

Firm Brochure

(Part 2A of Form ADV)

COVINGTON INVESTMENT ADVISORS, INC.

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This brochure provides information about the qualifications and business practices of COVINGTON INVESTMENT ADVISORS, INC. If you have any questions about the contents of this brochure, please contact us at: (724) 238-0151, or by email at: srovedatti@covingtoninvestment.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.

Additional information about COVINGTON INVESTMENT ADVISORS, INC. is available on the SEC's website at www.adviserinfo.sec.gov, as well as on our website www.covingtoninvestment.com.

COVINGTON INVESTMENT ADVISORS, INC. is a Federally Registered Investment Advisor with the Securities Exchange Commission (SEC). Registration does not imply a certain level of skill or training.

March 29, 2018

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The following are material changes since Covington's last brochure update March 10, 2017.

On January 8, 2018, Covington made an organizational change by realigning the job responsibilities of Daniel P. Messmer by naming him IT Manager and hiring Sarah E. Rovedatti as Chief Compliance Officer.

Since Covington has technical custody over seven (7) accounts, Covington must request an annual surprise audit by an outside accounting firm. We changed accounting firms from Rennie & Associates to Lally & Co. to complete the 2017 surprise audit requirement.

In 2017, Covington reported that we have a relationship or arrangement with a related person who is a lawyer or law firm. Upon further review, Covington declares that we do not have any relationship or arrangement with any related person, such as a broker-dealer, lawyer or law firm, and/or other investment advisor(s).

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (724) 238-0151 or by email at: srovedatti@covingtoninvestment.com

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Advisory Business

Firm Description

Covington Investment Advisors, Inc., a Pennsylvania corporation (“Covington”) was founded in 2003.

Covington provides personalized confidential financial planning and investment management to individuals, trusts, estates, pension and profit sharing plans, charitable organizations, partnerships, corporations and other small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Covington is strictly a fee-only financial planning and investment management firm. The firm does not directly sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Investment advice is provided, with the client either (i) making the final decision on investment selection via a non-discretionary account; or (ii) an adviser making the decision on a discretionary account pursuant to the mechanisms and rights afforded with such account (pursuant to a limited power of attorney). Covington is not a broker-dealer, nor does it act as a custodian of client assets; and clients’ have full purview and transparency to their assets and positioning.

A written evaluation of each client's initial situation is provided to the client, often, depending upon the client’s desires and needs, in the form of a net worth statement. Internal periodic reviews are also performed by the adviser supervising the specific client to review the client’s performance relative to his desires. Such reviews are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed as prudently possible to the client in the event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

The Patrick R. Wallace Revocable Trust, DTD 8/8/2016, is the sole shareholder of Covington Investment Advisors, Inc. (“Covington”); of which Patrick R. Wallace is the trustee.

Types of Advisory Services

Covington provides fee-based investment management services. If requested, Covington furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

Presently, Covington is comprised of two (2) advisors, Patrick R. Wallace, the President and Lead Advisor, and Cindy Jones, Portfolio Manager.

Tailored Relationships

Our Advisors tailor their advisory services to the individual needs of the client by creating an asset allocation to reflect the stated goals, objectives, and/or risk tolerance of our clients. Clients may impose restrictions on investing in certain securities or types of securities. The goals, objectives, and risk tolerance are documented in the Client Investment Profile. The asset allocation and/or any restrictions are documented in the Investment Management Agreement.

Most clients choose to have Covington manage their assets in order to obtain ongoing in-depth advice and life planning. Generally, all major aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

In order to evaluate the clients' needs and desires properly, the following may be performed: net worth statement; cash flow management; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; insurance review; education planning; retirement planning; and estate planning, as well as the implementation of recommendations within each area.

The scope of advisory services and fee is detailed in the Investment Management Agreement and provided to the client in writing prior to the start of the relationship. The Investment Management Agreement may not be assigned without client consent.

Wrap-Fee Program

Covington does not participate in a wrap-fee program.

Assets Under Management

As of December 31, 2017, Covington manages approximately \$361,668,870.98 in assets for 325 accounts. Approximately \$352,248,335.86 is managed on a discretionary basis, and \$9,420,535.12 is managed on a non-discretionary basis.

Termination of Agreement

A Client may terminate the Investment Management Agreement at any time by notifying Covington in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination.

