

Part 2A of Form ADV: FIRM BROCHURE



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March 10, 2021

This brochure provides information about the qualifications and business practices of Sovereign Investment Advisors, LLC ("SIA"). If you have any questions about the contents of this brochure, please contact SIA 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.**

SIA is a registered with the SEC as an investment adviser. Registration as 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 SIA is available on the SEC's website at

<https://adviserinfo.sec.gov>.

Item 2 - Material Changes

Sovereign Investment Advisors, LLC ("SIA") is amending this Brochure dated March 10, 2021 to update the following:

Item 4 – Advisory Business: Update to the Regulatory Assets under Management ("AUM") as of January 31, 2021.

These are the material changes within this Brochure. The previous Brochure was dated; September 14, 2020.

Pursuant to the current SEC Rules, SIA will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of SIA's fiscal year end. Additionally, as SIA experiences material changes in the future, clients will be sent a copy of this entire Form ADV Part 2A, or a detailed summary of "Material Changes" under separate cover. For more information about SIA 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 SIA and its investment adviser representatives is available on the SEC's website at <https://adviserinfo.sec.gov>.

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Item 4 - Advisory Business

Sovereign Investment Advisors, LLC (“SIA” or the “Firm” or “we”), is an independent SEC registered investment adviser founded in 2009. The Firm’s principal place of business is located at 3930 E Ray Road, Suite 170, Phoenix, AZ 85044.

SIA is a subsidiary that is owned by its parent company, Sovereign Finance, LLC (“SF”), which is wholly owned and operated by Jeffrey Lamb, Principal and Managing Member and the Morongo Band of Mission Indians as Investor Member. SIA also is affiliated with Sovereign Consulting (“SC”), which provides tribal government clients with a broad range of consulting services designed to explicitly provide support to develop, grow and manage their economic self-sufficiency.

INVESTMENT SERVICES

SIA provides customized investment advisory services to institutions including Native American Tribes, Tribal Entities, Tribal Organizations, Retirement Plans, Nonprofit entities with an explicit Native Mission, as well as related individuals and families. We work closely with our clients to develop and monitor broad financial goals. Our clients can impose reasonable restrictions on investment in certain securities, types of securities, or industry sectors.

As of January 31, 2021, SIA has a total of \$1,683,425,951.00 of assets under management (“AUM”), \$1,647,625,620.00 managed on a discretionary basis and \$35,800,311.00 managed on a non-discretionary basis.

SIA’s comprehensive suite of investment advisory services includes, but is not limited to the following:

- Advise and assist with the development of asset allocation strategies and the preparation/update of Investment Policy Statements
- Advise and assist in the selection and engagement/termination of investment managers for the implementation of the Investment Policy
- Advise and assist with the engagement of a custodian to hold assets in safekeeping.
- Provide the following standard reports/communications:
 - Comprehensive Quarterly Performance Evaluation
 - Monthly summary-level portfolio performance reports
 - Market & Economic Updates
- Provide fiduciary, market and investment strategy education services, as required
- Provide annual Fiduciary Practices Review to certify and document conformity to the Global Fiduciary Standard of Excellence (“GFSE”)
- Provide ongoing administration and assistance with:
 - Policy compliance procedures
 - Asset allocation management and rebalancing
 - Administrative interactions with the custodian and other third party service providers
 - Annual investment management cost analyses
 - Ongoing manager due diligence and evaluation

SIA designs and manages client portfolio strategies that seek to optimize risk-adjusted returns in pursuit of client specific goals.

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 will be utilized after a thorough review of their appropriateness given the client's individual needs and objectives.

As an independent RIA; 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, 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 SIA and service providers under its purview are fully disclosed.

SIA 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.

