

**Item 1 Cover Page**

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**This brochure provides information about the qualifications and business practices of Sovereign Legacy, Inc. If you have any questions about the contents of this brochure, please contact us at 407-339-4015. 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 Sovereign Legacy, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

This is a new brochure.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was: January 6, 2011.

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#### Brochure

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#### **Item 4 Advisory Business**

**A. Describe your advisory firm, including how long it has been in business. Identify your principal owner(s).**

Sovereign Legacy, Inc. is a new registered investment advisor firm registered with the SEC securities regulators as of January 6, 2011.

The Principal Owner of Sovereign Legacy, Inc. is:

Jeffrey J. Hovermale, Managing Director, CCO and CIO

#### **Item 4 Advisory Business (continued)**

**B. Describe the types of advisory services the firm offers. If the firm holds itself out as specializing in a particular type of advisory service, explain the nature of that service in detail. If the firm provides investment advice only with respect to limited types of investments, explain the type of investment advice firm offers and disclose that the advice is limited to those types of investments.**

##### Advisory Services

Sovereign Legacy, Inc.'s ("Sovereign" or "Advisor") principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client's objectives. The Advisor's primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor may use any of the following: exchange listed securities, over-the-counter securities, warrants, corporate debt securities, CDs, variable life insurance, variable annuities, municipal securities, mutual funds, and United States government securities to accomplish this objective. The Advisor measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

Sovereign Legacy, Inc. will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Sovereign Legacy, Inc. accept or maintain custody of a client's funds or securities.

##### Pension Consulting Services

Sovereign will evaluate the existing qualified retirement plan solution(s). Sovereign will evaluate at a minimum, the qualified retirement plans fiduciary compliance program, recordkeeping and third party administration services, investment policy statement and management process, employee communication and education program, and retiree/rollover transitional consulting services.

Based on the evaluation, Sovereign will make objective recommendations to the plan sponsor on various topics, including asset allocation strategies and the selection of specific third party money managers to implement the strategies. Upon approval, Sovereign will implement, manage, and monitor the recommendations with the authorization of the plan sponsor.

As part of the process, Sovereign will provide an investment policy statement. Sovereign will recommend, monitor, and benchmark the selected investment platform according to the investment policy statement. Sovereign may assist the client in completing the investment

manager's client questionnaire and opening account paperwork. Sovereign will also assist in the development of the initial policy recommendations. In consideration for this service, Sovereign will receive an investment advisory fee, billed quarterly in advance, and based on the value of the plan assets on the last day of the quarter. The third party money manager is hired by the client. Sovereign is only making recommendations to the client about who should be hired. The investment manager will have discretion as to the model portfolios/asset allocations not the individual participant's elections, or asset allocation of any participants should they elect to customize their own portfolio. The client, prior to entering into an agreement with a third party money manager recommended by Sovereign will be provided with that manager's disclosure brochure. In addition, Sovereign and its client will agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis. Additionally, Investment Advisor Representatives of Sovereign may provide consultation services on general non-securities advice on topics including operations management, business model integration and management, and retirement plan consulting and business planning. Consultation services will be charged at an hourly fee of \$1,000 per hour, paid in arrears. Fees are negotiable. Pre-payment of fees will not exceed \$500 per client, 6 months in advance.

#### Selection of Other Advisors

Sovereign may periodically recommend and refer clients to unaffiliated money managers. Through this arrangement, the client will then enter into an advisory agreement with the third party money manager authorizing them to construct portfolios, trade the client account, and otherwise assist and advise the client as needed in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. Sovereign will assist in the development of the initial policy recommendations and in the selection of the third party money managers, assist with the completion of any client questionnaires and account opening paperwork, and will continue to provide ongoing client support and oversight and management of the third parties providing services to the client. In consideration for such, the third party money manager will receive an investment advisory fee, billed monthly or quarterly in advance, depending on the money manager selected, based on the account asset value at the time the account is established. Sovereign will receive a portion of the investment advisory fee for the ongoing oversight and monitoring of the third party money managers and the continuing client services of the client to the third party manager.

