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This brochure provides information about the qualification and business practices of Covenant Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (908) 879-4090 or jguarino@covasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Covenant Asset Management, LLC is a registered investment advisor which does not imply a certain level of skill or training.

There are no material changes to Form ADV, Part 2 since our last annual update in February 2015.

May 20, 2015

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Advisory Business

After spending nearly 20 years employed at two of NJ's largest bank trust departments, John Guarino joined with Tim Rowe, who had worked at NJ's largest independent financial planning organization for 15 years, to found Covenant Asset Management in February 1999. Covenant now provides investment advisory services for over 100 high net worth clients.

Our mission is to deliver superior asset management services to affluent individuals, businesses, and non-profit organizations. Many investors lack the time, interest, or experience to adequately address their financial needs. Through the development of intimate professional relationships with our clients, we are uniquely positioned to assist in the optimization of their financial objectives. With integrity and commitment, we take responsibility for preserving and enhancing client assets. Achieving this objective requires an insightful understanding of client needs, matched against available investment opportunities.

We offer a unique brand of investment advisory services to our clients by combining independent research with personalized service. As a result, our clients gain the advantage of complete transparency of their assets and direct access to the decision makers within our organization. We are driven by an unwavering commitment to service excellence, integrity, honesty and confidentiality. And as a fiduciary, we always exercise prudence, diligence and the highest standard of care within all client relationships.

Covenant is organized as a Limited Liability Corporation in the state of New Jersey. John Guarino is the sole member of the LLC and 100% owner.

Fees & Compensation

Covenant is a fee-based investment advisor and only earns fees explicitly enumerated within the fee agreement embedded in the investment advisory agreement signed by clients at the initiation of their advisory relationship. As of December 31, 2014, Covenant Asset Management had \$222,275,646 in assets under management on a discretionary basis and zero assets under management on a non-discretionary basis. Covenant's standard fee schedule is shown below. Fees are negotiable depending on the size and complexity of a client's account.

Covenant Asset Management Standard Annual Fee Schedule

On the first \$1 million	<u>1.25%</u>
\$1 million to \$3 million	<u>1.00%</u>
\$3 million to \$5 million	<u>0.85%</u>
\$5 million to \$10 million	<u>0.75%</u>
Above \$10 million	<u>0.50%</u>

All family accounts will be consolidated for fee purposes

The fees will be calculated and are payable in arrears based upon the market value on the last business day of each calendar month thereafter. For the first and last month during the term of the investment advisory agreement, fees shall be pro-rated accordingly. The fees will be based on the fair market value of the portfolio on the date of their calculation. No fee adjustment will be made within any month for appreciation or depreciation in account(s) assets during the month. Fees do not include trade commissions, which are paid to executing brokers when transactions are complete.

Client authorizes custodian to pay Covenant directly from client's account(s) any fees on or after the applicable due date. Alternatively, if negotiated, client agrees to pay, or cause the custodian to pay from the

account(s), the fee upon receipt of an invoice from Covenant. The fee will appear on the client's monthly statement.

In addition, Covenant or the custodian may charge an annual accounting fee to defray the cost of a supplemental portfolio accounting system.

Performance-Based Fees

Covenant offers a separate performance based trading product named Defined Risk Tactical Trading (DRTT). DRTT incorporates options strategies that are intended to take advantage of the volatility of financial markets. Positions are actively managed over the life of the investment and individual trades tend to have investment horizons of 1-12 months. Investments are selected based on attractive risk/reward ratios and the expectation of future catalysts. Each position has a limited and pre-defined maximum loss exposure. Typical strategies include call and put spreads, butterfly calls and puts and traditional buy/write trading strategies. Individual stocks, ETFs and equity indices are all employed at various times when opportunities arise.

DRTT Annual Management Fee Schedule

On the first \$2.5 million	<u>2.00%</u>
On the next \$2.5 million	<u>1.25%</u>
On the balance above \$5 million	<u>1.00%</u>

The management fees will be calculated and are payable in arrears based upon the market value on the last business day of each calendar month thereafter. For the first and last month during the term of the investment advisory agreement, fees shall be pro-rated accordingly. The fees will be based on the fair market value of the portfolio on the date of their calculation. No fee adjustment will be made within any month for appreciation or depreciation in account(s) assets during the month. Fees do not include trade commissions, which are paid to executing brokers when transactions are complete.

Client authorizes custodian to pay Covenant directly from client's account(s) any fees on or after the applicable due date. The fee will appear on the client's monthly statement.

