

Item 1: Cover Page

SVRN Asset Management, LLC

Part 2A of Form ADV: Brochure

CRD# 222518

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This brochure provides information about the qualifications and business practices of SVRN Asset Management, LLC, a registered investment adviser. **Registration does not imply a certain level of training or skill.**

If you have any questions about this brochure, please contact us at sam@svrn.co. 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 us is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure dated May 24, 2021 represents an amendment to the Brochure for SVRN Asset Management, LLC.

Since the filing of the last annual update Brochure amendment dated February 28, 2021, we have updated our Brochure to reflect our change in regulatory jurisdiction due to growth of the firm and to add detail about our Code of Ethics. We have also made various other minor updates, but no other material changes were made.

Pursuant to regulatory requirements, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (773) 442-2294.

Additional information about ASL Financial, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with the SVRN Asset Management, LLC who are registered as investment adviser representatives of the firm.

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Item 4: Advisory Business

Severian Asset Management LLC, d/b/a SVRN Asset Management LLC, was founded in 2015 by the firm's sole owner, Samuel Lee. Prior to founding the firm, Sam was an exchange-traded fund strategist at Morningstar, Inc., an investment research and data firm, where he specialized in asset allocation.

We are organized to minimize conflicts of interest: Our only business is providing investment advice as a fiduciary and our only source of income is our client fees.

Services

Our main service is asset management, where we craft for you an investment strategy that attempts to achieve the highest expected returns after fees and taxes, given your goals and constraints.

Our service begins with a series of consultations (either in person or through telecommunication) where we explore your goals, finances, behavioral makeup, time horizon, and so on. We pay close attention to how much money you can lose without derailing you from your goals (risk capacity), how capable you are of experiencing losses with equanimity (risk tolerance), and how much you care about keeping your returns close to that of common benchmarks (tracking error tolerance).

We attempt to identify major risks to your financial and human capital, and recommend ways to mitigate them, including buying insurance, selling down concentrated equity holdings, and matching assets to liabilities.

If asked, we will analyze your existing financial services and propose changes that will either lower costs or increase the value you obtain from them. Some simple but surprisingly profitable changes include using better credit cards, reviewing your insurance coverages, and switching to higher-yielding bank accounts. We will even advise you on precautions to take to mitigate the risks of fraud, cybersecurity breaches, and identity theft. Our goal is to be as helpful as possible in all matters pertaining to money and risk.

We include financial planning gratis as we believe it is unwise to expend extraordinary efforts trying to beat the market (an uncertain and difficult endeavor) while neglecting simple, surefire ways to make money.

We are not estate, tax or insurance specialists; we will work with your existing providers or help you find them.

Restrictions

We restrict ourselves to selecting individual stocks and bonds, certificates of deposit, mutual funds, exchange-traded funds, closed-end funds, and hedge funds. We expect most of our investment selections to be mutual funds and exchange-traded funds.

Customization

Our service is customized to account for your behavioral makeup, investment knowledge, health, family structure, human capital, tax situation, spending needs, liquidity needs, and financial assets and liabilities. You may impose restrictions on investing in certain securities or types of securities.

Wrap Program

We do not participate in wrap programs.

Assets Under Management

As of February 28, 2021, we have approximately \$111,336,000 under management. Of that, about \$70,864,000 is managed on a discretionary basis, and \$40,472,000 on a non-discretionary basis.

Item 5: Fees and Compensation

We charge a one-time fee of \$5,000 that pays for the initial review of your portfolio and financial situation. In addition, we charge an ongoing annual asset-based fee: 0.50% for the first \$2 million, 0.25% for the next \$3 million, and 0.125% for the rest.

Fees are payable in advance at the beginning of each quarter based on the market value of the assets under management, *minus any borrowings*, as of the last day of the previous quarter. We subtract borrowings from consideration in order to align our interests with yours. We would never want to be paid more simply because you are more leveraged.

For the first and last quarters of an engagement, the fee is prorated based on a 365-day year. Fees may either be billed to you or be withdrawn directly from your account held by a qualified custodian. We will promptly refund you any unearned fees at the end of our relationship.