SIA shares a fiduciary status with its clients and therefore works to create a framework for achieving or exceeding compliance with the fiduciary standards of investment prudence. SIA's investment advisory approach is governed by the 21 best practices incorporated in the Global Fiduciary Standard of Excellence ("GFSE") developed by the Center for Fiduciary Studies (www.fi360.com).¹ These practices clearly define how fiduciaries, both trustees and advisors, should provide oversight and management of funds. SIA's client relationships are managed to conform with the GFSE and are provided a confirmation of such at the close of each year. SIA has achieved direct firm level certification from the Centre of Fiduciary Excellence (CEFEX).²

¹The GFSE is established by "Prudent Practices", "Criteria" and "Substantiation", which are organized under a Four-Step Fiduciary Quality Management System. The steps are consistent with the global ISO 9000 Quality Management System standard, which emphasizes continual improvement. The steps are (1) organize, (2) formalize, (3) implement, and (4) monitor. For more information about the GFSE visit https://www.fi360.com/main/pdf/handbook_advisor.pdf.

² CEFEX®, an independent global assessment and certification organization. CEFEX works closely with investment fiduciaries and industry experts to provide comprehensive assessment programs to improve risk management for institutional and retail investors. CEFEX defines a CEFEX Certification as independent recognition of a firm's conformity to Practices and Criteria within the Standard of Excellence. It implies that a firm can demonstrate adherence to the industry's best practices and is positioned to earn the public's trust. The CEFEX Certification process requires the Candidate to undergo a five-step process, which includes: website registration and submission of a \$300 administrative fee; signing an assessment agreement and submitting an assessment fee; submitting documents for the assessment; undergoing a 1-day onsite visitation by a CEFEX Analyst to review documents and conduct interviews; and a review of the recommendation by the CEFEX Analyst and approval by the CEFEX Registration Committee. A voluntary annual audit by an independent fiduciary expert is required for SIA to retain its CEFEX Certification.

Item 5 - Fees and Compensation

The fee for investment advisory services is based on the type and complexity of the assignment and will be charged by using one of the three methods:

1. A percentage of account assets ranging from 4 basis points (0.04%) 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. SIA will at times, accept a request to bill a project on an hourly basis when deemed in the best interest of the client. The hourly rate is generally \$75-\$350 per hour.

Although SIA 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 SIA and the client.

All client billing for asset management services will occur at month or quarter-end based on the terms memorialized in the Client's Agreement. For clients who are billed based on a percentage of account assets, SIA's advisory fees will be calculated and based on the advisory fee multiplied by the assets in the client's account as of the last day of the month or quarter as valued³ by the client's qualified custodian. Month or quarter-end valuations are calculated by taking the value of the account (based on the fair market value as assessed by the qualified custodian) and multiplying that by the number of days in the month divided by 365 days per year.

For new accounts, advisory fees are prorated based on the number of days that the account is open during the quarter or month. Additional deposits of cash and/or any securities will be subject to the same billing procedures. Typically, SIA's advisory fees will be automatically debited from the client's custodial account by the Custodian. Other billing arrangements must be approved in writing by the client and the CCO.

Discounts not generally available to our advisory clients are offered to family members and friends of associated persons of our Firm and are negotiated at SIA's sole discretion.

SIA requires a minimum of \$1,000,000 of assets under management to provide investment advisory services. The minimum account size can be negotiable under certain circumstances. SIA 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.

SIA has established an Investment Advisory Agreement ("Agreement") that each client executes. This

³ Currently, Schwab's portfolio accounting is based on settlement date.

Agreement sets forth the terms of our relationship with clients. The Agreement outlines the mutually agreed upon fee that SIA will charge the client's account in arrears on a monthly or quarterly basis. Accounts initiated during a billing period will be charged a prorated fee from the date of inception.

Under the terms of the Agreement, clients authorize SIA to deduct its advisory fees directly from the client's account(s) held by the qualified custodian.⁴ In the event that authorization to deduct fees is not elected, an itemized invoice will be submitted to the client for payment within 30 days. 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 SIA with any questions.

The Agreement can 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 SIA nor the clients have permission to assign the Agreement to another advisor without the prior written consent of the other party.

