



Covenant Credit Partners, LLC

6100 Fairview Road, Suite 1220
Charlotte, NC 28210
(704) 944-8372
www.covcredit.com

January 07, 2014

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of Covenant Credit Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (704) 944-8372. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Covenant Credit Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is Covenant Credit Partners, LLC's initial filing of a Brochure as part of the application for registration with the SEC; therefore, there are no material changes to report. In the future, this section will identify and discuss any material changes since the last annual update of this Brochure.

Item 3 – Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9: Disciplinary Information.....	6
Item 10: Other Financial Industry Activities and Affiliations.....	6
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	7
Item 12: Brokerage Practices.....	7
Item 13: Review of Accounts.....	8
Item 14: Client Referrals and Other Compensation.....	8
Item 15: Custody.....	9
Item 16: Investment Discretion.....	9
Item 17: Voting Client Securities.....	9
Item 18: Financial Information.....	9

Item 4 – Advisory Business

A. Description of Advisory Firm

Covenant Credit Partners, LLC (“Covenant Credit”) is a newly-formed investment advisor that will manage pooled investment vehicles. Covenant Credit is a Delaware limited liability company that was formed in October 2013. Covenant Credit is principally owned by Credencia Capital Partners, L.P. and Blackline Investments, Inc.

B. Description of Advisory Services

Covenant Credit intends to invest primarily in senior bank loan assets through private investment vehicles, each a “Fund”. The Funds will primarily be structured debt vehicles known as Collateralized Loan Obligations or “CLO”s organized in the Cayman Islands as exempted companies.

C. Advisory Services for Individual Clients

Covenant Credit will follow the guidelines provided by the offering documents for each Fund to make investment decisions appropriate to the Fund’s objectives.

D. Wrap Fee Programs

Covenant will not participate in any Wrap Fee Programs.

E. Client Assets

Covenant Credit is a newly-formed investment advisor and at the time of registering with the SEC does not manage any client assets. Covenant Credit anticipates that its regulatory assets under management will exceed \$100mm within 120 days of registration with the SEC. All client assets will be managed on a discretionary basis.

Item 5 – Fees and Compensation

A. Advisory Fees and Compensation

Covenant Credit will typically receive fees from the Funds in two ways: (a) management fees based on a percentage of assets under management (typically .50% or 50 basis points); and (b) incentive fees based on the performance of the Fund, subject to an internal rate of return (IRR) hurdle. The applicable fees and calculation methods will be outlined in the offering documents for each Fund.

B. Payment of Fees

The fees paid to Covenant Credit will be deducted from a Fund’s assets. Management fees will be paid quarterly in arrears and the incentive fees will be evaluated annually.

C. Other Fees or Expenses

Other than advisory fees paid to Covenant Credit, a Fund may be subject to other fees including, but not limited to: legal, audit, custodial and third party administration, as well as brokerage and other transaction costs. Please reference Item 12. Each investor will bear its proportionate share of any fees or expenses related to the Fund.

D. Prepayment of Fees

Funds will not be required to pay any fees in advance.

E. Compensation for Sale of Securities

Neither Covenant Credit nor any of its supervised persons will accept compensation for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

At this time, Covenant Credit will accept performance-based fees from all clients. This will avoid any conflict of interest attributable to the management of multiple Funds at the same time.

Item 7 – Types of Clients

Covenant Credit will provide investment advice to certain Funds, particularly CLOs. Investors in those Funds may include high net worth individuals, pension funds, banks, corporations, trusts and estates. The minimum investment requirements can be found in the respective offering memorandum for each Fund.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

Covenant Credit intends to invest on behalf of the Funds primarily in senior loans. Senior loans are typically private or public corporate loans negotiated by one or more commercial banks and syndicated among commercial banks and investment advisors. These loans are at the top of the capital structure and are secured by specific collateral. Loan agreements typically contain covenants that limit the activities of the borrower to ensure the timely payment of interest and principal.

B. Risk of Loss (Investment Strategies)

Some material risks associated with investing in long-only fixed income include credit risk, market risk, counterparty risk and liquidity risk. Credit risk occurs when an issuer or borrower may not be able to make interest or principal payments and the value of the securities decrease. This can result in a rating downgrade, lowering the overall quality of the Fund. Market risk is the

possibility that as the market declines, it can result in a decline of the value of assets within the Fund. Counterparty risk can be an issue if the counterparties Covenant Credit trades with become bankrupt or fail to perform their obligations. Liquidity becomes a risk when it's hard to purchase or sell an asset due to market turbulence or low trading activity. Investing in securities involves risk of loss that Fund investors should be prepared to bear.

C. Risk of Loss (Investment Type)

There is moderate risk associated with investing in senior loans. These risks include, but are not limited to, the following: interest rates tend to reset frequently, which can reduce income if market rates fall; the amount of public information available can be more limited than that available for other securities; settlement periods can range from 7 days to a few weeks; borrowers occasionally default on interest and principal payments, reducing income for the Fund; early prepayment of a loan could force reinvestment in a lower yielding asset. Some of these issues do not exist in the case of other types of investments or are less impactful.

