

COVALENT PARTNERS LLC

Form ADV Part 2A

March 30, 2021

The information contained herein provides information about the qualifications and business practices of Covalent Partners LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address below. 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.

Covalent Partners LLC is an SEC Registered Investment Adviser. However, registration does not imply a certain level of skill or training.

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

Item 2 Material Changes

This brochure serves as an update to the previous brochure filed on March 31, 2020. Since the last annual ADV update filing, no material changes have occurred.

Going forward we will ensure that you receive a summary of any material changes to our brochure annually. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of our last annual update of our brochure.

Currently, our brochure may be requested by contacting Lauren Marolda, CFO/CCO at (617) 658-5500 or lm@covalentpartnersllc.com. We are happy to provide you with a new brochure at any time without charge.

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Item 4 Advisory Business

Covalent Partners LLC ("Covalent", "Adviser" or "Applicant") is a Massachusetts Limited Liability company established under the laws of the State of Delaware. Covalent was established in 2005 and has been advising its clients since 2006. Covalent's managing principals are Robert Hockett and William Benjes. Covalent is registered with the Securities and Exchange Commission. Covalent provides investment advice to pooled investment vehicles (herein referred to as "Fund", "Funds", "Client" or "Clients") that are not registered investment companies under the Investment Company Act of 1940, as amended (the "IC Act") and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"). Covalent provides investment advice directly to the Funds and not to the Funds' individual investors. The types of investors and investments in these Funds are described in Items 7 and 8 below.

As of December 31, 2020, Covalent manages client assets with a net asset value of \$89,777,000 which are 100% discretionary.

Item 5 Fees and Compensation

Covalent provides its investment advisory services to Funds which are not registered investment companies under the IC Act. These Funds are commingled funds in which only Qualified Purchasers, as defined in section 2(a)(51)(A) of the IC Act, invest in. Qualified Purchasers are able to invest in either an onshore or offshore Fund. Covalent's compensation from advising these Funds consists of both an asset-based and performance-based fee or allocation.

The first component is an asset-based fee. The annual asset-based management fee paid will generally be a percentage of assets under management, depending on the size, nature and term of the Fund, as is set forth in the particular limited partnership agreements ("Limited Partnership Agreement" or "Agreement(s)"), or other operating agreements, offering memorandums or advisory agreements (collectively, the "Offering Documents") of the particular Fund. In certain Funds, the general partner, an affiliate of Covalent, in its sole discretion, may waive any or all fees and terms specified in the Offering Documents. Depending on the terms of the particular Offering Documents, such asset-based fee may be charged monthly, in arrears or in advance. For Funds that are billed in advance, Covalent will provide, upon the effective date of termination, a pro rata refund of fees paid in advance. The termination rights with respect to a particular Fund are set forth in the Offering Documents with respect to such Fund. The second component is a performance-based fee or allocation of profits as described in Item 6 below.

Funds will bear their own expenses including, but not limited to, the management fees, administration fees, its proportionate share of a master Fund's investment expenses (i.e., expenses related to the investment of a master Fund's assets, including, without limitation, brokerage commissions, research, custody fees, interest and borrowing charges, and other expenses reasonably related to the investment decision and monitoring process), taxes, insurance premiums, legal expenses, regulatory expenses, the costs of brokerage services and research (including, without limitation, news, quotation, statistics and pricing services, analytical software, and certain data and other services utilized in the investment management and administration process), accounting, audit and tax preparation expenses, other expenses associated with the operation of a Fund, organizational expenses, and all extraordinary expenses.

NOTE: Investors should refer to each Fund's Offering Memorandum, Subscription Agreement, Limited Partnership Agreement and other Offering Documents for additional supplementary information regarding

the Funds as well as the fees and expenses paid by the Funds. Covalent reserves the right to negotiate fees and investment minimums.

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

Covalent provides its investment advisory services to Funds which are not registered investment companies under the IC Act. These Funds are commingled funds in which only Qualified Purchasers, as defined in section 2(a)(51)(A) of the IC Act, invest. Qualified Purchasers are able to invest in either an onshore or offshore Fund. Covalent's compensation from advising these Funds consists of both an asset-based and performance-based fee or allocation. The performance-based fee or allocation of profits may be paid either as a fee to Covalent or as an incentive allocation to Covalent or an affiliate of Covalent that serves as the general partner of a limited partnership or as a member of a limited liability company for such Fund. Any performance fees or allocations will be computed and charged in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and Rule 205-3 (including the client qualification provision) promulgated under the Advisers Act, and in accordance with the terms of the particular Offering Documents. In certain Funds, the general partner, in its sole discretion, may waive any or all fees and terms specified in the Offering Documents.

