



Covenant Credit Partners, LLC

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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. Additionally, registration as an investment adviser does not imply a certain level of skill or training.

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 Brochure dated April 27, 2015 amends our brochure dated March 30, 2015. There were no material changes.

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Item 4 – Advisory Business

A. Description of Advisory Firm

Covenant Credit Partners, LLC (“Covenant Credit”) provides investment advisory services to pooled investment vehicles. Covenant Credit is a Delaware limited liability company that was formed in October 2013. Marc Boatwright owns more than 25% of Covenant Credit through intermediate entities, including Credencia Capital Partners, L.P. and Covenant Credit Holdings, LLC.

B. Description of Advisory Services

Covenant Credit invests primarily in senior bank loan assets through private investment vehicles, each a “Fund”. The Funds are primarily 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 follows 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 does not participate in any Wrap Fee Programs.

E. Client Assets

As of December 31, 2014, Covenant Credit managed approximately \$1,014,970,000 of client assets on a discretionary basis and no assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Advisory Fees and Compensation

Covenant Credit typically receives fees from the Funds in two ways: (a) management fees based on a percentage of assets under management (typically 0.50% 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 are outlined in the offering documents for each Fund.

B. Payment of Fees

The fees paid to Covenant Credit are deducted from a Fund’s assets. Management fees are paid quarterly in arrears and the incentive fees are 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: trustee fees and expenses, collateral administration fees and expenses, fees and expenses of independent accountants, agents and counsel of a Fund, fees and expenses of rating agencies in connection with any rating of secured notes or collateral obligations of a Fund, reasonable expenses of Covenant Credit, including fees incurred and paid by Covenant Credit for its accountants, agents, counsel and administration and out-of-pocket travel and other miscellaneous expenses incurred and paid by Covenant Credit in connection with its management of the collateral obligations, custodial and third party administration, as well as brokerage and other transaction costs. Please reference Item 12. Each investor bears its proportionate share of any fees or expenses related to a Fund.

D. Prepayment of Fees

Funds are not required to pay any fees in advance.

E. Compensation for Sale of Securities

Neither Covenant Credit nor any of its supervised persons 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 currently manages two Funds that charge performance-based fees. Covenant Credit faces a conflict of interest to the extent that it manages a Fund for which it receives a performance fee at the same time as it manages one or more other Funds for which it receives no performance fee or a different level of performance fee. A performance fee arrangement generally entitles an investment adviser to additional compensation based on the performance of the Fund bearing the performance fee. Covenant Credit may have an incentive to favor Funds or take increased investment risk on behalf of Funds for which it receives a larger performance fee because it could receive greater compensation from such Funds. Covenant Credit has put into place policies and procedures to mitigate the risk of these conflicts of interest, including policies designed to allocate trades and securities to the Funds in a fair and equitable manner. The Firm generally allocates investment opportunities on a pro-rata basis among eligible Client accounts based on the current equity of each account. Certain investment opportunities are allocated using certain factors such as risk factors, Fund investment restrictions or current portfolio holdings.

Item 7 – Types of Clients

Covenant Credit provides 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 invests 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 advisers. 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. Although certain senior loans will be secured by specific collateral, there can be no assurance that liquidation of such interest or principal or that such collateral could be readily liquidated. 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 Advisers

Covenant Credit does not receive compensation for recommending other investment advisers to clients.

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

A. Code of Ethics

Covenant Credit has adopted a Code of Ethics that complies with the requirements outlined by the Investment Advisers Act of 1940 (the "Advisers Act"). This includes making and retaining records required by Rule 204-2 under the Advisers Act. The Code of Ethics is designed to detect and prevent material 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 recommend 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 invest 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 simultaneously invest in the same securities that it invests in on behalf of clients.

Item 12 – Brokerage Practices

A. Selecting Broker Dealers

Covenant Credit considers many factors when selecting broker-dealers to execute trades for a Fund. Those factors include, among others, 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

Covenant Credit has no formal arrangements with any broker-dealer to receive research or other products or services, other than execution, and Covenant Credit does not have any soft dollar or commission sharing arrangements that would require Covenant Credit to provide any specified amount of brokerage to a broker-dealer. Covenant Credit may, from time to time, 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. Any research reports received is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. When Covenant Credit receives research or other information from a broker-dealer free of charge, it could be viewed as receiving a benefit it does not have to pay for, and Covenant Credit could be viewed as having an incentive to select or recommend a broker-dealer for a transaction on behalf of a Fund based on its interest in receiving such benefits rather than on receiving most favorable execution.

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 is in the best interest of the clients involved, one fund or more funds may sell the same security that one or more other funds is buying. Prior to executing cross-trades, Covenant Credit will obtain a live quote from the loan trading desk for the agent bank 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 conducts daily portfolio credit monitoring for all client accounts. There are also weekly, monthly and quarterly reviews of adherence to investment guidelines, credit risk and investment strategy. These reviews 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 investor in a Fund. 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 does not receive economic benefits from non-clients for investment advice or other advisory services.

B. Compensation for Client Referrals

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

Item 17 – Voting Client Securities

Covenant Credit has the authority to vote as proxy for all client accounts. Covenant Credit's voting procedures have been adopted pursuant to Rule 206(4)-6 under the Advisers Act and decisions are 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 does 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.