

Item A.209  
Information

# Presbyterian Mission Agency

Investment Review & Discussion

April 15 - 17, 2015

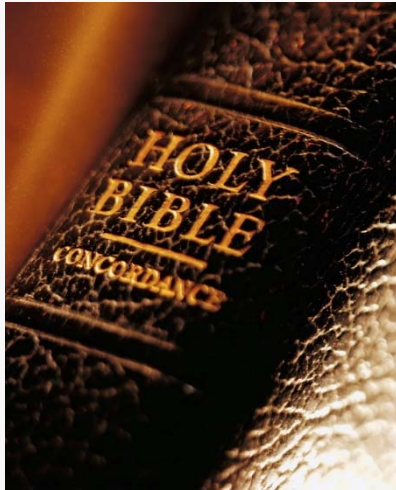
*You will be enriched in every  
way for your great generosity,  
which will produce  
thanksgiving to God.*

**2 Corinthians 9:11**

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# Presbyterian Foundation

Assets Under Management \$1.7 Billion



Serving the Presbyterian Church

Founded 1799

1821 - 1st Endowment Established  
Provides Funds for Mission Today



Permanent Endowment Funds  
Donor Advised Funds



Funds with a Mission



NEW COVENANT TRUST COMPANY

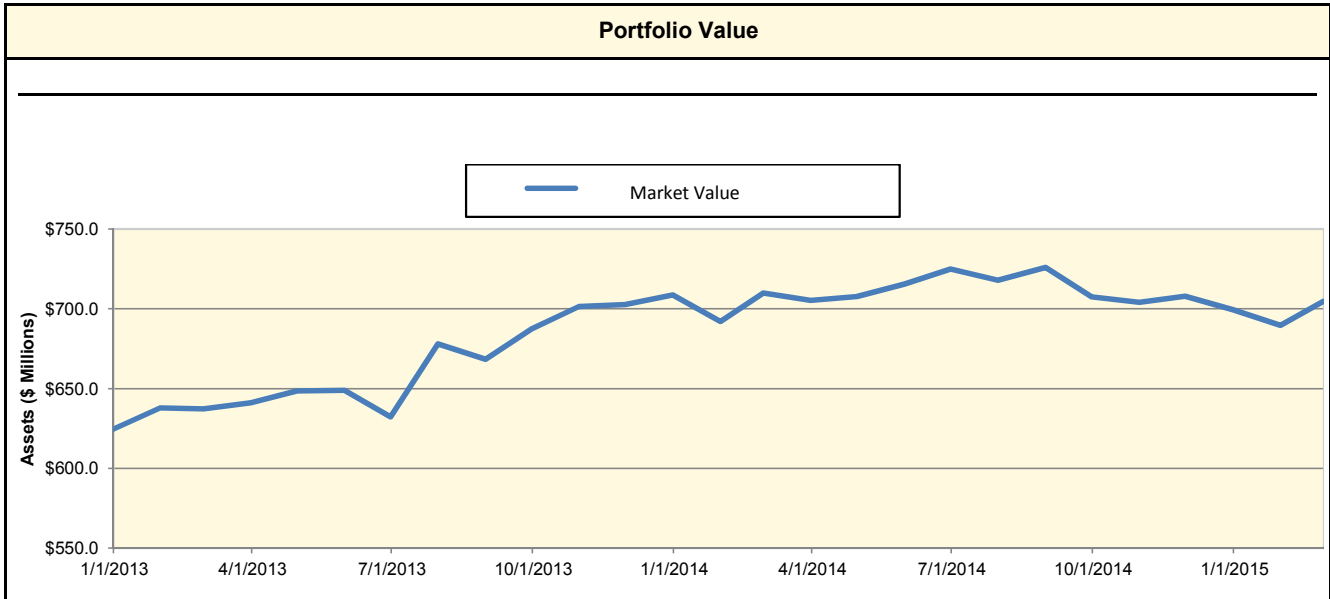
Endowment Investment Management  
Charitable Remainder Trusts

<b>Summary of Accounts for Presbyterian Mission Agency</b>		
	<b><u>New Covenant Funds</u></b>	<b><u>Permanent Funds</u></b>
Market Value as of 12/31/14	\$149,966,157	\$326,973,532
Asset Classes	US & International Equity, US Fixed Income	US & International Equity and Fixed Income, Hedge Funds, Private Equity Real Assets, Alternative Assets
Investment Advisor	SEI	Cambridge Associates
Investment Objective	Growth, Income	Endowment Model: Provide stream of stable and constant earnings to support annual spending and preserve/enhance real purchasing power of the fund.
Asset Allocation	Balanced Moderate Allocation 62% Equity/38% Fixed Income	Stocks 44%, Bonds 20%, Private Equity 7% Hedge Funds 24%, Real Assets 5%
Mission Responsibility Through Investment	Yes	Yes
# of Investment Managers	6	40
Title	Investor Holds Title	Presbyterian Foundation Holds Title Beneficiary Holds Income Interest
Spending Formula	Withdrawals at Investor's Discretion and Timing	4.25% of 20 Quarter Rolling Average
Investment Authority	Self Directed	Cambridge Associates has Sole Discretion
Rebalancing	Self Directed	Rebalanced to Policy Benchmark
Performance Monitoring	Monthly	Monthly
Valuation	Daily Priced/Daily Liquid	Quarterly Valuation/Restricted Liquidity
Statements On-	Quarterly	Quarterly
Line Viewing	Yes	Yes

# Permanent Endowment Funds



**Presbyterian Church Foundation – Presbyterian Endowment Fund (PEF)**  
**Portfolio Review** (net of fees) as of February 28, 2015



**Cash Flows through 02/28/15**

	Latest Month 01/31/15 - 02/28/15	FYTD 03/31/14 - 02/28/15	Cumulative Trailing 1 Year	Annualized Since CJA Oversight
<b>Opening Balance</b>	\$ 689,585,934	\$ 705,170,478	\$ 709,784,525	\$ 624,356,034
<b>Net Contributions</b>	\$ (867,634)	\$ 513,091	\$ (304,874)	\$ 37,979,025
<b>Beneficiary Payments</b>	\$ (2,298,395)	\$ (26,432,730)	\$ (28,826,058)	\$ (63,653,210)
<b>Change in Value</b>	\$ 14,986,742	\$ (597,802)	\$ (5,211,850)	\$ 80,216,641
<b>Closing Balance</b>	\$ 704,572,675	\$ 704,572,675	\$ 704,572,675	\$ 704,572,675

*\*Sourced from Northern Trust*

**Performance as of 02/28/15**

Composite (Inception Date)	Latest Month 01/31/15 - 02/28/15	FYTD 03/31/14 - 02/28/15	Cumulative Trailing 1 Year	Annualized Since CJA Oversight
<b>CA Managed PEF (12/31/10)</b>	<b>3.2</b>	<b>3.0</b>	<b>2.8</b>	<b>8.0</b>
Policy Benchmark (12/31/10)	3.0	3.6	3.8	8.6
Value Added	0.2	-0.7	-1.0	-0.6

Note: CJA Oversight began as of 12/31/12. Portfolio Value graph begins at commencement of CJA Oversight. See Endnotes for benchmark compositions.

## PEF Performance Summary (As of December 31, 2014)

Portfolio	Total Assets (\$ mm)	Total Return (%)				Standard Deviation (%)*	
		4Q 2014	Cumulative Trailing 1 Year	Annualized Trailing 3 Years	Annualized Trailing 5 Years	Annualized Trailing 3 Years	Annualized Trailing 5 Years
<b>CA Managed PEF<sup>1</sup></b>	<b>\$695.2</b>	<b>-0.3</b>	<b>2.2</b>	<b>9.2</b>	<b>7.5</b>	<b>6.4</b>	<b>9.2</b>
Policy Benchmark <sup>2</sup>		-0.3	3.3	9.1		6.5	
<i>Value Added</i>		<i>0.0</i>	<i>-1.1</i>	<i>0.1</i>			
<b>Market Indices</b>							
MSCI All Country World Index		0.5	4.7	14.7	9.7	10.0	15.2
S&P 500 Index		4.9	13.7	20.4	15.5	9.3	14.4
Russell 2000® Index		9.7	4.9	19.2	15.5	12.6	19.0
MSCI EAFE Index		-3.6	-4.9	11.1	5.3	12.4	16.9
MSCI Emerging Markets Index		-4.4	-1.8	4.4	2.1	13.9	17.9
Bloomberg Commodity Index Total Return		-12.1	-17.0	-9.4	-5.5	13.9	15.8
Barclays U.S. TIPS Index		0.0	3.6	0.4	4.1	5.8	5.4
Barclays Government/Credit Bond Index		1.8	6.0	2.8	4.7	2.8	3.6

<sup>1</sup> Represents CA Managed PEF from 12/31/2010 to present. Data prior to 12/31/2010 represents returns of all PEF assets, including MRI Fixed Income.

<sup>2</sup> Policy Benchmark reflects the long-term asset allocation policy targets of PEF.

\* Standard Deviation is measured using quarterly data.

# Presbyterian Endowment Fund

## 2014 Performance Commentary

There were several drivers of underperformance versus the Policy Benchmark during 2014.

- First, we have a more defensive posture and hold more cash than the Policy Benchmark. Our view is that equity valuations (and bond valuations) are extended. This defensive view is primarily implemented through our US equity managers given stretched valuations. Our US equity managers did not keep pace with the narrow rally in US stocks last year.
- Second, we are value investors. We look to own assets that are cheap that will outperform over a market cycle. As an example, we are currently overweight emerging market stocks and underweight US stocks given relative valuations. But while valuations are good predictors of long-term performance, they are not strong predictors of near-term performance. 2014 was a good example of value strategies generally being out of favor.
- Third, 2014 was a difficult year for active managers to add alpha. This has been well publicized by the press. These conditions are typically cyclical, and we expect material alpha in the long run. Continued money printing from global central banks tend to drive all risk assets up. As managers rely on dispersion between stocks and bonds, easy money from central banks should continue to be a headwind to active managers in the near-term.
- Finally, the diversified investment strategy we pursue did not pay in 2014. This is unrelated to PEF's underperformance versus the Policy Benchmark, which itself is diversified. But it is important to note that as part of our diversified strategy we hold material exposure to assets other than US stocks and bonds, the two top performers last year.

