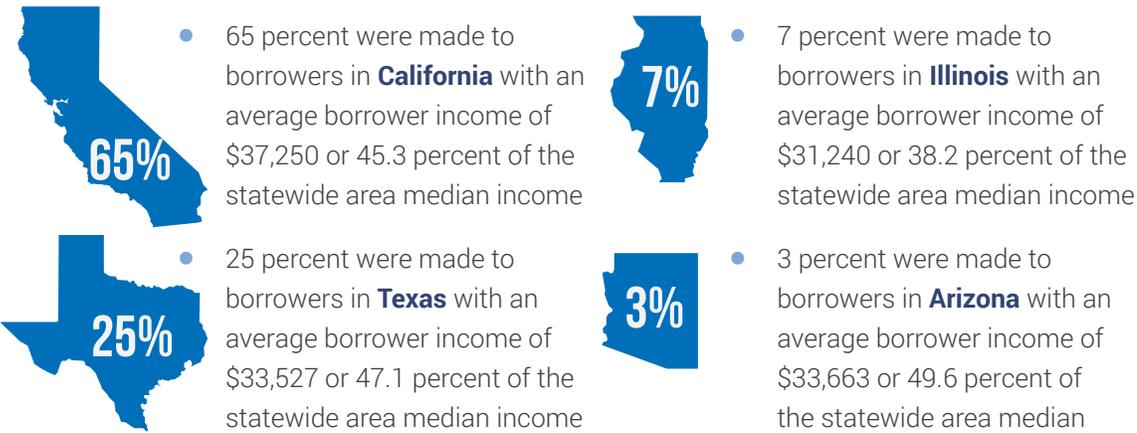
### SECTOR: ABS

Aura, formerly known as Insikt, was certified by the U.S. Treasury Department in April 2018 as a Community Development Financial Institution (CDFI). Founded in 2012 and headquartered in San Francisco, Aura provides access to credit to individuals underserved by traditional financing sources. Aura uses technology to power lending at 1,200 locations across 100 businesses throughout California, Texas, Illinois, and Arizona.

In 2019, Aura issued notes representing 14,514 customer-friendly small consumer loans to borrowers with limited or no credit history. Consumer-friendly products, such as the Aura loans, can provide the opportunity to build credit and improve financial capability. Of the loans:

**CDFI**

CDFI's are mission-driven financial institutions that are dedicated to providing financial services to meet the needs of economically disadvantaged individuals within underserved communities.



Since 2014, Aura has helped over 350,000 customers save over \$308 million in potential fees by borrowing money from the company instead of choosing other alternatives typically available to people with limited credit history. In addition to offering loans at affordable rates, Aura helps customers build and repair their credit scores and creates a path to the financial mainstream.

**IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:**

 Economic Inclusion



## The Conservation Fund

### SECTOR: CORPORATE BONDS

Founded in 1985, The Conservation Fund is a non-profit organization with a presence in all 50 states. The Fund uses its capital and technical expertise to protect critical natural and cultural resources while strengthening local communities. Its mission is to protect America's legacy of land and water resources through land acquisition, sustainable community and economic development, and leadership training, emphasizing the integration of economic and environmental goals.

In 2016, the Chief of the U.S. Forest Service estimated that by 2060, the U.S. could lose up to 37 million acres of privately held forests to fragmentation or conversion to non-forest uses. The Conservation Fund seeks to disrupt this pathway of forest loss while preserving the productive value of these working assets and securing the multiple societal benefits working forests generate.

**IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:**



Environmental Sustainability

As of July 2019, the Conservation Fund has deployed over \$514.4 million in capital across 34 projects to

protect approximately 643,000 acres of U.S. timberland.