The client, prior to entering into an agreement with a third party money manager selected by Sovereign, will be provided with that manager's Form ADV Part 2. In addition, Sovereign and its client will agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis.

#### Financial Planning

In addition to investment supervisory services, Sovereign may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice.

Investment Advisor Representatives of Sovereign provide general non-securities advice on topics including tax planning, estate planning, business planning, retirement planning, education planning, budgeting and cash flow. Fees are billed at a rate of \$1,000 per hour and are billed as services are rendered. Fees are negotiable. Pre-payment of fees will not exceed \$500 per client, 6 months in advance.

#### Institutional Collateral Management

Sovereign will provide services to institutional clients involved in investment banking activities whereby the Advisor will be engaged to monitor collateral accounts required by the terms of an investment transaction. The services will generally comprise monitoring the funding status of the collateral account and advising the parties when additional collateral is required in the account. The accounts are held at a financial institution and the Advisor does not have the ability to initiate transactions in the accounts.

**C. Explain whether (and, if so, how) the firm tailors advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Sovereign will tailor its advisory services to its client's individual needs based on meetings and completion of a client profile. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

**D. If the firm participates in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how the firm manages wrap fee accounts and how it manages other accounts, and (2) explain that the firm receives a portion of the wrap fee for its services.**

As described in Item 5 A. & B. below, some clients will be charged a Management Fee that is inclusive of both the fee to Sovereign for advisory services as well as custodial and securities execution fees charged by the custodian and executing broker-dealer, while other clients will pay a Management Fee to Sovereign and pay the custodial and securities execution fees directly to the custodian and executing broker-dealer from their brokerage account. The specific client circumstances will be defined in the agreement between the client and Sovereign.

A wrap fee program is defined as one where a fee is charged to the account that is not based directly on transactions in the account, and includes both the investment advisory services (including selecting other advisors) and the costs of executing the transactions in the account. Sovereign offers both all-inclusive and separate pricing options to clients. However, Sovereign provides its services to all clients in the same way, as described throughout this brochure, no matter which pricing option is chosen.

**E. If the firm manages client assets, disclose the amount of client assets it manages on a discretionary basis and the amount of client assets on a non-discretionary basis. Disclose the date "as of" which it calculated the amounts.**

As of the approval date of the firm, Sovereign Legacy, Inc had no clients and therefore no client assets under management.

## **Item 5 Fees and Compensation**

**A. & B. Describe how the firm is compensated for its advisory services. Provide the fee schedule. Disclose whether the fees are negotiable. Describe whether the firm deducts fees from clients' assets or bills client for fees incurred. Explain how often firm bills clients or deducts its fee.**

### Asset Management Fees:

Pursuant to an Investment Advisory contract signed by each client, the client will pay Sovereign an Investment Advisory fee, payable either monthly or quarterly in advance according to the client's contract, based upon the assets in the account at the beginning of the period, and for new accounts, prorated from inception to the end of the period.

Investment Advisory fees range from 2.0% per annum to 0.5% per annum depending on the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. Investment Advisory fees may be reduced or waived for directors, officers, and employees of Sovereign at the discretion of management. These fees may be negotiated by Sovereign at its sole discretion. Investment Advisory fees will be automatically deducted from the client account on either a monthly or quarterly basis, as agreed in the contract, by the Custodian.

At no time will Sovereign accept or maintain custody of a client's funds or securities except for authorized fee deduction. The Advisor treats the custodial and securities execution fees charged by the custodian and executing broker-dealer in one of two ways. Either the client is responsible for all costs and will pay them directly out of the account, or the Investment Advisory fee will include all such costs and they will be paid by the Advisor. Generally, accounts with the transaction and custody costs included will pay a higher Management Fee than those where those costs are not included in the fee. The specific arrangement for each client will be negotiated and defined in the investment advisory contract signed by each client.