Performance Based Fee

In addition to the annual management fees, client agrees to pay a fee equal to 10% of the net profit based upon the fair market value of the portfolio as of December 31 each year, subject to a high watermark. The high watermark is defined as the highest peak value (adjusted for contributions and distributions) that the portfolio attained during any previous December 31 valuations.

Since Covenant also manages non-performance based fee investment advisory accounts, a potential conflict may arise given the higher annual management fees associated with DRTT accounts. The investment strategies employed by these two services are very different and therefore it is unlikely that similar securities will be allocated within DRTT and traditional advisory accounts.

Types of Clients

Covenant offers a full array of wealth management services, including comprehensive financial and estate planning, tax advisory, business continuation counseling, and administrative services. The integration of these services forms the basis for a comprehensive wealth management plan. In order to allow us to concentrate exclusively on our areas of expertise, in wealth management, we outsource certain administrative and custodial services. Covenant works closely with client attorneys and accountants to ensure that a comprehensive strategy is designed and implemented in order to realize their financial objectives. Covenant manages the following types of client accounts:

- Investment Management Accounts
- Individual Retirement Accounts (IRAs) & Rollovers
- Pension & Profit Sharing Plans
- Trust & Estate Accounts
- Cash Management Accounts
- 401k Plans
- 529 Plans

Methods of Analysis, Investment Strategies & Risk of Loss

Covenant begins any new investment advisory relationship by assisting our clients in the development and implementation of a personal or organizational investment policy statement and customizing a separately managed portfolio of securities to meet client objectives. Risk is primarily managed through diversification and selective security hedging techniques. Investing in marketable securities including stocks, bonds, REITs, mutual funds, ETFs, and options involves various degrees of risk and can lead to both realized and unrealized losses. Investing in marketable securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy undertaken Covenant Asset Management will be profitable or equal any specific level of performance.

Equity Growth

Covenant Asset Management specializes in wealth enhancement through tax-efficient growth oriented investment management. Client portfolios are generally kept fully invested, resulting in low turnover of portfolio holding and reduced exposure to capital gains liabilities. Our approach involves identification and purchase of companies with superior growth characteristics with the intention of holding them for many years, selling only when fundamental prospects turn negative. A cornerstone of CAM's philosophy is our focus on buying dominant companies in the fastest growing industries. Generally, we seek companies that increase revenues and earnings by double digit growth rates year after year. Such businesses ordinarily prosper under a variety of economic conditions, and most are corporate leaders in profitability. These companies tend to be both proponents and beneficiaries of long term themes that are shaping global economies. In today's world, any of these companies are found within the technology, healthcare, financial services, and consumer sectors.

Companies meeting our criteria for growth commonly share the following traits:

A dominant position in rapidly growing markets

These companies are often the low-cost suppliers or pricing leaders in their industries. Their dominance typically derives from powerful franchises, proprietary technology, a unique marketing approach, or other sustainable competitive advantage.

Predictable earnings growth

Prospective earnings should grow at an annualized rate of 15% or more. Steady new product developments, rapid sales expansion, and a relative immunity to economic cycles characterize such companies.

Financial strength

Financial attributes include low debt, high returns on equity and capital, and an ability to finance growth internally.

Quality management

Ideally, management should have an ownership stake in a growth company. This fosters a commitment to shareholder interests and creates an entrepreneurial culture that will attract skilled employees. Communication of the corporate vision for growth to both shareholders and employees is essential.

Equity Income

As investors approach retirement or in retirement years, many seek to lower the standard deviation of their investment returns. While growth continues to be important as an inflation hedge, income and growth of income begin to take on greater importance. Covenants Equity Income Model is constructed to meet the needs of our clients seeking market-like returns with lower risk, as measured by the volatility of returns, with a higher portion of the total return coming via dividends. The dividend yield of this model is typically fifty percent higher than the S&P 500 and the companies within this model tend to increase their dividends at a fifty percent faster rate than average. As we search for the right securities for this model, earnings growth remains essential as most companies maintain a policy whereby the dividend rate is relatively consistent in proportion to their earnings. Diversification across economic sectors is also an important criterion.

Companies meeting our criteria for growth and income typically share the following traits:

A leading position in mature but growing markets

These companies generally command leading market shares with their industry based upon a long history of brand awareness, low cost structure or other competitive advantages.

Predictable earnings and dividend growth

Historic and prospective annual earnings growth of 10% or more coupled with a policy of declaring dividends at a rate based upon earnings (payout ratio), not to exceed 60%.

Financial Strength

Financial attributes include low debt ratios, high returns on equity and capital, and an ability to finance growth without frequently tapping capital markets.

Quality Management

Experienced leadership along with a commitment to shareholder interests is vital.

