

How to Make an Impact with Cash Reserves and Short-Term Investments

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CEEP Webinar Presenter:

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About CCM

Community Capital Management, Inc. (CCM) is a pioneer in impact and environmental, social, and governance (ESG) investing. The firm believes a fully integrated portfolio, one that includes impact and ESG factors, can deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes.

Firm Overview

Firm Inception	November 1998
Employee Ownership ¹	59%
Employees	33
Headquarters	Weston, FL
Assets	\$2.8 billion
Impact and ESG experience	20 years
Impact and ESG Initiatives ²	\$10 billion invested nationwide
Impact and ESG Investment Strategies	<p>Fixed Income:</p> <ul style="list-style-type: none"> • Core • Mortgage-Backed Securities (MBS) • Tax-Exempt Municipals <p>Equity:</p> <ul style="list-style-type: none"> • Impact Growth • Small/Mid-Cap Impact Value <p>Alternatives:</p> <ul style="list-style-type: none"> • Liquid Alternative

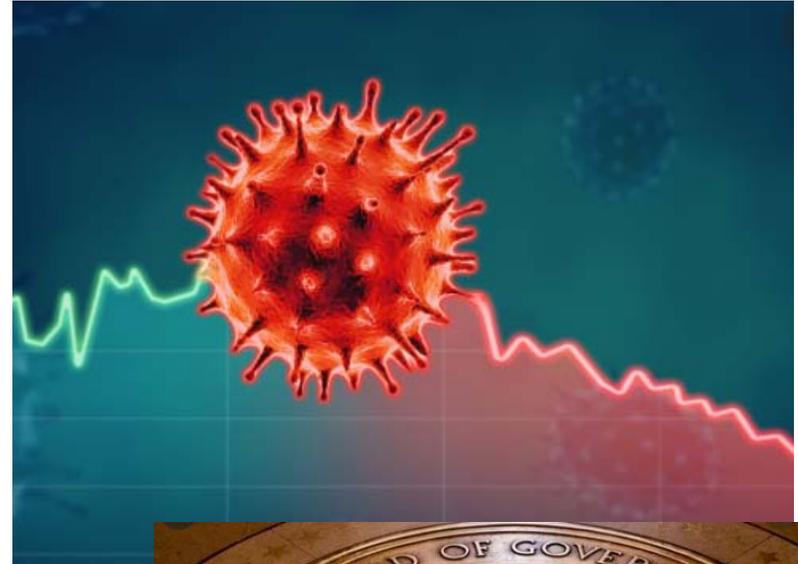
CCM's Diversified Client Base



¹ Non-employee ownership includes friends and family (as of MRQ) ² Impact numbers are approximate figures.

Allocation Considerations and Perspectives

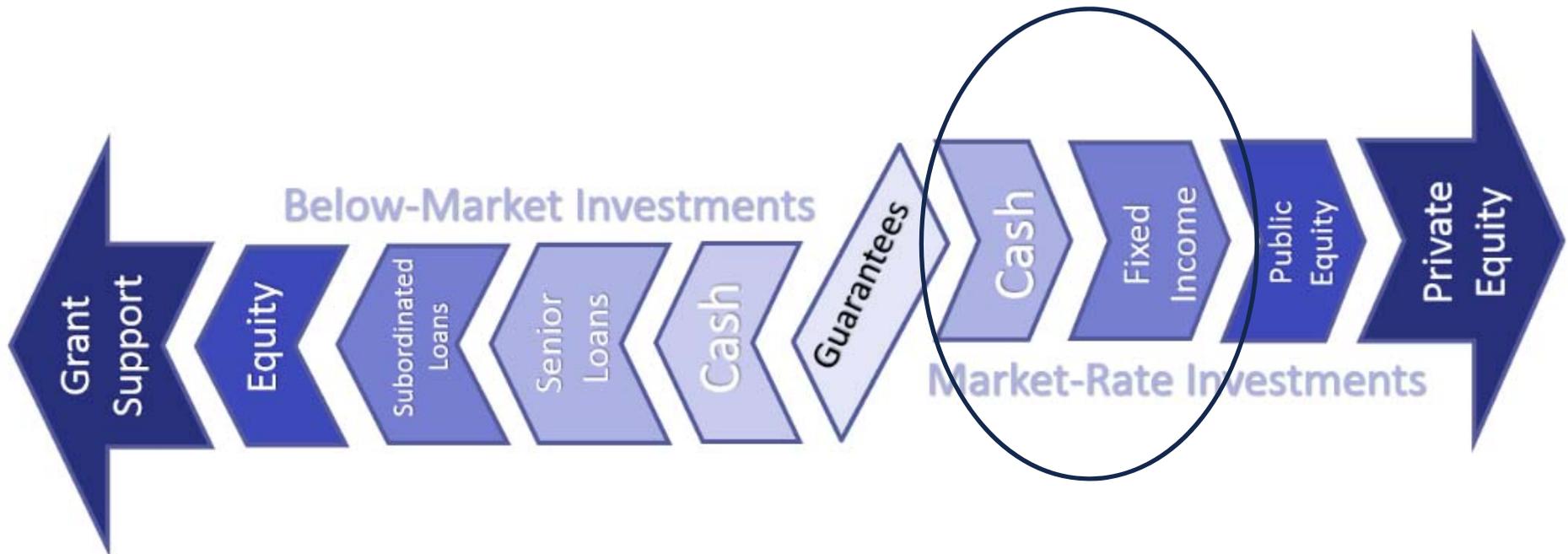
- 1 Impact of COVID-19 on the Economy
- 2 Fed Actions and Implications
- 3 The Time for Impact Investing is Now!



