

Item 1: Cover Page**Part 2A of Form ADV
Firm Brochure**

July 10, 2020

Covenant Multi-Family Offices, LLC
SEC File No. 801-71043

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This brochure provides information about the qualifications and business practices of Covenant Multi-Family Offices, LLC. If you have any questions about the contents of this brochure, please contact us at 210-403-5350 or kristina.craig@covenantmfo.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Covenant Multi-Family Offices, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.



Item 2: Material Changes

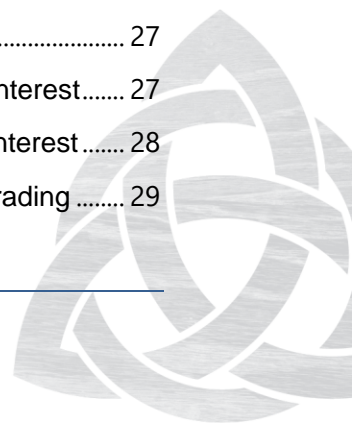
This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Since the last update of this disclosure statement issued on March 30, 2020, Covenant Multi-Family Offices, LLC has made the following material change:

Effective June 22, 2020, the firm has moved its office from 18756 Stone Oak Parkway, Suite 102, San Antonio, Texas 78258 to 4372 N Loop 1604 W, Suite 116, San Antonio, Texas 78249.



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Item 4: Advisory Business

A. Covenant Multi-Family Offices, LLC

Covenant Multi-Family Offices, LLC ("Covenant") is a limited liability company formed on November 24, 2009 in the State of Texas. Covenant became registered as an Investment Adviser Firm on February 1, 2010. Covenant is principally owned by John Eadie, Covenant's Managing Member.

B. Advisory Services Offered

B.1. Investment Advisory Services

Clients can engage Covenant to manage all or a portion of their assets on a discretionary basis. For its discretionary investment advisory services, Covenant receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

Covenant's investment advisory services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Covenant will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. In addition, Covenant may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

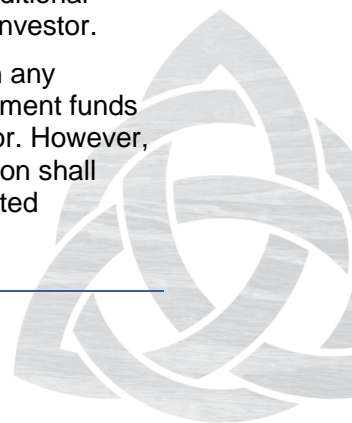
Clients are obligated to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Covenant will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Covenant will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

B.1.a. Private Investment Funds

Covenant may provide investment recommendations and advice regarding both affiliated and non-affiliated private investment funds. Covenant shall provide the fund's offering materials at or prior to solicitation of the investment. Please refer to the fund's confidential offering memorandum for applicable disclosures regarding management of the fund, its investment objective, risk factors, tax and related factors.

Please be advised that Covenant may earn additional compensation from certain affiliated funds in which it serves as Sub-Adviser. Such fees are paid from fund assets that are separate and distinct from and in addition to Covenant's standard investment advisory fees under its standard asset-based fee schedule referenced in Item 5 below. The recommendation that a client invest in such funds presents a conflict of interest in that Covenant has an economic incentive to recommend private funds to advisory clients in which it serves as Sub-Adviser as a result of the additional compensation earned. No client is under any obligation to become an affiliated funds investor.

In the event that Covenant references private investment funds owned by the client on any supplemental account reports prepared by Covenant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated



valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. Please also note, as a result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value reflected on the report.

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she/its is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

B.2. Financial Planning and Consulting Services

Covenant offers financial planning and/or consulting services (including investment and non-investment related matters) as a one-time or ongoing service, subject to a separate agreement and separate fee basis or structure. Prior to engaging Covenant, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Covenant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the applicable fees as described in Item 5. To the extent specifically requested by the client and at full discretion of the advisor, ongoing financial planning and/or consulting services may be provided to investment advisory clients at no additional charge.

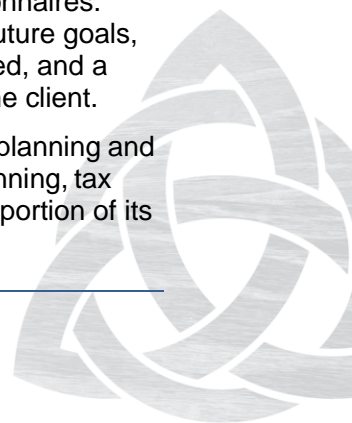
Several primary areas are evaluated in order to develop a written financial plan, tailored to fit the client's needs. Consultation may involve discussion of the client's assets and liabilities, current income and expenses, goals and objectives, current investments, insurance coverage, retirement planning, estate planning, business holdings, education planning, special needs planning, and the attitudes and investment philosophy of the client. These topics may be discussed, along with other relevant factors to help assess the client's immediate and long-term financial needs.

Our services may encompass any or all of the following activities:

- Cash flow planning
- Risk management and insurance planning
- Retirement planning
- Investment planning
- Estate, gift, and wealth transfer planning
- Elder planning
- Charitable planning
- Education planning
- Tax planning
- Business planning

Covenant gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

As indicated above, to the extent requested by a client, Covenant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Covenant *does not* serve as an attorney or accountant, and no portion of its



services should be construed as legal or accounting services. Accordingly, Covenant *does not* prepare estate planning documents. To the extent requested by a client, Covenant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Covenant in their separate individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Covenant and/or its representatives.

