

**Form ADV Part 2A Appendix 1 - Wrap Fee Program Brochure  
Item 1: Cover Page  
March 2016**

**Sovereign Wealth Wrap Program**

**Sponsored By:**

**Sovereign Wealth Advisors, LLC  
3120 Southwest Freeway, Suite 500  
Houston, Texas 77098**

**Firm Contact:  
Russell Gebhard  
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Sovereign Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (713) 527-3400. 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 Wealth Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Sovereign Wealth Advisors, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Sovereign Wealth Advisors, LLC is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update. The Firm has not experienced any material changes in its operations since its last annual update of this brochure dated June 2015.

### Item 3: Table of Contents

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Services, Fees & Compensation .....	4
Item 5: Account Requirements & Types of Clients .....	5
Item 6: Portfolio Manager Selection & Evaluation .....	5
Item 7: Client Information Provided to Portfolio Manager(s) .....	7
Item 8: Client Contact with Portfolio Manager(s) .....	7
Item 9: Additional Information .....	7

## **Item 4: Services, Fees & Compensation**

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades.

### **Our Wrap Advisory Services**

---

#### **Wrap Comprehensive Portfolio Management:**

Our comprehensive portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Our maximum fee for our Wrap Comprehensive Portfolio Management service is 3.00% of the assets under management. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Fees will be automatically deducted from your managed account\*. LPL will make quarterly adjustments for deposits and withdrawals in client accounts. As part of this process, you understand and acknowledge the following:

- a) LPL Financial as the custodian sends statements at least quarterly to Clients showing all disbursements for their account, including the amount of the advisory fees paid to our firm;
- b) The Client has provided authorization permitting fees to be directly paid by these terms;
- c) LPL Financial calculates the advisory fees and deducts them from the Client's account.

### **Other Types of Fees & Expenses:**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

### **Item 5: Account Requirements & Types of Clients**

A minimum account value of \$100,000 is required for our Wrap Comprehensive Wealth Management service.

We have the following types of clients:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

### **Item 6: Portfolio Manager Selection & Evaluation**

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

### **Advisory Business:**

See Item 4 for information about our wrap fee advisory program. We offer individualized investment advice to clients utilizing our Wrap Comprehensive Portfolio Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Wrap Comprehensive Portfolio Management service.

**Participation in Wrap Fee Programs:**

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

**Performance-Based Fees & Side-By-Side Management:**

We do not charge performance fees to our clients.

**Methods of Analysis, Investment Strategies & Risk of Loss:**

Our firm will utilize several disciplines of analysis. On occasion we will use a technical analysis for forecasting the direction of prices through the study of past market data, primarily price and volume by examining what investors fear or think about those developments and whether or not investors have the wherewithal to back up their opinions as opposed to a fundamental analysis which examines earnings, dividends, new products, research and the like. Technical analysis is frequently contrasted with fundamental analysis and each has limitations because of assumptions about the market. We enlist a more rational approach by utilizing both types of analyses. In addition to these we may employ charting which plot the span between the high and low prices of a trading period. Some widen and fill the interval between the open and close prices to emphasize the open/close relationship. The risk of relying on charting would be similar to the weaknesses of the technical approach, where the price reflects the trend as opposed to fundamental which holds that economic factors influence the price. Studying recurring, preferably periodic, movements in prices or other time series or cyclical analysis may also be incorporated in our methods of analysis. Cyclical may too narrowly predict price without integrating relevant factors. We strive to avoid risks of any one method by incorporating several methods.

Our firm will make long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days). Generally there is more risk involved with shorter trading. We also use short sales to implement our strategies in which we would hope to make a profit from prices going down. The related risks occur when the price of the assets rises. There may also be costs for shorting such as a fee for borrowing the assets and payment of any dividends on the borrowed assets. Similarly margin transactions, option writing, including covered options, uncovered options or spreading strategies may be used to implement our strategies.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Voting Client Securities:**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future.

### **Item 7: Client Information Provided to Portfolio Manager (s)**

Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

### **Item 8: Client Contact with Portfolio Manager (s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

### **Item 9: Additional Information**

#### **Disciplinary Information**

---

We have determined that our firm and management have no disciplinary information to disclose.

#### **Financial Industry Activities & Affiliations**

---

Representatives of our firm are registered representatives of LPL Financial, member FINRA/SIPC, licensed insurance agents/brokers. They may offer products and receive normal and customary commissions as a result of these transactions. A potential conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn. In order to mitigate this conflict of interest, representatives of our firm will recommend products based solely on the client's best interests.

#### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

---

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out

in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

## **Review of Accounts**

---

We review accounts on at least a weekly basis for our clients subscribing to our Wrap Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Only our Financial Advisors or Portfolio Managers will conduct reviews. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Comprehensive Portfolio Management services.

## **Client Referrals & Other Compensation**

---

We may receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research,

---

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Financial Information**

---

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.