Fixed Income

Covenant's fixed income approach emphasizes stability of income, diversification and low turnover. Our fixed income investment philosophy adheres to a disciplined approach that emphasizes strong total returns and a steady income stream generated by what we believe to be quality holdings. Our process is intended to provide more consistent returns while helping to reduce investment risks. Covenant's strategy emphasizes appropriate credit quality analysis, a focus on intermediate term securities, yield curve management through a ladder portfolio when individual securities are employed, and low portfolio turnover.

Risk Management

The ability to absorb risk varies widely among individuals depending on their age, experience, and financial circumstances. Prevailing market and economic conditions are also factors. As an asset management client, your level of risk tolerance is carefully evaluated before any action is taken. After taking the time to gain this perspective, we are then positioned to make intelligent, rational asset allocation decisions on our client's behalf.

Our knowledge and experience in managing investment assets has taught us that the best way to reduce risk is to diversify. In fact, by lowering exposure to loss in any one market sector, diversification can actually boost total return in certain economic environments. At Covenant Asset Management, we specialize in allocating assets among cash, fixed income, equity, REITs, and commodities markets. Establishing an optimum asset allocation requires thorough examination of a client's income requirements, liquidity needs, lifestyle goals, and risk tolerance. Client objectives are continually evaluated to determine potential asset allocation policy modifications.

Covenant Asset Management operates two distinct equity strategies, a growth strategy and an equity income strategy. Detailed below are some of the risks of equity investments, but it should be noted that we cannot claim to identify all of the risks inherent in the equity market or individual security risk. There are two significant risks associated with investing in equity securities, systemic risk, which is inherent in all equity securities and unsystematic risk. **Systemic Risk** – includes macroeconomic risks, inflation risk, interest rate risk and general equity market risk. Equity markets can be volatile and many factors can influence their performance. In addition to the factors stated previously, investor sentiment, liquidity, political risk and fiscal and monetary policies can create risks to equity investors. **Unsystematic risk** consists of two major components: individual company risk and sector (or industry) risk. Individual company risk can be divided into two components: *business risk* is the risk inherent in the nature of the business and *financial risk* is the risk in addition to business risk that arises from using financial leverage. Sector/Industry risk is the risk of doing better or worse than expected as a result of investing in one sector or another. With regard to the risks associated with Covenant's equity growth strategy and its equity income strategy, all of the risks detailed above apply to both strategies. In addition, equity growth stocks have the additional risk of typically higher relative valuation levels and the associated risk of being unduly punished by disappointing results. Also, many growth companies are smaller or less mature and could be subject to increased competition from larger or better capitalized competitors. Covenant's equity income strategy, in addition to the systemic and unsystematic risks identified above includes additional risks. Many equity income equities are more mature, slower growing companies with higher dividend payout ratios. To the extent that company earnings growth slows beyond expectations, dividends and dividend growth could be hurt which

could put downward pressure on the stock price. Covenant Asset Management's equity methods of analysis and investment strategies do not present any significant or unusual risks.

Fixed Income investing risks include 1) inflation risk which reduces the real value of investments as purchasing power declines on nominal dollars received as principal and interest payments 2) interest rate risk which come from a rise in interest rates that causes a decline in fixed income prices to allow yields on the fixed income securities to reflect prevailing market rates 3) credit risk which involves the real or perceived risk of a fixed income issuer defaulting on an interest or principal payment. Covenant Asset Management does not invest in fixed income securities in a strategy with any unusual or significant risks beyond those identified above.

Covenant adheres to a thematic growth investment style seeking growth at a reasonable price (GARP). We embrace the concept of investing with "the wind at our back" believing it is easier to be a successful investor by first identifying trends and then selecting leading companies likely to be beneficiaries of those emerging trends. The cornerstone of our research effort is thorough fundamental analysis coupled with the use of technical analysis for timing decisions. Tax efficiency is an important aspect of our investment style leading to the pursuit of stocks our clients can own for an extended period of time. Our turnover rate is typically less than thirty percent per year.

Options Investing

Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. We encourage all clients who invest in options for speculative purposes to do so only invest with risk capital.

Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract.

