



Impact Themes

2024

Impact Themes

Throughout our 25 years of work in impact investing, we have developed a series of impact themes in which one or more themes must align with each of our investments. Themes are evaluated individually for alignment based on each investment's use/or intended use of proceeds. While the themes are distinct and diverse, they share certain common characteristics, which are included below. We continually seek to advocate for greater investment product creation in support of our existing and future impact themes. And by communicating this need to the broader capital markets, we expect to play an ongoing, catalytic role in the creation of impact investment opportunities.

At the beginning of each calendar year, our Impact and CRA Committee reviews the impact themes and makes suggestions for modifications. In our 2024 review, we have made the following updates:

- The themes of Healthy Communities, Neighborhood Revitalization, Sustainable Agriculture, and Transit-Oriented Development were incorporated into a new theme, Sustainable Communities. We evaluate the number of investments aligned with each of our impact themes from year to year to make determinations if existing themes should remain independent or merge together. Many clients target these themes together, so incorporating them was a logical union. Sustainable Communities suggests a holistic approach to positive impacts and encompasses not just economic considerations but also environmental and social aspects, reflecting a commitment to long-term well-being for people and the communities where they reside.
- The theme of Economic Inclusion merged into the theme of Human Empowerment. These themes are highly complementary, both look to assist and support the process of bringing targeted groups, individuals, and communities, including immigrants, refugees, and Indigenous people, closer to the economic mainstream while also encouraging and promoting greater self-sufficiency. We also added equal access to essential services such as broadband and public transportation as part of this theme.
- The positive effects of homeownership contributing to wealth creation and the preservation of affordable rental housing were added to Affordable Housing. Homeownership promotes wealth building by acting as a forced savings mechanism and through home value appreciation. Preservation ensures the federal housing subsidy and low-income housing restrictions remain in place, preserving long-term housing affordability.
- We updated the way we calculate impact themes. Instead of the total equaling 100%, we will now show each individual impact theme along with the number of times a security aligns with that theme. We believe this approach provides a more detailed and nuanced representation of the actual impact of each investment.

Common Characteristics Found in All of CCM's Impact Themes

- Each theme strives to have positive environmental and/or social outcomes that we believe are societal benefits as a result of capital provided by our investors.
- We look for high credit quality, liquid investment opportunities that contribute to the portfolio's overall risk/return and that align with at least one impact theme.
- We must be able to measure, monitor, and track the expected positive outcome(s) in an effort to maintain transparency in our client reporting.
- We must believe that market-rate opportunities will exist to allow client commitments to individual themes to be fulfilled over time.



Affordable Health and Rehabilitation Care

Investments aligned with this theme create and retain affordable health care services and rehabilitation facilities for low- and moderate-income (LMI) and medically underserved persons. It also includes investing in opportunities that promote wellness and access to high-quality health care for communities and aims to dismantle barriers to inequities in health care.



Arts, Culture, and the Creative Economy

Investments aligned with this theme support educational programs, businesses, organizations, and the development of properties involved with visual, performing, design, literary, and other art-related works. It also includes investing in support of ethical fashion, social impact media, creative places, and other elements of the creative economy.



Affordable Housing

Investments aligned with this theme finance affordable homeownership to LMI and/or workforce borrowers, including down payment assistance and first-time homebuyer programs, promoting wealth creation. It also includes financing and/or preservation of affordable rental housing properties to LMI and/or workforce residents.



Disaster Recovery, Resilience, and Remediation

Investments aligned with this theme support economic development activities in federally designated disaster areas and physical and civic infrastructure to better prepare communities from natural disasters and widespread health emergencies. It also includes investments helping to stimulate community and economic development and build strong infrastructure.



Education and Childcare

Investments aligned with this theme provide and/or offer high-quality, equal access to education opportunities and resources. It also includes investments providing and/or offering access to affordable childcare services and resources.



Enterprise Development and Jobs

Investments aligned with this theme provide small businesses with access to capital. It also includes investments supporting entrepreneurship; job creation, job retention, and job training; inclusive growth strategies; and stable employment.



Environmental Sustainability

Investments aligned with this theme support activities that look to conserve natural resources, protect ecosystems and biodiversity, and achieve net-zero emissions. It also includes investments financing properties, projects, companies, and small businesses implementing sustainable initiatives.



