

Part 2A of Form ADV: FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of Sovereign Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact Sovereign at 480-385-2850 or info@sovereignfinance.com. **The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

Sovereign Investment Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Sovereign Investment Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 - Material Changes

Sovereign Investment Advisors, LLC is amending this Brochure dated January 30, 2015, to update: Item 4: Advisory Business, Assets Under Management by providing our current assets under management (AUM) as of December 31, 2014. Item 9: Disciplinary Information noting a disciplinary action. As of the date of this brochure Sovereign will be transitioning from State of Arizona registration to SEC registration.

These are the only material changes within this Brochure. The previous Brochure was dated July 31, 2014.

Pursuant to the current SEC Rules, Sovereign will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of Sovereign's fiscal year end. Additionally, as Sovereign experiences material changes in the future, clients will be sent a summary of "Material Changes" under separate cover. For more information about Sovereign please visit www.sovereignfinance.com.

Furthermore, you can request a copy of the Brochure at any time by contacting us at 480-385-2840. Additional information about Sovereign and its investment adviser representatives is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

Sovereign Investment Advisors, LLC ("Sovereign" or the "Firm" or "we"), is an independent SEC registered investment adviser founded in 2009. The firm's principal place of business is located in Phoenix, AZ.

Sovereign Investment Advisors, LLC is a subsidiary that is owned by its parent company, Sovereign Finance, LLC, which is wholly owned and operated by Jeffrey Lamb, Principal and Managing Member and the Morongo Band of Mission Indians as Investor Member. Sovereign Capital Markets, LLC is an affiliate to Sovereign Investment Advisors, LLC with no services being rendered from this entity.

INVESTMENT SERVICES

Our firm provides customized investment advisory services to institutions including Native American Tribes and Tribal Entities, as well as related individuals and families. We work closely with our clients to develop and monitor broad financial goals. Our clients may impose reasonable restrictions on investment in certain securities, types of securities, or industry sectors.

As of December 31, 2014, Sovereign has a total of \$234,169,472.00 of assets under management (AUM), \$25,286,082.00 managed on a discretionary basis and \$208,883,390.00 managed on a non-discretionary basis.

Sovereign Investment Advisors assists our clients by:

- Establishing financial goals and/or investments;
- Creating investment strategies tailored to individual client needs;
- Development and implementation of investment guidelines, policies and documentation;
- Providing ongoing due diligence and evaluation of investment managers;
- Coordinating the placement of investments assets;
- Managing Asset Allocation portfolio structures;
- Providing timely and well researched recommendations;
- Tracking investment performance;
- Controlling and monitoring portfolio expenses; and
- Evaluating and selecting appropriate custodians and/or record keepers for funds.

We employ a "hands on" approach that focuses on Sovereign's forward looking views of the capital markets. Sovereign designs and manages client portfolio strategies that seek to

optimize risk-adjusted returns reduce costs in pursuit of client outcome goals. Our process involves a dynamic and proactive view which seeks investment solutions that have sustainable strategies when employed by experienced managers.

We devise asset allocation strategies that are implemented with professional money managers, commingled investment vehicles, such as mutual funds, or exchange-traded funds. In some cases, for individual clients, individual securities may be utilized after a thorough review of their appropriateness given the client's individual needs and objectives.

Our clients are not limited to proprietary platforms, investment products, or research. We seek to understand our clients' situations thoroughly in order to build a suitable investment strategy that meets their needs. We maintain complete independence from all other vendors. We receive no compensation, commissions, kickbacks, soft-dollars, or other remuneration from managers or providers and therefore avoid conflicts of interest, perceived or otherwise, when making investment decisions. All fees paid to Sovereign and service providers under its purview are fully disclosed.

Our investment team is significantly augmented by our strategic relationship with CapGroup Advisors, LLC ("CapGroup") through an independent sub-advisory agreement to assist us in providing advisory services to our clients. Sovereign works with clients to determine the range of investment advisory services appropriate to be provided and then monitors the client strategies to assure a high level of efficacy in meeting client financial goals.