As of December 31, 2014

## Performance

For calendar year 2014, CA Managed PEF returned +2.2% compared to +3.3% for the Policy Benchmark and +4.7% for global public equities (MSCI All Country World Index). Versus Policy, manager selection (-0.5%) and tactical asset allocation tilts (-0.4%) each modestly detracted as U.S. stocks meaningfully outperformed emerging market stocks and the narrow rally in U.S. stocks made it difficult for the active managers to keep up.

## Investment Manager Hires/Terminations Since Last Meeting

Since the last meeting, we adjusted the implementation of our natural resource equity exposure by terminating an active manager and reinvesting the capital in a basket of two passive natural resource equity strategies. We terminated the active manager due to a change in conviction based on recent performance and overall strategy.

We terminated one hedge fund manager due to a change in conviction in the sector-fund approach as well as concern about investor concentration with year-end liquidity following lackluster performance. We hired one additional hedge fund manager (global long/short equity) as a replacement and upgrade for a fully redeemed hedge fund manager. (global long/short equity).

We committed capital to one private investment manager.

## Current Portfolio Positioning

We continue to maintain equity exposure in-line with the Policy Benchmark, coupled with a short duration bias within fixed income. Within public equities, we continue to modestly favor emerging market versus U.S. equities given relative valuations. Finally, we rebalanced the portfolio during the quarter to take advantage of market volatility.

The most recent private investment commitment shows continued progress in adding high conviction opportunities that will enhance the Fund's returns.



## PEF Purpose, Characteristics and Investment Objective

### Definition of Presbyterian Foundation “PEF Assets”:

- ◆ Multiple beneficiaries including: churches, the General Assembly, the Foundation and other Presbyterian related entities

### Spending Policy:

- ◆ 4.25% of 5-year moving average of quarterly valuations on 18 month lag
- ◆ Distributions made monthly

### Financial Objective:

- ◆ Provide a stream of relatively stable and constant earnings in support of annual payout
- ◆ Preserve and enhance the real (inflation adjusted) purchasing power of the fund

### Unique Considerations:

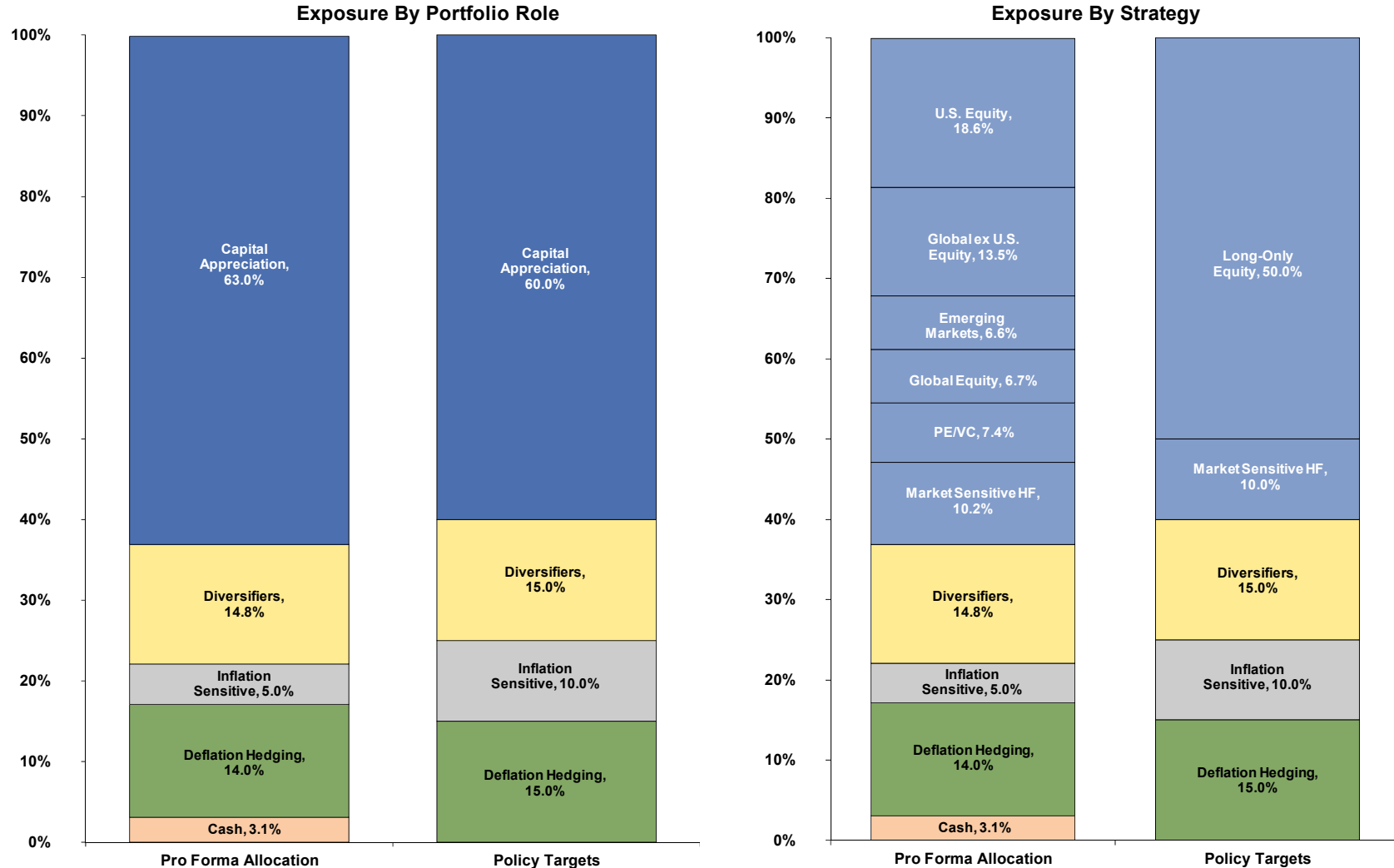
- ◆ All assets must be invested in compliance with MRI policy
- ◆ All assets must be valued quarterly within specific time period to determine payout to beneficiaries

### Investment Objective:

- ◆ Primary: Real annualized return of at least 5% net of investment and administrative expenses, on average, over a market cycle
- ◆ Secondary: (1) Outperform the Policy Benchmark; (2) Outperform the median return of a pool of endowment funds with broadly similar investment objectives and policies

## Current PEF Portfolio Exposures

Close to policy targets with modest tactical tilts. As of 12/31/14, CA Managed PEF stood at \$695mm.



<b>Estimated Beta (to MSCI ACWI)<sup>1</sup></b>	0.7	0.7	0.7	0.7
<b>Weighted Portfolio Duration (Yrs.)<sup>2</sup></b>	0.5	0.9	0.5	0.9

Note: Allocations may not sum to 100% due to rounding. Allocation has been updated to incorporate the inception of Hitchwood.

<sup>1</sup> Estimated beta calculated based on 24 months of history exponentially weighted.

<sup>2</sup> Estimated weighted portfolio duration assumes 12/31 manager and benchmark durations.

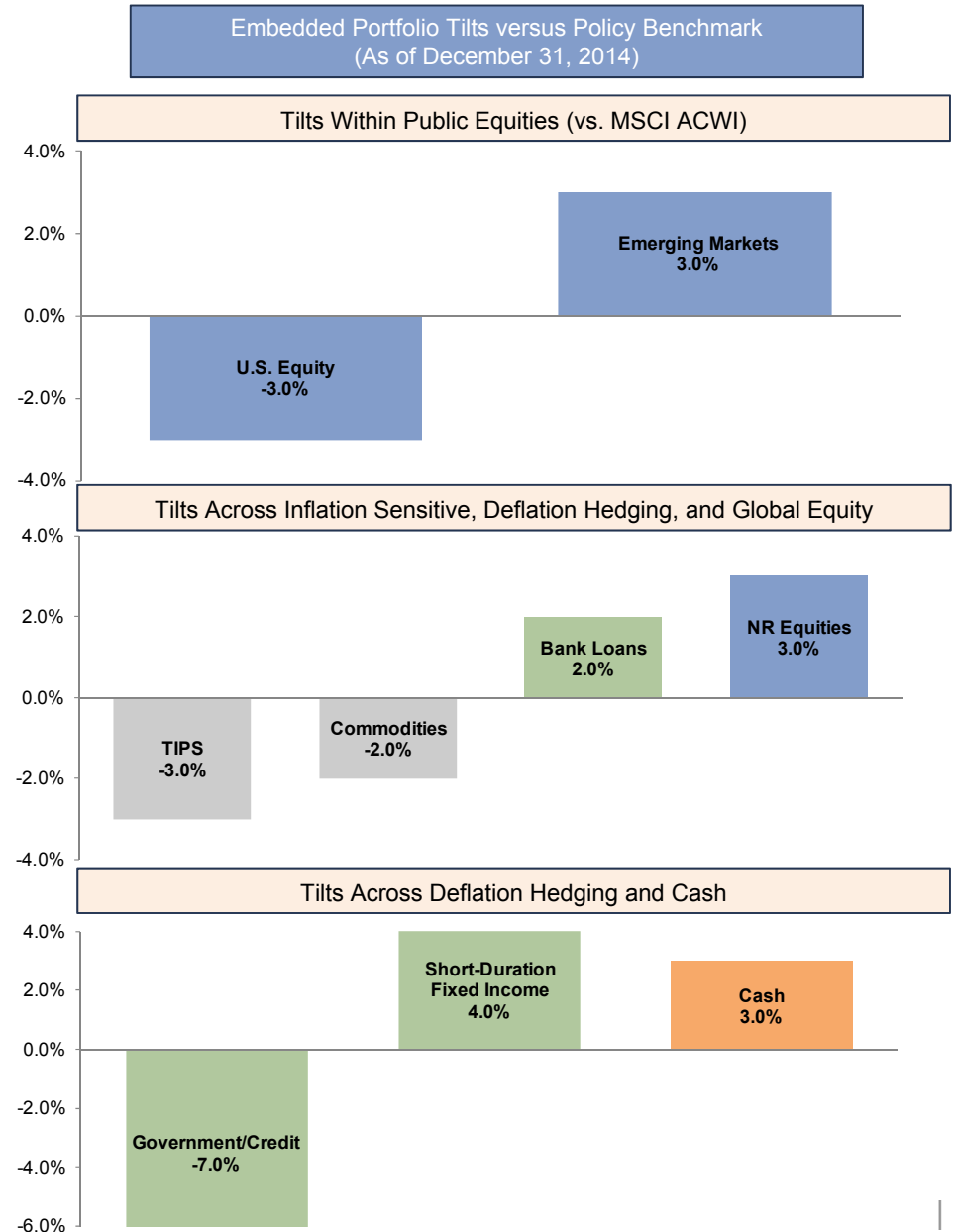
## Current Portfolio Tilts (Deviations from Policy Benchmark)

