

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 (980) 495-7225. 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 May 30, 2018 amends our Brochure that was last filed on March 30, 2018. We have made the following material changes to the Brochure to reflect changes to the Advisory Business at item 4.

Form of Organization and Acquisition

On May 18, 2018, the following changes took effect:

- Covenant Credit Partners, LP changed from a Limited Partnership to a Limited Liability Company and is now '**Covenant Credit Partners, LLC**'.
- AIG Global Asset Management Holdings Corp. acquired Covenant Credit Partners, LLC and a controlling interest in its subsidiary investment adviser, Covenant CLO Advisors, LLC.

Executive Officers

The following Officers have been appointed.

- Geoffrey Cornell – President
- Elaine Rocha – Chief Operating Officer
- Atif Mahmood – Chief Financial Officer
- Tamerlaine Beattie – General Counsel & Secretary
- Jami Nolan – Chief Compliance Officer and Director of Operations

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Item 4 - Advisory Business

A. Description of Advisory Firm

Covenant Credit Partners, LLC (“Covenant Credit Partners”) and its subsidiary investment adviser, Covenant CLO Advisors, LLC (the “Relying Adviser”) provide discretionary investment advisory services. Covenant Credit Partners is a Delaware limited partnership that was formed in October 2016 and was converted to a Delaware limited liability company on May 2018. On May 19, 2018, Covenant Credit Partners was acquired by AIG Global Asset Management Holdings Corp and is a wholly owned subsidiary. The Relying Adviser is a Delaware limited liability company formed in January 2017 and is controlled by Covenant Credit Partners. References in this brochure to the “Adviser” include Covenant Credit Partners and the Relying Adviser unless the context otherwise requires. As set out in Schedule R of Form ADV Part 1A, Covenant Credit Partners and the Relying Adviser currently use a single registration (file a single Form ADV).

B. Description of Advisory Services

The Adviser provides discretionary investment advisory services to its clients, which are private investment vehicles that invest primarily in senior bank loan assets (each, a “Fund” and collectively, the “Funds”). Each Fund is a structured debt vehicle known as a Collateralized Loan Obligation or a “CLO” organized in the Cayman Islands as an exempted company.

C. Advisory Services for Individual Clients

The Adviser follows the guidelines provided by the offering documents for a Fund to make investment decisions appropriate to the Fund’s objectives.

Clients may not impose restrictions on investing in certain securities or certain types of securities.

D. Wrap Fee Programs

The Adviser does not participate in any Wrap Fee Programs.

E. Client Assets

As of December 31, 2017, the Adviser managed approximately \$907,753,340 of regulatory assets under management on a discretionary basis and no assets on a non-discretionary basis.

Item 5 - Fees and Compensation

A. Advisory Fees and Compensation

Covenant Credit Partners and the Relying Adviser currently use a single registration (files a single Form ADV) in reliance on the position expressed in the SEC staff's no-action letter to the American Bar Association dated January 18, 2012, and Covenant Credit Partners only client, the Fund, relies on Section 3(c)(7) of the Investment Company Act of 1940, as amended. Information on the advisory fees and compensation is set forth in the Fund's offering documents.

B. Payment of Fees

The fees paid to Covenant Credit Partners are deducted from a Fund's assets. Management fees are paid quarterly in arrears and the incentive fees are evaluated quarterly.

C. Other Fees or Expenses

Other than advisory fees and, if applicable, incentive fees, paid to the Adviser, 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 the Fund; taxes, fees, governmental fees (including annual fees) and registered office fees payable by special purposes subsidiaries 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 the Adviser, including fees incurred and paid by the Adviser for its accountants, agents, counsel and administration and out-of-pocket travel and other miscellaneous expenses incurred and paid by the Adviser in connection with its management of the collateral obligations, custodial and third party administration, as well as brokerage and other transaction costs; other fees or expenses permitted under the indentures (the "Indentures") governing the notes issued by a Fund (the "Notes") and the documents delivered pursuant to or in connection with the Indenture (including any petition expenses, expenses incurred in connection with setting up and administering special purposes subsidiaries of a Fund, the payment of facility rating fees and all legal and other fees and expenses incurred in connection with the purchase and sale of any collateral obligations and any other expenses incurred in connection with the collateral obligations including any excepted advances) and the Notes, including but not limited to any amounts due in respect of the listing of the Notes on any stock exchange or trading system and costs associated with producing definitive Notes. Please reference Item 12. Client assets may be invested in money market funds. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to any fees or other compensation paid to the Adviser.

D. Prepayment of Fees

Each Fund is not required to pay any fees in advance.

E. Compensation for Sale of Securities

Neither the Adviser 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 Partners currently manages one Fund that charges performance-based fees. The Adviser 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 clients for which it receives 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. The Adviser may have an incentive to favor clients or take increased investment risk on behalf of clients for which it receives a larger performance fee because it could receive greater compensation from such clients. The Adviser 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 clients in a fair and equitable manner. The Adviser generally allocates investment opportunities based on cash availability and Collateral Quality Test Limits (as defined in the corresponding Indenture). Certain investment opportunities are allocated using certain factors such as risk factors, Fund investment restrictions or current portfolio holdings.

