New Covenant Funds.

Global equity markets experienced a downturn during the third quarter of 2023. There were numerous periods of volatility amid investors' uncertainty regarding the implications of a higher-for-longer interest-rate environment, as well as worries about China's weakening economy. These offset a market rally in July prompted by optimism that the U.S. Federal Reserve (Fed) might be able to curb inflation while piloting the economy to a "soft landing." Most global fixed-income assets lost ground over the quarter. U.S. Treasury yields moved higher across all segments of the yield curve, particularly one- and two-month bills (bond prices move inversely to yields). While predictions of a downturn in business activity during 2023 have been widely held since the end of last year, the U.S. economy has mostly surprised to the upside. Recession calls are now in the minority, with the latest plane analogy going from "hard landing" to "soft landing," and even to "no landing."

Economic backdrop

Global equity markets experienced a downturn during the third quarter of 2023. There were numerous periods of volatility amid investors' uncertainty regarding the implications of a higher-for-longer interest-rate environment, as well as worries about China's weakening economy. These offset a market rally in July prompted by optimism that the Fed might be able to curb inflation while piloting the economy to a soft landing. Emerging markets modestly outperformed their developed-market counterparts for the period. The Nordic countries recorded comparatively smaller losses and were the top performers among developed markets for the quarter, benefiting mainly from strength in Norway and Denmark. Europe was the weakest-performing developed market over the period attributable largely to notable losses in the Netherlands and Portugal. In contrast, within the emerging markets, Europe garnered a positive return and was the top performer during the month, bolstered mainly by a double-digit gain in Turkey. Conversely, the Eastern Europe ex. Russia region was the primary laggard among emerging markets due to weak performance in Poland.[1]

As widely expected, the Fed increased the federal-funds rate by 25 basis points (0.25%) to a range of 5.25%-5.50% at its meeting in late July, and subsequently left its benchmark interest rate in a range unchanged following its meeting in September. In a statement announcing the pause in September, the Federal Open Market Committee (FOMC) reiterated its commitment to bringing

[1] All equity market performance statements are based on the MSCI All-Country World Index (ACWI).

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inflation down to its 2% target rate and cautioned that “tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The extent of these effects remains uncertain.” The central bank also commented that it “would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee’s goals.”

China, the world’s second-largest economy, recently has experienced relatively weak credit growth, a downturn in exports, and a year-over-year decline in consumer prices. Lower demand for goods and services from Chinese consumers could have a negative impact on other countries’ exports of iron ore, crude oil, factory equipment, and luxury goods into the country. U.S.-based manufacturers of chemicals and heavy machinery have cautioned that they may experience a slowdown of sales in China. Additionally, a large property developer filed for protection under Chapter 15 of the U.S. bankruptcy code, which safeguards non-U.S. companies that are undergoing debt restructurings from creditors seeking to sue the firms or to freeze their assets in the U.S.

Most global fixed-income asset classes lost ground in the third quarter. However, U.S. high-yield bonds registered positive returns and were the top performers within the U.S. market for the period.[2] U.S. corporate bonds, U.S. Treasurys, and mortgage-backed securities (MBS) declined.[3] Treasury yields moved higher across all segments of the yield curve, particularly one- and two-month bills (bond prices move inversely to yields). The yields on the 2-, 3-, 5- and 10-year Treasury notes rose 0.16%, 0.31%, and 0.47%, respectively, over the quarter. The spread between 10- and 2-year notes moved from -1.06% to -0.62% during the period, and the yield curve remained inverted.

Global commodity prices generally moved higher during the quarter. The West Texas Intermediate (WTI) crude-oil spot price and the Brent crude oil price climbed 28.5% and 23.7%, respectively, in U.S. dollar terms, on expectations that production output cuts from the Organization of the Petroleum Exporting Countries (OPEC) and Russia would continue through the end of 2023. The New York Mercantile Exchange (NYMEX) natural gas price rose 5.6% over the period, benefiting from strong demand due to record-high temperatures in the U.S., particularly in the southwestern region of the country. Conversely, the 3.3% decline in the gold spot price for the quarter was attributable to strength in the U.S. dollar. Wheat prices fell 16.8% over the period, hampered by Russia’s shipments of large quantities of cheaply priced grain.[4]

Central banks

- As previously noted, the Fed maintained the federal-funds rate in a range of 5.25% to 5.50% following its meeting in September. The Fed’s so-called dot plot of economic projections indicated a median federal-funds rate of 5.6% at the end of 2023, unchanged from its previous estimate issued in June, implying that the central bank could opt for an additional 25-basis point (0.25%) increase at one of its two remaining policy meetings this year. The Fed also projected a reduction in the federal-funds rate to 5.1% by the end of 2024—down from its current range of 5.25% to 5.50%, but higher than the central bank’s previous estimate of 4.6%.

- In a split 5-4 vote at its meeting on September 21, the Bank of England (BOE) left the Bank Rate unchanged at a 15-year high of 5.25%. Four BOE Monetary Policy Committee members supported a 25-basis point increase. In its announcement of the pause in its rate-hiking cycle, the BOE noted that “inflation is expected to fall significantly further in the near term, reflecting lower annual energy inflation, despite the renewed upward pressure from oil prices, and further declines in food and core goods price inflation. Services price inflation, however, is projected to remain elevated in the near term, with some potential month-to-month volatility.”