Portfolio tilts are tactical, valuation driven, and medium in time horizon

- Within public equities, tilted towards Emerging Markets given relative valuations and strategic bias.

- Underweight TIPS given rich valuations. Underweight held in natural resource equity and bank loans.
- Underweight commodities given low returns on cash collateral and negative roll yield for commodities contracts. Underweight held in natural resource equities.

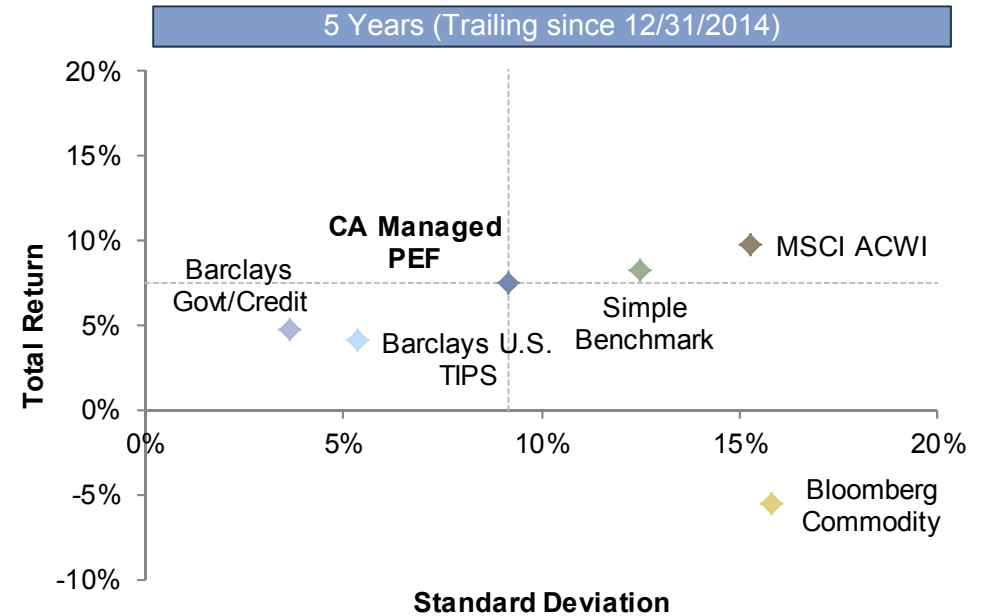
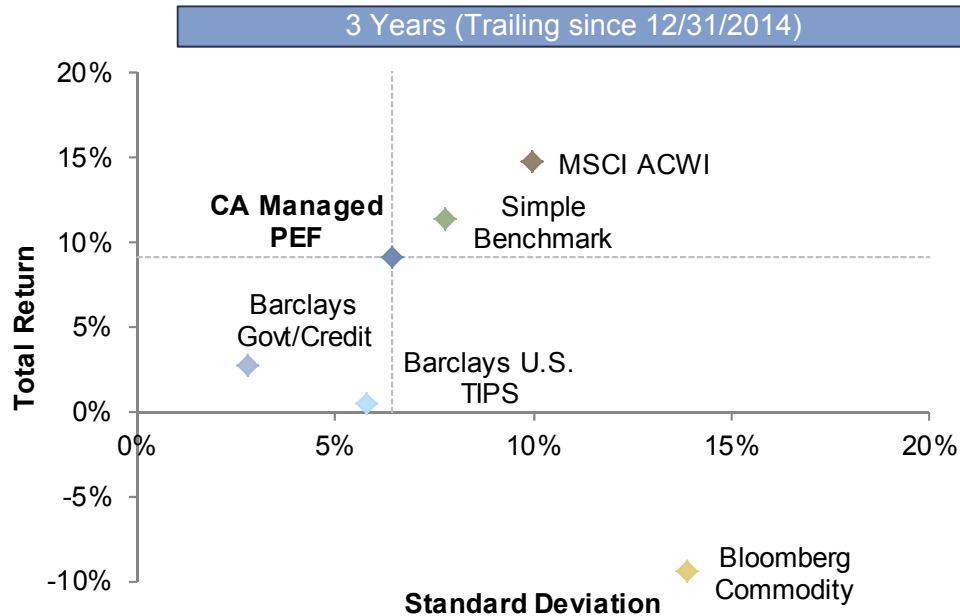
- Fixed income underweight held in uncorrelated strategies (e.g. loans/mortgages) and cash to reduce interest rate risk.



Note: Impact of Overlay is approximate. Frictional under/overweight positions may result from market movements. For Policy Benchmark composition, refer to endnotes of the performance report.

## PEF Comparative Risk and Return Profiles (As of December 31, 2014)

PEF exhibits slightly lower risk/return profile than simple benchmark



	Annualized Total Return	Standard Deviation*	Sharpe Ratio*	Beta vs. MSCI ACWI*	Annualized Total Return	Standard Deviation*	Sharpe Ratio*	Beta vs. MSCI ACWI*
<b>CA Managed PEF<sup>1</sup></b>	9.2%	6.4%	1.4	0.6	7.5%	9.2%	0.8	0.6
Simple Benchmark <sup>2</sup>	11.4%	7.7%	1.4	0.8	8.2%	12.5%	0.7	0.8
<b>Market Indices</b>								
MSCI All Country World Index	14.7%	10.0%	1.4	-	9.7%	15.2%	0.7	-
Bloomberg Commodity Index Total Return	-9.4%	13.9%	-0.6	-	-5.5%	15.8%	-0.3	-
Barclays U.S. TIPS Index	0.4%	5.8%	0.1	-	4.1%	5.4%	0.8	-
Barclays Government/Credit Bond Index	2.8%	2.8%	1.0	-	4.7%	3.6%	1.3	-

### Notes:

<sup>1</sup> Represents CA Managed PEF from 12/31/2010 to present. Data prior to 12/31/2010 represents returns of all PEF assets, including MRI Fixed Income.

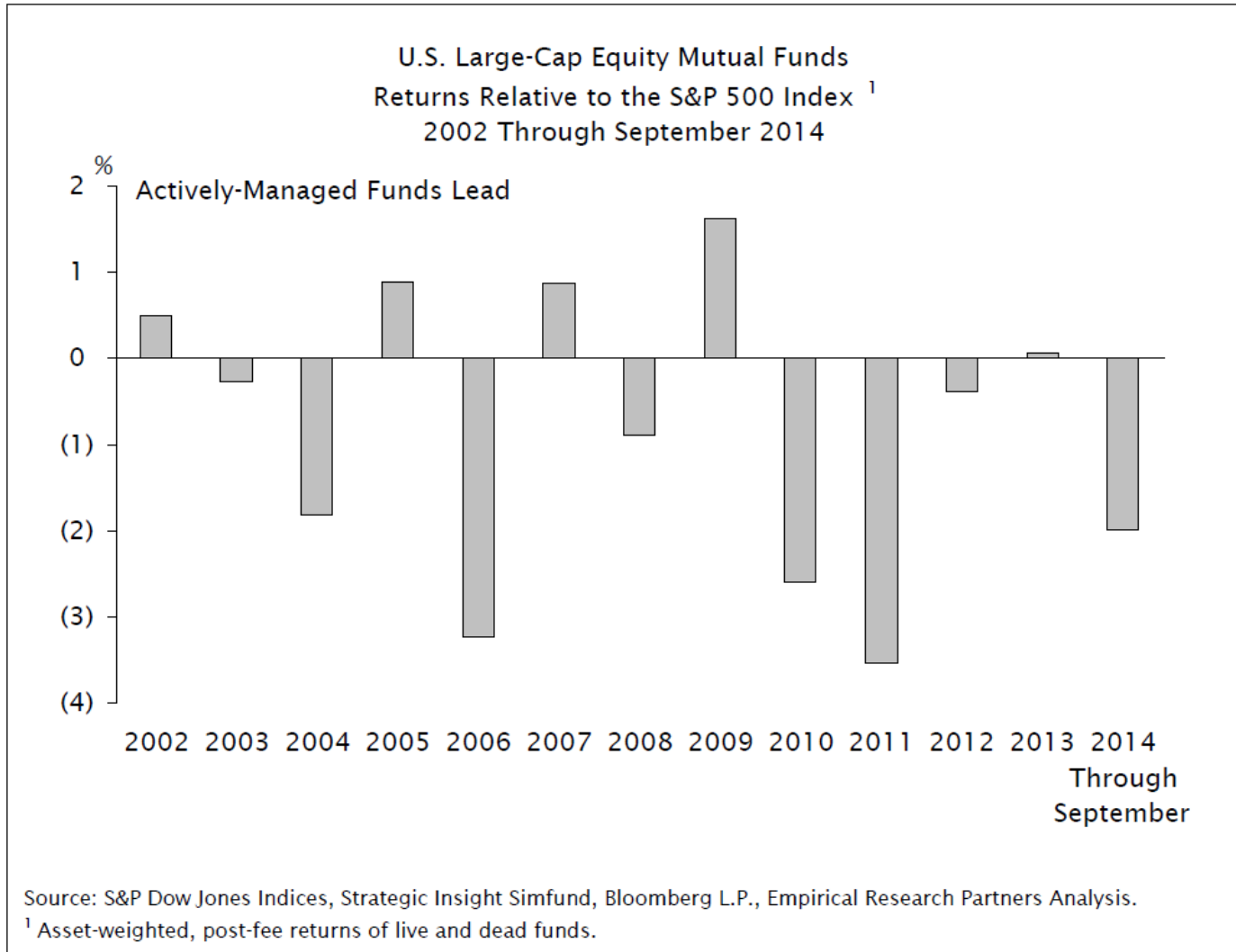
<sup>2</sup> Simple Benchmark consists of 85% MSCI ACWI / 15% Barclays Government/Credit Index through 1/31/13 and 60% MSCI ACWI / 40% Barclays Government/Credit Index thereafter.