### Hourly Fee

Some clients will contract to have financial planning advice provided based on an hourly fee rather than based on the assets under management. The Advisor's hourly fee will be billed at a rate of \$250 to \$1,000 per hour. The Advisor's hourly fees will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed on a monthly basis in arrears upon completion of work performed.

### Pension Consulting Fee

The Advisor's hourly fee will be billed at a rate of \$1,000 per hour. The Advisor's hourly fees will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed on a monthly basis in arrears upon completion of work performed.



#### Institutional Collateral Management Fee

Institutional clients will pay an annual fee of up to 1% of assets monitored in the collateral account. The fee will be paid quarterly in advance based on the assets in the account at the beginning of the period.

**C. Describe any other types of fees or expenses clients may pay in connection with firm's advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

All fees paid to Sovereign for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee and other fund expenses. A client could invest in these products directly, without the services of Sovereign. In that case, the client would not receive the services provided by Sovereign which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Sovereign to fully understand the total fees to be paid.

Clients of Sovereign that participate in Sovereign's wrap program will only pay the inclusive investment advisory fee in addition to the expenses noted in the above paragraph. Clients not involved in the wrap program may incur transaction and custody costs charged by the executing broker-dealer or custodian. In such cases, the client would pay the investment advisory fee to the Advisor, plus the transaction and custody costs charged by the broker-dealers and expenses charged by mutual funds or variable annuities to their shareholders.

**D. If the firm's clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Clients may request to terminate their advisory contract with Sovereign, in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Client's advisory agreement with the Advisor is non-assignable without client's written approval.

**E. If the firm or any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.**

Neither Sovereign nor its supervised persons accepts compensation for the sale of securities or other investment products or asset-based sales charges or service fees from the sale of mutual funds.

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

**If the firm or any of its supervised persons accepts performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client, disclose this fact. If the firm or any of its supervised persons manages both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or asset-based fee, disclose this fact.**

Sovereign does not charge performance-based fees.

#### **Item 7 Types of Clients**

**Describe the types of clients to who the firm generally provide investment advice, such as individuals, trusts, investment companies or pension plans. If the firm has any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

The Advisor will offer its services to the following types of clients: individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and business entities.

The Advisor does not have any minimum requirements for opening or maintaining an account.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets.**

The Advisor may utilize fundamental, technical or cyclical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-

term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

The investment strategies the Advisor will implement may include long term purchases of securities held at least for one year and short term purchases for securities sold within a year.

*Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.*

**B. For each significant investment strategy or method of analysis the firm uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss the risks in detail. If the firm's primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

**C. If the firm recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

The Advisor does not primarily recommend a particular type of security.

#### **Item 9 Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of the firm's management, disclose all material facts regarding those events.**

Clients should be aware that neither Sovereign nor its management person(s) have had any legal or disciplinary events, currently or in the past.

#### **Item 10 Other Financial Industry Activities and Affirmations**

**A. If the firm or any of its management person are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

The Investment Advisor Representatives of Sovereign are also registered representatives of Family Income Planning, Inc. (CRD# 1783).

**B. If the firm or any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither Sovereign nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor.

**C. Describe any relationship or arrangement that is material to the firm's advisory business or to your clients that the firm or any of its management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

Investment Advisor Representatives of Sovereign are also licensed and registered as insurance agents to sell life, accident and other lines of insurance for various insurance companies. Therefore, they will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest. A conflict of interest exists because of the receipt of additional compensation by the Investment Advisor Representatives. Clients are not obligated to use Sovereign or its Investment Advisor Representatives for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products.

**D. If firm recommends or selects other investment advisers for its clients and receives compensation directly or indirectly from those advisers that creates a material conflict of interest, or if the firm has other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Sovereign does recommend or select other investment advisors for clients. For more specific detail see the response to 4A above.

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

**A. If the firm is an SEC-registered advisor, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.**

Sovereign Legacy, Inc. is registering with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Sovereign has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Sovereign deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Sovereign are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Sovereign collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Sovereign maintains a code of ethics and they will provide a copy to any client or prospective client upon request.