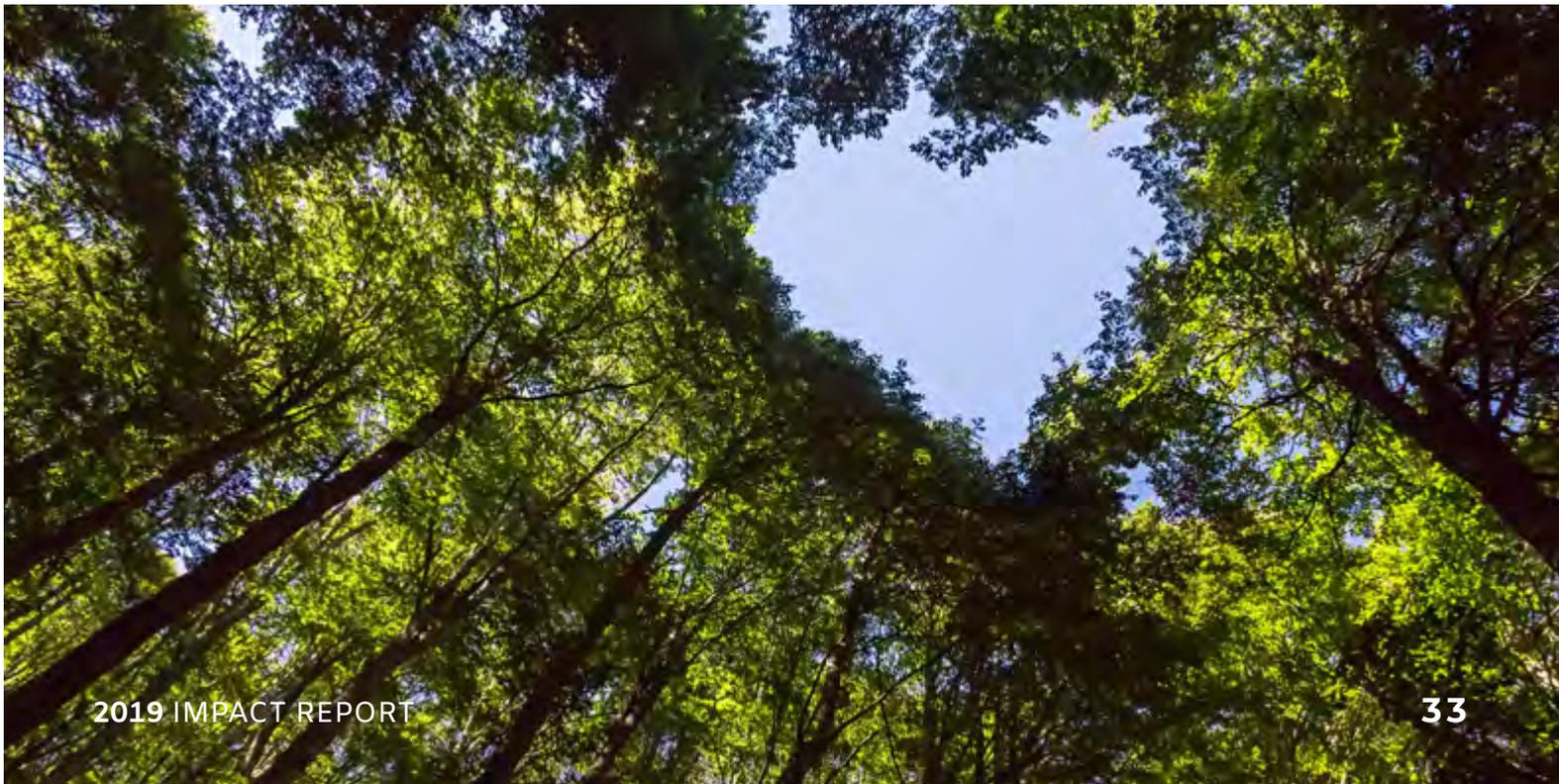
Bond proceeds are financing new and existing Eligible Green Projects and repay approximately \$25 million of secured indebtedness of Clarion Junction that was used to help acquire Clarion Junction Forest. Eligible Green Projects are projects that meet one or more of the following Eligibility Criteria:

#### Land Conservation

Acquiring conservation properties on an interim basis in order to efficiently safeguard these properties for wildlife, recreation, or historic significance through the conveyance of such properties to government agencies or conservation partners.

#### Working Forest Protection

Conserving large tracts of privately-owned timberland, known as working forests, in the United States by acquiring and managing such properties until permanent protections are put in place that are designated to preserve the productive value of the properties as working forests. This may include the implementation of sustainable forest management, obtaining third-party forest certifications (such as Sustainable Forestry Initiative and Forest Stewardship Council), and securing permanent conservation outcome via deed restrictions and/or easements.





## LKQ Corporation

### SECTOR: EQUITIES

LKQ Corporation was founded in 1998 and is a leading provider of alternative vehicle replacement and maintenance products throughout Europe and North America with 490 locations in the United States and 1,700 locations worldwide.

As the largest recycler of automobiles in the world, LKQ refurbishes and remanufactures used vehicles parts and sells new products produced by companies then the original equipment manufacturers (OEMs). The nature of the company's business naturally reduces waste and the environmental footprint of cars.