Covenant Asset Management utilizes options for certain clients to protect against downside risk by buying protective put options or to enhance income through the sale of covered calls options. In using these strategies, the returns are limited and the risks are also limited to the costs of the options. For certain clients who authorize us to do so, we may purchase call options in an attempt to generate leveraged positive returns. In this case, risk is also limited to the cost of the options premium. In selected accounts, Covenant Asset Management is engaged to manage an options trading program we refer to as Defined Risk Tactical Trading (DRTT). DRTT clients sign a separate investment advisory agreement and typically pay an advisory fee above Covenant's normal fee schedule. Clients are advised that Covenant will engage in potentially risky trades using options and options spreads where most or all of the capital in a specific trade may be lost. Typical trades in Covenant's DRTT strategy involve the purchase of a call spread that is funded largely by the sale of a put spread. Since options are time sensitive investments, the buyer or seller of an option could lose his entire investment or be obligated to purchase shares of the underlying security in which the option was written. For more information concerning the risks and strategies of options, clients are sent a copy of the Options Clearing Corporation publication [Characteristics & Risks of Standardized Options](#)

No client is under any obligation to utilize options strategies. There can be no guarantee that an options strategy will achieve its objective or prove successful. Clients are advised to direct any questions regarding the use of options to Covenant Asset Management's Chief Compliance Officer, John Guarino.

Disciplinary Information

In the past ten years, neither Covenant Asset Management nor any of its employees or affiliates has been involved in any SEC, Federal Regulatory Agency, or self-regulatory organization disciplinary actions or violations.

Other Financial Industry Activity & Affiliations

Covenant's owner is 50% owner and CEO of Covenant Capital Advisors, LLC, a non-operating holding company. Covenant's owner also holds an insurance license and refers financial planning clients to Tim Rowe, an affiliated financial planner, and in turn shares in commissions generated by the referred clients. This relationship is fully disclosed to all clients.

One of Covenant's affiliates (Mr. Rowe) is licensed to sell for sales commissions insurance products through various marketing organizations and is individually licensed with numerous insurance companies in multiply states.

Mr. Rowe is also the Principal of Covenant Financial Resources which provides marketing and other financial planning related products and services.

When other RIA firms or other authorized professionals refer clients to Covenant for money management services, Covenant will share the fees generated by the referred clients with the referring individual or RIA firm and fully disclose all referral fees in writing to the client. Presently, Covenant maintains such fee-sharing relationships with two accountants Daniel J. Connelly and Dexter Morse.

Covenant occasionally refers clients to other investment advisors and shares in management and performance-based fees. The fee sharing arrangement is fully disclosed to the client in writing.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

This Code of Ethics (“Code”) has been adopted by Covenant Asset Management and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”).

This Code establishes rules of conduct for all employees of Covenant Asset Management and is designed to, among other things; govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that Covenant Asset Management and its employees owe a fiduciary duty to Covenant Asset Management's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Covenant Asset Management continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Pursuant to Section 206 of the Advisers Act, both Covenant Asset Management and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that the Covenant Asset Management has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

Covenant Asset Management and its employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;

- The duty to obtain best execution for a client's transactions where the Firm is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

In meeting its fiduciary responsibilities to its clients, Covenant Asset Management expects every employee to demonstrate the highest standards of ethical conduct for continued employment with Covenant Asset Management. Strict compliance with the provisions of the Code shall be considered a basic condition of employment with Covenant Asset Management. Covenant Asset Management's reputation for fair and honest dealing with its clients has taken considerable time to build. This standing could be seriously damaged as the result of even a single securities transaction being considered questionable in light of the fiduciary duty owed to our clients. Employees are urged to seek the advice of John Guarino, the Chief Compliance Officer, for any questions about the Code or the application of the Code to their individual circumstances. Employees should also understand that a material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment with Covenant Asset Management.

The provisions of the Code are not all-inclusive. Rather, they are intended as a guide for employees of Covenant Asset Management in their conduct. In those situations where an employee may be uncertain as to the intent or purpose of the Code, he/she is advised to consult with John Guarino. John Guarino may grant exceptions to certain provisions contained in the Code only in those situations when it is clear beyond dispute that the interests of our clients will not be adversely affected or compromised. All questions arising in connection with personal securities trading should be resolved in favor of the client even at the expense of the interests of employees.

General Policy

Covenant Asset Management has adopted the following principles governing personal investment activities by Covenant Asset Management's supervised persons:

- The interests of client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Access persons must not take inappropriate advantage of their positions.

Pre-Clearance Required for Participation in IPOs

No access person shall acquire any beneficial ownership in any securities in an Initial Public Offering for his or her account, as defined herein without the prior written approval of John Guarino who has been provided with full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of the access person's activities on behalf of a client) and, if approved, will be subject to continuous monitoring for possible future conflicts.

Pre-Clearance Required for Private or Limited Offerings)

No access person shall acquire beneficial ownership of any securities in a limited offering or private placement without the prior written approval of John Guarino who has been provided with full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of the access person's activities on behalf of a client) and, if approved, will be subject to continuous monitoring for possible future conflicts.