Please Note: If the client engages any professional, recommended or otherwise, (including certain licensed insurance agents employed by Covenant in their individual capacities), and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s), and not Covenant, shall be responsible for the quality and competency of the services provided.

Please Also Note: Each client is advised that it remains the client's responsibility to promptly notify Covenant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Covenant's previous recommendations and/or services.

B.3. Tax Consulting and Preparation Services

Covenant may provide its clients with tax consulting and preparation services on a mutually agreed upon fixed fee basis, pursuant to the terms and conditions of a separate written agreement.

Although several of Covenant's employees are licensed as certified public accountants, no corresponding CPA-client relationship is established. All tax preparation services are provided exclusively by Covenant. Covenant is not a certified public accounting firm.

B.4 Retirement Plan Services

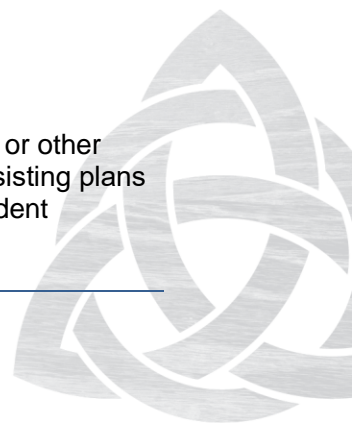
B.4.a. Retirement Plan Services (Institutional)

For Corporate Retirement Plan accounts, the advisor begins with an analysis of the current retirement plan structure, custodian, third party administrator, daily record keeper, investments, managed investment models, and fees. The analysis is designed to determine if Covenant is able to add value to the plan and what areas, if any, may be deficient from both a regulatory perspective and from a financial advisory perspective. The services offered to clients are as follows:

- Plan design and asset selection consultation
- Review plan sponsor's stated financial criteria for each investment option
- Provide investment research and performance information on investment options
- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Fiduciary due diligence assistance
- Annual Fiduciary Plan Review
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services

B.4.b. ERISA Fiduciary Services

Covenant provides advisory services, which include providing retirement Plan Sponsors or other plan fiduciaries ("Plan Sponsors") investment advisory and management services by assisting plans in establishing and/or maintaining a consistent and ongoing documented process of prudent



oversight and due diligence. The Adviser provides services to clients that sponsor a retirement plan that is qualified under the Internal Revenue Code of 1986, as amended (the “IRC”) and/or subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). Services may include benchmarking, plan design strategies, analysis, fiduciary consulting and oversight, plan level investment advice and investment fund selection and monitoring services, and some employee education services.

Covenant does not act as, and has not agreed to assume the duties of, a Plan trustee or the “Plan Administrator,” as defined under section 3(16) of ERISA nor as trustee as described by SEC Rule 206(4). The Adviser has no discretion to interpret the Plan documents, to determine eligibility or participation under the Plan, to provide participant disclosures or communications, to ensure contributions are timely received by the Plan or to exercise any other action with respect to the management, administration or any other aspect of the Plan.

The Adviser’s services are offered to assist plan fiduciaries as they carry out their investment related responsibilities and these services should not substitute for or diminish the careful deliberation and determination of plan fiduciaries, after appropriate consultation with their other professional advisers and the review of relevant plan documentation.

B.4.c. Non-Discretionary 3(21) Fiduciary Services

When the Adviser performs “3(21) Fiduciary Services,” the Adviser will act as a co-fiduciary “investment adviser” that provides “investment advice” as defined under Section 3(21) of ERISA. Under this arrangement the Adviser is appointed by the plan sponsor or trustee to determine a recommended lineup of investments to be included in the Plan. These recommendations are presented to the Plan Sponsor, who has the ultimate responsibility to accept or reject the recommendation. The Adviser will not have any further responsibility to communicate instructions to any third-party, including the custodian, and/or third-party administrator.

The Adviser offers the following 3(21) services:

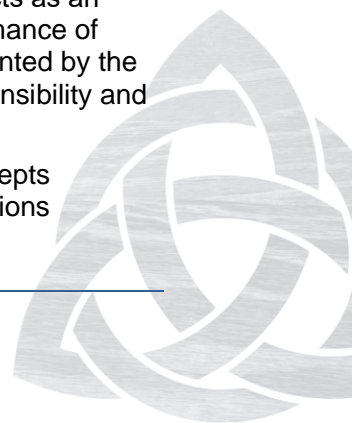
- Investment screening
- The selection of replacement funds to which existing Plan balances may be transferred
- Assisting clients to finalize a Plan’s investment lineup of funds available for investment by Plan participants and used for other administrative purposes under the Plan
- Plan review meetings – including review of Investment Funds

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio’s securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered.

B.4.d. Discretionary 3(38) Fiduciary Services

When a client engages the Adviser to perform “3(38) Fiduciary Services”, the Adviser acts as an “investment manager” (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions



concerning decisions related to the plan assets. The Adviser will review the investment options available to the Plan through documents provided by the Plan Sponsor and notifies the Plan's record-keeper and/or the Plan Sponsor the Adviser's instructions to add, remove and/or replace these specific investment options offered to Plan participants and/or used for administrative purposes under the Plan, according to the criteria set forth in guidelines selected by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the Plan record-keeper's platform (i.e., "non-core" investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

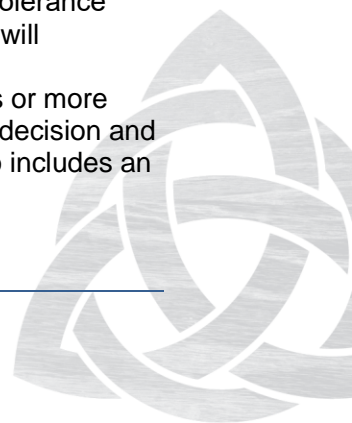
The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The Adviser will also monitor the current managed investment line up including the investment's performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

B.5. Automated Investment Strategy

Covenant offers an Automated Investment Strategy (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an



automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5: Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

B.6. Sub-Advisory Arrangements

Covenant may engage Betterment, LLC (the "sub-advisor") for the purpose of assisting Covenant with the management of certain of its client accounts. The sub-advisor shall have discretionary authority for the day-to-day management of the assets that are allocated to it by Covenant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by Covenant. Covenant will render ongoing and continuous advisory services to the client relative to the monitoring and review of account performance, client investment objectives, and asset allocation. Covenant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services.

