New Covenant Funds

April 2022

- Global equities posted their largest one-month decline since March 2020 and most major equity markets delivered their poorest monthly performances of 2022.
- Government bond interest rates increased across all maturities in the U.K., eurozone and U.S. Generally, longer-term rates increased by more than short-term rates.
- In periods of unusual stress, a clear philosophy and process can guide calm, rational, long-term decision making.

Economic Backdrop

April's market action extended the trends that shaped the first quarter. Equities and bonds tumbled, while commodities climbed.

Global equities posted their largest one-month decline since March 2020 and most major equity markets delivered their poorest monthly performances of 2022. Developed-market stocks fared worse than emerging markets.

The selloffs in U.K. and mainland Chinese equities were comparably shallow against the broad-based decline. Hong Kong stocks fell by a bit more, followed by European equities, while Japanese and U.S. stocks suffered steeper losses. Growth-oriented equities tumbled by considerably more than value-oriented stocks.

Government bond interest rates increased across all maturities in the U.S., U.K. and eurozone during April. Generally, longer-term rates increased by more than short-term rates, resulting in steeper yield curves and partially reversing the flattening (and, in the case of Treasurys, inversion) that had taken place in recent months.

Bonds were universally negative in April as interest rates climbed (yields and prices have an inverse relationship). Inflation-indexed securities experienced relatively modest declines, while corporate bonds tumbled, and emerging-market debt delivered the deepest losses.

The sustained commodities rally was mild compared to its first-quarter pace with the exception of natural gas. The spot price of natural gas leapt by 30.5% in April, while Brent and West-Texas Intermediate crude oil prices gained 2.32% and 4.4%, respectively. Wheat prices climbed by 4.95%.

The U.S. dollar continued to strengthen against most other currencies, climbing 4.73% during April according to the U.S. Dollar Index (DXY).

International Energy Agency (IEA) member nations announced plans in early April to release 120 million barrels of crude oil from their strategic reserves over a six-month period, representing the largest release since the IEA's establishment in 1974. Half of the total will be drawn from U.S. reserves.

The EU moved closer to banning Russian oil imports at the end of April as German representatives yielded their original opposition to the plan. The German government reported that dependence on Russian oil could end this summer, paving the way for EU-wide sanctions. An early-April ban imposed by the EU on Russian coal was expected to hit 25% of all Russian coal exports.

Gazprom, Russia's state-controlled natural gas conglomerate, announced that supplies to Poland and Bulgaria would be turned off in late April given their refusal to pay for gas in rubles.

In mid-April, Sweden and Finland announced their intentions to join NATO on a fairly short timeline. The Scandinavian countries are working through respective internal reviews and debates with next steps expected in the middle of May.

Two high-level U.S. delegations visited Ukraine toward the end of April as the country faced a Russian advance in the east and a worsening siege in the southeast. The first visit, by Antony Blinken (the Secretary of State) and General Lloyd

Austin (the Secretary of Defense), came with a pledge of $300 million in defense financing and an approval for $165 million in ammunition sales. The second, a Congressional delegation led by Speaker of the House Nancy Pelosi, coincided with Congressional consideration of the Biden administration's budget request for $33 billion in funding for Ukrainian defense and longer-term aid.

The Congress passed a bill terminating the most-favored-nation trade status that Russia and Belarus have enjoyed, paving the way for higher tariffs and duties on imports from the two countries. The ban on Russian energy imports that was enacted via executive order following Russia's invasion of Ukraine was also formally passed into law.

Central Banks

- The Federal Open Market Committee (FOMC) did not hold a meeting in April after voting to increase the federal funds rate by 0.25% in mid-March—its first rate hike since December 2018—and concluding new asset purchases. At its early May meeting, the central bank increased the benchmark rate by 0.50%—to a range between 0.75% and 1%—the first hike of its size since 2000. The FOMC also announced it will begin to reduce its balance sheet in June, allowing Treasurys and mortgages to run off (that is, mature without being replaced) at maximum respective paces of $60 billion and $35 billion per month.

- The Bank of England's (BOE) Monetary Policy Committee (MPC) did not meet in April. In mid-March, it increased the bank rate to 0.75% and has begun to reduce the size of its balance sheet by ceasing to re-invest proceeds from its asset-purchase program and through corporate bond sales.

- Following its mid-April monetary policy meeting, the European Central Bank (ECB) restated its commitment to winding down its Asset Purchase Programme—which will conclude in the third quarter following monthly net purchases of €40 billion in April, €30 billion in May and €20 billion in June.
- The Bank of Japan (BOJ) redoubled its commitment to loose monetary policy at its late-April meeting. Its short-term interest rate remained at -0.1% and the 10-year Japanese government-bond (JGB) yield target held near 0%. The central bank offered unlimited purchases of 10-year JGBs at 0.25% in order to keep its yield within BOJ's acceptable range.

Index Data (April 2022)

- The Dow Jones Industrial Average diminished by 4.82%.
- The S&P 500 Index fell by 8.72%.
- The NASDAQ Composite Index decreased by 13.24%.
- The MSCI ACWI (Net), used to gauge global equity performance, deteriorated by 8.00%.
- The Bloomberg Global Aggregate Index, which represents global bond markets, declined by 5.48%.
- The Chicago Board Options Exchange Volatility Index, a measure of implied volatility in the S&P 500 Index also known as the "fear index", advanced from 20.56 to 33.40.
- WTI Cushing crude oil prices, a key indicator of movements in the oil market, inflated from $100.28 a barrel at the end of March to $104.69 on the last day in April.
- The U.S. dollar ended the month at $1.26 against sterling, $1.06 versus the euro and at 129.85 yen.