All fees paid to SIA for investment advisory 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 SIA's fees. SIA 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 SIA. In that case, the client would not receive the services provided by SIA 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 SIA to fully understand the total amount of fees to be paid, and to evaluate the advisory services being provided. Clients should understand that lower or higher fees for comparable services could be available from other investment advisory firms.

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

SIA 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.

⁴ Note that each Client's Agreement specifies the advisory fee to be assessed and provides a sample calculation as to how the advisory fee was reached with contact information to Sovereign should the Client have any questions. For valuations, transactions are posted by the qualified custodian based on settlement date (versus transaction date).

Item 7 - Types of Clients

SIA provides advisory services to the following types of clients:

- Native American Tribes
- Native American Corporations or other businesses not listed above
- 401K Retirement Plans
- Nonprofit entities with an explicit Native Mission
- Individuals and Families

As previously disclosed in Item 5, our Firm has established certain initial minimum account requirements, however, the minimum can 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

SIA subscribes to an adaptive asset allocation process, the central objective of which is to design and implement portfolio strategies that optimize the consistency of performance required to sustain the client's mission over time. This approach has remained consistent for SIA, however, our specific investment approach has adapted within that framework to account for the dynamic nature of the investment industry. Globalization of economies, political transitions, emerging technologies, all influence market opportunities. The adaptive nature of our approach helps maintain an alignment between our investment approach, the market realities and our client's end objectives. Asset allocation recommendations are driven by the clients stated investment objectives and by a disciplined analytical fiduciary process. While investing in securities inherently involves risk of loss which clients should be prepared to bear, it is SIA's goal to minimize exposure to undue risk for our clients while positioning their portfolios to allow for potential growth.

SIA's Investment Platform

In general, SIA clients invest for relatively extended time horizons and employ globally diversified investment strategies implemented with multiple, specialized investment managers. Client investment strategies are tailored to support defined goals and objectives.

Recognizing that no single research resource can cover the entire investment management spectrum, SIA employs the services of numerous institutional service providers 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;
- Investment management product research and due diligence on mutual funds, separate account managers, ETFs and alternative strategies;
- Negotiated institutional custody services with multiple custodians;
- Performance measurement analytics and reporting; and
- Access to a range of fully integrated investment management systems and providers.

Risk of Loss

SIA's investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there can be a loss or depreciation to the value of the client's account. There can be no assurance that a client's investment objectives will be obtained and no inference to the contrary is being made.

SIA does not represent, guarantee or imply that the services or methods of analysis employed can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Investment risk includes, but is not limited to the following factors:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk.
- Sector risk – The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-diversification risk – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Interest Rate Risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities can decline because of falling interest rates.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments can or will be invested at lower rates; during periods of rising rates, bond payments can or will be invested at higher rates.
- ETF and Mutual Fund Risk –. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Opportunity Cost Risk –The risk that an investor can forego profits or returns from other investments.

Additionally, and when considered appropriate, taking into account a client's risk tolerance, and suitability information, the Firm can or will recommend the use of unaffiliated Private Equity Funds, and individual private equity issues. The Private Funds recommended will usually be equity based however, other types of funds can be considered or used when appropriate.

Private equity is a common term for investments that are typically made in private or public companies through privately negotiated transactions, and generally involve equity-related finance intended to bring about some kind of change in an operating company (e.g., providing growth capital, recapitalizing a company or financing an acquisition). Private equity funds, often organized as limited partnerships, are the most common vehicles for making private equity investments, although the Fund may also co-invest directly in an operating company in conjunction with an Investment Fund. Securities of private equity funds, as well as the underlying companies these funds invest in, tend to be more illiquid, and highly speculative.

