

January 12, 2009

Dear Friend,

One Compass Advisors, investment advisor to New Covenant Funds, has managed and completed the transition of assets from the former sub-advisor of the New Covenant Income Fund (Symbol: NCICX) to three, newly-engaged sub-advisors. After an extensive nationwide search, One Compass Advisors engaged Baird Advisors, Earnest Partners, LLC, and Sterling Capital Management to provide New Covenant Income Fund shareholders with access to three complementary approaches to intermediate core bond portfolio management. Initially, Baird, Earnest, and Sterling will manage approximately 47%, 29%, and 24%, respectively, of New Covenant Income Fund assets. Each firm will use the Barclays Capital Intermediate Aggregate index as a benchmark. One Compass Advisors will monitor absolute risk, relative risk, and investment results at the sub-advisor level, as well as from a consolidated, portfolio perspective.

Each sub-advisor will manage separate intermediate core portfolios, which are intended to provide investment results commensurate with intermediate, investment-grade, fixed-income mandates. One Compass Advisors has provided each sub-advisor with detailed investment guidelines to further define sector limits, quality limits, and socially-responsible investment criteria.

Baird, headquartered in Milwaukee, Wisconsin, will manage an intermediate core portfolio with a duration-neutral goal that will attempt to mitigate relative risk associated with changes in interest rates. Earnest, located in Atlanta, Georgia, will manage an intermediate core portfolio emphasizing AAA-rated securities that are backed by the full faith and credit of the U.S. Treasury, but are not Treasury securities. Sterling, headquartered in Charlotte, North Carolina, will attempt to capitalize on duration, sector, and credit opportunities in its intermediate core portfolio.

In addition to managing intermediate core portfolios, Baird and Sterling will each manage separate transition portfolios. The transition portfolios will be comprised primarily of mortgage-backed securities and corporate bonds, which were purchased by the former sub-advisor to the New Covenant Income Fund. At this time, we believe that market pricing does not reflect the fundamental value of assets in the transition portfolios. One Compass Advisors established the transition portfolios to enable Baird and Sterling to hold discounted securities until efficiency returns to the credit markets and certain of the securities can be sold at reasonable prices.

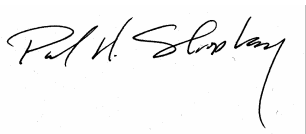
Current conditions in the credit market made it imperative to engage sub-advisors that emphasize fundamental credit analysis, rather than statistical or technical analysis. As historical pricing relationships have been invalidated by unintended consequences of government intervention and global financial stress, many traditional statistical models have been rendered ineffective. Knowing the nature of the underlying borrower is more essential than ever. We are confident that our new sub-advisors have the right perspective.

It is also important to note that we transferred assets in-kind, so no securities were sold during the transition. This tactic shielded New Covenant Income Fund shareholders from costly bid/ask spreads and liquidity premiums that prevail at this time.

We have been delighted with Baird, Earnest, and Sterling throughout the transition process. Each sub-advisor is focused on helping us do what is in the best interest of New Covenant Income Fund shareholders. We look forward to working with them to provide competitive returns in a socially-responsible framework.

As always, we appreciate your trust and thank you for your business.

Respectfully,



Paul H. Stropkay, CFA
Chief Investment Officer

An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the fund's prospectus. To obtain a prospectus, please call 1-877-835-4531 (or visit www.newcovenantfunds.com). Please read the prospectus carefully before investing.

It is not possible to invest directly in any index. Unlike a mutual fund, the performance of an index assumes no transaction costs, taxes, management fees or expenses.

Bond Funds will tend to experience smaller fluctuations in value than stock funds; therefore, fluctuations in price, especially for longer-term issues and in environments of rising interest rates should be anticipated. Asset-backed and mortgage-backed securities are generally subject to higher prepayment risks than other types of debt securities, which can limit the potential for gain in a declining interest rate environment and increase the potential for loss in a rising interest rate environment.

New Covenant Funds are offered through New Covenant Funds Distributor, Inc., 200 E. Twelfth St., Jeffersonville, IN 47130 (877-835-4531), a member of FINRA. One Compass Advisors is the investment adviser for the Funds and receives a fee for its service.

Investments offered are not a deposit or other obligation of, or guaranteed or insured by the New Covenant Trust Co., N.A., the FDIC or any Government Agency. Investments involve certain risks, including the possible loss of principal.