LKQ performs environmental due

diligence prior to acquisitions and monitors its use of consumables (e.g., cardboard, paper, packing materials).

With a state-of-the-art logistics program to save fuel and reduce emissions, the company's operations recycle more than 95 percent of the materials from vehicles that are at the end of their usable life. In 2018, LKQ sold 3,300,000 vehicle parts and recovered 4,021,404 gallons of fuel, 1,389,630 catalytic converters, and 2,436,314 gallons of waste oil.

**IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:**



Environmental Sustainability

# Impact in Action

Our investment analysis does not end once a security is purchased; it requires on-going monitoring from both a financial and an impact perspective. One of the best ways to supplement the on-going monitoring efforts of the research team is to encourage employees to visit properties that have benefited from investments we have made. Below we have highlighted details of some visits that took place in 2019.



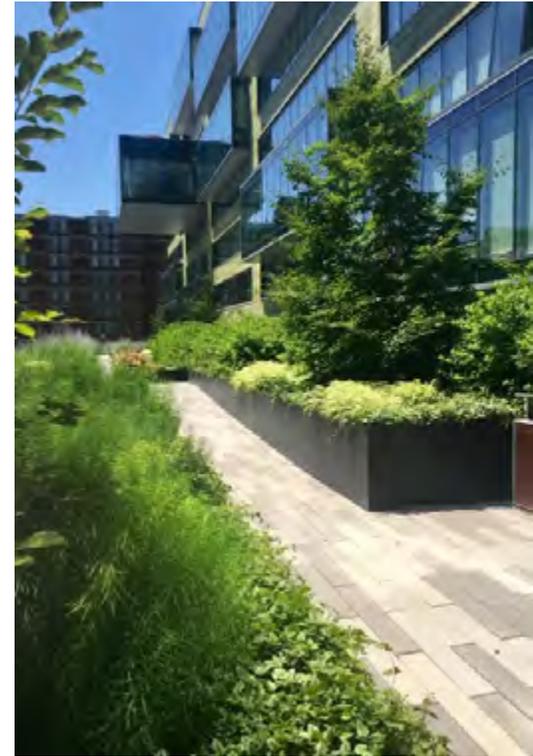
## City Market at O Street

WASHINGTON D.C. | SECTOR: AGENCY CMBS

VISITED BY MICHELLE DELACRUZ,  
CLIENT PORTFOLIO MANAGER

### In Michelle's words...

"In June 2019, I was given a tour of City Market at O Street by the property manager and met with residents who live there. City Market at O Street is an approximately 1 million square foot mixed-use development located in the historic Shaw neighborhood in Washington, D.C. Part of the project includes The Hodge, a 90-unit affordable apartment complex dedicated to residents 55 and older with incomes at or below 50 or 60 percent of the area median income. I was impressed with how this active adult community blends seamlessly with the vibrant urban lifestyle of the area. The property features beautifully finished living spaces and several amenities that make it feel like it is a more costly market-rate complex. Such amenities include access to the same outdoor gardens and common areas as the market-rate units, a dog park, herb garden, gym, business center, and community center with regularly scheduled resident activities such as game night, cooking classes, and arts and crafts. The staff even host a monthly resident appreciation breakfast open for all residents of The Hodge to attend. The property is conveniently located to jobs, hospitals, schools, parks, theaters, art galleries, restaurants, and retail. It is steps away from the Metro, providing residents with easy access to other points in D.C. I was truly amazed with the property and its level of care and commitment for its residents and the Shaw neighborhood. During my visit, I learned that many of the neighborhood's revitalization projects are driving up the cost of living and it is affecting many seniors in the area who are living on fixed incomes as they can no longer afford to live in their homes. While touring the property, it was clear to see that this is indeed an indispensable reflection of the larger development's dedication to affordability and resident age. The Hodge is fully occupied and an exceptional opportunity for seniors to enjoy inter-generational, modern apartment living in a desirable area of the city at an affordable cost."





## Wilshire Towers

LOS ANGELES, CA | SECTOR: AGENCY CMBS

VISITED BY MARTHA SCHUMAN,  
SENIOR CLIENT PORTFOLIO MANAGER

### In Martha's words...

"The Wilshire Towers was my first experience visiting an affordable housing project and it really changed my perception of affordable housing. The building is located in the Koreatown neighborhood of Los Angeles, a rapidly gentrifying area of the city. The affordable rental property is for seniors and has 287 units, of which 98 percent receive Section 8 assistance. From the outside, the building looked like a nice apartment complex found in any major city. Inside, the residents have beautiful gardens with a koi pond, exercise facilities, and a well-equipped common area, all within walking distance to bus stops for medical appointments or shopping within the mid-Wilshire area. I also saw the pride the on-site manager had in caring for the facility and the warmth the residents greeted him with while touring the property. I enjoyed my time meeting with several of the people that live in Wilshire Towers and seeing first-hand the impact it has on their lives. It was truly a rewarding experience."