Gender Lens

Investments aligned with this theme assist women and girls with access to educational programs, health-related services, and affordable homeownership. It also includes investments providing access to capital for women and girls and other opportunities to advance gender equality.



Human Empowerment

Investments aligned with this theme assist and support the process of bringing targeted groups, individuals, and communities, including immigrants, refugees, and Indigenous people, closer to the economic mainstream and capital markets. It also includes investing in initiatives and programs that help with upward mobility, greater self-sufficiency, economic advancement, and equal access to essential services such as broadband and public transportation.



Minority Advancement

Investments aligned with this theme support programs and initiatives that offer equal access to jobs, economic development, and affordable housing for ethnic minorities and minority communities. It also includes investments in majority-minority census tracts and high minority census tracts in addition to services beneficial to ethnic minorities and minority communities.



Poverty Alleviation

Investments aligned with this theme help communities of stated persistent poverty. It also includes investments in initiatives that look to support people experiencing homelessness, eradicate or decrease the number of people in poverty, and those in a persistent poverty county.



Rural Community Development

Investments aligned with this theme finance loans and small businesses providing access to capital in rural communities that are not part of a Metropolitan Statistical Area (MSA) or a census tract in an MSA that is outside of the MSA's Urbanized Areas. It also includes investments in economic opportunities to improve the welfare and livelihoods of people living in rural areas.



Seniors, Veterans, and People with Disabilities

Investments aligned with this theme finance affordable living for seniors, veterans, and/or people with disabilities. It also includes providing veterans and elderly residents, especially those who are frail or at-risk, and non-elderly residents with disabilities with supportive services, including physical, social, and psychological assistance.



Sustainable Communities

Investments aligned with this theme help achieve health equity in communities, transform blighted neighborhoods into areas of opportunity, support agriculturally sustainable and regenerative businesses and initiatives, and promote access to transit. It also includes investments supporting access to community parks; nutritious and pesticide-free foods; safe places to exercise and play; high Walk®, Bike®, and Transit® scores; and the integration of walkable communities centered around high-quality train systems.

Difficult Development Area

Difficult Development Areas (DDA) are areas with high land, construction, and utility costs relative to the area median income as defined.

Distressed or Underserved Census Tracts

Distressed or underserved census tracts are non-metropolitan, middle-income geographies located in counties with: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20% or more; or (3) a population loss of 5% or more in a five-year period preceding the most recent decennial census.

First-Time Homebuyer

CCM uses the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration's (FHA) definition for first-time buyers, which helps lenders properly identify homebuyers meeting this criteria.

Historically Underutilized Business Zone

Historically Underutilized Business (HUB) Zone is a U.S. Small Business Administration (SBA) program for small companies that operate and employ people in historically underutilized business zones.

High Minority Census Tract

A high minority census tract is one where minority households represent over 80% of the population.

High Poverty Census Tract

High poverty census tracts are those that have a poverty rate greater than 20% per the Federal Financial Institutions Examination Council (FFIEC), which is tracked annually.

LMI Census Tract

A property or business in a low-income census tract is where the median family income (MFI) of residents residing in the census tract is less than 50% of the MFI of the metropolitan statistical area (MSA) or non-MSA. A property or business in a moderate-income census tract is where the median family income of residents residing in the census tract is greater than or equal to 50% and less than 80%.

Majority-Minority Census Tract

Majority-minority census tracts are those where minority households represent over 50% of the population.

Persistent Poverty County (PPC)

PPCs are defined by Public Law 112-74 (enacted on December 23, 2011) as counties where 20% or more of their population lives in poverty as measured by the U.S. Census Bureau (1990 and 2000 decennial censuses, and 2006-2010 American Community Survey).

Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs)

The U.S. Department of Housing and Urban Development (HUD) has developed a census tract-based definition for R/ECAPs that must have a non-white population of 50% or more. Regarding the poverty threshold, neighborhoods of extreme poverty are census tracts with 40% or more of individuals living at or below the poverty line. Because overall poverty levels are lower in many parts of the country, HUD supplements this definition with an alternate criterion. Thus, a neighborhood can be a R/ECAP if it has a poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan/micropolitan area, whichever threshold is lower.