Private Funds, (e.g., private equity) may be exempt from registration under federal securities laws, may have limited or no transparency as to the underlying investments, and are generally available only to "accredited" or "qualified investors," who are assumed to be sophisticated purchasers who have little or no need for liquidity from such investments, and are able to withstand the loss of some or all of their investment. Limitations on withdrawal rights and non-tradability of interests create higher liquidity risk, and such securities should be viewed as long-term investments. Clients using these products and strategies must be able to tolerate this illiquidity by reserving sufficient resources to meet all obligations. Partnership and fee expenses can be a higher percentage of net assets than traditional investment strategies and can include performance or incentive fees. The duration of private fund investments with longer-term securities are more sensitive to interest rates and include the possibility of more volatility than other investments. In addition, the underlying investments of each private fund carry risks that should be considered. This is not an exclusive list of potential or actual risks in any particular private placement and additional important information is found in the specific security's offering materials. Clients generally must execute separate subscription documents to invest in private placements.

Private Funds/Private Equity investments carry additional risks that should be considered by investors including:

- **Operational Risk:** the risk of loss resulting from inadequate processes and systems supporting the organization.
- **Funding Risk:** the risk that investors are not able to provide their capital commitments and is effectively the 'investor default risk.
- **Liquidity Risk:** This refers to an investor's inability to redeem their investment at any given time.
- **Capital Risk:** There are many forms of market risk affecting Private Equity investments, such as broad equity market exposure, geographical/sector exposure, foreign exchange, commodity prices and interest rates.

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.

SIA, 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

SIA is a subsidiary to its parent company, SF, and is affiliated with SC, a wholly-owned consulting firm of SF. SIA is not affiliated with a broker-dealer, although we do recommend or select other advisers for our clients. Neither SIA, nor any related person or entity, is compensated in any way for these recommendations. By not having these affiliations, we avoid conflicts of interest that could possibly impair the objectivity of our investment advice.

Mr. Lamb, along with certain SIA investment adviser representatives, provide services for SIA's affiliate, SC, for which they receive remuneration. Such other business activities present a conflict of interest to the extent that such individuals are spending time away from SIA business and receiving remuneration for servicing SC clients; they also are incentivized to recommend SIA clients to SC (or vice-versa) in the form of a discretionary bonus based on, among other things, contributions to SC or SIA. SIA has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our representative's endeavor at all times to put the interests of our clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through the Firm's Brochure, this Brochure Supplement, the client Agreement and/or verbally prior to or at the time of entering into an agreement with SIA. SIA Clients are not obligated to enter into any engagement with SC.

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. SIA has adopted a Code of Ethics ("Code") which sets forth high ethical standards of business conduct that we require of all our employees.

SIA 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 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 requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering and preclearance of personal trades that are either not exempt or meet our de minimis policy (if one is in effect). The Code also contains oversight, enforcement and recordkeeping provisions.

It is the expressed policy of our firm that no person employed by us is authorized to 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.

SIA's Code includes the Firm's policy prohibiting the use of material non-public information or engaging in any form of insider trading. Employees are required to sign annual attestations acknowledging the Firm's policy.

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

Item 12 - Brokerage Practices

SIA 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

SIA does not maintain custody of any assets that we manage. Nevertheless, we can be deemed to have custody of client assets when given authority to withdraw assets from client accounts (see Item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian," typically a broker-dealer or bank. SIA typically recommends that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. While the Firm recommends Schwab to its clients for custodial services, at times, new clients can have assets at different custodians whereby transfer to Schwab is either inconvenient or not feasible. Therefore, while the majority of SIA client assets are held at Schwab, some client assets are held at other custodians. These custodians include:

- BNY Mellon
- Northern Trust Bank
- RBC
- Empower Retirement Services
- TD Ameritrade

SIA 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 SIA instructs them to. While SIA recommends Schwab as custodian/broker, clients will decide whether to do so and will open an account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). Clients should consider these conflicts of interest when selecting a custodian.

SIA does not open the custodial account for clients, although SIA can assist you in doing so. Even though client accounts are maintained at Schwab, and SIA anticipates that most trades will be executed through Schwab, SIA can still use other brokers to execute trades for client accounts as described below (see "Custody and Brokerage Costs").