Covington may terminate the Investment Management Agreement at any time and for any reason whatsoever by notifying the client in writing. Additionally, Covington

reserves the right to stop work on any account where the investment management fee is greater than 10 days overdue.

Fees and Compensation

Fee Schedule

Covington bases its fees on a percentage of assets under management.

The annual Investment Management Agreement fee is based on a percentage of the investable assets according to the following schedule:

1.00% on total assets managed for relationships under \$10,000,000

A separate negotiated percentage on total assets managed for relationships above \$10,000,001*

* Covington reserves the right to amend such fees for special circumstance or relationships. Furthermore, Covington reserves the right to change its fees as it determines is required and/or necessary. Fees are determined by Covington and may vary at the Advisor's discretion; provided however, Covington's clients acknowledge and agree to any such amendments in Fees.

Additionally, Covington may offer consulting services which rates are determined on a case-by-case basis. Some consulting arrangements may be priced based on the complexity of work, especially when investment management and financial planning are not the most significant part of the relationship.

Fee Billing

Investment management fees are billed monthly or quarterly, in arrears based on the value of billable assets in the client's account on the last trading day of each calendar month or quarter.

We require clients to have the investment management fee automatically deducted from their account; however, in certain situations as determined by the advisor, we may allow clients to use an alternative method of payment and be billed for the investment management fees.

Other Fees or Expenses

In addition to the investment management fee, clients may incur other fees from their custodian or other expenses in connection with our advisory services.

Clients who do not select Charles Schwab & Co., Inc. ("Schwab") as their custodian may incur custodial fees to safekeep their assets and/or other fees to administer their account(s). Please see *Brokerage Practices* for more information on Covington's recommendation to select Schwab as the client's broker-dealer.

The Advisor may invest mutual funds in the client's account. The cost of investing in a mutual fund is reflected as an expense ratio. The expense ratio is expressed as a percentage of the fund's net asset value (NAV) to cover the operating costs of the mutual fund. Therefore, clients will not see a separate charge for the expense ratio because it is factored into the NAV that is priced daily. The expense ratio will affect

individual account performance because the higher the expense ratio, the lesser in returns the client would receive.

Clients will incur brokerage and other transactions costs. Please review the section *Brokerage Practices* for more information.

Advance Fee Payments

Covington does not allow clients to make advance investment management fee payments at this time.

Sales-based Compensation

Covington is strictly a fee-only financial planning and investment management firm. The firm does not directly sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions or sales charges of any form are accepted.

Performance-Based Fees and Side-By-Side Management

Sharing of Capital Gains

All employees are considered supervised persons.

The investment management fee is not based on a share of the capital gains or capital appreciation of managed securities.

Covington does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the Advisor to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

Covington generally provides investment advice to individuals, trusts, estates, pension and profit sharing plans, charitable organizations, and partnerships, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

Covington does not require a minimum account size; however, except with respect to special situations or special relationships, a minimum net worth of one million (\$1,000,000.00) dollars is required.

Covington has the discretion to waive the minimum net worth requirement. Other exceptions will apply to employees of Covington and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The security analysis methods used by Covington is a fundamental analysis; however, Covington may also utilize charting, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

The underlying investment philosophy of Covington is to invest long-term in proven enterprises of high-quality securities. Stock selections are principally focused on quality individual securities and/or no-load mutual funds. Bond exposure will consist of high-quality individual securities and/or no-load bond mutual funds. Covington does not recommend Initial Public Offerings (IPOs); provided however, it does have the capability to participate in such offerings.

The primary investment strategy used on client accounts is strategic asset allocation based upon the objectives stated by the client during consultations. The client may change the asset allocation at any time.

We may deviate from the primary investment strategy based on an individual client's needs. This would be employed on a case-by-case basis and documented in the Investment Management Agreement.

Risk of Loss

All investment strategies have certain risks that are borne by the client (investor). Our investment strategy approach constantly keeps the risk of loss in mind. Clients, as investors, face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

Covington is required to disclose all material facts about any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Covington or the integrity of our management. Covington does not have any disciplinary information to report about our firm or our employees.

Other Financial Industry Activities and Affiliations

Covington's management persons are Patrick R. Wallace, Cindy Jones, and Sarah E. Rovedatti.