Item 7 - Types of Clients

The Adviser provides investment advice to the Funds. Investors in a Fund may include high net worth individuals, pension funds, banks, corporations, trusts and estates. The minimum investment requirements can be found in the offering memorandum for a Fund. The Adviser expects the investors in a Fund to include additional pooled investment vehicles for sophisticated investors and institutional investors over the next year.

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

A. Methods of Analysis and Investment Strategies

The Adviser invests on behalf of each Fund 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.

These types of methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

B. Risk of Loss (Investment Strategies)

Some material risks associated with investing in long-only fixed income securities, 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 a Fund. The assets of a Fund will consist primarily of non-investment grade loans. Obligors of below investment-grade assets may be highly leveraged and may not have available to them more traditional methods of financing. During an economic downturn, a sustained period of rising interest rates, or a period of fluctuating exchange rates (in respect of those obligors located in non-U.S. countries), such obligors may be more likely to experience financial stress and may be unable to meet their debt obligations. Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the collateral obligations.

Market risk is the possibility that as the market declines, it can result in a decline of the value of assets within a Fund. There is a risk that the value of the collateral may decline and may not be sufficient to fully repay all of the obligations upon maturity. There is also a risk that significant fluctuations in the value of the collateral may require certain actions be taken by the Adviser as collateral manager, such as the sale of collateral or limitations on the Adviser's ability to purchase new collateral.

Counterparty risk can be an issue if the counterparties with whom the Adviser trades become bankrupt or fail to perform their obligations. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Liquidity becomes a risk when it is hard to purchase or sell an asset due to market turbulence or low trading activity. Currently, no market exists for the securities issued by the Funds. The securities issued by the Funds are illiquid investments and there is no established secondary market for such securities. Although a secondary market in the securities issued by the Funds may develop, there can be no assurance that it would provide holders of such securities with liquidity of investment or that liquidity will continue for the life of such securities. Consequently, a purchaser of securities must be prepared to hold such securities until their stated maturity.

Each Fund is a CLO and is therefore subject to certain structural risks that apply to CLOs generally. A CLO is similar to a closed-end investment fund in that it is an

investment vehicle that has a specific investment strategy, a designated investment manager and all investment/trading activity is governed by an indenture and reported upon by an independent trustee. The CLO structure, however, utilizes financial leverage to purchase assets (corporate loans and other credit instruments) and, by doing so, allocates risk of loss among various classes of investors. The individual investor classes (or tranches of debt) each have a unique claim on the assets of the CLO in terms of their priority of payment for both interest and principal proceeds of the collateral. The senior debt tranches have a priority claim on the cash flows generated by the assets of the CLO over the junior debt tranches. To the extent that losses are suffered on the collateral, or the cash flow generated by the assets is not sufficient to pay interest and principal on the debt tranches, the holder(s) of the most subordinated notes bear the initial risk of loss before any such losses are incurred by more senior debt tranches.

As discussed above, CLOs are subject to credit, liquidity and interest rate risks. CLO collateral generally consists of high yield bank loans and high yield debt securities. Consequently, an investment in CLOs is also subject to the risks of those underlying investments, which may be magnified as a result of a CLO typically being issued in a highly leveraged transaction. CLOs generally are limited recourse obligations payable solely from the related CLO collateral or its proceeds. If distributions on the underlying CLO collateral are insufficient to make payments on the CLO securities, no other assets will be available to pay the deficiency, and after the underlying assets have been sold, the CLO's obligation to pay any deficiency will be extinguished.

Investing in securities involves risk of loss a Fund investors should be prepared to bear, including loss of the principle amount invested. This Item B identifies material risks related to the Adviser's significant investment approaches and should be carefully evaluated before making an investment with the Adviser; however, the disclosure in this Item B is not intended to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. The offering documents of a Fund contains additional information regarding the risks associated with investing in the Fund.

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 a 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

This Item is inapplicable.

Item 10 - Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Neither the Adviser 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 the Adviser 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. Related Person

AIG Asset Management (U.S.), LLC is a wholly-owned indirect subsidiary of American International Group, Inc. and provides investment advisory and asset management services to AIG and its affiliates.

D. Compensation for Recommendations of Other Investment

Advisers Not applicable.

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

A. Code of Ethics

The Adviser has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”) that 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 the Adviser’s duty to its clients. The Code of Ethics requires all employees to act in the best interest of the Adviser’s clients; requires periodic reporting of personal securities transactions and holdings; and requires the Adviser to maintain current and accurate records. To request a copy of the Code of Ethics, please contact the Adviser at the address on the cover page of this Brochure.

B. Participation or Interest in Client Transactions

Neither the Adviser nor any related persons recommend to or trade for client accounts any securities in which the Adviser or any related persons have a material financial interest.

C. Investing in Client Securities

Neither the Adviser nor any related persons invest in the same securities that it recommends to clients.