\* Standard Deviation, Sharpe Ratio, and Beta are measured using quarterly data.

### Overview

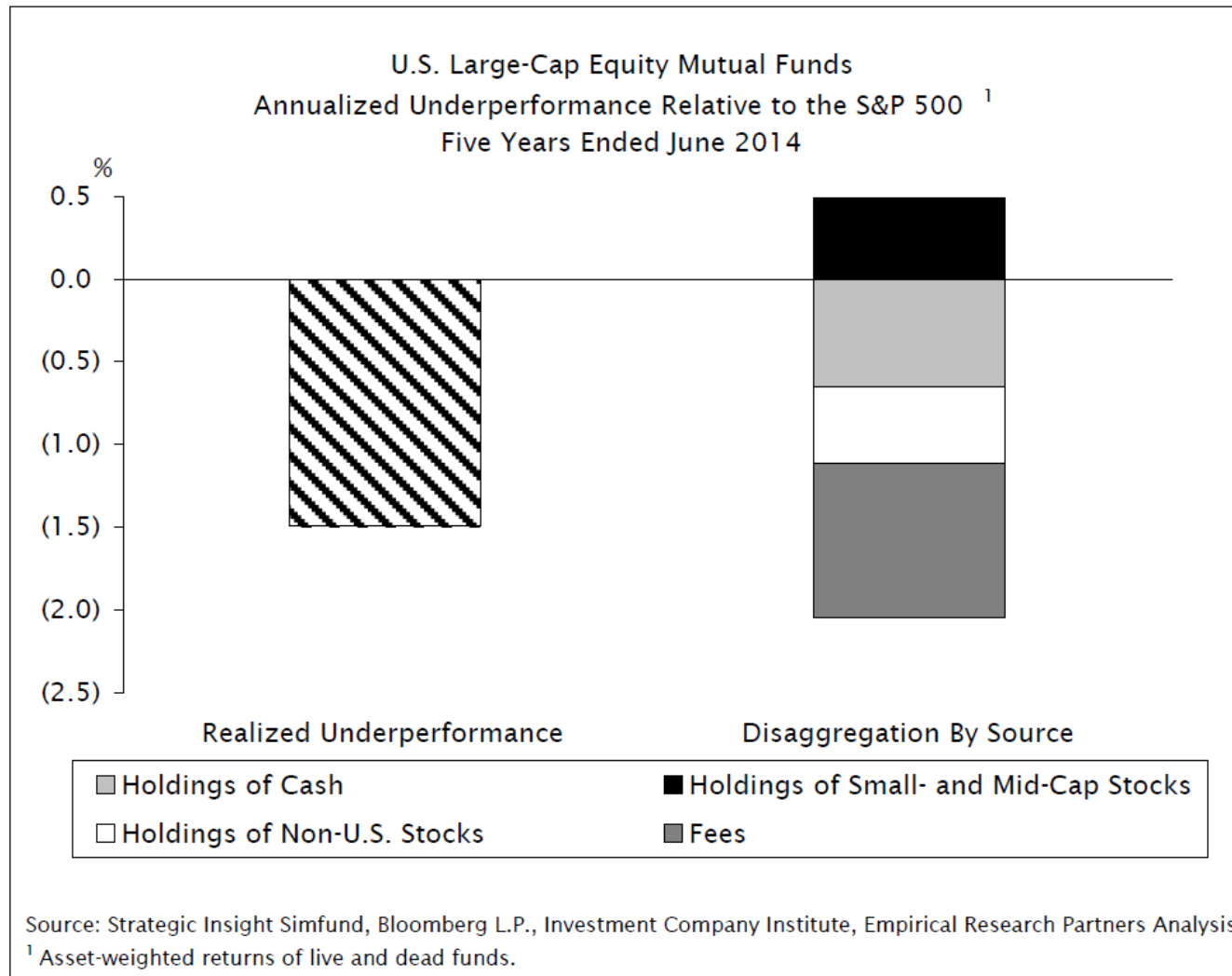
- ❖ The past few years have been tough for active equity managers in general.
- ❖ History suggests that typical active U. S. stock managers perform better vs. the index around periods of market and economic dislocation.
- ❖ Drawing on work done by Empirical Research Partners (ERP), exposure to cash and non-U.S. stocks have hurt active U. S. mutual fund performance since the Global Financial Crisis. Under-performance has been about 1.5% per annum.
- ❖ Market dislocations lead to higher dispersion among returns of individual stocks within an index, which benefits active managers in general.
- ❖ Easy money policy and mutual fund flows into passive strategies (ETF's in particular) may extend the trend, but...
- ❖ The combination of manager selection skill and the aging of the current credit cycle support continuing with active management.

◆ It has been a tough period for active managers

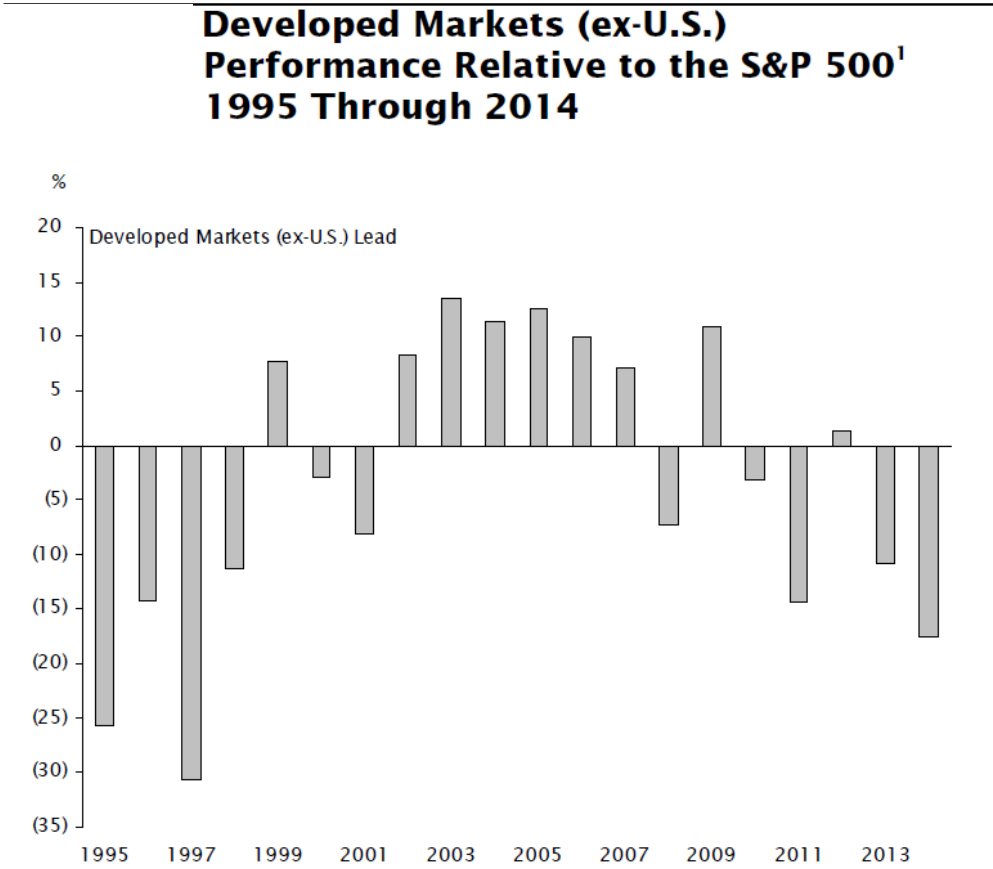


## Active vs. Passive Management

- Foreign stocks and cash holdings have hurt active managers, while smaller cap allocations have helped



◆ Foreign stocks held by active managers, currently about 8%, has hurt....