Neither Covington nor any of its management persons:

- i. are registered or have an application pending to register as or with a broker-dealer.
- ii. are registered with or do not have an application pending to register as or with a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- iii. have any relationship or arrangement with any related person.
- iv. receive compensation, either directly or indirectly, for recommending or selecting other investment advisors for our clients.

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

Code of Ethics

Covington has adopted a Code of Ethics Policy pursuant to SEC Rule 204A-1. The Policy has been adopted to prevent violations of federal securities laws. Moreover, this Policy is intended to help personnel understand Covington's obligations as a registered investment adviser and to assist them in complying with these obligations.

Covington expects all personnel to act with honesty, integrity and professionalism and to adhere to federal securities laws.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Covington and its employees do not recommend clients buy or sell securities in which a material financial interest exists. Employees must promptly disclose any material financial interest in securities pursuant to the Code of Ethics Policy and notify the Chief Compliance Officer, Sarah E. Rovedatti. A determination would be made on whether notification to clients is required to disclose a potential conflict of interest exists and/or whether any other actions, such as additional supervision, is necessary to limit potential conflict of interests.

Personal Trading

Employees are permitted to hold personal investment accounts outside of Covington. Employees may buy or sell securities or related securities that are held by clients in their personal accounts and accounts in which they have beneficial interest. This arrangement creates a conflict of interest because employees may have insider knowledge on when block trading and/or client trades occur which could create a material benefit. To address this conflict of interest, Covington enforces policies and procedures to supervise employee trading in their personal accounts and accounts in which they have beneficial interest.

As described in the Code of Ethics Policy, employees are required to obtain pre-approval of buy and sell trades in securities in their personal accounts and accounts in which they have beneficial interest. Additionally, employees are required to submit account statements for their outside account(s).

The Chief Compliance Officer, Sarah E. Rovedatti, monitors employee trading and administers the Code of Ethics Policy annually. Employees must sign and acknowledge their commitment to the Code of Ethics Policy each year. Mrs. Rovedatti reviews the personal trades in reportable securities of all employees to ensure that the personal trading does not affect the markets and does not cause financial harm to clients, and that clients of the firm receive preferential treatment.

Covington allows employees and their families to open discretionary accounts to be managed by Covington. As clients of the firm, employees and their families may participate in block trading along with other client trades. Mrs. Rovedatti supervises

the advisor's trading and portfolio management to ensure the client's Investment Management Agreement is being adhered to.

Brokerage Practices

The Custodians and Brokers We Use

Covington does not maintain custody of client assets on which we advise on, although, we may be deemed to have custody of client assets if given the authority to withdraw assets from their account. (See *Custody* for more information.) Covington is independently owned and operated and not affiliated with any bank, broker-dealer or custodian.

Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. Clients will open an account with a custodian by entering into an account agreement directly with them. Covington does not open the account for clients unless Covington has technical custody over the account (i.e. Patrick R. Wallace as trustee) as described in the *Custody* section.

The custodian, not Covington, holds client assets. A broker-dealer allows Covington to facilitate brokerage trading. The custodian and broker-dealer may be different firms but generally our clients use a custodian that is also a broker-dealer for convenience and a more cost-effective approach.

Covington recommends clients to select Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as their custodian and broker-dealer. To reiterate, Covington is independently owned and operated and not owned by, affiliated with, or supervised by Schwab or any other financial institution. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed.

While Covington recommends that clients use Schwab as custodian and broker-dealer, clients can decide whether to do so. Accounts over which Covington has technical custody (see *Custody* section), Covington chooses Schwab as broker-dealer and custodian.

How We Select Brokers/Custodians to Recommend

Covington seeks to select a custodian that also serves as a broker-dealer ("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 range of factors in recommending a custodian/broker, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a 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.)
- 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 (see *Products and Services Available to Us from Schwab*)

Custody and Brokerage Costs

Clients have the option to instruct Covington where they would like to have their assets kept at a custodian and where to place their security transactions at a broker-dealer. Clients may incur custody fees and brokerage fees in addition to the investment management fee charged by Covington. The commissions, fees, and costs associated with choosing a custodian and broker-dealer may vary and the expenses may be higher or lower than Schwab.

For clients who select Schwab as their custodian/broker, Schwab 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 their Schwab account.