NOTE: Investors should refer to each Fund's Offering Memorandum, Subscription Agreement, Limited Partnership Agreement and other Offering Documents for additional supplementary information regarding the Funds as well as the fees and expenses paid by the Funds. Covalent reserves the right to negotiate fees and investment minimums.

Item 7 Types of Clients

Covalent provides its investment advisory services to Funds which are not registered investment companies under the IC Act. These Funds generally comprise both domestic and foreign investors, and may include institutional investors, trusts, charitable organizations, endowments, foundations, pensions, sovereign wealth funds, high net worth individuals, profit sharing plans, estates, bank or thrift institutions and other U.S. and non-U.S. institutional investors and individual high-net-worth clients. Covalent has a \$5,000,000 minimum investment for each investment into the Funds it advises. The general partner of the Fund reserves the right to negotiate the fees and investment minimum.

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

Covalent security analysis methods include, but are not limited to, the following:

- Fundamental analysis
- Technical analysis
- Cyclical
- Others as described below

The main sources of information Covalent uses include, but are not limited to, the following:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others

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- Annual reports, prospectuses and filings with the U.S. Securities and Exchange Commission and other regulators
- Corporate rating services
- Company press releases
- Others as described below

Investment strategies used to implement investment advice given to clients include:

- Long-term purchases (securities held at least one year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies
- Exchange-traded and OTC derivatives, including interest rate, currency and equity swaps; interest rate caps, collars and floors; equity and currency options; futures and options on futures; forward foreign currency exchange contracts; capped, inverse, dual index and range floaters; and structured notes.
- Others as described below

Covalent's investment approach is focused foremost on analyzing fundamental factors. When making investment decisions, Covalent typically considers industry- and company-specific cyclical factors and technical factors, such as the availability and recent trading price and volume characteristics of an instrument targeted for purchase or sale. In addition, Covalent may analyze other factors, including but not limited to the relative rights and potential standing of various instruments in the event of issuer financial distress (including in the event of a possible bankruptcy).

In addition to the sources of information set forth above, Covalent may visit corporate management, attend professional forums and conferences, participate in analyst meetings, review Federal bankruptcy court and other court and regulatory filings, and utilizes various online information services.

In addition to the investment strategies described above, Covalent will engage in hedging transactions for certain of its Funds. Hedging transactions may be structured with a goal of overall portfolio risk management or a goal of taking advantage of arbitrage opportunities either within a company's capital structure or across a particular industry.

Types of Investments

From time to time, Covalent may offer advice on investments, both long and short, in a wide range of domestic as well as international securities and financial instruments, including, but not limited to, common stocks, preferred stocks, corporate bonds (investment grade and non-investment grade), bank debt (assignments and participations) and other loan obligations, mezzanine financings, convertible securities and other equity-linked instruments, U.S. government securities, debt/equity indices and index futures/options, ETFs, closed-end funds and other commingled investment vehicles, credit and fixed income derivatives, equity and equity-linked derivatives and futures, currencies and currency forwards, swaps and contracts for differences, mortgage-backed and other collateralized obligations, asset-backed instruments and other structured notes, municipal bonds, and other public and private instruments, including Rule 144A securities, private equity and limited partner interests. In addition, Covalent may offer advice regarding hedging transactions for certain Funds, as described below.

Investment Risks

An investment in the Funds involves a high degree of investment risk, including the risk that the entire amount invested may be lost, that the Funds' investors should be prepared to bear. The Funds may invest in securities using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of the Funds will be realized. The following is a summary of material investment risk factors. There is no guarantee that this is a complete list of the risks, that the Adviser will be able to control these risks or that the risks will not aggregate in a manner adverse to the Funds. For a more comprehensive description and other risks associated with the Funds Covalent advises, please see the applicable Offering Documents.

Strategy Risk. Covalent employs a value investing approach. In pursuing such a strategy, the Adviser will select securities that appear inexpensive on the basis of one or more fundamental characteristics. However, such companies often tend to be in disfavor or turmoil and this may lead to long periods for realization of normal valuations or improvement in company fundamentals. During such periods, the Fund's performance may suffer and will lag that of the overall market or other investment alternatives. In addition, securities the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates.