Item 9 – Disciplinary Information

Covenant Credit is not aware of any legal or disciplinary events relating to Covenant Credit or a management person that are material to an investor's or prospective investor's evaluation of Covenant Credit's advisory business or the integrity of its management personnel.

Item 10 – Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Neither Covenant Credit nor any of its management persons is registered or planning to register as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor Registration

Neither Covenant Credit nor any of its management persons is registered or planning to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

C. Advisory Business with Other Industry Participants

Neither Covenant Credit nor its management persons have any relationship or arrangement with any related person of Covenant that is material to Covenant's advisory business or the operation of any Fund.

D. Compensation for Recommendations of Other Investment Advisors

Covenant Credit will not receive compensation for recommending other investment advisors to clients.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

Covenant Credit is in the process of adopting a Code of Ethics that will comply with the requirements outlined by the Advisers Act. This includes making and retaining records required by Rule 204-2 under the Advisers Act. The Code of Ethics will be designed to detect and prevent any conflicts of interest regarding personal trading and to ensure that all trading is done in a manner consistent with Covenant's duty to its clients. To request a copy of the Code of Ethics, please contact Covenant at the address on the cover page of this Brochure.

B. Participation or Interest in Client Transactions

Neither Covenant Credit nor any related persons plan on recommending to or trading for client accounts any securities in which Covenant Credit or any related persons have a material financial interest.

C. Investing in Client Securities

Neither Covenant Credit nor any related persons plan on investing in the same securities that it recommends to clients.

D. Investing for the Client and Personal Accounts Simultaneously

Neither Covenant Credit nor any related persons plan on simultaneously investing in the same securities that it invests in on behalf of clients.

Item 12 – Brokerage Practices

A. Selecting Broker Dealers

Covenant Credit will consider many factors when selecting broker-dealers to execute trades for a Fund. Those factors include best price, size and type of transaction, desired timing of the trade, financial exposure, ability to provide liquidity, execution capacities and research provided. Due to the nature of the transactions executed for the funds, Covenant Credit does not expect to incur significant brokerage expenses.

1. Research and Other Soft Dollar Benefits

From time to time, Covenant Credit may receive reports and oral advice from a broker-dealer regarding particular companies, industries and general economic conditions. This research is available to all institutional investors and Covenant Credit does not expect to pay higher brokerage (or markups or markdowns) to obtain this information.

2. Brokerage for Client Referrals

Covenant Credit does not currently receive client referrals from any broker-dealers. Therefore, referrals will not be a consideration when Covenant Credit selects a broker-dealer with which to transact.

3. Directed Brokerage

Covenant Credit will not recommend, request, require or permit a client to direct Covenant Credit to execute transactions through a specific broker-dealer.

4. Cross Trades

From time to time, Covenant Credit may need to execute cross trades. If it's in the best interest of the clients involved, one will sell the same security that the other is buying. Covenant Credit will obtain a live quote from a broker-dealer and execute the cross trade at the midpoint.

B. Aggregation of Securities

When the situation deems beneficial for all clients involved, Covenant Credit will aggregate the purchase or sale of securities for various client accounts. This can minimize any trading costs and facilitate best execution. The allocation between client accounts will be pro-rata based on need and capacity.

Item 13 – Review of Accounts

A. Client Accounts

Covenant Credit will conduct daily portfolio credit monitoring for all client accounts. There also will be weekly, monthly and quarterly reviews of adherence to investment guidelines, credit risk and investment strategy. These reviews will involve management, portfolio managers and research associates.

B. Immediate Review of Client Accounts

Any unusual activity or event may trigger an immediate review of a client account.

C. Reports Provided to Clients

The trustee for a Fund will provide monthly written reports for each Fund account. Each report will contain data and test results related to the corresponding governing documents for each Fund.

Item 14 – Client Referrals and Other Compensation

A. Compensation from Non-Clients

Covenant Credit will not receive economic benefits from non-clients for investment advice or other advisory services.

B. Compensation for Client Referrals

Covenant Credit will not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 – Custody

A qualified custodian will send monthly or quarterly account statements to all investors. Investors should carefully review the statements provided to them.

Item 16 – Investment Discretion

Covenant Credit will accept discretionary authority to manage securities accounts on behalf of the Funds. The discretionary authority to trade for each Fund will be bound by the guidelines set forth in the offering documents.

Item 17 – Voting Client Securities

Covenant Credit will accept the authority to vote as proxy for all client accounts. Covenant Credit's voting procedures will be adopted pursuant to SEC rule 206(4)-6 and decisions will be made in the best interest of each client's objectives. Fund investors may obtain a copy of the proxy voting policies and procedures upon request.

Item 18 – Financial Information

- A. Covenant Credit will not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. Covenant Credit is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.