



# Buy and Hold is Dead Says Oklahoma City Hedge Fund Manager

Steve Shafer of Covenant Investors Aims for “Target Range Returns” Using Alternative Assets

Oklahoma City, OK—April 18, 2011—Steve Shafer, Chief Investment Officer for Covenant Financial Services, LLC (“Covenant Investors”), says truncated peak-to-trough economic cycles, heightened volatility and aging baby boomers are among the factors that should make investors adopt new strategies, focus on shorter investment horizons and seek to generate specific, or “targeted” returns. Covenant Investors is a multi-strategy, multi-asset global macro hedge fund firm that uses 10 strategies across 7 asset classes to create portfolios aimed at meeting its targets within set time periods. To achieve these specific returns, Covenant’s investment horizons can be as short as one day, as they were during the 2008 credit crisis, or as long as five years.

“Most American investors were educated to believe in buying stocks for the long haul, and more specifically, that they could passively invest via an index fund. However, the costs associated with ‘waiting to see’ if they are right are far higher than most investors imagine,” says Shafer.

The ‘buy-and-hold’ formula for successful investing is outdated, contends Shafer, because the economy now surges and swoons over increasingly shorter periods. Regarding the current economic cycle, Shafer thinks the “sling shot” phase of the recovery is almost over and that investors should already be asking how long the expansion will last – particularly in light of looming inflation and other secular headwinds.

Shafer favors using alternative assets to meet Covenant’s targets. For instance, Mr. Shafer sees rental property as being a potentially lucrative investment for hedge funds and individual investors because the key ‘Baby Boomer’ consumer group’s lost purchasing power is putting downward pressure on sales of single family houses in the US. Even graduates with good degrees lack the 40% down payment frequently required to buy a new house, he observes, which explains the relatively stagnate rate of new household formations.

“The rental option is very real for this group, which is why we are looking for there to be an over-supply of housing for a long time,” says Shafer. “To take advantage of the uplift in rental incomes, we recommend investing in multi-family units and in Government National Mortgage Association (Ginnie Mae) securitized multi-family and affordable housing loans.”

## About Covenant

Covenant is a multi-strategy, multi-asset global macro hedge fund manager focused on protecting investor’s capital while generating targeted rates of return. As a fiduciary, Covenant is dedicated to delivering desired results at a low cost, low risk, low volatility and a high degree of liquidity. Covenant’s management of investment funds is notable for a highly active, tactical style that can be assisted but not replicated by quantitative tools. Moreover, continuous, monitoring of securities and trades ensures that every position is delivering results consistent with investor objectives. To learn more, visit [www.covenantinvestors.com](http://www.covenantinvestors.com).

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