General Economic and Market Conditions. The success of the Funds' activities will be affected by the general economic and market conditions, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments; which could impair the Funds' profitability or result in losses.

Market Risk. The market price of securities owned by the Funds may go up or down on a daily basis, sometimes rapidly or unpredictably. A risk of investing in the Funds is that the securities in the Funds' portfolio will decline in value due to factors affecting capital markets generally or particular industries represented in those markets. The values of such securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular country, region, industry or industries, such as labor shortages or increased production costs and competitive conditions.

Investing in Troubled Companies. The Funds may invest in the debt and equity securities of companies undergoing some form of corporate disruption, operational difficulty or financial turmoil. Some companies may recover from the disruption, while others may be permanently impaired as a consequence thereof. Although such investments may result in significant returns to the Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. While the Adviser will attempt to judge the magnitude and the permanence of the disruption on the company, no assurance can be given that the outcomes will correspond to expectations. As a result, the investments in troubled companies could lead to a substantial permanent loss of capital.

Availability of, and Ability to Acquire, Suitable Investments. Under certain market environments which could extend for long periods, Covalent may not find sufficiently compelling investment opportunities with desirable return-versus-risk tradeoffs and, as a result, the Funds may hold large cash balances. Such cash balances may act as a drag on the Funds' investment performance and may lead to underperformance.

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The Funds may compete for attractive investments with other public or private investment funds, corporations, small business investment companies, financial institutions or wealthy individuals or groups, many of which may have more capital and resources than the Covalent and the Funds.

Short Sales and Other Investment Techniques. The Funds may engage and invest in a variety of investment techniques and instruments, including without limitation, options, swaps, derivatives, forwards and short sales, and these techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur. Engaging in these transactions imposes certain costs on the Funds and involves certain risks, including the possible default of the other party to the transaction, significant portfolio leverage, lack of liquidity, increased volatility in certain circumstances, the imperfect nature of the hedge or the ineffectiveness of the strategy in a particular situation, and the possible accentuation of losses or reductions in the gains of the underlying portfolio securities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The ability of the Funds to use certain of these techniques successfully, especially those designed to enhance potential gain, will depend on Covalent's ability to predict pertinent market movements, which cannot be assured.

Investment in Lower-Rated Debt and Distressed Securities. The Funds may invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue lower-rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Interest Rate Risk. Interest rate changes may affect the value of fixed income instruments held by the Funds. In general, rising interest rates will negatively impact the price of fixed income instruments and, conversely, falling interest rates will positively affect the price. Interest rate sensitivity is generally more pronounced for instruments with longer durations and less predictable in instruments with uncertain payment or prepayment schedules. While the Adviser may seek to limit risks to the portfolio arising out of substantial interest rate fluctuations, the portfolio may not be hedged to all interest rate movements and may be vulnerable to losses as a result of adverse moves in interest rates.

Investment in Small Companies. There is no limitation on the size or operating experience of the companies in which the Funds may invest. Some small companies in which the Funds invest may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Investment in Developed Foreign Markets. While the Adviser may allocate a substantial proportion of the Funds' investments in issuers whose principal operations are located in North America, the Funds will have

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broad flexibility to invest in developed markets outside the United States and Canada. Such investments may be subject to a greater risk than domestic investments due to foreign economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, changed circumstances in dealings between nations, imposition of taxes on dividends or other imposition of taxes, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities and other factors beyond the control of the Adviser. Furthermore, issuers of foreign securities are subject to different, often less comprehensive accounting, reporting, or disclosure requirements than domestic issuers, which are required to follow GAAP. The securities markets of some countries in which the Funds may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties.

Emerging Markets Risk. The Funds may invest in issuers whose principal operations are located in developing countries. Such investments will be impacted by the political and economic climate in developing countries, regulatory issues, foreign exchange controls, government intervention and a host of other similar factors pertinent to investing in developing markets. The Adviser believes that developing countries offer attractive opportunities for the Fund and will take advantage of such opportunities from time to time. However, no assurances can be made with respect to the mitigation of sovereign and other risks attendant to such investments.

The risks associated with investing in foreign securities are typically greater in less developed nations, sometimes referred to as “emerging markets.” For instance, political and economic structures in these countries may be in their infancy and developing rapidly, causing instability. High rates of inflation or deflation may adversely affect the economies and securities markets of such countries. In addition, the small size, limited trading volume and relative inexperience of the securities markets in these countries may make investments in such countries less liquid and more volatile than investments in more developed countries.