**B. If firm or its related persons recommends to clients, or buys or sells for client accounts, securities in which the firm or a related person has a material financial interest, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Registered Representative

Where acting in the capacity of a registered representative, investment advisory representatives of Sovereign may as broker or agent effect securities transactions for typical and customary compensation. This creates a conflict of interest. Clients are not obligated to use investment advisory representatives of Sovereign to execute such securities transactions. If client elects to use the investment advisory representatives of Sovereign in this capacity, fees associated with these types of transactions will be disclosed to the client, in advance.

While Sovereign endeavors at all times to put the interests of its clients first as part of their fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the individual making the recommendation.

**C. If the firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that the firm or a related person recommends to clients, describe the firm's practice and discuss the conflicts of interest this presents and generally how the firm addresses the conflicts that arise in connection with personal trading.**

Sovereign and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. Sovereign and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own.

Sovereign requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics. Sovereign has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Sovereign deemed to be an Access Person and is intended to ensure that securities transactions effected by

Access Persons of Sovereign are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Sovereign collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Sovereign's Code of Ethics is available upon request.

**D. If the firm or related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the firm or related person buys or sells the same securities for your own account, describe the firm's practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

See the response to Item 11C above.

## **Item 12 Brokerage Practices**

**A. Describe the factors the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).**

Sovereign has discretionary authority to select the broker or dealer for custodial and execution services. Sovereign will choose the broker or dealer to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Sovereign will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client.

### **1.a.-f. Research and Other Soft Dollar Benefits.**

**If the firm receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose the firm's practices and discuss the conflicts of interest they create.**

Sovereign does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

### **2. Brokerage for Client Referrals.**

**If the firm considers, in selecting or recommending broker-dealers, whether the firm or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

Sovereign does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

### **3. Directed Brokerage.**

**If the firm routinely recommends, requests or requires that a client direct you to execute transactions through a specified broker-dealer, describe the firm's practice or policy.**

Sovereign recommends that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting.

### **Item 13 Review of Accounts**

**A. Indicate whether your firm periodically reviews client accounts or financial plans. If you do, describe the frequency and nature of the review and the titles of the supervised persons who conduct the review.**

Investment advisory client accounts are monitored on a quarterly basis. Financial plans, once prepared and delivered to the client are not reviewed again unless the client requests a financial plan be updated. Client accounts (and/or financial plans) are reviewed by Jeffrey Hovermale, Managing Director. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

**B. If the firm reviews client accounts on other than a periodic basis, describe the factors that trigger a review.**

N/A

**C. Describe the content and indicate the frequency of regular reports the firm provides to clients regarding their accounts. State whether these reports are written.**

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts.

### **Item 14 Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to the firm for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how the firm addresses the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Sovereign does not currently have any such arrangements.

**B. If the firm or a related person directly or indirectly compensates any person who is not a supervised person for client referrals, describe the arrangement and the compensation.**

Sovereign does not currently have any such arrangements.

#### **Item 15 Custody**

**If the firm has custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements.**

The client will receive written statements no less than quarterly from the custodian. Sovereign encourages clients to carefully review their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm's attention.

#### **Item 16 Investment Discretion**

**If the firm accepts discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Sovereign generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Sovereign.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Sovereign will be in accordance with each client's investment objectives and goals.

#### **Item 17 Voting Client Securities**

**A. If the firm has, or will accept authority to vote client securities, briefly describe the voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6 and the applicable state securities rules.**

N/A

**B. If the firm does not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**



Sovereign will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Sovereign cannot give any advice or take any action with respect to the voting of these proxies. The client and Sovereign agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

## **Item 18 Financial Information**

**A. If the firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Sovereign does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

**B. If firm has discretionary authority or custody of client funds or securities, or firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Sovereign has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Sovereign does become aware of any such financial condition, this brochure will be updated and clients will be notified.

**C. If firm has been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought and the current status.**

N/A

## **Item 19 Requirements for State-Registered Advisers**

Sovereign is registered with the Securities and Exchange Commission (SEC) and therefore not subject to this Item.