D. Investing for the Client and Personal Accounts Simultaneously

Neither the Adviser 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

Investment advisers, like the Adviser, with the authority to direct client trades are under a duty to obtain “best execution,” which the SEC generally describes as a duty to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. This duty generally begins with a requirement that the Adviser obtain the best price available for the securities in each transaction. However, the Adviser need not always pay the lowest possible commission or markup or markdown, but may take into account a number of factors, including a broker’s trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, willingness to commit capital, access to a particular trading market, availability of securities to borrow or short sales, and the value of research it provides. When effecting client transactions, the Adviser will consider those factors and undertake to ensure that these transactions receive best execution. The Adviser maintains an approved list of broker-dealers and counterparties. When selecting a party for each specific transaction, the Adviser uses its best judgment to choose the broker-dealer or counterparty most capable of providing the services necessary to obtain the best available price and most favorable execution. Consideration may also be given to those brokers and counterparties that supply research services to the Adviser in fulfilling its investment management responsibilities. Due to the nature of the transactions executed for the funds, the Adviser does not expect to incur significant brokerage expenses.

1. Research and Other Soft Dollar Benefits

An adviser must take reasonable steps to research the investment instruments that an adviser purchases and sells on behalf of clients. This step does not mean that an investment decision will never result in a loss, but that the adviser has determined the potential risks associated with the investment. We fulfill this step through our research of specific investment instruments, issuers and markets. Our level of research may vary with the uniqueness of the instrument, issuer or market. In addition, we tend to invest in instruments that may present significantly greater risk than investment in, for example, U.S. Treasury securities. We fully disclose our overall investment strategies to our

clients and the risks inherent in these strategies in the Fund documents.

The Adviser has no formal arrangements with any broker-dealer to receive research or other products or services, other than execution, and the Adviser does not have any soft dollar or commission sharing arrangements that would require the Adviser to provide any specified amount of brokerage to a broker-dealer. The Adviser has received during the past year and 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 the Adviser 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 the Adviser 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 the Adviser 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

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

3. Directed

Brokerage Not
applicable.

4. Cross Trades

To the extent it had multiple clients, the Adviser may need to execute cross trades. A cross trade is a pre-arranged transaction between two or more different funds or accounts managed by the adviser. If it is in the best interest of the clients involved, one fund or more funds may sell the same security to each other that one or more other funds is buying. Prior to executing cross-trades, the Adviser will obtain a live quote from the loan trading desk for the agent bank or the loan trading desk with the most active historical quotes and execute the cross trade at the midpoint of the bid/ask quote. A cross trade will only be undertaken when it is determined that it is in the best interests of each Client, the cross trade is consistent with the investment objectives, policies and restrictions of the purchasing/selling Client, the Cross Trade is executed at a fair price, and with pre-approval of the Compliance Officer or her designee. No consideration will be paid or received (other than cash payment for prompt delivery of the security) and no brokerage commission, fee or other remuneration should be paid in connection with any Cross Trade.

B. Aggregation of Securities

When the situation deems beneficial for all clients involved, the Adviser 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

The Adviser 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 Investors

The trustee for each 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

The Adviser does not receive economic benefits from non-clients for investment advice or other advisory services.

B. Compensation for Client Referrals

The Adviser does not directly or indirectly compensate any person for client referrals.

Item 15 - Custody

Not applicable.

Item 16 - Investment Discretion

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

Prior to assuming discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Item 17 - Voting Client Securities

The Adviser has the authority to vote as proxy for all client accounts. The Adviser'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. At times, conflicts may arise between the interests of clients on the one hand and the interests of the Adviser or its affiliates on the other hand. If the Adviser determines that it has or may be perceived to have a conflict of interest when voting a proxy, the Adviser will address matters involving such conflicts of interest as follows:

- (a) If a proposal is addressed by the specific policies in the Adviser's Compliance Manual, the Adviser will vote in accordance with such policies;
- (b) If the Adviser believes it is in the best interest of our clients including a Fund to depart from the specific policies provided for in the Adviser's Compliance Manual, the Adviser would be subject to the requirements of (c) or (d) below, as applicable;
- (c) If the proxy proposal is (1) not addressed by the specific policies or (2) requires a case-by-case determination by the Adviser, the Adviser may vote such proxy as it determines to be in the best interest of our clients without taking any action described in (d) below, provided that such vote would be against the Adviser's own interest in the matter (i.e., against the perceived or actual conflict). The Adviser will memorialize the rationale of such vote in writing; and
- (d) If the proxy proposal is (1) not addressed by the specific policies or (2) requires a case-by-case determination by the Adviser and the Adviser believes it should vote in a way that may also benefit or be perceived to benefit its own interest, then the Adviser must take one of the following actions in voting such proxy: (i) delegate the voting decision for such proxy proposal to an independent third party; (ii) delegate the voting decision to an independent committee of partners, members, directors, or other representatives of the fund, or account, as applicable; (iii) inform the client of the conflict of interest and obtain consent to vote the proxy as recommended by the Adviser; or (iv) obtain approval of the decision from the Compliance Officer.

The Adviser may also resolve material conflicts of interest by suggesting that a client use another party to determine how proxies should be voted. Fund investors may obtain a copy of the proxy voting policies and procedures upon request.

Item 18 - Financial Information

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