Currency Risk. Investments of the Funds may be denominated in currencies other than the U.S. dollar, so the value of such investments will depend in part on the relative strength of the U.S. dollar. The Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar.

The Funds may hedge currency trades in the spot and forward markets as well as via swaps and options on a single currency or a basket of currencies. While the Adviser will typically seek to limit risks to the portfolio arising out of major currency fluctuations, the portfolio may not be hedged to all currency movements and may be subject to significant currency fluctuations. Moreover, in circumstances where it is not feasible to hedge currency risk either due to associated costs or duration, the Adviser may elect to maintain an unhedged posture, which could lead to significant losses if the U.S. dollar appreciates relative to the currency in question.

Concentration of Investments. Covalent employs a relatively concentrated approach to portfolio construction, with a typical position ranging from 2%-7% of net assets. Furthermore, in certain circumstances, the Adviser may scale certain investments substantially above the typical range if, in the Adviser’s opinion, such investments exhibit compelling undervaluation characteristics and the

accompanying likelihood of high return potential with acceptable downside risk. Such levels of concentration will lead to volatility in performance relative to portfolios with a larger number of holdings.

Leverage. While the Funds do not anticipate incurring material leverage (excluding shorts) in the normal course of operations, under extraordinary circumstances, the Funds may utilize their borrowing capacity to incur modest leverage on the long side to capitalize on compelling investment opportunities. There are no express limitations on the use of leverage by the Funds. While such use of borrowed funds increases returns if the Funds earn a greater return on the incremental investments purchased with borrowed funds than they pay for such funds, the use of leverage decreases returns if the Funds fail to earn as much on such incremental investments as they pay for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Funds than if the Funds were not leveraged.

Risks of the Bankruptcy Process. The securities in which the Funds invest may be issued by companies that have filed for bankruptcy, or file for bankruptcy after they are acquired. Bankruptcy proceedings generally are contested and adversarial, and unanticipated adverse developments can occur that are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Funds. These include the risks that one or more classes of securities could be deemed to have priority over the Funds' interest, undue delays or expenses in resolving the bankruptcy, and the possibility that, to facilitate emergence from bankruptcy, it might be necessary to provide some level of recovery to one or more classes of securities beyond that to which these classes are entitled from a strict economic standpoint.

Investment in Illiquid Securities. The Funds may invest in securities and other interests which are subject to legal or other restrictions on transfer or for which no liquid market exists. Such investments may include investments in micro- or small-capitalization companies, privately placed securities that are not registered under the 1933 Act and may have little or no trading market, and direct investments originated by the Adviser. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, resulting in varying degrees of liquidity (and even none in some cases), which may change for the worse in adverse market conditions. The Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. These limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of a sale, or reduce the amount of proceeds that might otherwise be realized.

Investment in Options. The Funds may utilize a wide variety of exchange-traded options, as well as over-the-counter options with broker/dealers. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

Counterparty Risks. The Funds are exposed to counterparty risk to the extent it uses over-the-counter derivatives, enters into repurchase agreements, lends its portfolio securities or allows a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Funds could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses for the Funds. The Funds are not subject to any limits on its exposure to any one counterparty nor to a

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requirement that counterparties maintain a specific rating by a nationally recognized rating organization to be considered for potential transactions..

Certain markets in which the Funds may effect transactions are over-the-counter or interdealer markets, and also may include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem. Such “counterparty risk” is accentuated for contracts with longer maturities because of the longer time that events may occur that prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. The Funds also may be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

Pooled Investment Vehicles and Pass-through Entities. The Funds may invest in other pooled investment vehicles, including unregistered investment vehicles, investment companies registered under the 1940 Act, and real estate investment trusts (“Pooled Investment Vehicles”). To the extent the Funds invest in Pooled Investment Vehicles or other “pass-through” entities which are treated as partnerships for federal income taxation purposes, the Funds must rely on such vehicles to deliver to it certain tax information that is necessary to complete the Funds’ own tax returns. If this information is not delivered to the Funds in a timely fashion, the Funds will be delayed in providing tax information to investors.