B.7. Independent Managers

Although Covenant may recommend assets be allocated among unaffiliated independent investment managers. In such situations, the independent managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. Covenant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The investment management fee charged by the independent managers is separate from, and in addition to, Covenant's advisory fee as set forth in the fee schedule at Item 5 below.

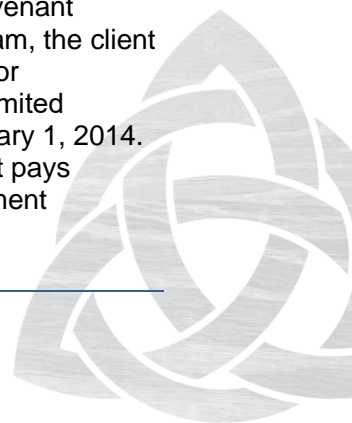
C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio. Such restrictions must be provided in writing.

D. Wrap Fee Programs

Covenant may recommend third-party wrap fee programs depending on the needs of a particular client. Covenant may recommend clients to the Betterment and Schwab Institutional Intelligent Portfolio wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

Covenant sponsors a wrap fee program, but does not actively offer it to new clients. Covenant continues to provide services to legacy clients on a wrap fee-basis. Under a wrap program, the client pays one fee for both investment management and the corresponding commission and/or transaction costs charged by the broker-dealer/custodian for the client's account. With limited exception, Covenant has not offered to provide services on a wrap fee basis since January 1, 2014. Since January 1, 2014, Covenant has offered services on an unbundled basis (the client pays separate fees for investment management and brokerage/transactions costs: an investment



management fee to Covenant and brokerage/transaction costs to the broker-dealer/custodian for the client's account.) Conflict of Interest: Because Program transaction fees and/or commissions are being paid by Covenant to the account custodian/broker-dealer, Covenant could have an economic incentive to minimize the number of trades in the client's account.

E. Client Assets Under Management

As of December 31, 2019, Covenant managed \$1,760,738,251 in discretionary assets and \$53,564,890 in non-discretionary assets.



Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

A.1. Investment Management Services

Covenant provides investment advisory services on an asset-based fee basis. Covenant's annual investment advisory fee shall be calculated as a percentage (%) of the market value of the assets placed under Covenant's management between negotiable and 1.25%.

Covenant's investment advisory fee is negotiable at our discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with us and/or our representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by Covenant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

Asset-based fees are always subject to the investment advisory agreement between the client and Covenant. Such fees are payable quarterly in advance based on the market value of the assets on the last business day of the previous quarter. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter; no adjustments will otherwise be made for contributions or withdrawals.

A.2. Financial Planning and Consulting Services

To the extent specifically requested by a client, Covenant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis, either as a one-time or ongoing service. Covenant's planning and consulting fees are negotiable, but generally may range from \$4,000 to \$50,000 on a fixed fee basis, and from \$75 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

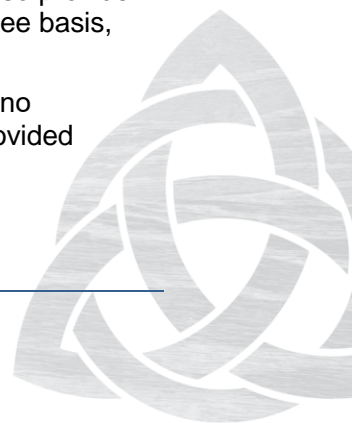
Covenant will provide the prospective client with an estimate of the cost associated with preparing the financial plan and ongoing financial planning services prior to finalizing the financial planning agreement. The client will be billed directly for such services. Invoices will be mailed out on a periodic basis reflecting completed work performed. For prepaid fees in excess of \$1200, services will be completed within six months of the date fees are received. Clients seeking to terminate this service must do so in writing.

To the extent specifically requested by the client and at the full discretion of the advisor, financial planning and/or consulting services may be provided to investment advisory clients at no additional charge.

A.3. Tax Consulting and Preparation Services

In addition to investment management and financial planning services, Covenant may also provide its clients with tax consulting and preparation services on a mutually agreed upon fixed fee basis, pursuant to the terms and conditions of a separate written agreement.

Although several of Covenant's employees are licensed as certified public accountants, no corresponding CPA-client relationship is established. All tax preparation services are provided exclusively by Covenant-Covenant is not a certified public accounting firm.



A.4. Automated Investment Strategy Fees

Clients are charged based on a percentage of assets under management with Covenant. The maximum annual fee for this service is 110 bps for assessing and helping clients choose the portfolios, and assisting with any account related paperwork and communication with the custodian.

A.5. Private Fund Fees

Please refer to the applicable fund's offering documents for a description of fees, conflicts of interest, risks and related matters.