Portfolio Review

Results in the Growth Fund were modestly positive during the month. The environmental, social and governance screen (ESG) led to an unfavorable underweight to energy stocks. The Growth Fund's underweight to low-quality stocks contributed. Stock selection within financials and health care enhanced returns.

During the quarter, the Income Fund suffered from an overweight to corporate bonds. Other detractors included an overweight to asset-backed securities (ABS); an overweight to the long-term segment of the U.S. Treasury yield curve, an underweight to taxable municipals bonds; a small allocation to non-U.S.-dollar currencies; allocations to hard and local currency debt; exposure to high-yield bonds; and a higher-quality bias within commercial mortgage-backed securities (MBS). The Fund gained on an underweight to agency MBS and security selection within CMBS. Other contributors included an overweight to non-agency MBS and selection within collateralized loan obligation (CLO) market. Western Asset Management suffered due to its long duration posture. Corporate credit exposure was negative. Off-benchmark allocations to non-U.S. dollar-denominated currencies hurt. An underweight to agency MBS detracted, as did an overweight to the long-term segment of the U.S. Treasury yield curve. Western's security selection within CMBS was positive. Income Research & Management benefited from strong selection within consumer non-cyclical and transportation. An underweight to agency MBS contributed. An overweight to and poor selection in ABS and commercial MBS anchored returns.

Manager Positioning and Opportunities

The Growth Fund employs a passive strategy designed to track the performance of the Russell 3000 Index, which represents the largest 3,000 U.S. companies and approximately 98% of the investable U.S. equity market, subject to such variation as may arise as a result of implementation of the social witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

Fixed-income markets have signaled improved growth prospects on the tail of higher interest rates. Inflation expectations are higher in the short term and long term. Inflation expectations have risen above the Fed's target and rest at their highest levels in over a decade. We share the Federal Reserve's sentiment that higher short-term inflation will likely be transitory. Securitized sectors remain attractive in our view, especially agency mortgage-backed securities. The Income Fund's duration positioning began the quarter slightly neutral the benchmark, but ended the period slightly underweight. Duration is a measure of risk in bond investing and indicates how price-sensitive a bond is to changes in interest rates. A long (overweight) duration stance indicates the portfolio duration is higher than that of the benchmark whereas a short (underweight) duration stance indicates a lower duration. Duration is measured in years and securities with longer durations are more sensitive to interest-rate changes. With yields near historic lows, the Fund's managers are likely to stay close to neutral until volatility subsides. It was overweight corporate bonds as managers viewed them as a better relative value despite higher prices than last year. Within the long-term overweight to securitized sectors, commercial MBS and ABS were the largest allocations while the agency MBS allocation was close to that of the benchmark. An overweight to off-benchmark non-agency MBS remained as the sector continued to trade at attractive spreads.

The New Covenant Balanced Growth Fund invests about 60% of its assets in the Growth Fund and 40% in the Income Fund. The New Covenant Balanced Income Fund invests about 35% of its assets in the Growth Fund and about 65% in the Income Fund.

Financial Glossary:

Federal-funds rate: The federal-funds rate is the interest rate at which a depository institution lends immediately-available funds (balances at the U.S. Federal Reserve) to another depository institution overnight in the U.S.

Index Glossary:

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and NASDAQ.

The S&P 500 Index is an unmanaged, market-capitalization weighted index that consists of the 500 largest publicly traded U.S. companies and is considered representative of the broad U.S. stock market

The NASDAQ Composite Index is an unmanaged, market-capitalization weighted index that consists of all securities listed on the NASDAQ exchange. It is often used to gauge performance of global technology stocks.

The MSCI All Country World Index is a market-capitalization-weighted index composed of over 2,000 companies, and is representative of the market structure of 48 developed and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in U.S. dollars.

The Bloomberg Global Aggregate Bond Index (formerly Lehman Brothers Global Aggregate Index), an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

The Russell 3000 Index includes 3000 of the largest U.S. equity securities based on market cap and current index membership; it is used to measure the activity of the U.S. equity market.

The Bloomberg Intermediate U.S. Aggregate Bond Index is an unmanaged benchmark index composed of U.S. securities in Treasury, government-related, corporate, and securitized sectors with remaining maturities of less than 10 years.

Important Information

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-877-835-4531.

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For those New Covenant Funds which employ the "manager of managers" structure, SEI Investments Management Corporation (SIMC) has ultimate responsibility for the investment performance of the Funds due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement. SIMC is the adviser to the New Covenant Funds, which are distributed by SEI Investments Distribution Co. (SIDCO). SIMC and SIDCO are wholly owned subsidiaries of SEI Investments Company.

To determine if the Fund(s) are an appropriate investment for you, carefully consider the investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus, and if available, the summary prospectus, which can be obtained by calling 1-877-835-4531. Read the prospectus carefully before investing.

There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments. Mortgage-backed securities are affected by, among other things, interest rate changes and the possibility of prepayment of the underlying mortgage loans. Mortgage backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.

Diversification may not protect against market risk. There is no assurance the objectives discussed will be met. Past performance does not guarantee future results Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index.

- **Not FDIC Insured**
- **No Bank Guarantee**
- **May Lose Value**