Because Schwab is a custodian, clients may use Schwab's custodian services but select another broker-dealer for Covington to place securities transactions. In this arrangement, Schwab would charge clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Covington 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 Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. In order to minimize trading costs, Covington recommends Schwab be our client's custodian and broker-dealer to execute all trades for their account.

"Trade-away" fees are not inclusive of Schwab and other custodians may charge "trade-away" fees.

Products and Services Available to Us from Schwab

Since 2003, Covington has maintained a professional relationship with Schwab. Covington has received from Schwab discounts to help defray the costs associated with third-party vendor systems used to manage our client accounts and credits to attend Schwab conferences. Covington has also explored the possibility of having Schwab assist in the expenses related to a guest speaker at a special event and may do so in the future. These benefits may give Covington an incentive to recommend that our clients maintain their account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on our client's interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. Covington believes, however, that our recommendation of Schwab as

custodian/broker is in the best interest of our clients. Our recommendation is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like Covington. They provide Covington and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while other services help us manage and grow our business. Here is a more detailed description of Schwab's support services:

Schwab Services that Benefit Covington's clients: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients and their account.

Schwab Services that May Not Directly Benefit Covington's clients. Schwab also makes available to Covington other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Schwab Services that Generally Benefit Only Covington. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab

may also provide us with other benefits such as occasional business entertainment of our personnel.

Soft Dollars

Covington does not currently participate in any soft dollar arrangements but has received free credits and economic benefits from Schwab in the past that may be considered “soft dollar benefits.” The benefits available to Covington and its clients are described above.

Covington recommends Schwab as the custodian of its client accounts and utilizes its services. The research that Covington has access to through Schwab is included in their standard business to business value added service and is not based on trading activity, volume, investment allocation, or firm size.

Any soft dollar arrangement or any benefits received from Schwab and/or third-party must be approved by the Chief Compliance Officer.

Brokerage for *Client Referrals*

Covington does NOT consider, in selecting or recommending broker-dealers, whether Covington receives client referrals from a broker-dealer or third-party.

Directed Brokerage

Clients and prospective clients need to be aware that not all advisors require their clients to direct brokerage transactions to a specific broker-dealer. Covington routinely recommends that clients use Schwab as their broker-dealer to execute transactions. Covington does not require clients to use Schwab as their broker-dealer to execute transactions. It is ultimately the client’s decision to direct us on which broker-dealer to use to execute their transactions. The client will indicate their broker-dealer selection on the Investment Management Agreement. In instances where Covington has technical custody (see *Custody section*), Covington will have the discretionary authority to determine the broker-dealer to be used for the purchase and sale of securities and will require Schwab as custodian and broker-dealer.

Because we recommend our clients to select Schwab as their designated broker-dealer, it is possible that clients may obtain better price and execution through another broker-dealer. As a result, clients may pay more money because Covington will not explore if a more advantageous execution could be attained at another broker-dealer.

Covington is not affiliated with Schwab but there are economic benefits that exist in our relationship. We disclose these conflicts of interests under the *Brokerage Practices* section above as well as in the *Client Referrals and Other Compensation* section.

Clients who select Schwab as their broker-dealer allow Covington to maintain and monitor best execution practices described below:

- Covington shall monitor and review each trading ticket to ensure the trade was accurately processed, and if necessary, remediate trade errors in a timely manner.

- Although separate account management processes will be employed, aggregating the purchase or sale of securities (“block trading”) will be conducted when appropriate for the accounts to ensure equitable treatment. When security transactions are made in accounts, we shall review all account holdings to see if block trading should be utilized.
- Covington will conduct a best execution review on a sample of client trades at least annually.
- Covington will communicate with clients annually on Schwab’s best execution practices.

When clients select Schwab as their broker-dealer, Covington is able to block trades across multiple accounts when possible to ensure that clients receive the same average price for a security. Blocking of trades will occur across all accounts for which the trade is to occur. Groupings of accounts based on any metric (i.e. account type, account size, etc.) is not permitted since each group would receive a different average price. The purpose of block trading is to ensure equitable treatment of the accounts. Block trades are completed the same day using our master account for execution and allocated back the client accounts. If a block trade is not fully executed within the trading day, the partial fills are allocated.