## Hawthorne Eco Village Apartments

MINNEAPOLIS, MN | SECTOR: AGENCY CMBS

VISITED BY ALYSSA GREENSPAN,  
PRESIDENT & COO

### In Alyssa's words...

"In June, I visited Hawthorne Eco Village in Minneapolis, MN. I met with Joanne Kosciolk, vice president for development and internal affairs at Project for Pride in Living (PPL), which developed the property. I was so impressed by the spacious apartments and the amenities including a fun playground area; a rooftop garden to prevent run-off; exercise room; bicycle storage; and a community garden for growing fresh fruits and vegetables. The development has helped revitalize the neighborhood with affordable workforce housing, an increase in retail stores, and the addition of affordable single family homes. Hawthorne Eco Village was CCM's 2018 Impact Award winner and just from my visit and tour, it was well-deserving of the award!"





# 2019 IMPACT INITIATIVES

# 2019 IMPACT INITIATIVES

We embarked on many impact-related activities in 2019 in our efforts to support and promote impact and ESG investing.

## Thought Leadership

### Publications

Throughout the year, we look to produce relevant and timely thought leadership that provide insight into our critical thinking and focus on current topics in impact, ESG, and Community Reinvestment Act (CRA) investing. Below are some highlights of 2019 activity:

#### 2019 PUBLICATION HIGHLIGHTS



CDFI INVESTING FOR THE IMPACT INVESTOR



IMPACT/ESG INVESTING SURVEY



CRA INVESTING SURVEY



2018 IMPACT REPORT



IMPACT INVESTOR NEWSLETTER



COMMUNITY INVESTOR NEWSLETTER



WEBINAR: ALIGNING FAITH & FINANCE IN FIXED INCOME



VIDEO: CRA INVESTING FOR BANKS

Events

In 2019, we participated in over 45 events, many of which included speaking engagements by CCM team members. We are grateful to have both hosted and been invited to address audiences across a diverse group of impact investors including faith-based, foundations, non-profits, healthcare, and banks.



A



B

Faith-Based

Catholic Health Assembly, Dallas, TX

Leadership Conference Women Religious, Scottsdale, AZ (A)

Resource Center for Religious Institutes (RCRI), Dallas, TX

Consortium of Endowed Episcopal Parishes, Boston, MA (B)



A



B

Membership Organizations/ Wealth Management

Women in Investment Management 2019 – CFA Institute, Montréal, QC, Canada (A)

Confluence Philanthropy's 9th Practitioners Gathering, Brooklyn, NY (B)

2019 Sustainable Investing Conference (C)

Sustainable Investing Solutions (SIS) Symposium, San Francisco, CA

Sustainable Investing Solutions (SIS) Symposium, Washington, D.C.

Morgan Stanley Jewish Values, Boca Raton, FL

SRI Conference, Boulder, CO (D)



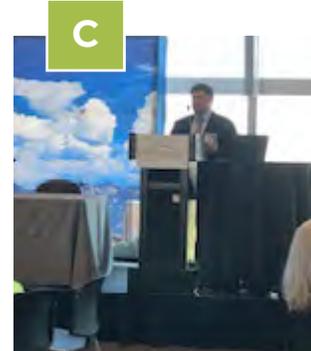
D



C



A



C

Bank

CRA & Fair Lending Colloquium, Orlando, FL (A)

Top Golf Reception, Orlando, FL (B)

Utah Bankers Community Reinvestment Conference, Salt Lake City, UT (C)



B

## Giving Back

We are committed to giving back to the communities and environment in which we live and work. We encourage employees to volunteer their time both during and after work. To further support this activity, employees are given three personal volunteer days per year to support organizations that are meaningful to them, and we donate one percent of our annual net income to charitable causes. Some of these activities that took place in 2019 are highlighted below.