B. Client Payment of Fees

Covenant generally requires fees to be prepaid on a quarterly basis. Covenant may require clients to authorize the direct debit of advisory fees from their custodial accounts. Both Covenant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Covenant's investment advisory fee and to directly remit that management fee to Covenant in compliance with regulatory procedures. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

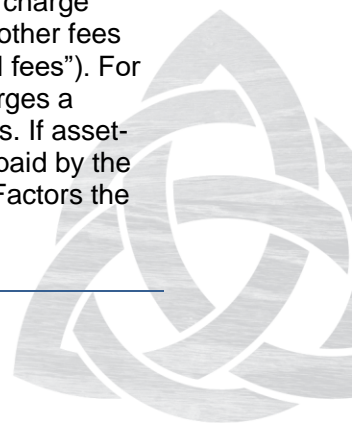
Covenant will deduct advisory fees directly from the client's custodial account provided that (i) the client provides written authorization to Covenant and the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, Covenant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private investment funds, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private investment fund or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Covenant may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please note that for client accounts the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts ("transaction-based fees"). For some accounts, the client may be receive asset-based pricing, where the custodian charges a percentage of the dollar amount of assets in the account in lieu of transaction-based fees. If asset-based pricing is used and very little trading is done for the account, more fees could be paid by the client to the custodian than would have been charged under transaction-based pricing. Factors the



client should consider before selection asset-based pricing instead of transaction-based pricing include the amount of trading expected in the portfolio, the size of the portfolio, and the transaction fees and asset-based fees charged by the custodian.

Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian (Fidelity and/or Schwab).

For Automated Investment Strategy, as described in Item 4: Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

D. External Compensation for the Sale of Securities to Clients

Covenant's advisory professionals are compensated primarily through a salary and bonus structure. Covenant's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts of interest. Neither Covenant nor its representatives accept compensation from sales of securities and other investment products.

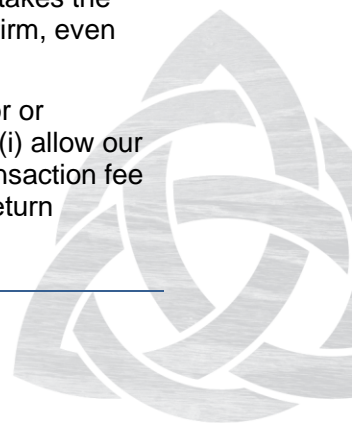
E. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return



(“sometimes referred to as “A-Shares,” depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as “I-Shares,” depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client’s account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm’s costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client’s investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.



Item 6: Performance-Based Fees and Side-by-Side Management

Covenant does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.



Item 7: Types of Clients

Covenant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations, pension and profit sharing plans. Covenant does not have a minimum asset level for investment advisory services.



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

A. Methods of Analysis and Investment Strategies

A.1. Methods of Analysis

Covenant uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Covenant and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, fundamental economic analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Covenant reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Covenant may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A.2. Mutual Funds, Individual Securities, Third-Party Separate Account Managers, and Pooled Investment Vehicles

Covenant may recommend mutual funds, ETFs, individual securities (including fixed income instruments), and pooled investment vehicles. Covenant may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Covenant will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

Covenant has or may form relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks



Covenant may utilize additional independent third parties to aggregate client assets, perform performance reporting, assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

Covenant reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover, efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Covenant on a periodic basis as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Covenant (both of which are negative factors in implementing an asset allocation structure).

Covenant may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. Covenant will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

Covenant will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

A.3. Material Risks of Investment Instruments

Covenant may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, Covenant may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Interval Funds
- Fixed income securities



- Municipal securities
- Private placements
- Pooled investment vehicles
- Variable annuities
- Real Estate Investment Trusts (“REITs”)
- Hedge funds

A.3.a. Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company’s capitalization, quality of the company’s management, quality and cost of the company’s services, the company’s ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company’s ability to create shareholder value (i.e., increase the value of the company’s stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

A.3.b. Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund. Mutual funds have embedded expenses that the client indirectly bears.

A.3.c. Exchange-Traded Funds (“ETFs”)

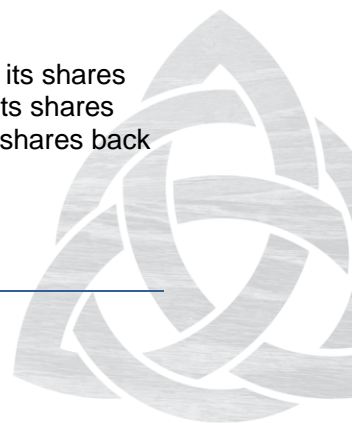
ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM (“QQQsSM”), iShares[®] and VIPERs[®]. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF’s underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

A.3.d. Interval Funds

An interval fund is a type of investment company that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund.



Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that:

- Their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value.
- They are permitted to (and many interval funds do) continuously offer their shares at a price based on the fund's net asset value.

An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. Interval funds are not liquid, meaning they are not easily converted into cash. Just as the fund will offer to repurchase a percentage of the fund at intervals, the investor is limited to selling shares at intervals. In other words, interval funds have limited liquidity. As a result interval funds are only appropriate for clients who do not have short term cash needs. The price that shareholders will receive on a repurchase will be based on the per share NAV determined as of a specified (and disclosed) date. Note that interval funds are permitted to deduct a redemption fee from the repurchase proceeds, not to exceed 2% of the proceeds. The fee is paid to the fund, and generally is intended to compensate the fund for expenses directly related to the repurchase. Interval funds may charge other fees as well. An interval fund's prospectus and annual report will disclose the various details of the repurchase offer. Before investing in an interval fund, you should carefully read all of the fund's available information, including its prospectus and most recent shareholder report.