Our fee is negotiable. At our discretion we may lower our fee, particularly for early clients. For unusually complex cases we may add a fixed charge to reflect the added work.

You are responsible for all other fees, including custodial, legal, and accounting. The investment funds we recommend will directly charge you management, brokerage and other fees. You are also responsible for brokerage costs. However, we prefer to keep turnover low, so we don't expect to incur big brokerage costs. See "Item 12: Brokerage Practices" for more information. We don't receive any portion of fees charged to you by other service providers.

Neither SVRN nor any employee or officer accepts compensation for the sale of any investment product.

Item 6: Performance-Based Fees and Side-by-Side Management

We do not charge performance-based fees.

Item 7: Types of Clients

We offer asset management and financial planning services to high net worth individuals, their families and their trusts. However, we may accept other types of clients at our discretion. There is no account size minimum.

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

Principles

Investing well is hard. We approach the challenge with humility and try to learn from the best thinkers we can find. Two of our biggest influences are Warren Buffett and Ray Dalio, who both stress that predictions about the future should be based on a sound understanding of economic fundamentals and human nature, not on the mindless use of historical data. We take their warnings seriously: Our approach is based on economic principles that we believe are both true and important.

First and foremost, we believe an asset's true worth is determined by the cash you can pull out of it, discounted by the appropriate interest rate. Over the long run, price converges on intrinsic value. Because valuation is so important, for every asset we invest in we try to come up with our best guess for its expected long-run real return.

Second, we believe most investors should diversify as much as possible. As Buffett says, "diversification is protection against ignorance." This should not be interpreted as a condemnation of the practice. We are blind to what the future holds, so we want to maximize the protection diversification affords. To that end, we spend a lot of time thinking about a client's concentrated risks. An obvious one is a big equity position in a single company. A less obvious but hugely

important source of risk is one's job. For example, a client whose income is tightly linked to a particular industry should usually be underweight assets linked to it, because his human capital is already concentrated in that sector. Once we've identified these big risks, we seek to mitigate them to the extent that's desirable and possible, and then we build our portfolios around them. Taking the logic of diversification to its extreme, we believe investors should not only diversify across stocks, industries, geographies, and asset classes, but also across strategies. You should hold a concentrated portfolio only if you've done a good job of researching your investments and are justifiably confident you know something the market doesn't.

Third, we believe risk and reward are usually, but not always, positively related. Stocks are usually priced to offer higher expected returns than bonds, and bonds are usually priced to offer higher expected returns than cash. History and economic reasoning show that, of the three major asset classes, equities are the best way to build long-term wealth. The drawback is equities occasionally suffer sickening losses and, when bought at inappropriately high prices, may never recoup them in a reasonable time frame.

Despite equities' attractive historical returns, stock investors have managed to destroy fortunes by buying high and selling low. To avoid this unfortunate outcome, we scale your equity exposure to your behavioral makeup, as well as your time horizon and goals. Are you an aggressive, pro-cyclical investor who wants to buy when things look good, and sell when things look bad? If so, we will recommend lower equity holdings to work against your impulses.

Finally, we're confident that the market makes errors, but exploiting them is hard. So hard that the vast majority of investors who make active bets (that is, deviate from market-cap weights) and incur high costs will underperform, sometimes dramatically, a passive portfolio that incurs minimal fees and taxes. While we believe skilled managers exist, the obviously talented managers are either inaccessible or charge high-enough fees to consume most of their expected outperformance. We are willing to pay up for good managers, but we set the hurdle high, demanding exceptional quality of thought, reasonable fees in relation to expected outperformance, and outstanding integrity. In addition, we require managers to display credible evidence of skill that can't be replicated by mechanical implementations of their strategies. For example, a value-oriented stock-picker who can't outperform a simple stock-selection strategy that buys statistically cheap stocks would fail our test.

Factor Analysis

These principles have led us to adopt a style of analysis that places *factors* at the center of many of our investment decisions. Crudely speaking, a factor is a characteristic or group of related characteristics that explains asset returns. Factor investing is what you get when you apply the scientific method to investing. The grand scientific enterprise that has culminated in *factor theory* is important because it provides a framework for assessing active managers, constructing portfolios with superior risk-adjusted returns, and identifying and managing risks.