On occasion, the Covenant's owner and other employees and affiliates may buy or sell securities that they recommend to clients. Covenant's owner, employees and affiliates shall abide by the ICFA Code of Ethics with regard to the priority of transactions. Covenant

may aggregate trades for its owner, employees and affiliates with client trades. Aggregation is consistent with the duty to seek best execution as no client is favored over any other client. Covenant participates at the average share prices of all transactions and cost will be shared on a pro-rata basis.

Brokerage Practices

Covenant generally has the authority to determine the securities to be bought or sold and the amount of such securities to be bought or sold. Limitations on authority are provided in client specified investment objectives, guidelines and restrictions. These guidelines may be changed by client upon written notice. Covenant may also provide non-discretionary advice. In some cases, Covenant may place approved trades on behalf of such client with such brokers as Covenant may select.

Covenant generally has authority to select broker-dealers and the commission rates to be paid. The primary consideration in placing portfolio transactions with broker-dealers for accounts under management of the Covenant, where placement is discretionary with the Covenant is to obtain best execution. Covenant attempts to achieve best execution by choosing brokers to execute transactions based on (1) their professional capabilities (2) the value and quality of the Services and Products they provide, (3) the comparative brokerage commission rates which they offer as well as other relevant factors.

In the selection of qualified brokers to execute certain transactions, a broker or dealer may be selected that provides, along with trade execution services, brokerage and research services and products as defined in Section 28 (e) of the Securities Exchange Act of 1934 ("Services and Products"). Such services and products may include fundamental research reports, current market data and news, technical and portfolio analyses, economic forecasting and interest rate projections, and historical information on securities and companies. Covenant may use client commission credits to obtain services and products and may pay an amount of commission to a member of an exchange, broker or dealer for effecting a securities transaction, where Covenant determines in good faith that such amount of commission is reasonable in relation to the value of the products and services provided by such member, broker, or dealer, viewed in terms of either that particular transaction or Covenant's overall responsibilities with respect to the accounts as to which it exercise investment discretion. Services and products obtained by Covenant may not necessarily benefit a client whose commission credits are used to pay for those services and

products.

Certain of the services and products received may benefit certain other accounts also under the management of Covenant or accounts of affiliates managed by officers of Covenant who are also officers of such affiliates. Certain clients of affiliates are managed by Covenant's portfolio managers acting in a "dual employee" capacity. Because those clients may benefit from the services and products Covenant receives from brokers, commissions generated by those clients may be used to pay for those services and products. Certain of the services and products provided by brokers are third-party services, not proprietary research produced by the broker.

Soft dollar requests are approved by the Soft Dollar Committee (comprised of Covenant's owner and portfolio managers) which meets quarterly or on an "as needed" basis. The Committee reviews the addition of new soft dollar arrangements as well as Part 12(A) (B) continued the removal and/or modification to existing soft dollar arrangements. For mixed-use products, the Committee makes a good faith allocation between uses that fit within and outside the safe harbor of Section 28(e). Mixed-use allocations are documented and maintained by the Committee. The Committee also monitors the ongoing use of soft dollars.

When executing block trades on behalf of clients, portions of the trade are occasionally directed or "stepped out" from the executing broker to soft dollar brokers when consistent with the principle of best execution.

Covenant's owner reviews soft dollar documentation. Covenant does not incur any legal obligation to pay for services and products, nor does it obligate itself to generate a specific amount of commissions. There is a target level of commissions associated with certain services and products, and although not legally obligated to direct any specified amount of commissions, Covenant will track commissions generated through trades and may allocate brokerage to such a broker consistent with the principles states above.

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA

member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under “Client Referrals and Other Compensation”)

Review of Accounts

Covenant Asset Management has adopted procedures to implement the firm's policy and reviews to monitor and insure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- Covenant Asset Management obtains substantial background information about each client's financial circumstances, investment objectives, and risk tolerance, among other things, through an in-depth interview and information gathering process which includes client profile or relationship forms.
- Advisory clients may also have and provide written investment policy statements or written investment guidelines that the firm reviews, approves, and monitors as part of the firm's investment services, subject to any written revisions or updates received from a client.
- Covenant Asset Management provides the firm's Form ADV Part II to all prospective clients to disclose the firm's advisory services, fees, conflicts of interest and portfolio/supervisory reviews and investment reports provided by the firm to clients.
- Covenant Asset Management may provide periodic reports to advisory clients to provide important information about a client's financial situation, portfolio holdings, values and transactions, among other things. The firm may also provide performance information to advisory clients about the client's performance, which may also include a reference to a relevant market index or benchmark.
- Investment professionals may also schedule client meetings on a periodic basis, or request basis, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals. Documentation of such reviews should be made in the client file.
- Client relationships and/or portfolios may be reviewed on a more formal basis on a quarterly or other periodic basis by designated supervisors or management personnel.