Cybersecurity. As the use of technology has grown, there are ongoing cybersecurity risks that make Covalent and the Funds susceptible to operational and financial risks associated with cybersecurity that could adversely affect the Funds and/or their investors, despite Covalent’s efforts to prevent and mitigate such risks with its policies and procedures. In the event of a cyber incident or other unauthorized access to Covalent’s systems or the systems of Covalent’s service providers or counterparties, Covalent and the Funds may be subject to substantial losses in the form of theft, loss, misuse, or unauthorized access to confidential or restricted data related to Covalent or the Funds. Cyber incidents affecting Covalent, the Funds, and their service providers and counterparties have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, and additional compliance costs. While policies have been developed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective.

Coronavirus Risks. The recent global outbreak of the coronavirus disease 2019 (“COVID-19”), together with U.S. federal and state and non-U.S. governmental actions, including, but not limited to, mandatory business closures, public gathering limitations, and travel restrictions, has meaningfully disrupted the global economy and financial markets. Although the long- term impact of COVID-19 is difficult to predict, it has adversely affected many companies, sectors, nations, and regions and may continue to do so for an unpredictable duration. As a result, the effects of COVID-19 may materially impact the value and performance of the Funds, their ability to buy and sell investments at appropriate valuations and their ability to achieve their investment objectives.

Item 9 Disciplinary Information

Covalent is required to disclose material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. Covalent has no such legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Covalent does not partake in any other financial industry activities or affiliations outside of providing investment advice to Funds that are not registered investment companies under the Investment Company Act of 1940, as amended and whose securities are not registered under the Securities Act of 1933, as amended.

Covalent is not registered and does not have an application pending as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Covalent has an affiliation with the general partners to the Funds, Covalent Capital Partners GP, LLC and Covalent Capital Partners GP, Inc., (each a “General Partner” and collectively “General Partners”) which have applied and received approval as an exempt commodity trading advisor and exempt commodity pool operator, respectively.

Covalent does not have arrangements that are material to its advisory business and its Clients and investors with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, futures commission merchant, bank or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited liability companies.

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

Covalent either directly, or through a related person, is the general partner and/or provides advisory services to the following commingled investment vehicles:

- Covalent Capital Partners Master Fund, L.P. (primarily invests in debt and equity securities and other instruments).
- Covalent Capital Partners, LP (primarily invests in Covalent Capital Partners Master Fund, L.P.).
- Covalent Capital Partners Intermediate Fund, L.P. (primarily invests in Covalent Capital Partners Master Fund, L.P.).
- Covalent Capital Partners (Offshore), L.P. (primarily invests in Covalent Capital Partners Intermediate Fund, L.P.)

Conflicts of Interest

A detailed listing of specific conflicts of interests are contained in each Fund's Offering Documents. In general, and as applicable to Covalent's Clients, Covalent will endeavor to avoid conflicts of interest and fully disclose material facts concerning any conflict that does arise with respect to any Client. Covalent has adopted policies and procedures to address and mitigate conflicts of interest and will resolve conflicts that arise in accordance with such policies and procedures and such Fund's organizational documents.

Management of Funds. Covalent and its affiliates may provide investment advice to other Clients, including investment funds and managed accounts, that follow investment programs similar to or different from that of other Funds. In addition, Covalent and its affiliates, and the members, managers and/or principals thereof, may have investments in other Clients of Covalent or interests in the performance of other Clients of Covalent which pose conflicts of interest. Conflicts of interest among certain Funds and such other Clients may exist, which include, but are not limited to, those described herein.

Pursuant to Rule 205-3 under the Advisers Act, the Funds operate under an exemption for registered U.S. investment advisers from the performance-based compensation prohibition of Section 205(a)(1) of the Advisers Act. Covalent's interest in the performance of the Funds may create an incentive for Covalent to make investments that are riskier or more speculative than would be the case if Covalent had no such interest.

Investments by each Fund and other Covalent Funds. Purchase and sale orders generally may be combined for all Clients managed by Covalent with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. From the standpoint of a Fund, simultaneous identical portfolio transactions for a Fund and the other Clients of Covalent may decrease the prices received, and increase the prices required to be paid, by a Fund for its portfolio sales and purchases.

