

COVENANT

Investment Manager Sees Profits in Luxury Real Estate

Covenant Investors' Steve Shafer Predicts Wealthy Asians Will Buy His Holdings

Oklahoma City, OK—November 8, 2011—Steve Shafer, Chief Investment Officer for Covenant Financial Services, LLC (“Covenant Investors”) is investing in premier luxury vacation properties along Florida’s gulf coast and the Pacific Northwest coast in advance of what he anticipates will be growing demand from Asian investors and from “highly educated, highly compensated” Americans looking for weekend retreats.

Covenant has invested in properties in Seaside, FL. and in nearby Rosemary Beach, both developed using the principles of “new urbanism” in which residents can walk everywhere, mingle on the town square and rely on concierges for high-end services. It has also invested in ocean front property in Seabrook, Washington, a popular weekend and vacation destination for high-tech professionals from Seattle and Portland. Shafer researched the regions’ dynamics and traveled to both to study the real estate market by interviewing developers, contractors, maintenance providers, cable TV installers, bartenders, grocers, pharmacists, and other local residents to get a “deep view” of the communities.

“An important element of location is accessibility. The Seaside & Rosemary Beach communities have a one-year-old airport only 20 minutes away,” said Shafer, who says vacation clubs are beginning to show interest.

The high-end property purchases support Covenant’s three investment themes—that a portion of a portfolio belongs in hard assets as a hedge against inflation, a belief that pressure on the American middle class is creating investment opportunities at the high and low ends the socio-economic structure, and a prediction that wealth is being transferred from the “debtor nations” of the west to the “creditor nations” of the east.

“Luxury real estate encompasses all three of our investment themes,” said Shafer, whose Oklahoma City-based investment management firm manages almost \$300 million for institutions and high net worth individuals. We view these as cyclical investments, bought at or near the bottom of the real estate market cycle, which will produce an income stream of “three-to-five percent,” he added.

Covenant’s luxury real estate investment allocation is relatively modest compared to its other holdings but they are researching additional potential investments in the Mountain West, the North Carolina mountains, and the coastal areas of South Carolina. Shafer says wealthy vacationers and investors like the accessibility of communities like Aspen with its reputation of high-end boutique properties.

“We hope to sell our investment properties as a “collection” of boutique vacation destinations within five years,” commented Shafer.

About Covenant Investors

Covenant is an opportunistic, multi-strategy/multi-asset global macro investment firm. As a fiduciary for institutions and high net worth individuals, Covenant strives to preserve capital while generating targeted rates of return in a risk-controlled and consistent manner with a high degree of liquidity. Its investment management is notable for its forward-looking, highly active and tactical style. Covenant believes in maintaining strong client relationships by placing an emphasis on professionalism, integrity, and trust. To learn more, visit www.CovenantInvestors.com.

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