Clients may direct Covington to use another broker-dealer to execute their trades. It is the client’s responsibility to negotiate the terms and conditions of all brokerage services with the other broker-dealer. In these instances, Covington shall monitor and review each trading ticket to ensure the trade was accurately processed, and if necessary, remediate trade errors in a timely manner. However, Covington cannot guarantee and is not responsible for best execution. Covington will not seek better execution services or prices from other broker-dealers or be able to aggregate client’s transactions in block trades, for execution through other broker-dealers with orders for other accounts advised or managed by Covington. As a result, client may pay materially disparate commissions, greater spreads or other transaction costs or receive less favorable net prices on transactions for the account than would otherwise be the case.

Review of Accounts

Periodic Reviews

Account reviews are performed periodically by each client’s respective Advisor as determined by such Advisor, but in any event not less frequently than quarterly. Account reviews are performed more frequently when market conditions dictate.

The Chief Compliance Officer will review client account performance at least bi-annually to compare the client’s performance against their benchmark. In addition, the Chief Compliance Officer will review each client’s targeted asset allocation against the actual asset allocation at least annually. This supervision is implemented to ensure the Advisor does not deviate from the client’s investment strategy as described in the Investment Management Agreement and to hold the advisor accountable for any significant deviations from the benchmark.

Review Triggers

Advisors may review accounts on other than a periodic basis. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Covington mails quarterly statements to clients which are inclusive of performance reports. The client may request Covington to mail monthly statements. The client's custodian (e.g. Schwab) provides at a minimum quarterly account statements to clients either via mail and/or made available on its website. Covington urges clients to compare the statements generated by Covington with the statements that they receive from their custodian.

Client Referrals and Other Compensation

Covington receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Brokerage Practices*). The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Incoming Referrals

Covington has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Additionally, Covington participates in Schwab's Directory of Independent Registered Investment Advisors made available for public use. In order to maintain an active listing, we must meet certain criteria as determined by Schwab, such as holding a portion of assets at Schwab. The Directory is not a Schwab sponsorship, endorsement, referral, or recommendation of, or solicitation for Covington and Covington does not rely and will not rely on its Listing or continued Listing for an expectation of new clients or new business. Covington does not compensate Schwab for any referrals received through their Directory.

Referrals Out

Covington does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Custody

Covington does not have physical custody over client assets. However, according to Rule 206(4)-2 under the Investment Advisors Act of 1940, Covington is deemed to have custody of client assets, and therefore must comply with the rule, when it holds, "directly or indirectly, client funds or securities or [has] any authority to obtain possession of them."

Because Covington has the authority to deduct fees from client accounts (see *Fees and Compensation*) at their qualified custodian, we have custody of client assets in those instances. In reliance of a "no-action" letter released by the SEC on February 21, 2017, Covington is not required to obtain a surprise examination if the only reason we have custody is to deduct advisory fees and we comply with the conditions for "no-action" relief. Covington intends to use the safeguards provided in regulation, instead of the requirements for custody, in instances where we have custody solely because we deduct advisory fees directly from clients' accounts. These client accounts are not subject to the annual surprise audit by an independent accountant or required to be calculated in Item 9 in Form ADV.

We urge all of our clients to review the account statements from their qualified custodian promptly when received. We also urge clients to compare the custodian's account statements to the quarterly performance reports they receive from us.

Technical Custody

Covington does have technical custody as defined by Rule 206(4)-2(d)(2) under the Investment Advisors Act of 1940 over seven (7) separately managed accounts. In so far as Covington maintains technical custody over such funds, it has chosen to use Schwab as its qualified custodian, which provides notice to clients as to how their assets are invested and/or maintained, provides statements reflecting such assets not less than quarterly; and, although Covington does not have physical custody over such funds, allows for the possibility of an annual surprise audit by an independent accountant and the filing of a Form ADV-E.

As of December 31, 2017, Covington is the technical custodian of approximately \$5,687,890.40 in assets under management. The 2017 annual surprise audit was conducted by Lally & Co. for the period July 1, 2016 through October 31, 2017. It concluded on February 5, 2018. A copy of our audit report is available by calling us at 724-238-0151 or by e-mail at srovedatti@covingtoninvestment.com.

We urge all of our clients to review the account statements from the qualified custodian promptly when they receive them. We also urge our clients to compare the custodian's account statements to the quarterly performance reports that they receive from us.