### Kids in Distress

CCM team members, along with our four summer interns, volunteered at KID (Kids in Distress) in Fort Lauderdale. KID is a nationally accredited agency dedicated to the prevention of child abuse, the preservation of the family, and the treatment of abused and neglected children. The organization serves over 11,000 children and families each year and focuses on education, foster care, family strengthening, and mental and physical health programs. Our team spent a day with children enrolled in the pre-school program and engaged in a variety of activities including arts and crafts, singing, dancing, reading, and playing on the playground.<sup>12</sup>



### United Way of Broward Day of Caring

CCM participated in and sponsored the United Way of Broward County's 28th Annual Day of Caring. The volunteer activity includes putting together meals that are distributed to local food stores. Over 500 volunteers attended the event and more than 300,000 meals were packed. CCM's table alone packed over 1,400 meals! United Way of Broward County has over 80 years of community service in South Florida and continues to help the community to obtain health, education, and financial stability. Their programs include school mentoring, workshops on nutrition, veteran services, and campaigns against homelessness.<sup>13</sup>



<sup>12</sup> <https://kidinc.org/who-we-are/about-us/>

<sup>13</sup> <https://www.unitedwaybroward.org/>

## Doorways for Women and Families

CCM donated to Doorways for Women and Families, a non-profit organization in Arlington, VA that creates pathways out of homelessness, domestic violence, and sexual assault leading to safe, stable, and empowered lives. Since 1978, Doorways provides crisis intervention programs, counseling, community advocacy and engagement, and housing and employment support, which includes a 24-hour domestic and sexual violence hotline, court advocacy program, and post-trauma goal planning.<sup>14</sup>

## Weston Rotary

Over the summer, CCM helped the local Rotary Club of Weston's Hurricane Dorian relief campaign. The club was collecting supplies for those affected by the hurricane in the Bahamas and CCM donated bottled water, roofing materials, clothing, and non-perishable food. Hurricane Dorian was a category five hurricane and the strongest and slowest to ever strike the Bahamas. Its horrific landfall affected thousands of people and caused more than \$7 billion in damage<sup>15</sup>.



## National Breast Cancer Foundation

National Breast Cancer Awareness Month is a campaign held during the month of October that focuses on uniting men and women by breaking taboos against breast cancer, educating them on diagnosis and treatment, and raising funds for research and technology. Along with raising awareness among our employees, CCM also contributed to the cause by donating to the National Breast Cancer Foundation. Breast cancer, with the exception of skin cancer, is the most common cancer among women in the United States, accounting for 15.2 percent of new cancer cases. Today, there are over 3.5 million breast cancer survivors and the number of deaths continues to decrease as more people join the campaign.<sup>16</sup>

## JAFCO

For the 2019 holiday season, CCM participated in the Jewish Adoption and Family Care Options' (JAFCO) Chanukah Gift Drive and collected presents for the children and teenagers living in the community. Each child writes a holiday wish list and our donation included board games, sports balls, Bluetooth speakers, duffel bags, writing journals, make-up, and leapfrog learning toys. JAFCO is a non-profit organization that offers programs to abused and neglected children in South Florida. Their services include foster care, family preservation, mentoring, and developmental disability assistance. During the holiday season, JAFCO supports over 500 children in need.<sup>17</sup>



<sup>14</sup> <https://www.doorwaysva.org/>

<sup>15</sup> <https://www.bloomberg.com/news/articles/2019-09-05/hurricane-dorian-seen-costing-the-bahamas-at-least-7-billion>

<sup>16</sup> <https://www.nationalbreastcancer.org/breast-cancer-facts>

<sup>17</sup> <https://www.jafco.org/>

### Bahamas Red Cross

In October, CCM attended the Resource Center for Religious Institutes' (RCRI) 2019 National Conference and introduced the Ring Toss Donation initiative at our exhibit booth. The donation values were \$5, \$10, \$15, and \$20 and each participant could toss two rings (sometimes more!). More than 50 people participated in our initiative and helped raise over \$1,000 for the Bahamas Red Cross (BRC) to support Hurricane Dorian disaster relief. BRC's mission is to prevent and alleviate suffering, protect life and health, and promote social welfare.<sup>18</sup>



### November

For the fourth consecutive year, CCM joined the Movember movement by raising awareness for men's health including prostate cancer, testicular cancer, mental health, and suicide prevention. Our annual "Grow a Mo, Save a Bro" raised \$1,430 for the Movember Foundation, a non-profit dedicated to the cause. Since its creation in 2003, Movember has grown to five million members and has funded over 1,250 men's health programs. Their goal is to reduce the number of premature deaths in men by 25 percent by 2030.<sup>19</sup>