A.3.e. Fixed Income Securities

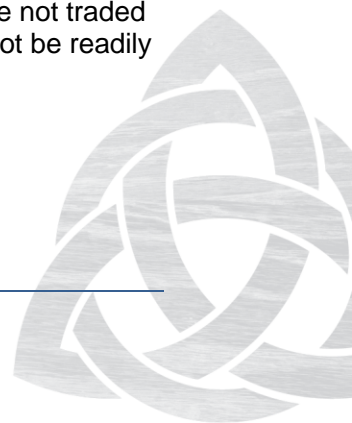
Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity, political and currency risk.

A.3.f. Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

A.3.g. Private Placements

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective, which can increase risk of loss. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.



A.3.h. Pooled Investment Vehicles

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

A.3.i. Variable Annuities

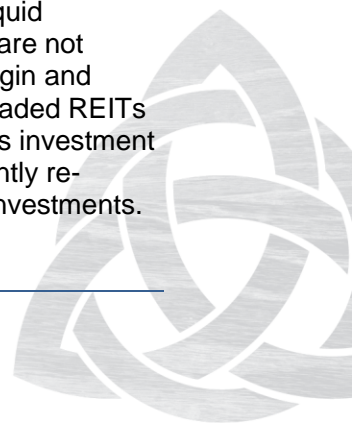
Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

A.3.j. Non-Traded Real Estate Investment Trusts ("REITs")

A REIT is a tax designation for a corporate entity which pools capital of many investors to purchase and manage real estate. Many REITs invest in income-producing properties in the office, industrial, retail, and residential real estate sectors. REITs are granted special tax considerations which can significantly reduce or eliminate corporate income taxes. In order to qualify as a REIT and for these special tax considerations, REITs are required by law to distribute 90% of their taxable income to investors. REITs can be traded on a public exchange like a stock, or be offered as a non-traded REIT. REITs, both public exchange-traded and non-traded, are subject to risks including volatile fluctuations in real estate prices, as well as fluctuations in the costs of operating or managing investment properties, which can be substantial. Many REITs obtain management and operational services from companies and service providers which are directly or indirectly related to the sponsor of the REIT, which presents a potential conflict of interest that can impact returns on investments.

Non-traded REITs include: (i) A REIT that is registered with the Securities and Exchange Commission (SEC) but is not listed on an exchange or over-the-counter market (non-exchange traded REIT); or, (ii) a REIT that is sold pursuant to an exemption to registration (Private REIT). Non-traded REITs are generally blind pool investment vehicles. Blind pools are limited partnerships which do not explicitly state their future investments prior to beginning their capital-raising phase. During this period of capital-raising, non-traded REITs often pay distributions to their investors.

The risks of non-traded REITs are varied and significant. Because they are not exchange-traded investments, they often lack a developed secondary market, thus making them illiquid investments. As blind pool investment vehicles, non-traded REITs' initial share prices are not related to the underlying value of the properties. This is because non-traded REITs begin and continue to purchase new properties as new capital is raised. Thus, one risk for non-traded REITs is the possibility that the blind pool will be unable to raise enough capital to carry out its investment plan. After the capital raising phase is complete, non-traded REIT shares are infrequently re-valued and thus may not reflect the true net asset value of the underlying real estate investments.



Non-traded REITs often offer investors a redemption program where the shares can be sold back to the sponsor, however, those redemption programs are often subject to restrictions and may be suspended at the sponsor's discretion. While non-traded REITs may pay distributions to investors at a stated target rate during the capital-raising phases, the funds used to pay such distributions may be obtained from sources other than cash flow from operations, and such financing can increase operating costs.

A.3.k. Hedge Funds

A hedge fund is an alternative investment vehicle suitable for sophisticated investors, such as institutions and individuals that typically meet the Qualified Investor standard under the Investment Advisers Act of 1940. Hedge funds may invest in traditional securities, such as stocks, bonds, commodities and real estate, but they typically use sophisticated (and risky) investments, strategies, and techniques. Hedge funds typically use long-short strategies, which invest in some balance of long positions (which means buying stocks) and short positions (which means selling stocks with borrowed money, then buying them back later when their price has, ideally, fallen).

Additionally, many hedge funds invest in "derivatives," which are contracts to buy or sell another security at a specified price. Many hedge funds also use leverage, which is essentially investing with borrowed money—a strategy that could significantly increase return potential, but also creates greater risk of loss.

Third, hedge funds are structured as private funds, exempt from registration, have limited liquidity, and complex tax structures. Most hedge funds, in contrast, seek to generate returns over a specific period of time called a "lockup period," during which investors cannot sell their shares.

Hedge fund managers earn a "management fee," typically in the range of 1% to 2% of the net asset value of the fund. In addition, the hedge fund manager may receive a percentage of the returns they earn for investors (performance-based fee), which typically is 10% - 20% of the net profits to the fund investors. Performance-based fee structures may lead the hedge fund managers to invest aggressively to achieve higher returns, increasing investor risk. Covenant does not utilize hedge funds charging a performance-based fee, but rather are compensated on an asset-fee basis. Investors looking to invest in hedge funds and alternative investment vehicles are urged to carefully review the fund's offering documents, related investor agreements, and disclosures prior to investing.