There may be a conflict of interest in the allocation of certain investment opportunities among Funds. A Fund could be disadvantaged because of activities conducted by Covalent, the general partner of the Fund or their affiliates for other Funds managed by Covalent as a result of, among other things: legal restrictions on the combined size of positions which may be taken for Funds managed by Covalent or their affiliates, thereby limiting the size of a Fund's position, and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions. In addition, there may be circumstances under which Covalent, on behalf of one or more Funds managed by Covalent, will consider participating in investment opportunities in which one or more other Funds do not intend to invest or intend to invest only on a limited basis. Covalent and its affiliates will evaluate a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for a particular Fund or other account managed by Covalent at a particular time, including, without limitation, the nature of the investment opportunity taken in the context of the other investments at the time, the liquidity of the investment relative to the needs of the particular entity, the investment objectives and restrictions or regulatory limitations on the particular entity and the transaction costs involved. Because these considerations may differ for each Fund in the context of any particular investment opportunity, the underlying investment activities of the Funds may differ considerably from time to time.

Transactions with Affiliates. The organizational documents of the Funds allow them to participate in transactions in which Covalent, and the general partner of a certain Fund (or any of their employees, members and/or principals or any limited partner) is directly or indirectly interested. In connection with such transactions, a Fund, on the one hand, and Covalent, the general partner of a Fund, their employees, members and/or principals or limited partners, on the other hand, may have conflicting interests. Covalent and the general partner of a Fund may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by a Fund) with an affiliate of the Fund (including other Funds),

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including with respect to the consideration offered by, and the obligation of, Covalent, the general partner of a Fund, and other affiliates.

In certain circumstances, a Fund may enter into transactions with other Funds with the same or similar investment objectives as the Fund, including entering into “rebalancing” transactions intended to bring each Fund’s exposure to a commonly held investment into line with each Fund’s percentage of total equity devoted to such types of investments. A Fund could be a purchaser or a seller in such transactions. All such transactions: (i) are effected for cash consideration at the current fair value of the particular securities, (ii) do not involve restricted securities or securities for which market quotations are not readily available, and (iii) if executed through a broker, generally do not involve any brokerage commission fee (except for customary transfer fees and brokerage fees for transactions involving U.S. options or certain non-U.S. equities or where some or all of a position is in a swap) or other remuneration.

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the Clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a Client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the Client of the terms of the proposed transaction and obtain the Client’s consent to the transaction. In connection with the Adviser’s management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

The Funds shall not engage, and the Adviser shall not engage on behalf of the Funds or cause the Funds to engage, in any cross trades, principal transactions or other related party transactions without the prior written consent of an independent party or committee that is unaffiliated with the Adviser. However, in the case of any cross trade, no such consent shall be required if such cross trades are (i) in instruments for which market quotations are readily available and for which there is a generally recognized liquid market, (ii) executed for no commission or for a commission rate below that which would typically be charged, and (iii) effected in compliance with applicable law and regulation (including all applicable exchange and self-regulatory organization rules). Such consent requirement shall be in addition to any other requirements set forth in the Agreements or under applicable laws, including the Advisers Act.

The Agreements do not prohibit the General Partner or the Adviser, or their general partner, employees, managers, members and/or principals or any other partner from buying or selling securities or commodity interests for their own account. The records of any such trades by the General Partner, Adviser, their general partners, employees, managers, members and/or principals will not be open to inspection by the Limited Partners. The Adviser maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest. With respect to such personal accounts, the General Partner, Adviser, their general partner, employees, managers, members and/or principals might take investment positions different from, or contrary to, those taken by the Funds; *provided, however*, that they are not permitted to trade ahead of Covalent Clients. In addition, the Adviser has instituted additional protections against conflicts of interest, described further in the summary below, which include subjecting investment positions in such personal accounts to a holding period and to prior approval by a compliance officer.

The Agreements provide that any such conflicts of interest shall be resolved by the General Partner in its sole discretion, which resolution may have an adverse impact on the Funds.

Summary of Covalent's Code of Ethics

Covalent's reputation for integrity and ethics is one of its most important assets. In order to safeguard this reputation, Covalent believes that it is essential not only to comply with relevant federal and state securities laws and regulations, but also to maintain high standards of personal and professional conduct at all times. Covalent's Code of Ethics sets forth the standards of professional conduct for its employees and is designed to ensure that its conduct is at all times consistent with these standards, with its obligations to its Clients, and with industry and regulatory standards for investment advisors.