Researchers have identified a handful of important *risk factors* that generate expected returns as compensation. An investor who owns equities or junk bonds bears economic growth risk and, if the market is functioning properly, is expected (not guaranteed) to earn a return for bearing that risk. It is often called *market risk*. Understanding an asset's factor exposures is more important than its label. Investors who diversify by asset class without paying attention to factor exposures may end up taking on more risk than they had expected—a lesson many learned too late when the financial crisis shredded the returns of supposedly uncorrelated strategies and asset classes.

In addition, researchers have identified a handful of dynamic *investment factors*, or styles, that explain away much of the excess returns active managers have produced. The most famous are value-growth and market capitalization (more commonly known as value and size). Historically, value stocks have outperformed growth stocks and small-cap stocks have outperformed large-cap stocks. Many managers who seemingly outperform their benchmarks do not outperform after their exposures to value-growth and size factors are accounted for.

Factor research is ongoing. Researchers have identified other investment factors that seem to produce returns independent of financial markets. We think that the most interesting investment factors are value, momentum, trend, quality and low beta, and seek exposure to them through the most efficient means possible.

Strategies and Their Risks

We use both active and passive investing strategies. By active, we mean a strategy that deviates from its market-weighted benchmark at a point in time or over time. By passive, we mean a strategy that closely tracks its market-weighted benchmark at a point in time and over time.

Our most basic strategy is strategic asset allocation. For each client we tailor a benchmark portfolio comprised of passive funds allocated among the following asset classes: U.S. stocks, foreign stocks, and high-quality bonds. The portfolio is simple, cheap and conventional by design. The goal is to find a conventional allocation of passive funds that will produce the highest risk-adjusted returns given your financial and emotional capacities to withstand losses. The passive portfolio measures the effectiveness of our active investment decisions. Ideally, we will only change the passive benchmark portfolio when your risk tolerance changes.

The benefits of a passive benchmark-style portfolio include low expenses, low turnover, tax efficiency, simplicity and robustness to human error. However, such a strategy may exclude useful information, such as current valuations, and is largely reliant on equities to generate real returns. Barring the past three decades, fiat-currency-based bonds have provided miserly after-inflation, after-tax returns—they are mostly added to soften the volatility of equities. While high-quality bonds do well during disinflationary recessions, when both economic growth and inflation fall, they do poorly during inflationary recessions (or stagflations), when economic growth falters and inflation rises. The conventional stock-bond portfolio is exquisitely tuned to inflict pain when stagflation strikes.

We typically overlay active views on the passive portfolio. The magnitude and complexity of these active bets are scaled to your understanding of them, your tolerance for complexity, and your ability to tolerate being out of step with the benchmark. Broadly speaking, there are three active strategies we pursue, usually in combination.

Our *valuation-based strategic asset allocation strategy* slowly tilts to assets with higher risk-adjusted expected returns based on fundamental measures of expected return including price-to-earnings ratio, price-to-book ratio, yield, and so on. Because asset class prices do not reliably revert to historical valuations, we are cautious in tilting to seemingly cheap assets. Regime shifts can up-end long-standing historical relationships. One of the biggest regime shifts occurred in the early 1980s, when interest rates and inflation switched from experiencing a secular rise to a secular decline, a process that still seems to be underway over thirty years on. An investor who had tried to time the market over this period based on historical valuations would have ended up underinvested through a multi-decade bull market. The threat of a long-lived regime shift is perhaps the biggest risk to our valuation-conscious strategic allocation strategy.

Our *momentum-based tactical asset allocation strategy* exploits momentum, arguably the most powerful and pervasive anomaly found in financial markets. Momentum is the tendency for price changes to persist and can be measured in many ways. Absolute momentum (also known as trend-following) compares an asset's price against itself or against a fixed benchmark, like the 3-month Treasury-bill return. Relative momentum compares an asset's returns against other assets. However, momentum-chasing is a high-turnover strategy that is most suitable in tax-deferred accounts and in liquid assets with low transaction costs. The main risk is trendless, "whipsaw" markets, which can inflict substantial losses on momentum-chasers.