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

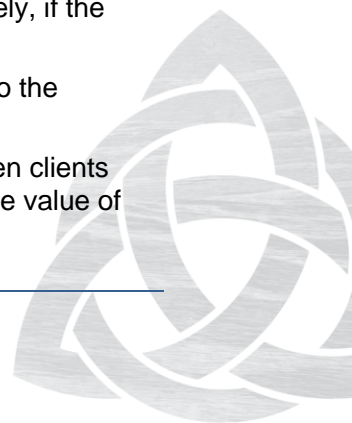
B.1. Margin Leverage

Although Covenant, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Covenant will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of



the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

B.2. Short Selling

Covenant generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

B.3. Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

B.4. Option Strategies

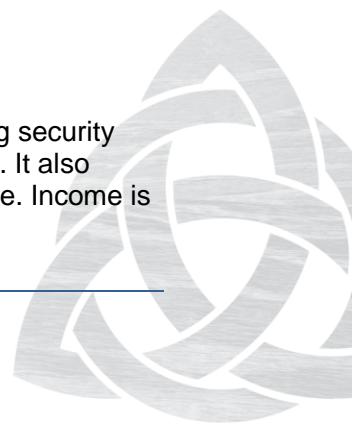
Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Covenant as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

B.4.a. Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is



received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

B.4.b. Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.4.c. Long Put Option Purchases

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.4.d. Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

C. Security-Specific Material Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.



Item 9: Disciplinary Information

A. Criminal or Civil Actions

There is nothing to report on this item.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.



Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Neither Covenant nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

B. Futures or Commodity Registration

Neither Covenant nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

C.1. Affiliate Funds

Covenant's affiliates include Admiral Covenant GP, LLC, and Admiral Covenant Academy, L.P. Covenant is one of four general partners of Admiral Covenant GP, LLC, which in turn serves as the general partner of Admiral Covenant Academy, L.P. (a private investment fund).

In addition, the firm has a variety of fund and special purpose vehicles in which it acts as sub-adviser. Such funds include Covenant Alternative Strategies Fund Segregated Portfolio of the SALI Multi-Series Fund SPC, Ltd.; Covenant Alternative Strategies Fund Series Interests of the SALI Multi-Series Fund II 3(C)1, L.P.; Covenant Global Equities Fund Series Interests of the SALI Multi-Series Fund II 3(C)1, L.P.; Covenant Global Equities Fund Series Interests of the SALI Multi-Series Fund II L.P.; Covenant Strategic Income Fund Series Interests of the SALI Multi-Series Fund II 3(C)1, L.P.; The Yield Fund, L.P.; and The Yield (Exempt) Fund, L.P.

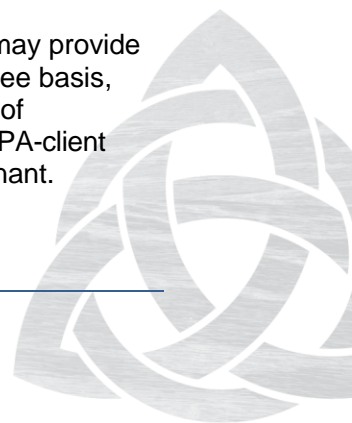
As a result of the foregoing, Covenant has an economic incentive in recommending funds in which its compensation may be greater than it would otherwise charge an investment advisory client. Because Covenant can earn additional compensation from the *affiliated funds* that may exceed the fee that Covenant would earn under its standard asset-based fee arrangement referenced in Item 5, the recommendation that a client become an *affiliated funds* investor presents a conflict of interest. No client is under any obligation to become an *affiliated funds* investor.

C.2. Insurance Sales

Certain Covenant professionals are licensed insurance agents and may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that Covenant strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

C.3. Certified Public Accountants

Certain Covenant professionals are licensed as certified public accountants. Covenant may provide its clients with tax consulting and preparation services on a mutually agreed upon fixed fee basis, pursuant to the terms and conditions of a separate written agreement. Although several of Covenant's employees are licensed as certified public accountants, no corresponding CPA-client relationship is established. All tax preparation services are provided exclusively by Covenant. Covenant is not a certified public accounting firm.



Please be advised there is a conflict of interest in that there is an economic incentive to recommend these services. Covenant professionals strive to put their clients' interests first and foremost, and clients may utilize tax and accounting service they desire.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Covenant does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.



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

A. Code of Ethics Description

In accordance with the Advisers Act, Covenant has adopted policies and procedures designed to detect and prevent insider trading. In addition, Covenant has adopted a Code of Ethics (the “Code”). Among other things, the Code includes written procedures governing the conduct of Covenant's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Covenant. Covenant will send clients a copy of its Code of Ethics upon written request.

Covenant has policies and procedures in place to ensure that the interests of its clients are given preference over those of Covenant, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Covenant does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). Covenant may recommend securities to advisory clients in which it has some proprietary or ownership interest, such as private investment funds in which the firm may serve as Sponsor, General Partner, Manager, Investment Adviser, or Investment Sub-Adviser. Investments in these securities create conflicts of interest in that the firm has an economic incentive to recommend such securities, particularly when the compensation is greater than would otherwise be charged to an investment advisory client.

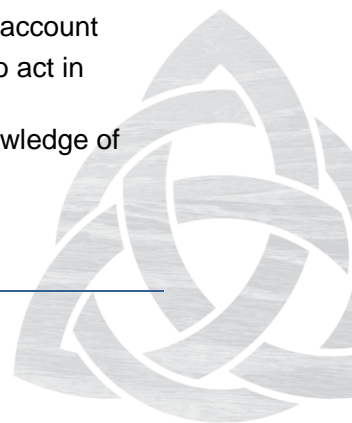
C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Covenant, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Covenant specifically prohibits. Covenant has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner



- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Covenant's procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Covenant, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Covenant clients. Covenant will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Covenant to place the clients' interests above those of Covenant and its employees.



Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

A.1. Custodian Recommendations

Covenant may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. or Fidelity Institutional Wealth Services, FINRA registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Client assets that are sub-advised by Betterment are required to be custodied at MTG, LLC dba Betterment Securities, a FINRA-registered broker-dealer, member SIPC, as the qualified custodian.