The general principles underlying Covalent's Code of Ethics are as follows:

- The interests of Covalent's Clients must always come first.
- Covalent employees should not take inappropriate advantage of information learned through his or her position with or on behalf of a Client, whether or not there is a loss to the Client.
- Covalent employees must take care to avoid even the appearance of impropriety in his or her personal actions.
- Covalent employees should not advise or encourage others to take actions that such employee would be prohibited by the Code of Ethics from taking himself or herself for his or her own account.
- Information concerning the identity, security holdings and financial affairs of Clients is confidential.
- Independence in the investment decision-making process is very important and such independence should be safeguarded.

In order to implement these principles, the Code of Ethics contains detailed rules including, but not limited to, prohibitions and pre-approval procedures with respect to personal securities transactions, gifts and entertainment, political contributions, personal directorships, and outside business activities applicable to all employees of Covalent. Covalent will provide Clients or prospective Clients or investors a copy of its Code of Ethics upon request to its Chief Compliance Officer, Lauren Marolda, at (617) 658-5500 or at lm@covalentpartnersllc.com.

Additional conflicts of interest are described in Items 12-19 below.

Item 12 Brokerage Practices

Covalent manages its Funds on a fully discretionary basis, consistent with the Funds' investment objectives and restrictions, with authority to determine the securities to be bought or sold, the amount of securities to be bought and sold and the broker-dealers to be used and related commission rates. In selecting brokers, Covalent attempts to identify the best overall combination of price and execution of purchase or sale orders under prevailing circumstances. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental facts will be considered as they are deemed relevant. Consideration may be given to the reputation, perceived soundness, and performance of the various firms, their demonstrated execution capability, both generally and in regard to particular securities transactions, their proposed commission charges, as well as other factors including the nature of the security or instrument being traded, the size and type of the transaction, the nature and character of the markets for the security or instrument to be purchased or sold, the desired timing of the trade, the activity existing and expected in the market for the particular security or instrument, confidentiality, the firm's clearance and settlement capabilities, and other considerations. Transactions in over-the-counter securities may be made with broker-dealers who are not market makers in those securities at such times as Covalent, in its judgment, believes that it is in the best interests of a Fund to execute a trade

with such non-market-maker. When it appears that a number of firms can satisfy the required standards in respect to a particular transaction, consideration may also be given to research services and other considerations which such brokerage firms have provided in the past or may provide in the future. Such research services and other considerations may include, but are not limited to, the provision of supplemental investment research, including access to, and information on, particular securities or individual companies or industries or sectors, legal interpretations and legal developments affecting portfolio securities, investments or issuers, general, economic and political information, analytical and statistical data, and any other relevant research, market information and market quotations in connection with the analysis of securities; such information may be used in connection with some or all of Covalent's Funds and not just those paying for it. Subject to the safe-harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, and in accordance with SEC interpretive guidance regarding the application of such provisions, through commission sharing arrangements or other such soft dollar programs, a portion of brokerage commissions may be paid to firms which provide such research or other research-related material which is received by Covalent and which may or may not prove useful to Covalent in the management of its Funds. Where a product or service provided has both "eligible" uses under Section 28(e), i.e., uses related to Covalent's investment decision-making process, but also has other uses, Covalent will make a reasonable allocation between the eligible and non-eligible uses and use soft dollars only for the eligible portion. Accordingly, Funds may pay higher brokerage commissions in connection with trades for its Funds than would otherwise be the case in reflection of the receipt of such material.

Occasions may arise when Covalent determines that an investment in a particular security or the disposition of a particular security is simultaneously a proper investment decision for more than one of its Funds. In this event, purchases and sales normally will be averaged as to price and pre-allocated as to amount among such Funds in a manner deemed equitable to each Fund. Further, on occasions when Covalent deems the purchase or sale of a security to be in the best interests of a number of Funds, it may aggregate such securities to be purchased or sold among a number of Funds to obtain best execution and lower brokerage commissions in such manner as Covalent deems equitable and fair to its Funds. With respect to the allocation of public offerings which trade at a premium in the secondary market whenever such secondary market begins ("New Issues"), Covalent will allocate New Issues, if available, among Funds for which such investments are appropriate and desirable in a manner Covalent deems fair and equitable, taking into account factors Covalent deems relevant, including the investment objectives and strategies of such Funds and the past brokerage of the various Funds believed to have "generated" the New Issue opportunity. However, certain Funds may not be permitted under the rules of FINRA to purchase New Issues, even where such Funds' past brokerage may have generated the opportunity.