How We Select Custodians/Brokers

SIA seeks to select and recommend a 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. SIA 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 SIA client accounts separately for custody services; (Note: the other custodians besides Schwab and listed above, can charge for custodial services) but is compensated by charging commissions or other fees on trades that it executes or that settle into Schwab accounts. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in client accounts in Schwab's Cash Features Program. Schwab's commission rates applicable to SIA client accounts were negotiated based on our commitment to maintain SIA client assets in accounts at Schwab. This commitment benefits our clients as the overall commission rates paid are lower than they would be if SIA had not made the commitment. In addition to commissions, Schwab charges a flat dollar amount as a "trade away" fee for each trade that SIA 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 paid to the executing broker-dealer. Because of this, in order to minimize trading costs, SIA exclusively uses Schwab to execute trades for client account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although SIA is not required to execute all trades through Schwab, SIA has determined that having Schwab execute most trades is consistent with SIA's duty to seek "best execution" of our clients' trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer clients can pay lower transaction costs.

Products and Services Available to Us from Schwab

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like SIA. They provide SIA and our clients with access to its institutional brokerage services (trading, custody, reporting and related services) many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through SIA. 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., SIA 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 Perhaps will Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but perhaps will not directly benefit you or your account. These products and services assist SIA in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. SIA can 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 will at times provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also has the option to 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 can provide SIA with other benefits such as occasional business entertainment of our personnel.

SIA'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 to Schwab Advisor Center, which provides us with client account data, facilitates trade execution, pricing and other market data, facilitates payment of our fees from our clients and other recording keeping functions. SIA does attend some of the education seminars and conferences that Schwab hosts.

SIA's Beneficial Interest in Schwab's Services

The availability of these services from Schwab benefits us because SIA does not have to produce or purchase them. SIA does not have to pay for Schwab's services. The fact that SIA receives these benefits from Schwab is 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.

SIA 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.

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 can 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: Todd Early, Chief Investment Officer or Jeffrey Lamb, Principal of SIA 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

SIA 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. Clients do not pay more for assets maintained at Schwab as result of these arrangements. However, SIA does benefit from the arrangement because the cost of these service would otherwise be borne directly by SIA. Clients should consider these conflicts of interest when selecting a custodian. 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 SIA of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

SIA's current policy is not to engage solicitors or to pay related or non-related persons for referring potential clients to our Firm.

It is SIA'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, SIA is deemed to have custody of your assets if you authorize us to instruct Schwab or any custodian to deduct our advisory fees directly from your account. Schwab or another brokerage firm 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. SIA 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 at times, will 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. All discretionary transactions are made in full compliance with, and in support of, the client's approved Investment Policy Statement.

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 SIA 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 can limit this authority by giving us written instructions. Clients can 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, SIA 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 SIA 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

Sovereign Investment Advisors, LLC is committed to the supporting our employees, who are instrumental in supporting services to you, our client. It is important for us to disclose to you our financial condition, including what is reasonably likely to impair our ability to meet a contractual obligation. On May 4th, 2020, Sovereign Finance, LLC, the parent company to SIA received a Paycheck Protection Program ("PPP") loan through the Small Business Administration in conjunction with the relief afforded from the Coronavirus Aid, Relief, and Economic Security Act. Sovereign Finance and its wholly owned subsidiaries used the loan to supplement payroll expenses, so that we could continue to support our employees and their families. We did not experience any interruption of service to our clients and we were able to fulfill our contractual obligations. We believe that Sovereign Finance will be able to satisfy the conditions for forgiveness on the loan. However, if we do not, we believe that Sovereign Finance and subsidiaries will be able to pay back this loan and our clients will not be impaired as a result of the loan.

Also, SIA is not required to deliver a balance sheet along with this Brochure as the Firm does not collect advance fees for services of \$1,200 or more to be performed six months or more in advance.