Although Covenant may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Covenant is independently owned and operated and not affiliated with custodian. For Covenant client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

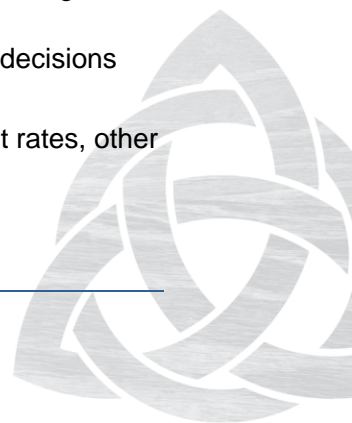
Covenant considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Covenant, Covenant will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Covenant will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

A.1.a. How We Select Brokers/Custodians to Recommend

Covenant seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider



- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

A.1.b. Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging either transaction fees or custodian asset-based fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

A.1.c. Soft Dollar Arrangements

The firm does not receive soft dollar benefits from its custodian(s).

A.1.d. Institutional Trading and Custody Services

The custodian provides Covenant with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

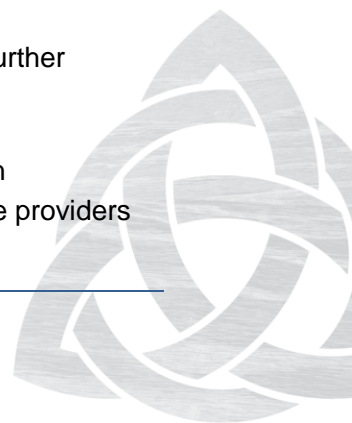
A.1.e. Other Products and Services

Custodian also makes available to Covenant other products and services that benefit Covenant but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Covenant's accounts, including accounts not maintained at custodian. The custodian may also make available to Covenant software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Covenant's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Covenant manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers



The custodian may also provide other benefits such as educational events or occasional business entertainment of Covenant personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Covenant may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

A.1.f. Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Covenant. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Covenant.

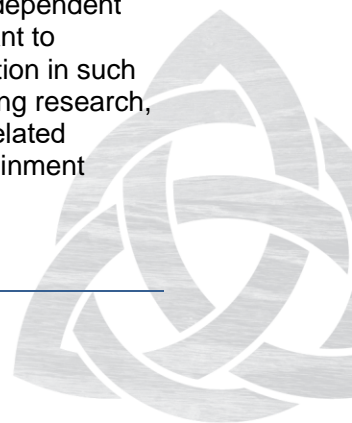
A.1.g. Additional Compensation Received from Custodians

Covenant may participate in institutional customer programs sponsored by broker-dealers or custodians. Covenant may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Covenant's participation in such programs and the investment advice it gives to its clients, although Covenant receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may 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 Covenant 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Covenant by third-party vendors

The custodian may also pay for business consulting and professional services received by Covenant's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Covenant's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Covenant but may not benefit its client accounts. These products or services may assist Covenant in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Covenant manage and further develop its business enterprise. The benefits received by Covenant or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Covenant also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Covenant to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Covenant will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Covenant's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment



expenses for Covenant's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Covenant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Covenant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Covenant's recommendation of broker-dealers for custody and brokerage services.

A.1.h. The Firm's Interest in Custodian's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

Covenant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or Schwab as a result of this arrangement. There is no corresponding commitment made by Covenant to Fidelity or Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

A.2. Brokerage for Client Referrals

Covenant does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

A.3. Directed Brokerage

A.3.a. Covenant Recommendations

Covenant typically recommends Schwab or Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

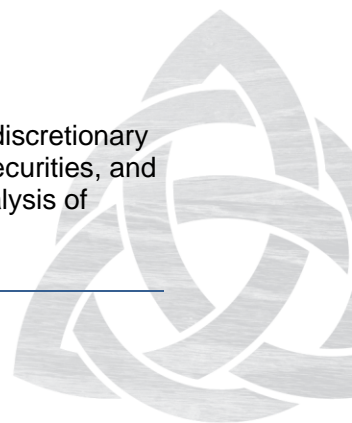
A.3.b. Client-Directed Brokerage

Occasionally, clients may direct Covenant to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Covenant derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Covenant loses the ability to aggregate trades with other Covenant advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts

B.1. Best Execution

Covenant, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker used to effect such transactions. Covenant recognizes that the analysis of



execution quality involves a number of factors, both qualitative and quantitative. Covenant will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Covenant seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Covenant's knowledge, these custodians provide high-quality execution, and Covenant's clients do not pay higher transaction costs in return for such execution.

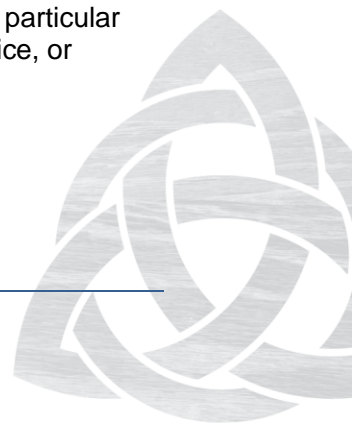
Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Covenant believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

B.2. Security Allocation

Since Covenant may be managing accounts with similar investment objectives, Covenant may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Covenant in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Covenant's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Covenant will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Covenant's advice to certain clients and entities and the action of Covenant for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Covenant with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Covenant to or on behalf of other clients.



B.3. Order Aggregation

To the extent that Covenant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Covenant decides to purchase or sell the same securities for several clients at approximately the same time. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, “strategy” trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Covenant believes that a larger size block trade would lead to best overall price for the security being transacted.