Item 13 Review of Accounts

Covalent's Managing Principals and Chief Financial Officer, in conjunction with other members of the operations and investment teams, are responsible for and conduct reviews of all Funds managed on a periodic basis. Such review may involve an examination of the Fund's compliance with its objectives and restrictions, current market value of portfolio investments, developments in portfolio companies and other factors affecting decisions with respect to the portfolio. In addition, the portfolio managers and other investment professionals meet on a regular basis to discuss specific positions in, and potential investments for the Funds.

Generally, Covalent, directly or through a third-party administrator, provides end-of-month performance estimates, unaudited monthly statements and portfolio characteristic updates, quarterly letters and other reports to the Funds' investors and select third party vendors (including risk vendors). Other reports may include, but are not limited to, historical exposure and performance attribution data, due diligence

questionnaires and AUM and performance data since inception. When applicable, on an annual basis, audited financial statements, Schedule K-1's and other tax statements are provided to the applicable Fund investors. The reports and/or information required to be provided by such Funds to their investors are set forth in the particular Offering Documents for such Fund investors. In addition, due to legal and/or regulatory constraints that must be followed by some of the Fund's investors and/or the specific needs and requests by certain investors, Covalent may, at its discretion, agree to provide certain investors more frequent reports and/or certain other reports than those described above.

Item 14 Client Referrals and Other Compensation

Covalent does not compensate any person for client referrals, nor does it receive any economic benefit from non-Clients, other than those described in Item 12, Brokerage Practices, in connection with providing advice to Clients.

Item 15 Custody

Covalent does not maintain direct custody or possession of any of its Client's funds or securities; however, Covalent is deemed to have custody of Client's funds in its legal capacity as a related person to the general partner of certain Clients, which affords access to funds or securities. Covalent intends to comply with the regulations under Rule 206(4)(2) of the Advisers Act (the "Custody Rule"). As such, and as part of the Custody Rule, Covalent has hired a Public Company Accounting Oversight Board-registered independent accounting firm to conduct an annual audit for the Funds it advises. Likewise, Covalent will send Clients copies of their audited financial statements, prepared in accordance with GAAP, within 120 days of each fiscal year end.

In addition, Covalent has retained "qualified custodians" (as defined by the Custody Rule), which may be a broker-dealer, bank or other type of institution, to hold all assets of the Covalent partnerships (other than certain privately offered securities).

Item 16 Investment Discretion

Covalent manages the Funds on a fully discretionary basis. Covalent receives discretionary authority from its Funds by way of investment advisory contracts executed at the outset of the relationship. Covalent's discretionary authority includes managing the Funds' assets consistent with the Funds' investment objectives and restrictions, with authority to determine the securities to be bought or sold, the amount of securities to be bought and sold and to determine the broker-dealers (and related commission rates) to be used.

Additional information about matters addressed in Item 16 can be found in the Offering Materials.

Item 17 Voting Client Securities

Covalent has the authority and discretion to vote proxies for its Funds, and therefore has adopted and implemented proxy voting policies and procedures. Funds will not be able to direct the vote on proxies. Proxy voting decisions will be made according to guidelines that protect the economic interests of Covalent Clients while considering both short-and long-term implications. Covalent has formed a proxy voting committee to review proxy statements.

Covalent seeks to vote proxies in a manner which serves the best interest of its Funds. All proxy solicitations shall be reviewed on a per issuer basis. In making proxy voting decisions, Covalent may consider a particular Funds' proxy voting guidelines. It may also consider various other factors, including without limitation, potential impact on future operating performance of the company, potential impact on the value, ranking or voting rights of the securities held, alignment of interests between management and the company's shareholders, or other factors. Covalent considers the views of the issuer's management when making proxy decisions unless it is believed that such a vote would be contrary to the objectives of its Funds.

Additionally, Covalent's proxy voting committee has adopted procedures to resolve cases where Covalent or an employee of Covalent has a material conflict of interest with a proxy proposal. Covalent maintains records of its proxy voting for a minimum of five years.

Covalent will furnish proxy voting procedures to any Client upon request to its Chief Compliance Officer, Lauren Marolda, at (617) 658-5500 or at lm@covalentpartnersllc.com.

Item 18 Financial Information

Covalent has never filed for bankruptcy and is not aware of any financial condition that would affect its ability to manage the Funds or be material in an investor's decision-making process about investing with Covalent.

Item 19 Requirements for State Registered Advisers

Item 19 is not applicable to Covalent.