Client Referrals & Other Compensation

When other RIA firms or other authorized professionals refer clients to Covenant for money management services, Covenant will share the fees generated by the referred clients with the referring individual or RIA firm and fully disclose all referral fees in writing to the client.

Covenant occasionally refers clients to other investment advisors and shares in management and performance-based fees. The fee sharing arrangement is fully disclosed to the client in writing.

As previously disclosed under “Brokerage Practices”, Advisor participates in TD Ameritrade’s institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor’s participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel

through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade,

Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Custody

As a matter of policy and practice, Covenant Asset Management does not permit employees or the firm to accept or maintain custody of client assets. It is our policy that we will not accept, hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them, including direct debiting of advisory fees. Covenant Asset Management will not intentionally take custody of client cash or securities.

Investment Discretion

Clients grant Covenant complete and unlimited discretionary trading authorization with respect to the account(s) and appoint Covenant as agent and attorney-in-fact with respect to the account(s) and Covenant agrees to act in such capacity.

Covenant may, in its sole discretion and at clients' risk, purchase, sell, exchange, convert and otherwise trade the securities and other permitted investments in the account(s) as well as arrange for delivery and payment in connection with the above and act on behalf of client in all other matters necessary or incidental to the handling of the account(s). Covenant may conduct securities transactions among the account(s) and other account(s) managed by Covenant. Covenant may aggregate client purchase and sale orders with those of other client account(s) when engaging in transactions on behalf of client. Such transactions shall be allocated among the applicable client account(s) in a manner believed by Covenant to be fair and equitable over time.

Client understands that all or substantially all brokerage transactions for securities may be executed through the broker-dealer designated on the agreement, if so indicated (the "designated broker dealer"). However, despite this designation, Covenant may effect securities transactions for the account(s) through a different broker or dealer if Covenant reasonably believes, in good faith, that another broker-dealer may effect a transaction at a price, including any brokerage commissions or dealer mark-up or mark-down, that would be more favorable to the account(s) or if there are constraints on conducting transactions through the designated broker-dealer.

Voting Client Securities

Covenant Asset Management, as a matter of policy does not vote proxies held in client accounts or take any action (other than rendering investment advice) on behalf of client with respect to securities or other investments presently or formerly in the account(s), or the issuers thereof, which become the subject of any legal proceeding, including bankruptcies. Client expressly reserves the right to vote all proxies by requesting proxy material from their custodian. Alternatively, Covenant will vote the proxy upon client's expressed written or emailed directive. Covenant will receive proxy materials on the clients' behalf if client declines the right to receive the proxy materials and will forward the proxies to client upon written request.

Investment Committee Members

John Guarino

President, Chief Investment Officer

As President, John sets the overall strategic vision of Covenant and oversees all executive decisions. As Chief Investment Officer, he is responsible for setting the overall investment policy and directing investment strategy, research, portfolio management, trading, asset allocation and investment risk management functions.

John founded Covenant Asset Management in 1999 and has worked as an investment portfolio manager since 1980. From 1985 to 1999, he was a Senior Vice President and Regional Manager in the Investment Management Division of Summit Bank and portfolio manager of the Pillar Equity Growth Fund. He received the industry's prestigious Chartered Financial Analyst (CFA)* designation in 1989. Earning the CFA charter shows that you have gained the knowledge and learned the skills needed for investment analysis and decision making in today's global financial industry.

John has a B.S. in finance from Montclair State University and an M.B.A. in finance from NYU Graduate School of Business. John lives in Chester, New Jersey, with his wife Theodora and has two children.

Timothy Rowe

Director of Business Development and Financial Planning

Tim works with individuals to help them realize their wealth and retirement goals and assists Covenant's other managers to design and implement financial planning strategies for clients. Tim also oversees Covenant's outbound marketing efforts focusing on conducting financial information seminars and collaborating with other professionals. He is also responsible for the oversight and development of Covenant's expansion into the Florida market. In addition, he is the Principal of Covenant Financial Resources, which provides marketing and other financial planning-related products and services. In connection with financial planning, Tim may recommend and sell life insurance products and/or fixed annuities in which he may

earn commissions on the sale of these products. Prior to co-founding Covenant Asset Management in 1999, Tim spent 14 years with Summit Financial Resources as a Senior Financial Consultant, developing and monitoring financial plans for individuals and small businesses.