Impact Investment Strategies

	Liquidity	Duration	Income	Investment Risk	Impact Targeting
Cash and Cash Reserves	High	0 – 1 Year	Low	Low	✓
Short-Term	High	1 – 3 Years	Low	Low	✓
Intermediate-Term	Moderate to High	3 – 5 Years	Moderate	Moderate	✓

Impact Investing Spectrum



Cash and Cash Reserves

Traditional Investment Options

- ✓ Higher Yielding Savings Accounts
- ✓ Money Market Funds and Accounts
- ✓ Certificates of Deposits (CDs)

Impact Options

- ✓ Community Financial Development Institutions (CDFIs) deposit accounts
- ✓ Credit Unions deposit accounts

Sample Impact Investment

CNote Promise Account

- CNote Group is an award-winning impact investment platform investing in the causes and communities that matter to you. They work exclusively with CDFIs and low-income designated credit unions that cover all 50 states and allow investors to customize their investments.
- Investors can target 26 unique thematic investing themes, including Refugee Crisis and Immigration Issues, Climate Change, Affordable Housing, and Racial Equity. The platform also maps investments with the UN Sustainable Development Goals.
- Place-Based investing can target specific geographies (from a regional to a city focus) and communities.

CNote Promise Account

- A fully insured cash management solution that gives investors a single place to put their cash to work for positive social impact while achieving attractive market-rate returns by investing across partnered CDFIs and Low-Income Designated Credit-Unions.



Short-term Investments (1-3yrs duration)

Traditional Investment Options

- ✓ Treasury Bills, other Gov't agency short-term securities
- ✓ Mutual Funds/ETFs- Short duration bond funds
- ✓ Short-term Income Strategies – Separate Accounts Portfolios

Impact Options

- ✓ ESG/Impact Short-term Bond Mutual Funds
- ✓ CDFI Asset Backed Securities
- ✓ ESG/Impact Short-term Bond Strategies – Separate Account Portfolios

CCM Sample Impact Investment

Aura (CA/TX/IL/AZ)

Sector: ABS



Impact Story

- The Aura Financial LLC notes represent 21,584 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.
- Aura, formerly known as Insikt, was certified by the U.S. Treasury Department in April 2018 as a Community Development Financial Institution (CDFI). CDFI's are mission-driven financial institutions that provide financial services to meet the needs of economically disadvantaged individuals within underserved communities. In order to become a certified CDFI, the financial institution must: have a primary mission of promoting community development; provide financial products and services; serve one or more defined low-income target markets; maintain accountability to the community it serves; and be a legal non-governmental entity.
- 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.

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CCM Intermediate-Term Fixed Income Strategy

1 Investment grade, intermediate duration bond portfolio that seeks:

- preserve capital
- deliver attractive risk-adjusted returns
- provide a high level of current income
- serve as the ballast in a portfolio

2 The strategy invests in high quality, well-researched bonds that have positive societal impacts

3 The core fixed income impact and ESG investing strategy is **fossil fuel free**

4 The strategy is available in a **mutual fund** and a **separately managed account**

5 The strategy allows clients to direct their investment dollars to target **specific geographies or impact themes**

6 **Customized impact reporting** allows investors to see what *each* bonds is financing and its positive societal impacts

Minority CARES Impact Themes

Minority CARES is a Blend of Eight of CCM's Existing 18 Impact Themes



AFFORDABLE
HEALTH AND
REHAB CARE



AFFORDABLE
HOUSING



ECONOMIC
INCLUSION



EDUCATION
AND
CHILDCARE



ENTERPRISE
DEVELOPMENT
AND JOBS



HUMAN
EMPOWERMENT



MINORITY
ADVANCEMENT



NEIGHBORHOOD
REVITALIZATION

CCM's 18 Impact Themes



AFFORDABLE
HEALTH AND
REHAB CARE



AFFORDABLE
HOUSING



ARTS AND
CULTURE



DISASTER RECOVERY,
RESILIENCE, AND
REMEDATION



ECONOMIC
INCLUSION



EDUCATION AND
CHILDCARE



ENTERPRISE
DEVELOPMENT
AND JOBS



ENVIRONMENTAL
SUSTAINABILITY



GENDER
LENS



GOVERNMENT
SUPPORTED
COMMUNITIES



HEALTHY
COMMUNITIES



HUMAN
EMPOWERMENT



MINORITY
ADVANCEMENT



NEIGHBORHOOD
REVITALIZATION



RURAL
COMMUNITY
DEVELOPMENT



SENIORS
AND THE
DISABLED



SUSTAINABLE
AGRICULTURE



TRANSIT-
ORIENTED
DEVELOPMENT
(TOD)

CCM Sample Impact Investment

Minority and Gender Lens Agency MBS Pool (Nationwide)
Sector: Agency MBS



Impact Story

In 2017, we created what we believe to be the first customized mortgage pool providing capital exclusively to low- and moderate-income minority women borrowers.

Minorities and women face unique challenges to stable, safe, and affordable housing. These challenges are confounded by intersections between race, class, and familial status. Studies have shown that the stability of an affordable mortgage can have profound effects on health outcomes, childhood development, and overall well-being. A so-called “gender neutral” issue like affordable housing does in fact have specific, gender-based impact. It is commonly understood that three quarter (75 percent) of those living in affordable housing are women, and that the main driver is poverty.¹

The total pool size was \$1.4 million which included fourteen loans across eleven states. Twelve of the fourteen loans were made to first-time homebuyers.



¹ https://www.icrw.org/wp-content/uploads/2016/11/gender_lens_on_affordable_housing_by_regender_final-1.pdf

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All resources available by visiting www.ccminvests.com

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