CapGroup is an independent Registered Investment Adviser located in Richmond, Virginia and a Member Firm of Focus Financial Partners, LLC ("Focus"), the nation's largest organization of independent wealth advisors with over \$52 billion in client assets and offices in 24 states and the U.K. In conjunction with the Institutional Advisory Services of Focus, CapGroup and other participating Focus Member Firms collaborate to share intellectual capital, including investment best practices for institutional investors, manager due diligence and client vendor pricing negotiations.

Sovereign's investment advisory services are delivered through an "outsourced Chief Investment Officer" structure and a disciplined investment management process that conforms to the best practices under the *Global Fiduciary Standard of Excellence*. Sovereign's investment management process is managed by staff of experienced investment professionals under the direction of its Investment Committee. Our extensive internal research capabilities are supported by an open source research platform. Through our sub-advisory relationship with CapGroup, Sovereign clients access CapGroup's Cefex-certified investment advisory process and institutional level research capabilities.

Item 5 - Fees and Compensation

The fee for investment consulting services is based on the type and complexity of the assignment and may be charged in three different methods:

1. A percentage of account assets ranging from 10 basis points (0.10%) to 100 basis points (1%) per year; paid monthly or quarterly in arrears.
2. A fixed fee with a normal range from \$15,000 to \$125,000 per year; paid monthly or quarterly in arrears.
3. In certain circumstances, Sovereign may accept an assignment as a project whereby services are billed on an hourly basis. The hourly rate is generally \$65-\$275 per hour.

Although Sovereign has established the aforementioned range of fees, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule will be identified in the contract between Sovereign and the client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Sovereign requires a minimum of \$250,000 of assets under management to provide investment advisory services. The size may be negotiable under certain circumstances. Sovereign does not receive any other form of compensation for managing our clients account. This helps to eliminate any influence from a broker-dealer or other financial entity and reduces many types of conflict of interest.

Sovereign Investment Advisors, LLC has established an Investment Advisory Agreement ("Agreement") that each client executes. This Agreement sets forth the terms of our relationship with clients. The Agreement outlines the mutually agreed upon fee that Sovereign will charge the client's account in arrears on a monthly or quarterly basis. Accounts initiated during a billing period may be charged a prorated fee from the date of inception. Sovereign will submit to each client on a monthly or quarterly basis an invoice itemizing the fee. Itemization includes the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

Under the terms of the Investment Advisory Agreement, clients authorize Sovereign to deduct fees directly from their account(s). If authorization to deduct fees is not elected, an invoice will be submitted to the client for payment within 30 days. We deduct fees from the clients' account(s) on a monthly or quarterly basis as specified in the Agreement. If the

election is made to have management fees deducted from the account, clients should note that the custodian has no duty to verify the calculation of the fee. The custodian issues monthly and/or quarterly statements to the client showing all amounts paid from the account, including fees paid to advisor. Client is advised to verify the accuracy of the fees and notify Sovereign with any questions.

The Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any fees earned will be charged on a prorated basis to the date of the termination, as final billing in arrears. Neither Sovereign nor the client may assign the Agreement to another advisor without the prior written consent of the other party.

All fees paid to Sovereign Investment Advisors, LLC for investment consulting services are separate and distinct from the fees and expenses charged in the form of brokerage commissions, transaction fees, custodial charges, wire transfer and electronic fund transfer fees, and other miscellaneous fees on brokerage accounts and securities transactions. Separate account investment managers, mutual funds and/or Exchange Traded Funds (ETFs) also charge fees. These fees and expenses are described in each fund's prospectus and/or manager's agreement. Such charges, fees and commissions are exclusive and in addition to Sovereign's fees. Sovereign does not receive any portion of these fees or commissions. A client could invest in a mutual fund or ETF directly without the services of Sovereign. In that case, the client would not receive the services provided by the Sovereign which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate for the client's financial situation and objectives. Accordingly, clients should review both the fees charged by the funds and the fees charged by Sovereign to fully understand the total amount of fees to be paid, and to evaluate the advisory services being provided. Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services may be available from other investment advisory firms.

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

Sovereign Investment Advisors, LLC does not charge performance-based fees. In this particular context, "side-by-side management" describes a practice whereby an advisor manages accounts for which it charges performance-based fees while simultaneously managing accounts for which no performance-based fees are charged. This practice has the possibility of creating a conflict of interest that must be disclosed to clients and prospective clients. Because we do not charge performance-based fees, this item does not apply to the Firm.