### Sheridan House

For the second consecutive year, CCM supported Sheridan House's Annual Back-to-School drive, a program that helps children and families to prepare for the incoming academic year. Throughout the month of August, CCM collected school supplies that included loose-leaf notebooks, glue sticks, folders, erasers, sharpeners, and colored pencils and pens. The supplies were dropped off by CCM team members at one of Sheridan Houses' campuses in our local community. Sheridan House is a multifaceted ministry dedicated to helping local families through a variety of programs including on-site counseling center, online podcasts on parenting, single-mom ministries, marriage seminars, and residential programs. Over that last year, Sheridan House served more than 73,000 children and families.<sup>20</sup>



<sup>18</sup> <https://bahamasredcross.org/about-us/>

<sup>19</sup> <https://us.movember.com/about/foundation>

<sup>20</sup> <https://www.sheridanhouse.org/web/#>

## 3rd Annual Impact Awards

CCM's 3rd annual impact awards competition was another success with Rosenberg Apartments in Santa Rosa, California as the 2019 winner. This year, we supplemented our email communication with a webinar hosted by David Sand, CCM's chief impact strategist, and Jessica Botelho, CCM's director of CRA and impact research. The webinar showcased the five contenders and enabled voters to ask questions before casting their votes. As we have done in years past, we awarded the winner with a \$10,000 donation.



### Rosenberg Apartments

**SANTA ROSA, CA | SECTOR: AGENCY CMBS**

Sitting in the heart of downtown Santa Rosa, California, Rosenberg Apartments provides housing for low-income, developmentally disabled, and senior adults. Residents include the elderly; adults who are developmentally disabled, mentally ill and long-term chronically ill individuals; and many people who are at risk of homelessness. The property consists of six stories with 77 units and includes an 800 square foot community facility for residents and community partners.

Supportive services are provided to residents on-site and are tailored to individual resident needs and include services such as case management, counseling, home delivered meals, and socialization activities. These supportive services are provided through partnerships with local non-profit providers including Buckelew Programs.

Buckelew Programs is a community-based non-profit providing a continuum of services to residents at Rosenberg Apartments. Buckelew staff visit the residents on a regular basis to assist with the more complex tasks of daily living including organization of household tasks, nutritional needs, meal preparation, food shopping, housekeeping, personal care, money management, and ordering or picking up medication. Supportive employment services focus on individualized career planning and employment needs on and off the

job site. Mental health services offer a social rehabilitation model and recovery approach and include assistance with individual needs for problem solving, conflict resolution, medication education, goal setting, access to community resources such as employment and prevocational services, and recreation and social activities.

Twenty-four hour on-call accessibility is provided for crisis intervention and emergency needs.

#### IMPACT THEMES THIS INVESTMENT HELPED SUPPORT:

-  Affordable Housing
-  Environmental Sustainability
-  Healthy Communities
-  Human Empowerment
-  Seniors/Disabled



# LOOKING FORWARD

There is a good chance that historians will look back at 2019 and declare it the year that impact and ESG investing went beyond its tipping point. Impact and ESG investing has grown to capture a larger percentage of investment dollars. The roots planted continue to spread and grow.

We are excited about this growth and remain committed to our 20-year approach, which has not changed – we listen to our clients, we push the capital markets to do more to meet the impact and ESG needs of our investors, and we take seriously the responsibilities of financial and impact stewardship.

Our 2018 Annual Impact Report included words that seem truer than ever:

“Our business combines service, advocacy, and performance. Our service enables clients to make investments that are aligned with their goals, values, and beliefs. Our advocacy puts us front and center with other capital market participants as we call for more embedded impact within investment opportunities that are brought to market. Our performance goal is to deliver upon our dual mandates of financial returns and impact.”



The universe of available investment opportunities we see for our clients continues to expand and each year we look at potential investments with embedded impact and ESG characteristics. In 2020, we expect to see more investments in support of Community Development Financial Institutions (CDFIs), more investments that address climate change solutions, and more investments that extend the reach of the capital markets to those who may have historically been denied access.

We are looking at further rollout of our recent initiatives in new asset classes as well as some exciting new launches. Our clients are always asking us to do more and we hope we can continue to keep ourselves firmly on the frontier of the ever-changing landscape for impact and ESG investing.

Cheers to a successful and impactful 2020!

According to GIIN's report, *Sizing the Impact Investing Market*, the global impact investing market estimate is at \$502 billion, more than doubling the \$228 billion estimated by GIIN in June of the prior year.



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