Investment Discretion

Discretionary Authority for Trading

Covington accepts discretionary authority to manage securities accounts on behalf of clients. Covington has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Covington consults with the client prior to each trade to obtain concurrence if the client documents certain trading restrictions described in the Investment Management Agreement.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the investment strategy that the client has approved in writing.

Limited Power of Attorney

Clients must sign a limited power of attorney to give Covington authority to manage their account on a discretionary basis.

Voting Client Securities

Proxy Votes

Covington does not vote proxies on securities. Clients are expected to vote their own proxies. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

When assistance on voting proxies is requested, Covington will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Notwithstanding the preceding, with respect to custodied accounts pursuant to Rule 206(4)-2 of the Investment Advisors Act of 1940, Patrick R. Wallace exercise any such vote in a manner which he deems to be in the best interest of the beneficial owner of such securities.

Financial Information

Financial Condition

Covington does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. Covington has never been the subject of a bankruptcy petition.

Covington is exempt from including a balance sheet of our most recent fiscal year because we do not require or solicit prepayment fees of more than \$1,200.00 per client, six months or more in advance.

Firm Brochure Supplement
(Part 2B of Form ADV)

Patrick R. Wallace
Covington Investment Advisors, Inc.
301 East Main Street
Ligonier, PA 15658
(724) 238-0151 (Tel)
(724) 238-0148 (Fax)
www.covingtoninvestment.com

This brochure supplement provides information about Patrick R. Wallace that supplements the COVINGTON INVESTMENT ADVISORS, INC. brochure. You should have received a copy of that brochure. Please contact Chief Compliance Officer Sarah Rovedatti at (724) 238-0151, if you did not receive COVINGTON INVESTMENT ADVISORS, INC.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Patrick R. Wallace is available on the SEC's website at www.adviserinfo.sec.gov, as well as on our website www.covingtoninvestment.com.

March 29, 2018

PATRICK R. WALLACE – LEAD ADVISOR

Year of Birth: 1963

Education:

Indiana University of Pennsylvania
Bachelor of Science, Business Management -- 1985

Bucknell University
PBA Central Atlantic School of Trust -- 1989

Northwestern University
ABA National Trust School -- 1990
ABA National Graduate School – 1992

Professional Highlights:

Covington Investment Advisors, Inc., Ligonier, PA
President and Lead Financial Advisor 2003 – present

As a Registered Investment Advisor, Covington provides customized investment management advice to high net worth individuals driven by a clear understanding of the individual's resources, risk tolerances and financial goals. Providing a broad offering of financial services integrated and delivered in a seamless fashion while nurturing long-term relationships.

PNC BANK, National Association
PNC Advisors, Ligonier, PA
Vice President and Senior Portfolio Manager 1994 – 2003

Responsible for the daily operation of the office and the administration of investment management and financial planning services. Administered \$200M through 167 accounts representing 87 families. Provided formal evaluations of the client's investment resources, investment objectives, risk tolerances and determined appropriate investment alternatives designed to meet the client's personal financial planning goals and objectives. Monitored and maintained the investment portfolios on a daily basis making individual stock, bond and mutual fund recommendations. Provided ongoing performance measurement analysis and investment market observations. Additionally, worked with the client's other professional advisors in the overall coordination of the estate and financial planning matters of the clients.

PATRICK R. WALLACE – LEAD ADVISOR (continued)

Professional Highlights: (continued)

Integra Financial Corporation
Integra Trust Company, Erie, PA
Trust Officer 1988 – 1994

Administered and controlled assigned estates, personal trusts, agencies, and guardianships. Represented the corporation in originating and organizing communications with customers, attorneys, and other interested parties with respect to my account responsibilities. Duties also included the development of new business, the investigation and resolution of account problems, the matching of customers' objectives with appropriate investment products to insure optimum performance in their accounts, and the preparation of investment and estate planning analysis.

Integra Financial Corporation
Pennbank Trust Department, Meadville, PA
Trust Administrator 1987 – 1988

Responsibilities included the administration of personal trusts, employee benefit trusts, as well as, the reconciliation and administration of the department's corporate bond issues.