Item 7 - Types of Clients

Sovereign Investment Advisors, LLC provides advisory services to the following types of clients:

- Native American Tribes
- Native American Corporations or other businesses not listed above
- Individuals and Families

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, however, the minimum may be waived under certain circumstances as reviewed by the firm on a case-by-case basis.

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

Sovereign Investment Advisors, LLC subscribes to the premise that asset allocation decisions have the greatest impact on the overall long-term performance of a portfolio. Asset allocation is the process through which investors seek to meet certain return expectations with minimal risk by creating a portfolio comprised of a variety of low correlating asset classes/types. While investing in securities inherently involves risk of loss which clients should be prepared to bear, it is the Firm's goal to minimize exposure to undue risk for our clients while positioning their portfolios to allow for potential growth.

Open Source Research Platform

In general, Sovereign clients invests for relatively extended time horizons, usually for periods exceeding five, ten years or more, by employing globally diversified investment strategies implemented with multiple specialist investment managers. Client investment strategies are tailored to client outcome goals.

Sovereign maintains an open source research platform. Recognizing that no single research resource can cover the entire investment management spectrum, Sovereign employs the services of over a dozen providers with various research services in the following primary areas:

- Ongoing capital markets and economic research;
- Periodically updated capital markets projections relating to forward estimates of returns, risks and correlations for a wide range of asset classes;
- Asset allocation modeling and simulation software;
- Investment management product research and due diligence on mutual funds, separate account managers and hedge funds-of-funds;
- Access to select investment management products on a preferred basis;

- Negotiated institutional custody services with multiple custodians;
- Performance measurement analytics and reports; and
- Access to a range of fully integrated investment management systems.

Different types of investments involve varying degrees of risk, and no client should assume that future performance of any specific investment strategy (including those designed and implemented by Sovereign) will be profitable or achieve any specific performance levels. All investments represent some level of risk, and an investor should understand that losses of investment capital can and do occur.

Item 9 - Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Sovereign Investment Advisors, LLC, as a firm, has not had any legal or disciplinary events in the history of this firm.

One of our employees, Mr. Courtney Monteiro was convicted of a felony involving aggravated assault resulting from an altercation whereby Mr. Monteiro caused physical injury to a male individual. The events leading up to this event were outside of Mr. Monteiro's role with the Firm. For more information, please see Mr. Monteiro's Form ADV Part 2B.

Item 10 - Other Financial Industry Activities and Affiliations

Sovereign Investment Advisors, LLC is affiliated with Sovereign Capital Markets, LLC which is a non-revenue entity with no services being rendered. Sovereign Investment Advisors, LLC and Sovereign Capital Markets, LLC are subsidiaries to its parent company Sovereign Finance, LLC. We are not affiliated with a broker-dealer, although we do recommend or select other advisers for our clients. Sovereign or any related persons are not compensated in anyway for these recommendations. By not having these affiliations, we avoid conflicts of interest that may impair the objectivity of our investment advice.

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

We recognize the fiduciary responsibility that we owe our clients, including the avoidance of activities, interests, and relationships that run contrary, or appear to run contrary, to their best interests. Sovereign Investment Advisors, LLC has adopted a Code of Ethics ("Code") which sets forth high ethical standards of business conduct that we require of all our employees.

Sovereign and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code is designed to insure that the personal securities transactions, activities and interests of our employees do not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by all of the firm's supervised persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

Sovereign Investment Advisors, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to april.lamb@sovereignfinance.com, or by calling us at 480-385-2850.

Item 12 - Brokerage Practices

Sovereign has a duty to make a good faith effort to “seek best execution” for all trades. In general, to “seek best execution” means to use a reasonable process in looking for the most favorable execution in terms that are realistically available for the trade, so that the total costs (when buying) or proceeds (when selling) for each transaction are the most favorable under the prevailing market conditions.