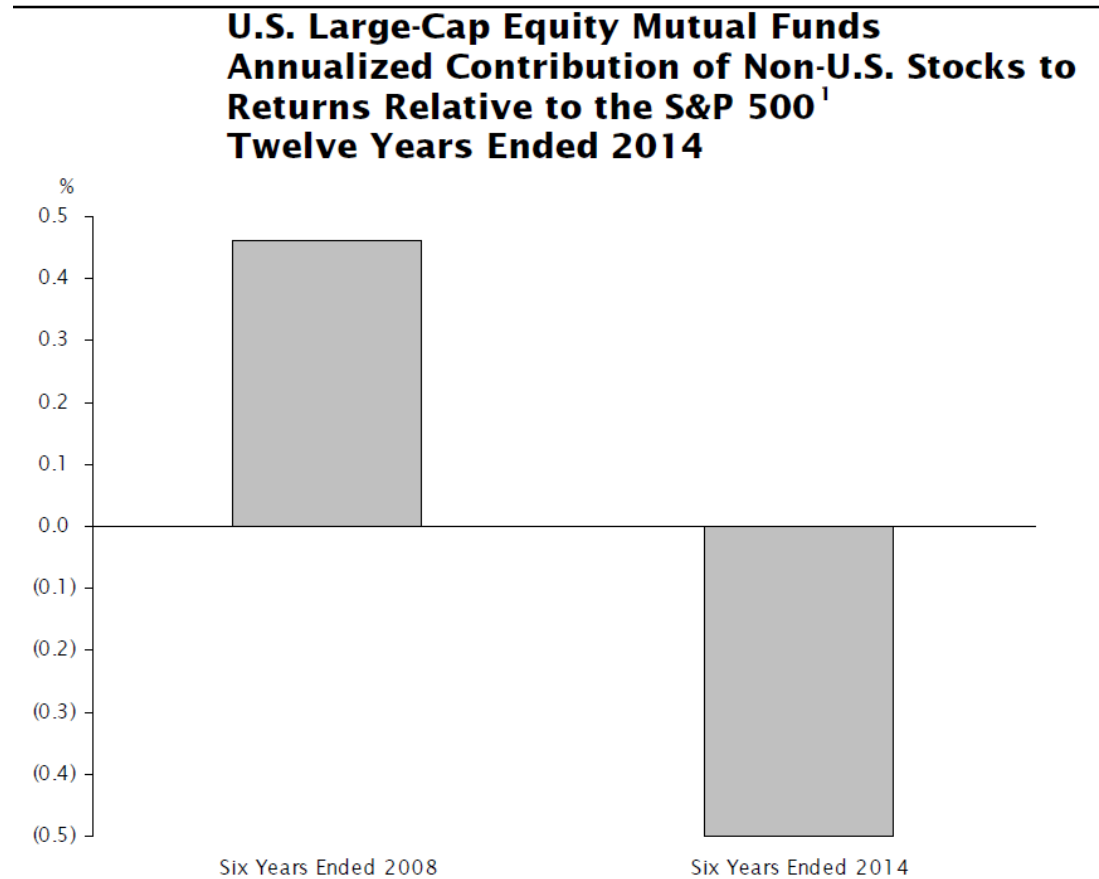


Source: Bloomberg L.P., Empirical Research Partners Analysis.

<sup>1</sup>USD-based total returns.



- ◇ But helped during the six years before the Global Financial Crisis

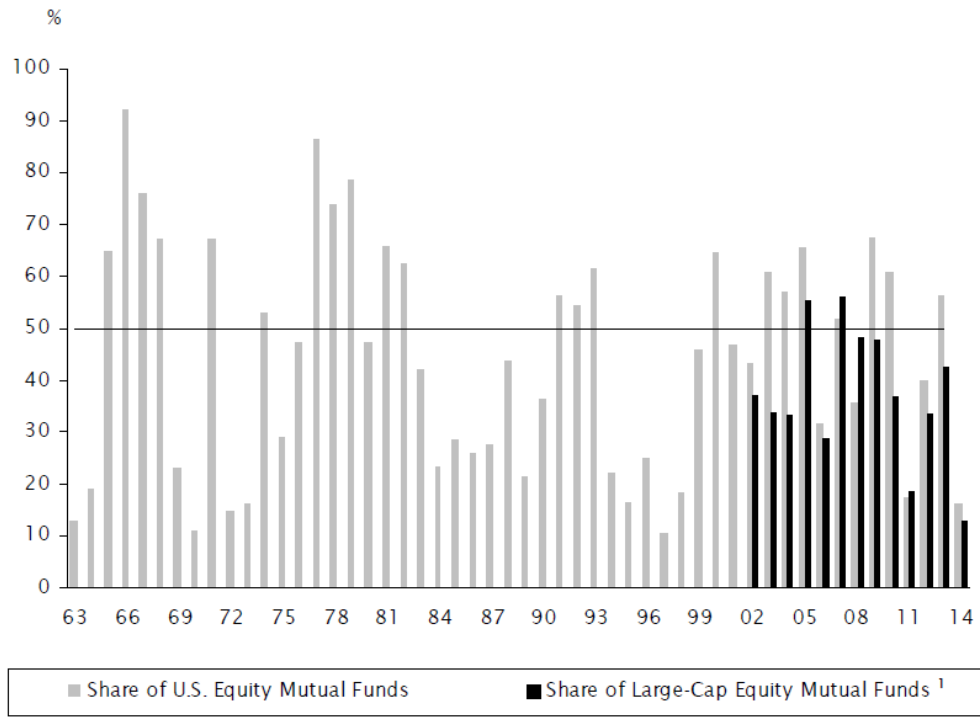


Source: Strategic Insight Simfund, Bloomberg L.P., Empirical Research Partners Analysis.

<sup>1</sup>Asset-weighted returns.

- Active managers in aggregate have tougher times adding excess returns during early to middle parts of credit cycles

**Share of U.S. Equity Mutual Funds Outperforming the S&P 500 1963 Through October 2014**

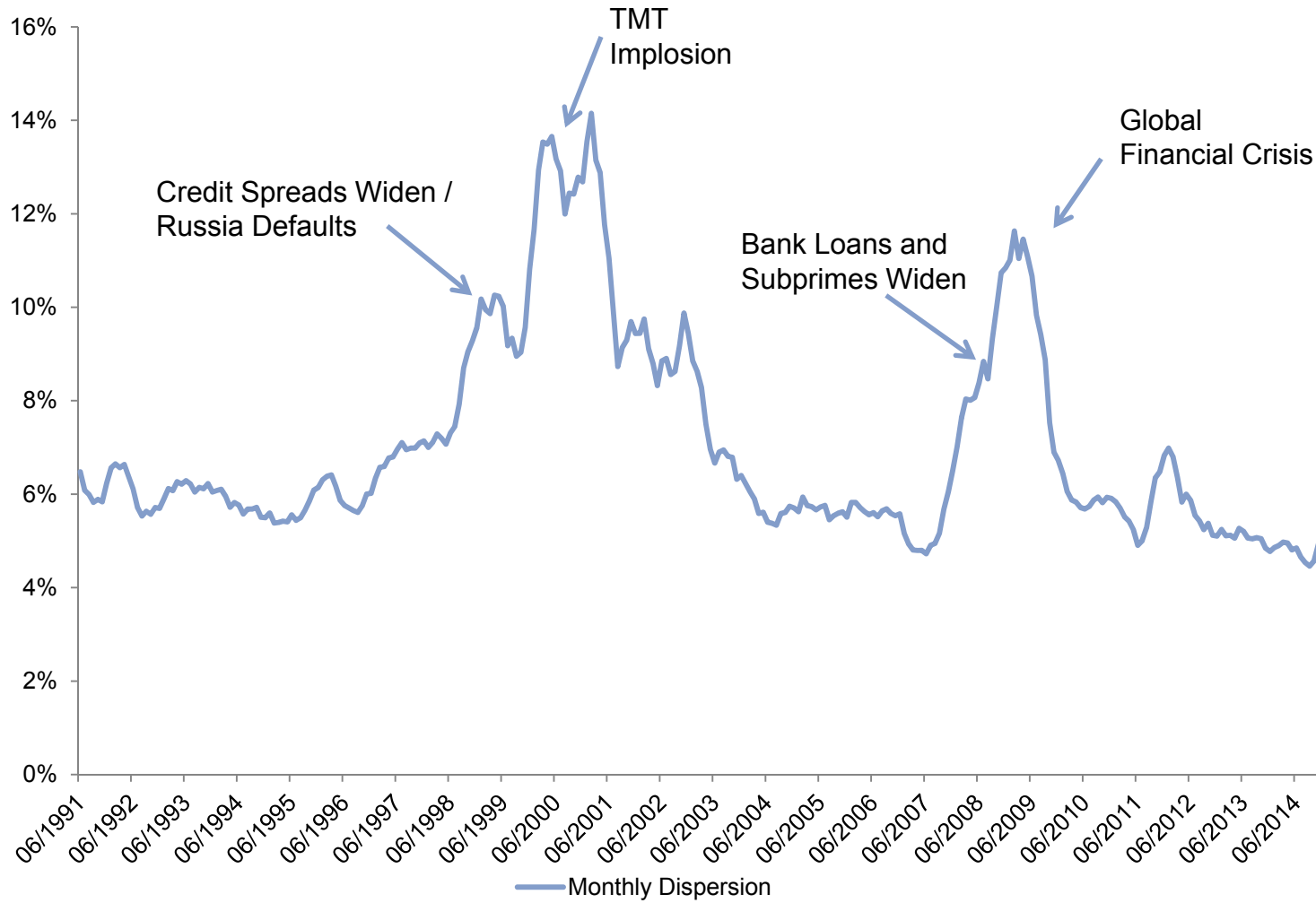


Source: The Vanguard Group, Morningstar Inc., S&P Dow Jones Indices, Strategic Insight Simfund, Bloomberg L.P., Empirical Research Partners Analysis.

<sup>1</sup>Through the first nine months of 2014.