Tim graduated with a B.S. in business from Slippery Rock University. He has been a registered representative and holds a Series 65 license. Tim lives in Succasunna, New Jersey, with his wife Martine and two sons.

Christopher Clark
Senior Portfolio Manager

Chris works one-on-one with clients, helping them achieve their investment objectives. Chris is also responsible for conducting fundamental research and portfolio construction and oversees Covenant's technical analysis. He is also a member of the firm's Investment Committee. Chris has been employed in the financial services industry since 1992. Prior to joining Covenant Asset Management in 1999, Chris spent four years as an investment portfolio manager at Summit Bank, where he co-managed the Pillar Equity Growth Fund.

Chris has a B.S. in finance from Lehigh University and received the Chartered Financial Analyst (CFA)* designation in 1998. He lives in Hoboken, New Jersey, with his wife April and three daughters and a son.

Don Weir
Senior Portfolio Manager

Don is an experienced industry professional focused on helping high net worth individuals and families achieve their financial goals and objectives. In addition, Don participates in Covenant's investment research effort and portfolio construction. He is also a member of firm's the Investment Committee. Don's investment career of more than 30 years began at Prudential in private placements and leveraged buyouts, and he eventually oversaw the management of more than \$1 billion of institutional and mutual fund portfolios. Later, he joined Merrill Lynch, where his responsibilities included managing asset allocation portfolios for a \$14 billion mutual fund wrap program and \$3 billion of separate accounts. More recently, Don served as Senior Vice President and regional

investment director for wealth management at TD Bank. He joined Covenant Asset Management in 2010.

Don graduated from Dartmouth College with a degree in Liberal Arts and later earned his M.B.A. from Dartmouth's Tuck School of Business Administration. He resides in Morristown, New Jersey, with his wife, Maureen.

Mark Ukrainskyj ***Senior Portfolio Manager***

Mark is an experienced wealth management professional focused on helping high net worth individuals and families determine and achieve their financial goals and objectives. This involves Mark's active participation in Covenant's investment research effort and portfolio construction. He is also a member of the firm's Investment Committee. Mark has worked in the financial services industry since 1988 in various positions. Prior to joining Covenant Asset Management in 2013, Mark spent 13 years at AEPG Wealth Strategies, an independent wealth manager, where he served as Chief Investment Officer. Mark received the Chartered Financial Analyst designation (CFA)* in 1998, and has served on the board of the New York Society of Security Analysts, most recently as Chairman.

Mark has a B.S. in economics from the Wharton School of Business at the University of Pennsylvania and an M.B.A. in finance from the Haas School of Business at the University of California at Berkeley. He lives in Westfield, New Jersey, with his wife Stacey and their two sons.

**Earning the CFA charter shows that you have gained the knowledge and learned the skills needed for investment analysis and decision making in today's global financial industry. To become a charter holder, you have to: 1) Agree to follow the CFA Institute Code of Ethics and Standards of Professional Conduct. 2) Pass the CFA Program exams for Levels I, II, and III. 3) Have four years of qualified investment work experience. 4) Become a regular member of CFA Institute and apply for membership in a local CFA member society.*

Covenant Asset Management, LLC

125 Maple Avenue
Chester, NJ 07930
908-879-4090

Part 2B of Form ADV Brochure Supplement May 1, 2015

This brochure supplement provides biographical information on Covenant Asset Management's investment advisors or investment advisor representatives. The business address of all of Covenant's advisors listed below is Covenant's business address listed above.

1. John Guarino (908)879-4090
2. Timothy Rowe (908)879-2360
3. Christopher Clark (908)878-7090
4. Don Weir (908)879-5330
5. Mark Ukrainskyj (908)879-7110

This brochure supplement provides information about John Guarino, Timothy Rowe, Christopher Clark, Don Weir and Mark Ukrainskyj that supplements Covenant Asset Management's brochure. You should have received a copy of that brochure. Please contact Lucy Maher at (908) 879-5270 if you did not receive a copy of Covenant Asset Management's brochure or if you have any questions about the contents of this supplement.

Additional information about John Guarino, Timothy Rowe, Christopher Clark, Don Weir, and Mark Ukrainskyj is available on the SEC's website at www.adviserinfo.sec.gov

John Guarino
(908) 879-4090
Year of Birth: 1958

President, Chief Investment Officer

As President, John sets the overall strategic vision of Covenant and oversees all executive decisions. As Chief Investment Officer, he is responsible for setting the overall investment policy and directing investment strategy, research, portfolio management, trading, asset allocation and investment risk management functions.