- The European Central Bank (ECB) increased its benchmark interest rate by 0.25% to 4.25% following its meeting in mid-September. In a statement announcing the rate hike, the ECB’s Governing Council noted, “Inflation continues to decline but is still expected to remain too high for too long…[We] will continue to follow a data-dependent approach to determining the appropriate level and duration of restriction. In particular, the Governing Council’s interest rate decisions will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation, and the strength of monetary policy transmission.” Additionally, the ECB lowered its economic projections, and currently forecasts that the eurozone economy will expand by 0.7% in 2023, 1.0% in 2024 and 1.5% in 2025.

- The Bank of Japan (BOJ) left its benchmark interest rate unchanged at -0.1% following its meeting on September 21-22. In a statement announcing the rate decision, the central bank commented, “Japan's economy has recovered moderately. The pace

[2] According to the ICE BofA U.S. High Yield Constrained Index.
[3] According to the ICE BofA U.S. Corporate, ICE BofA U.S. Treasury, and Bloomberg US Mortgage Backed Securities indexes.
[4] According to market data from The Wall Street Journal.

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of recovery in overseas economies has slowed. Although exports and industrial production have been affected by the developments in overseas economies, they have been more or less flat, supported by a waning of the effects of supply-side constraints." During its previous meeting in late July, the central bank set a rigid upper yield limit of 1.0% for the 10-year Japanese government bond (JGB). The 10-year JGB yield rose 37 basis points to 0.77% over the quarter.

Index data (Third quarter 2023)

- The Dow Jones Industrial Average decreased by 2.10%.
- The S&P 500 Index fell by 3.27%.
- The NASDAQ Composite Index decreased by 3.94%.
- The MSCI ACWI (Net), used to gauge global equity performance, depreciated by 3.40%.
- The Bloomberg Global Aggregate Index, which represents global bond markets, decreased by 3.59%.
- 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 13.59 in June to 17.52.
- WTI Cushing crude oil prices, a key indicator of movements in the oil market, rose from $70.64 a barrel in June to $90.79 at the end of September.
- The U.S. dollar ended the quarter at $1.22 against sterling, $1.06 versus the euro, and at 149.23 yen.

Portfolio review

In an environment where stocks generally produced negative returns, the Growth Fund produced a return slightly behind that of its benchmark during the quarter. Energy was the quarter's best performer by a wide margin. Real estate and utilities lagged other sectors for the period. An underweight to the outperforming energy sector and holdings in industrials detracted.

During the quarter, the Income Fund's performance was mixed. An overweight to 30-year U.S. Treasurys detracted with the yield curve steepening. Other detractors included an overweight to agency mortgage-backed securities (MBS) and an underweight to taxable municipals. Contributors included overweights to corporate bonds, financials, asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS), allocations to non-agency mortgages, non-agency CMBS, student loans, and AAA collateralized loan obligations (CLOs), and selection in money center banks and higher-quality CMBS tranches. Western Asset Management struggled as yields rose and the yield curve steepened over the quarter, given its longer duration posture and overweight to 30-year Treasurys. An overweight to agency MBS also detracted. This was partially offset by overweights to corporate bonds, including industrials and money center banks, ABS, CMBS, and non-corporates, allocations to non-agency mortgages and AAA CLOs, and selection in CMBS and dollar-denominated sovereigns and foreign agencies. Income Research & Management's overweights to CMBS, ABS, and corporate bonds, including financials, enhanced performance. Selection in ABS and money center banks contributed as well. Detractors included an underweight to non-corporates and selection in agency MBS, energy, and consumer non-cyclicals.

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.).

The Income Fund's allocations changed modestly over the quarter, most notably an overweight to agency MBS, which increased in late March and has increased gradually since. The Fund remained overweight ABS, corporate bonds, and CMBS as well. Managers have been selectively adding to corporate positioning in financials and, to a lesser extent, industrials and paring back in issuers whose valuations are ahead of fundamentals. Duration was slightly long with overweights in the belly and the long end of the yield curve. As two-year Treasury yields moved higher in reaction to repricing from the Fed, managers may begin adding in the two-year to five-year segment of the yield curve. Overall, the managers remain defensive and will use periods of volatility to add attractively priced securities to portfolio. We anticipate that heightened volatility will likely remain, as tightening lending conditions, slower growth, and recession risks continue to be priced into the market.

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.

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Glossary

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.

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.

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.

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.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the Funds or any stock in particular, nor should it be construed as a recommendation to purchase or sell a security, including futures contracts. There is no assurance as of the date of this material that the securities mentioned remain in or out of New Covenant Funds.

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.

The Funds seek to invest consistent with social-witness principles established by the General Assembly of the Presbyterian Church (U.S.A.) (the "Presbyterian Principles"), as reflected in Guidelines put forth by the Committee on Mission Responsibility Through Investing (the "Committee"). The Funds seek to avoid investing in companies involved in tobacco, alcohol, and gambling, along with for-profit prisons, and some companies related to weapons production, antipersonnel and mines, handguns and assault weapons. In addition, at times a company involved in serious human rights violations may also be screened. The Funds may also screen companies for other reasons when deemed appropriate to implement the Presbyterian Principles. The Funds may choose not to purchase, or may sell, otherwise profitable investments in companies which have been identified as being in conflict with

its established social-witness principles. This means that the Funds may underperform other similar mutual funds that do not consider social-witness principles in their investing.

The Funds' Sub-Advisers will also consider environmental, social, and governance (“ESG”) criteria in the selection of securities for the Funds' portfolios. Each Sub-Adviser has the ability to consider its own ESG criteria based on its own ESG methodologies and assessments or those of third-party providers. The consideration of such ESG criteria as part of the decision-making process may result in the selection of individual securities that are not in the Funds' benchmark, or the overweighting or underweight of individual securities relative to the benchmark.

Sustainalytics, a Morningstar Company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. For more information, visit www.sustainalytics.com

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.

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- May Lose Value

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