Stock dispersion increases around periods of market distress

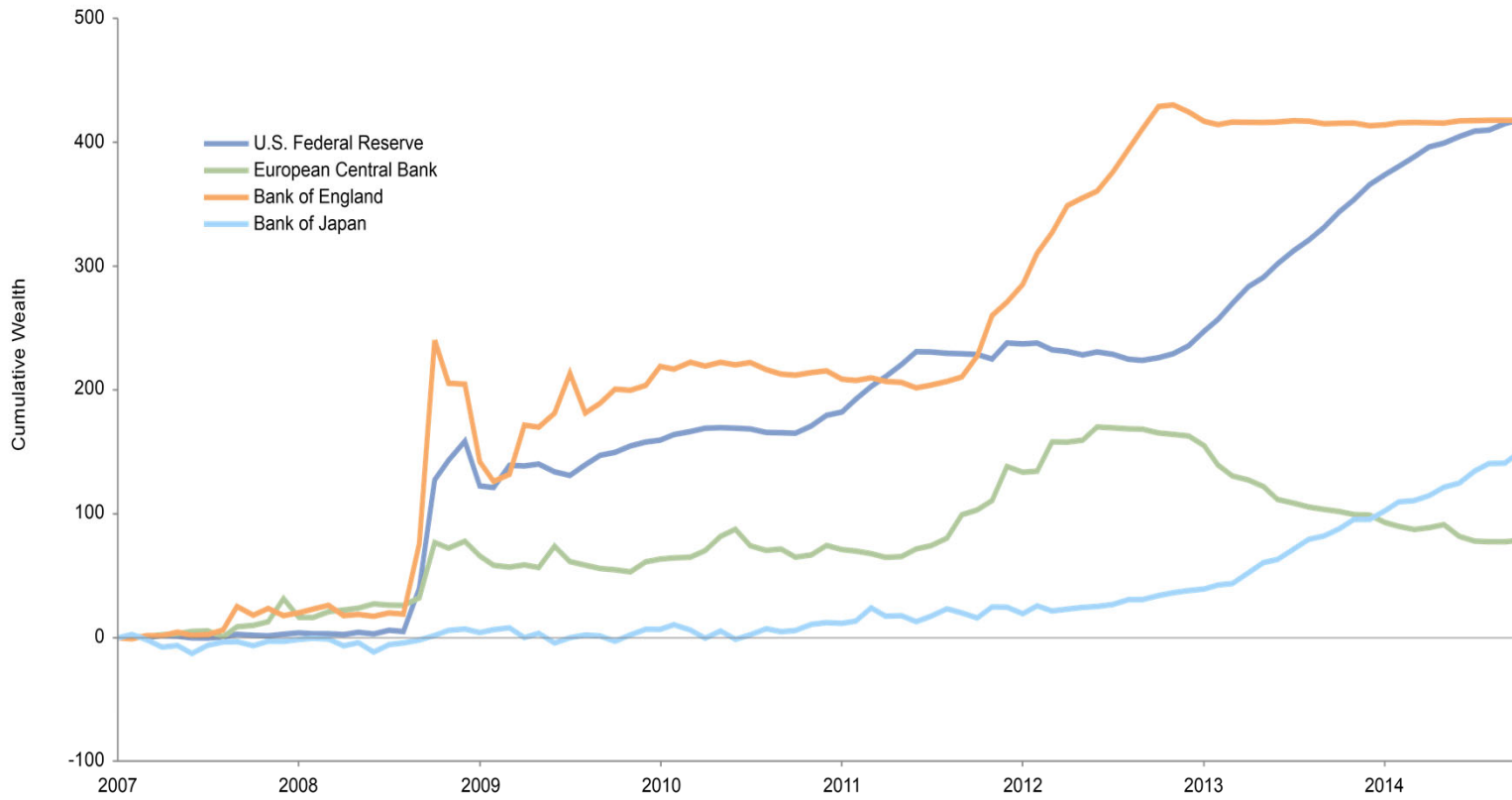
### S&P 500 Dispersion



Note: Data from Standard & Poors. Monthly Dispersion represents a six-month moving average.

◆ Unprecedented easy monetary policy has extended the credit cycle

**Central Bank Balance Sheet Expansion**  
December 31, 2006 – October 31, 2014 • Local Currency



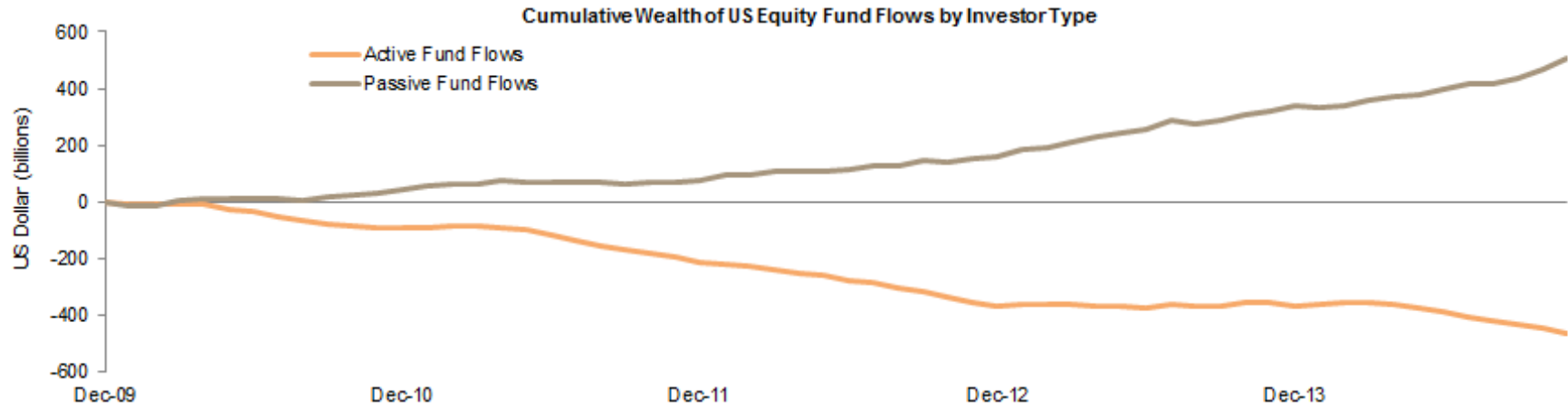
	Balance Sheet Total			
	Federal Reserve	European Central Bank	Bank of England	Bank of Japan
In US\$ Billions	\$4,487	\$2,571	\$648	\$2,559
In LC Billions	\$4,487	€2,052	£405	¥286,838

Source: Thomson Reuters Datastream.  
Note: Bank of England data is as of August 2014.

- ◆ Investors perpetuate these cycles through fund flows, which have been oriented from active to passive since the Global Financial Crisis

## Changes in Fund Flows

January 1, 2010 – November 30, 2014 • December 31, 2009 = \$0.0



Source: EPFR Global.

Will a low dispersion environment continue?

- ◆ We do not think so as:
  - ◆ We are getting later into the current credit cycle, and...
  - ◆ Higher US cash yields are likely in 2015 creating some possible divergence within global monetary policy.
  - ◆ The active managers within the PEF portfolio have performed much better than 'typical.' Manager selection skill matters.

# New Covenant Funds

# New Covenant Funds

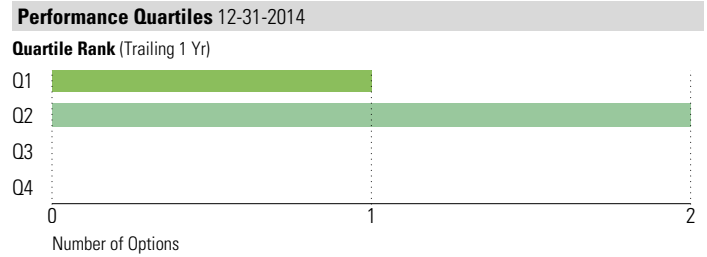
## Investment Options

**Total Number of Options**  
3

Style Count			
0	0	1	Large
0	0	0	Mid
0	0	0	Small
Value	Blend	Growth	

0	0	0	High
0	0	0	Med
0	0	0	Low
Ltd	Mod	Ext	



**Equity Style Options: 1**

\* Does not include 1 hybrid funds.

\* Style Count data is not available for 1 holdings.

**Fixed-Income Options: 0**

**Fund Performance 12-31-2014**

	Type	Eq Style	Fl Style	Tot Ret % YTD	Tot Ret % 3 Mo	Tot Ret % 1 Yr	Tot Ret % 3 Yr	Tot Ret % 5 Yr	Tot Ret % 10 Yr	Tot Ret % Since Incep	% Rank Cat 1 Yr	% Rank Cat 3 Yr	% Rank Cat 5 Yr	Std Dev 3 Yr
<b>Large Growth(MF, USD)</b>	<b>Avg</b>	■	—	<b>10.00</b>	<b>4.42</b>	<b>10.00</b>	<b>19.41</b>	<b>14.09</b>	<b>7.68</b>	—	—	—	—	<b>10.92</b>
New Covenant Growth (USD)	MF	■	—	10.36	3.54	10.36	18.58	13.03	6.39	3.85	48(1710)	67(1528)	73(1324)	10.03
<b>Short-Term Bond(MF, USD)</b>	<b>Avg</b>	■	■	<b>1.07</b>	<b>-0.05</b>	<b>1.07</b>	<b>1.70</b>	<b>2.31</b>	<b>2.94</b>	—	—	—	—	<b>1.26</b>
New Covenant Income (USD)	MF	—	—	3.62	0.84	3.62	1.98	3.50	2.51	3.85	3(524)	36(435)	17(378)	1.93
<b>Moderate Allocation(MF, USD)</b>	<b>Avg</b>	■	■	<b>6.21</b>	<b>1.87</b>	<b>6.21</b>	<b>11.72</b>	<b>9.43</b>	<b>5.93</b>	—	—	—	—	<b>6.71</b>
New Covenant Balanced Growth (USD)	MF	■	—	7.72	2.63	7.72	11.47	9.08	4.91	4.05	32(866)	56(740)	60(652)	6.25