B.4. Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is “partially filled,” the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client’s allocation, clients’ liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is “over-filled.”

Covenant acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Covenant determines that such arrangements are no longer in the best interest of its clients.



Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

For those clients to whom Covenant provides investment supervisory services, account reviews are conducted on an ongoing basis by Covenant's Principals and representatives. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

All investment advisory clients are advised that it remains their responsibility to advise Covenant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives, and account performance with Covenant on an annual basis.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless the client is covered under an ongoing financial planning agreement.

B. Review of Client Accounts on Non-Periodic Basis

Covenant may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Covenant formulates investment advice.

C. Content of Client-Provided Reports and Frequency

Covenant may report to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account.



Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Please see Item 12 above for disclosure of benefits the firm may receive from its recommended custodians.

B. Advisory Firm Payments for Client Referrals

B.1. Fidelity Investments' Smart ConnectionsSM Program

Covenant participates in the Fidelity Investments' Smart ConnectionsSM program. Smart Connections is a proprietary program of Fidelity for Fidelity Institutional Wealth Services clients. Smart Connections is designed to "introduce" participating investment advisors that are interested in identifying potential merger, succession and/or contingency partners within the Smart Connections participant pool. The service is available at no cost to participating firms. All participating firms provide professional profiles and based on the information firms include in their profiles and utilizing a proprietary matching methodology, the program will identify potential "matches" from Fidelity's participating client base. Once results are produced, firms independently decide whether to contact some, all or none of the firms with whom they were matched. Fidelity does not charge a fee for firms to participate in Smart Connections nor does it require to be compensated to the extent a firm ultimately merges, combines, or otherwise enters into a relationship, with another participating firm.

The Smart Connections program also may include as participants, investment advisors or representatives that are identified by independent third-party recruiters with whom Fidelity contracts. To the extent a firm agrees to ultimately hire a lead from an independent third party recruiter utilizing Smart Connections, the firm may be obligated to pay to such independent third party recruiter a fee that may be mutually agreeable between the firm and the independent third party in accordance with the terms and conditions of any applicable agreement. In such instance, the independent third-party recruiter will invoice the firm directly and Fidelity will have no responsibility with respect to any such fee or payment. While Fidelity may have a separate contractual relationship with the third-party recruiter, it will not be a party to any agreement between the firm and the third-party recruiter.

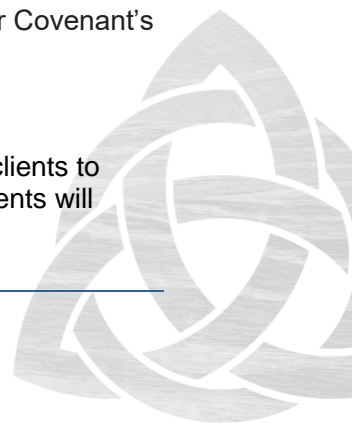
There is no form of legal partnership, agency, affiliation, or similar relationship between a firm participating in the Smart Connections program and Fidelity Investments, nor is such a relationship created or implied in the provisions of the Smart Connections program.

B.2. Fidelity Wealth Advisor Solutions[®] Program

Covenant has legacy clients in the Fidelity Wealth Advisor Solutions[®] Program (the "WAS Program"), through which Covenant received referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA" effective July 16, 2018 and formerly Strategic Advisers, LLC) a registered investment adviser and Fidelity Investments company. Covenant is independent and not affiliated with FPWA or any Fidelity Investments company. The WAS Program is designed to help investors find an independent investment Advisor, and any referral from FPWA to Covenant does not constitute a recommendation of Covenant's investment management services or strategies. FPWA does not supervise or control Covenant, and FPWA has no responsibility or oversight for Covenant's provision of investment management or other advisory services.

B.3. Solicitors

Covenant may enter into agreements with solicitors who will refer prospective advisory clients to Covenant in return for a portion of the ongoing investment advisory fee. Such arrangements will



comply with the cash solicitation requirements SEC: of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Covenant. The solicitor must provide the client with a disclosure document describing the fees it receives from Covenant, whether those fees represent an increase in fees that Covenant would otherwise charge the client, and whether an affiliation exists between Covenant and the solicitor.



Item 15: Custody

Covenant is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to engage an independent public accountant to annually conduct a surprise custody exam audit.
- The firm or its affiliate is a managing member or general partner to a private fund vehicle. An independent public accountant annually audits a pooled investment vehicle(s) the firm manages and the audited financial statements are distributed to the investors in the pooled vehicle within 120 days from the end of the private fund's fiscal year end or 180 days in the event of a feeder/master fund structure.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account. Private fund investors will receive fund level statements of all activity, cash balances, and portfolio holdings on a quarterly basis from their qualified custodian.

Covenant may provide bill paying services for one or more accounts. As such, the firm is deemed to have custody of client assets and is therefore subject to a surprise annual audit by an independent certified public accounting firm.

Certain Covenant representatives act as trustee for certain advisory client trusts. As such, the firm is deemed to have custody of client assets and is therefore subject to a surprise annual audit by an independent certified public accounting firm.



Item 16: Investment Discretion

Clients may grant a limited power of attorney to Covenant with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Covenant will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, Covenant may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.



Item 17: Voting Client Securities

Covenant does not take discretion with respect to voting proxies, either for separately managed accounts, affiliated funds, or sub-advised funds. Covenant will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Covenant supervised and/or managed assets. In no event will Covenant take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Covenant will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Covenant has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Covenant also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Covenant has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Covenant receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.



Item 18: Financial Information

A. Balance Sheet

Covenant does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Covenant does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.