The Custodian and Brokers We Use

Sovereign does not maintain custody of your assets that we manage. Nevertheless, we may be deemed to have custody of client assets because you give us authority to withdraw assets from your account (see Item 15 Custody, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Sovereign recommends that our clients use Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Sovereign is

independently owned and operated and not affiliated with Schwab. Schwab will hold our clients' assets in a brokerage account and buy and sell securities when Sovereign instructs them to. While Sovereign recommends that you use Schwab as custodian/broker, clients will decide whether to do so when they open an account with Schwab by entering into an account agreement directly with them. Sovereign does not open the custodial account for you.

How We Select Custodians/Brokers

Sovereign seek to select and recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Sovereign considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- 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, ETFs, etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- the custodian/broker's prior service to us and our other clients; and
- 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

Schwab generally does not charge Sovereign client accounts separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to Sovereign client accounts were negotiated based on our commitment to maintain Sovereign client assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if Sovereign had not made the commitment. In addition to commissions, Schwab charges a flat dollar amount as a "trade away" fee for each trade that Sovereign executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize trading costs, Sovereign exclusively uses Schwab to execute trades for your account.

Products and Services Available to Us from Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like Sovereign. They provide Sovereign 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 others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (i.e., Sovereign does not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Below is a detailed description of Schwab's support services:

Schwab Services that Benefit You. 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 you and your account.

Schwab Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist Sovereign in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. Sovereign may use this research to service all, some or a substantial number of our clients' accounts. 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 Us. 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 also may discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab may provide Sovereign with other benefits such as occasional business entertainment of our personnel.

Sovereign's use of Schwab's services stated in the three preceding sections consists of utilizing their access to its institutional brokerage services, including the broad range of investment products, execution of the securities transactions and custody of our client assets. Schwab provides us access through Schwab Advisor Center, which provides us with client account data, facilitate trade execution, pricing and other market data, facilitates payment of our fees from our clients and other recording keeping functions. Sovereign does attend some of the education seminars and conference that Schwab may host.

Sovereign's Beneficial Interest in Schwab's Services

The availability of these services from Schwab benefits us because Sovereign does not have to produce or purchase them. Sovereign does not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give Sovereign an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

Sovereign believes, however, that our selection of Schwab as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see "How We Select Custodians/Brokers") and not Schwab's services that benefit only us. We have approximately \$234 million in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Item 13 - Review of Accounts

Account reviews are designed to ensure that the securities purchased or held in our clients account(s) are consistent with their specific investment objectives and guidelines. While the selected investment managers/funds are monitored on an ongoing basis, these accounts are reviewed on a quarterly basis. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by: Courtney Monteiro, Vice President or Jeffrey Lamb, Principal of Sovereign or a designated representative.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide supplemental quarterly reports summarizing account performance, balances and holdings.

Item 14 - Client Referrals and Other Compensation

Sovereign receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers 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 Item 12 – Brokerage Practices). The availability to Sovereign of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Sovereign Investment Advisors, LLC’s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Sovereign’s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 - Custody

Pursuant to federal regulations, Sovereign is deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. Sovereign also urges you to compare Schwab’s account statements to the periodic portfolio reports you will receive from us.

Item 16 - Investment Discretion

Our Clients may hire us to provide discretionary investment advisory services, in which case we place trades in a client’s account without contacting the client prior to each trade to obtain the client’s permission.

When a Client elects us to have discretionary authority we can effect transactions for the Clients’ account without prior consultation with Client and to buy, sell, and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same and to give instructions in furtherance of such authority to any broker-dealer, custodian or money manager of the Assets. In addition, Client authorizes Sovereign to allocate a portion of the Assets among independent investment managers and/or programs and to provide corresponding instructions in furtherance of any such allocation.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 - Voting Client Securities

As a matter of firm practice and policy, Sovereign does not take responsibility for voting proxies for securities owned in client accounts. To the extent that proxy voting responsibilities are not assumed by Managers engaged by Sovereign on behalf of the client, the custodian of the client's account is instructed to forward all proxies and shareholder communications directly to the client.

Item 18 - Financial Information

Neither Sovereign, nor its management has any adverse financial situations that would reasonably impair the ability of Sovereign to meet all obligations to its Clients. Sovereign is not required to deliver a balance sheet along with this Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.