**Standard Benchmarks 12-31-2014**

	Type	Eq Style	Fl Style	Tot Ret % YTD	Tot Ret % 3 Mo	Tot Ret % 1 Yr	Tot Ret % 3 Yr	Tot Ret % 5 Yr	Tot Ret % 10 Yr	Tot Ret % Since Incep	% Rank Cat 1 Yr	% Rank Cat 3 Yr	% Rank Cat 5 Yr	Std Dev 3 Yr
<b>S&amp;P 500 TR USD</b>	<b>Idx</b>	■	—	<b>13.69</b>	<b>4.93</b>	<b>13.69</b>	<b>20.41</b>	<b>15.45</b>	<b>7.67</b>	—	—	—	—	<b>9.10</b>
<b>Barclays US Agg Bond TR USD</b>	<b>Idx</b>	—	—	<b>5.97</b>	<b>1.79</b>	<b>5.97</b>	<b>2.66</b>	<b>4.45</b>	<b>4.71</b>	—	—	—	—	<b>2.67</b>
<b>MSCI EAFE NR USD</b>	<b>Idx</b>	■	—	<b>-4.90</b>	<b>-3.57</b>	<b>-4.90</b>	<b>11.06</b>	<b>5.33</b>	<b>4.43</b>	—	—	—	—	<b>13.21</b>
<b>USTREAS T-Bill Auction Ave 3 Mon</b>	<b>Idx</b>	—	—	<b>0.03</b>	<b>0.01</b>	<b>0.03</b>	<b>0.06</b>	<b>0.08</b>	<b>1.50</b>	—	—	—	—	<b>0.01</b>

**Performance Disclosure**

The performance data quoted represents past performance and does not guarantee future results. Then investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>. An investment in a mutual fund is not insured or guaranteed by the FDIC or any other government agency. Although money market seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

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# Funds' Summary Performance Trend Report

## New Covenant

Fund	Inception	Performance Cumulative Total Return as of 02/28/2015			Performance Annualized Total Return as of 12/31/2014					Since Incept	Performance Calendar Year Return as of 12/31				
		1 Mo	3 Mo	Ytd	Qtr	1 Yr	3 Yr	5 Yr	10 Yr		2014	2013	2012	2011	2010
		New Covenant Growth*	7/1/1999	6.80	2.40	2.92	3.54	10.36	18.12		12.77	6.26	3.77	10.36	27.55
<i>Russell 1000 Index (USD)</i>		5.78	2.63	2.87	4.88	13.24	20.59	15.56	7.72	4.63	13.24	33.11	16.40	2.11	15.06
<i>Contractual Expenses (%) = 1.15</i>															
<i>Actual Expenses (%) = 1.02</i>															
New Covenant Income	7/1/1999	-0.39	0.73	0.94	0.84	3.62	1.97	3.50	2.50	3.85	3.62	-1.63	4.04	5.32	6.37
<i>Barclays Intermediate US Aggregate Bond Index (USD)</i>		-0.52	0.71	0.86	1.20	4.12	2.19	3.72	4.34	5.19	4.12	-1.02	3.56	5.97	6.15
<i>Contractual Expenses (%) = 0.98</i>															
<i>Actual Expenses (%) = 0.8</i>															
New Covenant Balanced Growth	7/1/1999	3.89	1.74	2.12	2.63	7.72	11.45	9.07	4.90	4.05	7.72	15.00	11.80	0.28	11.18
<i>New Covenant Balanced Growth Benchmark</i>		3.26	1.93	2.13	3.40	9.58	13.00	10.92	6.64	5.17	9.58	18.42	11.24	3.93	11.94
<i>Contractual Expenses (%) = 1.2</i>															
<i>Actual Expenses (%) = 1.07</i>															
New Covenant Balanced Income	7/1/1999	2.10	1.29	1.61	1.90	5.87	7.43	6.64	3.88	3.97	5.87	7.74	8.70	2.04	9.02
<i>New Covenant Balanced Income Benchmark</i>		1.69	1.44	1.63	2.48	7.30	8.41	7.95	5.78	5.29	7.30	9.95	8.02	4.88	9.68
<i>Contractual Expenses (%) = 1.13</i>															
<i>Actual Expenses (%) = 1.07</i>															

**The performance data shown is past performance. Past performance is no guarantee of 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 877-835-4531.**

\*From February 1997 to February 2015, the New Covenant Growth Fund had international equity exposure ranging from 10% to 20% of the portfolios assets.



# Funds' Summary Performance Trend Report

## New Covenant

### **DISCLOSURES:**

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

SEI Investments Management Corporation 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.

For those New Covenant Funds which employ the 'manager of managers' structure, SEI Investments Management Corporation has the ultimate responsibility for the investment performance of the Fund due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement.

Blank represents the Fund was not opened during time period represented.

Fee waivers are voluntary and may be discontinued at any time.

There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. Diversification may not protect against market risk.

Bonds and bond funds will decrease in value as interest rates rise.

Additional benchmarks have been included to reflect the international exposure of the underlying funds.

Russell 1000® Index measures the performance of the large cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® represents approximately 92% of the U.S. market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large cap segment and is completely reconstituted annually to ensure new and growing equities are reflected (Growth Fund, Balanced Growth Fund and Balanced Income Fund).

MSCI ACWI ex U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets (Growth Fund).

Blended Russell 1000® Index/MSCI ACWI ex U.S. Index is a composite index composed of 80% Russell 1000® Index and 20% MSCI ACWI ex U.S. Index.

S&P 500® Index is an unmanaged, capitalization weighted index that measures the performance of 500 large-capitalization stocks representing all major industries. (Growth Fund, Balanced Growth Fund and Balanced Income Fund)

Blended S&P 500® Index/MSCI ACWI ex U.S. Index is a composite index composed of 80% S&P 500® Index and 20% MSCI ACWI ex U.S. Index.

Barclays U.S. Intermediate Aggregate Bond Index is an unmanaged index generally representative of intermediate investment grade government and corporate debt securities with maturities of 10 years or less (Income Fund, Balanced Growth Fund and Balanced Income Fund).

Blended Russell 1000® Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 60% Russell 1000® Index and 40% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Growth Fund).

Blended S&P 500® Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 60% S&P 500® Index and 40% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Growth Fund).

Blended Russell 1000® Index/MSCI ACWI ex U.S. Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 48% Russell 1000® Index, 12% MSCI ACWI ex U.S. Index, and 40% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Growth Fund).

Blended S&P 500® Index/MSCI ACWI ex U.S. Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 48% S&P 500® Index, 12% MSCI ACWI ex U.S. Index, and 40% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Growth Fund).

Blended Russell 1000® Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 35% Russell 1000® Index and 65% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Income Fund).

Blended S&P 500® Index/Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 35% S&P 500® Index and 65% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Income Fund).

Blended Russell 1000® Index/MSCI ACWI ex U.S. Index /Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 28% Russell 1000® Index, 7% MSCI ACWI ex U.S. Index, and 65% Barclays Capital U.S. Intermediate Aggregate Bond Index (Balanced Income Fund).

Blended S&P 500® Index/MSCI ACWI ex U.S. Index /Barclays U.S. Intermediate Aggregate Bond Index is a composite composed of 28% S&P 500® Index, 7% MSCI ACWI ex U.S. Index, and 65% Barclays U.S. Intermediate Aggregate Bond Index (Balanced Income Fund).

# Growth Fund

## Investment Strategy

The Fund invests primarily in common stocks and other equity securities of companies of all sizes, domestic and foreign, that are believed to have long-term growth potential. Investment decisions are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

## Investment Philosophy and Process

The Fund uses a multi-manager approach to portfolio construction that seeks to generate excess returns (i.e., returns in excess of benchmark) and at the same time provide diversification by avoiding over-concentration in a single investment style, sector or market trend. Asset allocation to a given manager is based on the manager's skill set, the current macroeconomic environment and the risks inherent in each manager's strategy.

## Fund Details

Total Net Assets	\$402.7 Million
Share Class	Class A
Ticker	NCGFX
CUSIP	643642101
Inception Date	7/1/1999
Expense Before Waivers	1.15%
Expense After Waivers*	1.02%

\* Fee waivers are voluntary and may be discontinued at any time.

## Manager Allocations



- BlackRock Investment Mgmt, LLC - 31%
- Brandywine Global Invnt Mgmt, LLC - 33%
- Parametric Portfolio Associates LLC - 5%
- Waddell & Reed Investment Mgmt Co. - 31%

## Manager Details

Manager Details	Start Date	Key Attributes
■ BlackRock Investment Management, LLC	Jul 14, 2014	Multi-faceted growth portfolio
■ Brandywine Global Investment Management, LLC	Oct 22, 2013	Encompasses varying value sub-styles, providing flexibility to adapt
■ Parametric Portfolio Associates LLC	Apr 11, 2012	Consolidates trades across all managers in the portfolio to reduce trading costs
■ Waddell & Reed Investment Management Company	Apr 11, 2012	Differentiated research culture coupled with macro thematic exposure

## Performance Review

Period	Cumulative (%) as of 1/31/15			Annualized (%) as of 12/31/14				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Growth Fund	-3.63	-2.09	-3.63	10.36	18.12	12.77	6.26	3.77

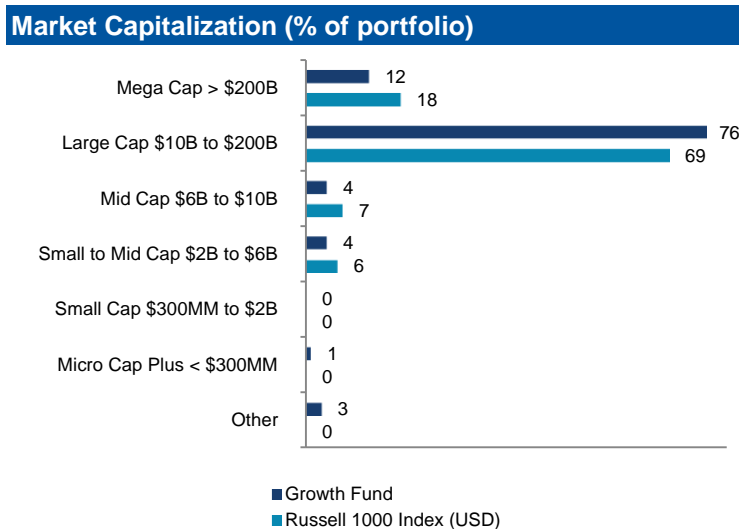
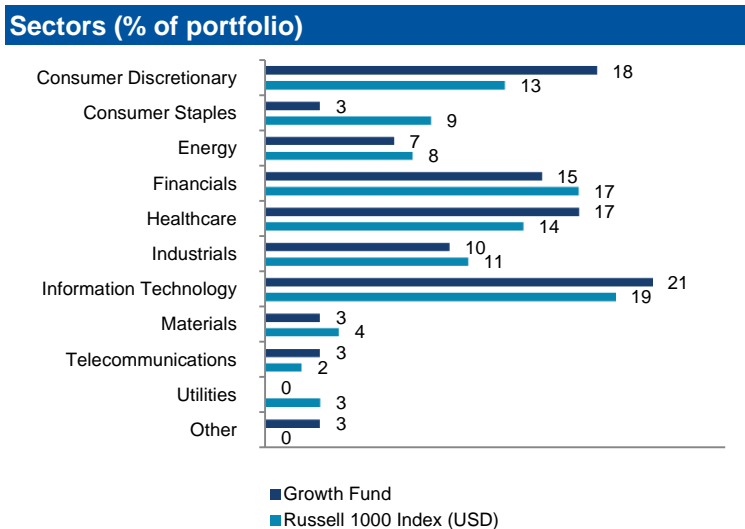
Calendar Year Returns (%)	2014	2013	2012	2011	2010	2009	2008	2007
Growth Fund	10.36	27.55	17.14	-3.02	14.08	27.77	-38.93	5.02