John founded Covenant Asset Management in 1999 and has worked as an investment portfolio manager since 1980. From 1985 to 1999, he was a Senior Vice President and Regional Manager in the Investment Management Division of Summit Bank and portfolio manager of the Pillar Equity Growth Fund. He received the industry's prestigious Chartered Financial Analyst (CFA)* designation in 1989. Earning the CFA charter shows that you have gained the knowledge and learned the skills needed for investment analysis and decision making in today's global financial industry.

John has a B.S. in finance from Montclair State University and an M.B.A. in finance from NYU Graduate School of Business. John lives in Chester, New Jersey, with his wife Theodora and has two children.

Timothy Rowe
(908) 879-2620
Year of Birth: 1960

Director of Business Development and Financial Planning

Tim works with individuals to help them realize their wealth and retirement goals and assists Covenant's other managers to design and implement financial planning strategies for clients. Tim also oversees Covenant's outbound marketing efforts focusing on conducting financial information seminars and collaborating with other professionals. He is also responsible for the oversight and development of Covenant's expansion into the Florida market. In addition, he is the Principal of Covenant Financial Resources, which provides marketing and other financial planning-related products and services. In connection with financial planning, Tim may recommend and sell life insurance products and/or fixed annuities in which he may earn commissions on the sale of these products. Prior to co-founding Covenant Asset Management in 1999, Tim spent 14 years with Summit Financial Resources as a Senior Financial Consultant, developing and monitoring financial plans for individuals and small businesses. Tim graduated with a B.S. in business from Slippery Rock University. He has been a registered representative and holds a Series 65 license. Tim lives in Succasunna, New Jersey, with his wife Martine and two sons.

Christopher Clark

(908) 879-7090

Year of Birth: 1966

Senior Portfolio Manager

Chris works one-on-one with clients, helping them achieve their investment objectives. Chris is also responsible for conducting fundamental research and portfolio construction and oversees Covenant's technical analysis. He is also a member of the firm's Investment Committee. Chris has been employed in the financial services industry since 1992. Prior to joining Covenant Asset Management in 1999, Chris spent four years as an investment portfolio manager at Summit Bank, where he co-managed the Pillar Equity Growth Fund.

Chris has a B.S. in finance from Lehigh University and received the Chartered Financial Analyst (CFA)* designation in 1998. He lives in Hoboken, New Jersey, with his wife April and three daughters and a son.

Don Weir

(908) 879-5330

Year of Birth: 1948

Senior Portfolio Manager

Don is an experienced industry professional focused on helping high net worth individuals and families achieve their financial goals and objectives. In addition, Don participates in Covenant's investment research effort and portfolio construction. He is also a member of firm's the Investment Committee. Don's investment career of more than 30 years began at Prudential in private placements and leveraged buyouts, and he eventually oversaw the management of more than \$1 billion of institutional and mutual fund portfolios. Later, he joined Merrill Lynch, where his responsibilities included managing asset allocation portfolios for a \$14 billion mutual fund wrap program and \$3 billion of separate accounts. More recently, Don served as Senior Vice President and regional investment director for wealth management at TD Bank. He joined Covenant Asset Management in 2010.

Don graduated from Dartmouth College with a degree in Liberal Arts and later earned his M.B.A. from Dartmouth's Tuck School of Business Administration. He resides in Morristown, New Jersey, with his wife, Maureen.

Mark Ukrainskyj

(908) 879-7110

Year of Birth: 1967

Senior Portfolio Manager

Mark is an experienced wealth management professional focused on helping high net worth individuals and families determine and achieve their financial goals and objectives. This involves Mark's active participation in Covenant's investment research effort and portfolio construction. He is also a member of the firm's Investment

Committee. Mark has worked in the financial services industry since 1988 in various positions. Prior to joining Covenant Asset Management in 2013, Mark spent 13 years at AEPG Wealth Strategies, an independent wealth manager, where he served as Chief Investment Officer. Mark received the Chartered Financial Analyst (CFA)* designation in 1998, and has served on the board of the New York Society of Security Analysts, most recently as Chairman.

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No Covenant Asset Management listed has been subject to any legal or disciplinary events.

Supervision

John Guarino, President, Chief Investment Officer, (908) 879-4090 supervises:

1. Timothy Rowe
2. Christopher Clark
3. Don Weir
4. Mark Ukrainskyj

In an effort to monitor the advice given to clients, John Guarino receives copies of all email and written communication from and to each of the supervised persons listed above. In addition, material verbal communications between the supervised persons and clients are communicated to John Guarino either verbally or through email.