Pennbancorp
Pennbank Trust Department, Meadville, PA
Trust Management Trainee 1986 – 1987

Studied and reviewed both operationally and administratively the key areas of the bank trust department. Assignments and projects concentrated on the bank trust operations, employee benefits, taxes, investments, estate settlement, and personal trust administration. In addition, Mr. Wallace was assigned to several projects coordinating the retrieval of information on the trust department's seven trust offices.

Disciplinary Record: None.

Supervision:

Mr. Wallace is the President of Covington Investment Advisors, Inc. and as such, with the exception of trading activity and compliance, is unsupervised; but it should be noted that Mr. Wallace's performance and that of Covington is reviewed annually by its Advisory Committee, whom meet after the end of each calendar year. It should be noted that Mr. Wallace is reviewed by the Chief Compliance Officer, Sarah E. Rovedatti for internal actions and activities relating to trading activity and compliance. Mrs. Rovedatti will review each client's targeted asset allocation against the actual asset allocation at least annually. This supervision is implemented to ensure the Advisor does not deviate from the client's investment strategy as described in the Investment Management Agreement.

Firm Brochure Supplement
(Part 2B of Form ADV)

Cindy Jones
Covington Investment Advisors, Inc.
301 East Main Street
Ligonier, PA 15658
(724) 238-0151 (Tel)
(724) 238-0148 (Fax)
www.covingtoninvestment.com

This brochure supplement provides information about Cindy Jones that supplements the COVINGTON INVESTMENT ADVISORS, INC. brochure. You should have received a copy of that brochure. Please contact Chief Compliance Officer Sarah Rovedatti at (724) 238-0151, if you did not receive COVINGTON INVESTMENT ADVISORS, INC.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Cindy Jones is available on the SEC's website at www.adviserinfo.sec.gov, as well as on our website www.covingtoninvestment.com.

March 29, 2018

CINDY JONES – PORTFOLIO MANAGER

Year of Birth: 1984

Education:

University of Pittsburgh
Bachelor of Science in Applied Mathematics -- 2006
Additional studies in Computer Science and Statistics

Professional License:

Series 65: Uniform Investment Adviser Law Exam

Professional Highlights:

Covington Investment Advisors, Inc., Ligonier, PA
Portfolio Manager 2014 – present
Assistant Portfolio Manager 2012 – 2014

Responsibilities include trading of the accounts, research of new investments and already held investments, proposing trades at the individual client level and aggregate account level. Design and develop tools to help streamline processes and enhance efficiency. Enhance the existing compliance program for the firm especially those aspects that relate to trading and best execution. Additional responsibilities include data gathering, modeling, case design, scenario building, plan development, and presentation development.

WBI Investments, Inc., Little Silver, NJ
Assistant Portfolio Manager 2006 – 2012

Researched, designed, developed and implemented new tools using databases and spreadsheets to enhance the investment management process. Created new tools and programs to help streamline/simplify the operations and trading process. Fully functional backup Trader. Provided support to the Chief Investment Officer in the security selection process using quantitative analysis approach. Updated and maintained existing portfolio modeling systems. Design and implement tools to incorporate and research new investment products. Generate monthly performance data for publication following GIPS rules and guidelines. Lead the firm to follow and maintain GIPS standards. Member of the Compliance Committee representing the Trading and Research department.

US Steel Corporation, Pittsburgh, PA
Developer/Student Intern 2005 – 2006

Developed and maintained plant accounting and finance transaction systems using Adabase Natural and Cobol programming languages. Performed frequent system development using IBM mainframe programming environment. Updated and developed pages on the internal Intranet for the department.

CINDY JONES – PORTFOLIO MANAGER (continued)

Disciplinary Record: None.

Supervision:

Mrs. Jones is supervised by President and Lead Advisor Patrick R. Wallace as well by Chief Compliance Officer Sarah E. Rovedatti.

Mrs. Jones is reviewed by Mrs. Rovedatti for internal actions and activities relating to trading activity and compliance. Mr. Wallace and Mrs. Rovedatti review client account performance at least bi-annually to compare the client's performance against their targeted benchmark. In addition, Mrs. Rovedatti will review each client's targeted asset allocation against the actual asset allocation at least annually. This supervision is implemented to ensure the Advisor does not deviate from the client's investment strategy as described in the Investment Management Agreement and to hold the advisor accountable for any significant deviations from the benchmark.