Performance data quoted is historical and past performance does not guarantee future results. Current performance may be higher or lower. Performance current to the most recent month end can be obtained by calling 1-877-835-4531. The principal value and investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original value.

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, which can be obtained by calling 1-877-835-4531. Read the prospectus carefully before investing.

Portfolio Characteristics	Fund	Index
WEIGHTED CAPITALIZATION (\$ MIL)	\$88,742	\$114,716
NUMBER OF HOLDINGS	271	1,040
PRICE-TO-BOOK RATIO	4.12	3.92
MEDIAN FORWARD PRICE-TO-EARNINGS RATIO	17.66	17.16
BETA	1.13	1.00
TRACKING ERROR (3 YEAR)	2.40%	n/a
STANDARD DEVIATION (3 YEAR)	9.92%	9.38%

Top Ten Securities	% of Net Assets
CITIGROUP INC	2.48
TOYOTA MOTOR CORPORATION	1.95
APPLIED MATERIALS INC	1.78
APPLE INC	1.75
CISCO SYSTEMS INC	1.44
FACEBOOK INC	1.35
GENERAL ELECTRIC CO	1.27
METLIFE INC	1.25
DOLLAR GENERAL CORPORATION	1.23
ACTAVIS PLC	1.20



## Glossary and Disclosures

**Beta:** Quantitative measure of the Fund's volatility relative to the benchmark used. A beta above 1 indicates the fund is more volatile than the overall market, while a beta below 1 indicates the fund is less volatile.

**Median Forward Price to Earnings Ratio:** Forecasted value (using median range of values – the middle set of values in a distribution range) of the market capitalization divided by the after-tax earnings for the prior 12-month period. The higher the P/E ratio, the more the market is willing to pay for each dollar of annual earnings. (Source: Russell)

**Price to Book Ratio:** Stock's capitalization divided by its book value, where book value is the value of an asset as it appears on a balance sheet, equal to cost minus accumulated depreciation. The value is the same whether the calculation is done for the whole company or on a per-share basis.

**Standard Deviation (Absolute):** Used to describe historical volatility, a statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard Deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.

**Tracking Error:** The measure of the risk of the portfolio relative to the benchmark.

**Weighted Capitalization:** The market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share.

For those New Covenant Funds which employ the "manager of managers" structure, New Covenant Investments Management Corporation (New Covenant) 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. New Covenant is the adviser to the New Covenant Funds, which are distributed by New Covenant Investments Distribution Co. (SIDCO). New Covenant and SIDCO are wholly owned subsidiaries of New Covenant Investments Company.

Current and future portfolio holdings are subject to risks. In addition to the normal risks associated with equity investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from difference in generally accepted accounting principles or from economic or political instability in other nations. Narrowly focused investments and smaller companies typically exhibit higher volatility.

The Russell 1000 Index includes 1000 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. large-cap equity market.

• Not FDIC Insured • No Bank Guarantee • May Lose Value

# Income Fund

## Investment Strategy

The Fund invests primarily in corporate bonds and government bonds issued or guaranteed by the U.S. government or one of its agencies, and mortgage-backed and asset backed securities of varying maturities. Investment decisions are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

## Investment Philosophy and Process

The Fund uses a multi-manager approach to portfolio construction that seeks to generate excess returns (i.e., returns in excess of benchmark) and at the same time provide diversification by avoiding over-concentration in a single investment style, sector or market trend. Asset allocation to a given manager is based on the manager's skill set, the current macroeconomic environment and the risks inherent in each manager's strategy.

## Fund Details

Total Net Assets	\$305.9 Million
Share Class	Class A
Ticker	NCICX
CUSIP	643642200
Inception Date	7/1/1999
Expense Before Waivers	0.98%
Expense After Waivers*	0.80%

\* Fee waivers are voluntary and may be discontinued at any time.

## Manager Allocations



- J.P. Morgan Investment Mgmt Inc. - 50%
- Western Asset Management Company - 50%

## Manager Details

Manager	Start Date	Key Attributes
■ J.P. Morgan Investment Management Inc.	Apr 30, 2012	Fundamental research at the individual security level
■ Western Asset Management Company	Apr 30, 2012	Successful implementation of macro-driven investment process

## Performance Review

Period	Cumulative (%) as of 1/31/15			Annualized (%) as of 12/31/14				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Income Fund	1.34	1.52	1.34	3.62	1.97	3.50	2.50	3.85

Calendar Year Returns (%)	2014	2013	2012	2011	2010	2009	2008	2007
Income Fund	3.62	-1.63	4.04	5.32	6.37	12.81	-14.63	5.65

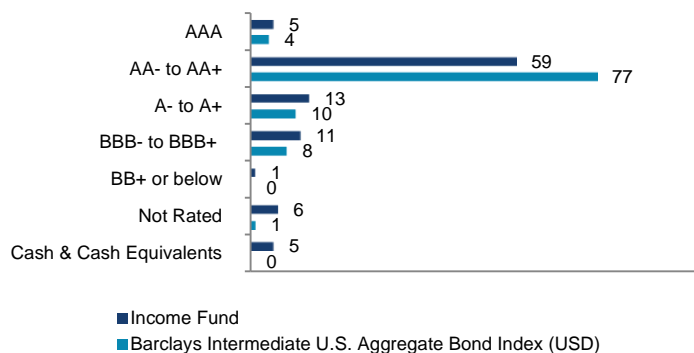
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Portfolio Characteristics	Fund	Index
EFFECTIVE DURATION (YEARS)	3.39	3.46
WEIGHTED AVERAGE LIFE (YEARS)	4.85	4.21
30-DAY SEC YIELD	1.46	n/a
UNSUBSIDIZED 30-DAY SEC YIELD	1.28	n/a
NUMBER OF HOLDINGS	1,006	7,050

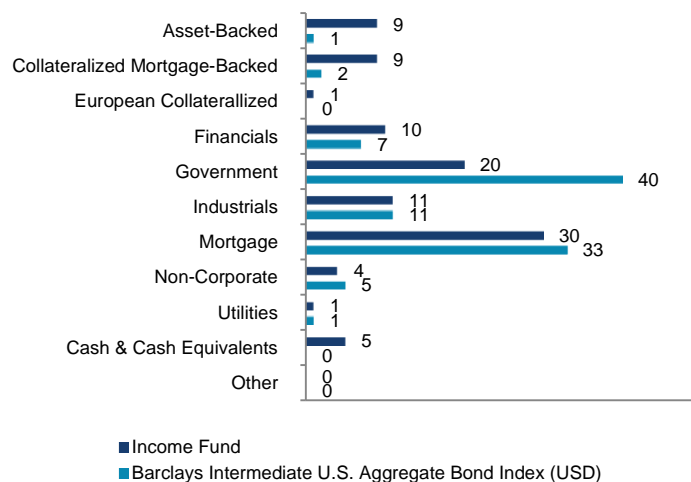
Top Ten Securities	% of Net Assets
REPO DEUTSCHE BANK SEC RP	3.56
REPO BARCLAYS CAPITAL INC RP	2.94
FNMA 30YR 2012 PRODUCTION 4.00% 04/01/2042	1.70
UNITED STATES TREASURY 1.88% 06/30/2020	1.12
UNITED STATES TREASURY 1.38% 05/31/2020	1.03
FNMA 30YR 2014 PRODUCTION 4.50% 08/01/2044	0.86
UNITED STATES TREASURY 0.00% 02/15/2022	0.80
GNMA2 30YR 2010 PRODUCTION 5.00% 07/20/2040	0.79
FNMA 15YR TBA(REG B) 3.00% 02/18/2015	0.79
FNMA 10YR BALLOON MULTI 5.56% 06/01/2017	0.73

### Credit Quality (% of portfolio)



The credit quality of a fund's holdings is derived using Standard & Poor's as the ratings source. The purpose of the ratings is to provide investors with a simple system of gradation by which relative creditworthiness of a fund's securities may be noted. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

### Sectors (% of portfolio)



### Glossary and Disclosures

**Effective Duration:** Duration is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.

**Weighted Average Life:** The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding.

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 the New Covenant Funds.

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The Barclays Intermediate Aggregate U.S. Bond Index is an unmanaged index generally representative of intermediate investment grade government and corporate debt securities with maturities of 10 years or less.

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## Thank you!

We value our relationship with you. It is our top priority to stay on the cutting edge so our clients receive the most up-to-date financial and investment services available. If you have any questions regarding your Investment Management Accounts, please do not hesitate to contact us. We are happy to answer the questions you may have regarding your Investment Management Accounts.

We appreciate the opportunity to be of service to you.