Rural Census Tract

Counties that are not part of a Metropolitan Statistical Area (MSA) or a census tract in an MSA that is outside of the MSA's Urbanized Areas, as designated by the U.S. Department of Agriculture's (USDA) Rural-Urban Commuting Area (RUCA) Code #1, and outside of tracts with a housing density of over 64 housing units per square mile for USDA's RUCA Code #2.

Glossary

Area Median Income (AMI)

AMI is the midpoint of a region's income distribution — half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income — such as 50% of the area median income — identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

Low- and Moderate-Income (LMI)

A low-income person is someone whose total annual income is less than 50% of the area median income (AMI) or average income for the community where they live. A moderate-income person is someone whose total annual income is above 50% but less than 80% of the AMI or average income for the community where they live.

Medically Underserved Areas

Medically underserved areas or populations are 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.

Metropolitan Statistical Area (MSA)

An MSA is a geographical region with relatively high population density at its core and close economic ties throughout the area.

Walk Score®

Walk Score's mission is to promote walkable neighborhoods. Walkable neighborhoods are one of the simplest and best solutions for the environment, overall health, and the economy. CCM tags investments that have high Walk, Bike, and Transit Scores above 70.

- Walk Scores of 90–100 are considered a “Walkers Paradise” where daily errands do not require a car. Walk Scores of 70–89 are considered “Very Walkable” where most errands can be accomplished on foot.
- Bike Scores of 90–100 are considered a “Biker's Paradise” where daily errands can be accomplished on a bike. Bike Scores of 70–89 are considered “Very Bikeable” where biking is convenient for most trips.
- Transit Scores of 90–100 are considered a “Rider's Paradise” where world-class public transportation is available. Transit Scores of 70–89 are considered “Excellent Transit” where public transit is convenient for most trips.

Workforce Housing

The Urban Land Institute defines workforce housing as housing that is affordable to households earning 60% to 120% of AMI. Workforce housing typically includes middle-income workers such as police officers, firefighters, teachers, and health care workers.



<https://www.huduser.gov/portal/datasets/qct.html>

<https://www.ffiec.gov/cra/distressed.htm>

https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0/explore

https://www.fhfa.gov/DataTools/Downloads/Documents/Enterprise-PUDB/Low-Income_and_Designated_Disaster_Areas/Rural_README_2022.pdf

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

<https://ruralhome.org/our-initiatives/persistent-poverty/>

<https://www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program>

<https://www.learnhra.com/knowledgebase/what-is-considered-low-or-moderate-income-or-lmi/>

<https://www.ffiec.gov/census/>

<https://geomap.ffiec.gov/ffiecgeomap/>

<https://www.census.gov/newsroom/press-releases/2023/persistent-poverty.html>

<https://www.hud.loans/hud-loans-blog/what-is-area-median-income-ami/>

<https://data.hrsa.gov/tools/shortage-area/mua-find>

<https://www.census.gov/programs-surveys/metro-micro.html>

<https://onestophousing.com/blog/2022/7/14/workforce-housing-101>

<https://www.cdc.gov/nchs/hus/sources-definitions/msa.htm#:~:text=A%20geographic%20entity%20based%20on,are%20measured%20by%20commuting%20patterns>

<https://archives.hud.gov/offices/hsg/sfh/ref/sfhp3-02.cfm>

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. CCM has distinct investment processes and procedures relating to the management of investment portfolios for institutional clients. The firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity by combining the positive societal outcomes of impact and environmental, social, and governance (ESG) investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. A sustainable investment strategy that incorporates ESG criteria may result in lower or higher returns than an investment strategy that does not include such criteria. Impact figures mentioned are approximate values. Opinions, estimates, forecasts, and statements of market trends are based on current market conditions and are subject to change without notice. Third party links, trademarks, service marks, logos and trade names included in this content are the property of their respective owners. The inclusion of a third party link is provided for reference and does not imply an endorsement or, association with, or adoption of the site or party by us. Acceptance of this material constitutes your acknowledgement and agreement that the Advisor does not make any express or implied representation or warranty as to the accuracy or completeness of the information contained herein and shall have no liability to the recipient or its representatives relating to or arising from the use of the information contained herein or any omissions there from. For a full list of relevant disclosures, please visit <https://www.ccminvests.com/regulatory-disclosures/>