Our *manager selection strategy* attempts to identify exceptional managers with superior prospective returns. This is a hard task—much of what passes off as skill is either the product of dumb luck or mechanically replicable tilts. In order to distinguish luck from skill, we look for evidence of sustainable edges. The best such edge is the quality of people. We look for managers with plenty of brains, creativity, and independent thinking. Just as important, we will only deal with managers who treat their clients as partners, not adversaries. This means reasonable fees in relation to expected outperformance, skin in the game, exceptional transparency, critical self-assessment, and a clean regulatory record. In general, asset managers

directly controlled by publicly traded financial institutions have failed to meet our criteria, but there are some notable exceptions. In addition to asset-class specific risks, some of our chosen managers will use leverage and derivatives to obtain their target exposures, which may add to the complexity and riskiness of the portfolio. Active managers pose additional due diligence challenges, such as the possibility of fraud and hidden conflicts of interest.

Investing is risky. As an investor, you are paid to bear the possibility that something terrible will happen to your portfolio. Though we take steps to mitigate risk, you cannot avoid it. In fact, you are all but guaranteed to suffer losses at some point, perhaps gut-wrenching losses.

Item 9: Disciplinary Information

We have no disciplinary information to report.

Item 10: Other Financial Industry Activities and Affiliations

We are not affiliated with any other financial company. Our only source of income is our client fees.

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

Code of Ethics

SVRN has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The SVRN Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. SVRN will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

Trading Conflicts of Interest

Individuals associated with SVRN are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by SVRN is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, SVRN requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. SVRN also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

Item 12: Brokerage Practices

The Custodian and Brokers We Use

We do not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non-affiliated "qualified custodian," generally a broker-dealer or bank. We are not affiliated with any particular custodian but instead all custodians are independently owned and operated. The custodian will hold your assets in a brokerage account and will be able to buy and sell securities on your behalf.

While we may recommend that you use a particular custodian/broker, you will ultimately decide whether to do so and will open your account with the custodian/broker by entering into an account agreement directly with one of them. We cannot actually open accounts for you, but we can assist you in opening an account at whatever custodian/broker you decide to use.

How We Select Custodians and Brokers

When recommending a custodian or broker for our clients, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation of the firm, and financial resources, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

Your Brokerage and Custody Costs

Our clients receive various services directly from our custodians. For our clients' accounts that they maintain, the custodian generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at the custodian. We feel this commitment benefits you because we expect the overall rates you pay will be lower than they might be otherwise.

Since custodians often charge clients a fee for each trade that we have executed by a different broker-dealer, we have the custodians execute most trades for your account in order to minimize your trading costs.

We have determined that having the custodians execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

Products and Services Available to Us from Brokers/Custodians

The custodians provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. The custodians also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Other institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through the custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

The custodians may also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodians' own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodians. In addition to investment research, the custodians may also make available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

The custodians may also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications

and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from the custodians benefit us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with a particular custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our recommendation of a custodian is in the best interests of our clients, and is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only us.

Aggregation of Transactions

SVRN may, from time to time, aggregate client orders into blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, or other measures are taken, in order to treat all accounts fairly.

Item 13: Review of Accounts

Review of Accounts

Accounts are generally reviewed on a weekly, monthly, quarterly, or semi-annual basis, depending on the type of account. Reviews may be general in nature, addressing investment objectives, risk tolerances or asset allocations, or they may be more detailed, depending on circumstances. The level of detail of the review is generally triggered by factors such as market, political, or economic conditions, or the client's individual financial situation. Clients should notify the firm of any material personal financial changes.

Regular Reports Provided to Clients

In addition to the monthly statements and confirmations of transaction that clients receive from the custodian, SVRN may provide other reports directly to the client from time to time depending on the type of engagement. Investment management clients for example may receive periodic performance related reports.

SVRN urges clients to carefully review custodial statements and compare them to the reports which we may provide.

Item 14: Client Referrals and Other Compensation

We do not pay anyone to refer clients to us, nor do we refer clients for pay. We may refer clients to other professionals we admire and trust and receive referrals from them.

Item 15: Custody

All discretionary assets under management are held with qualified custodians selected by the customer. We may recommend a custodian, but you will ultimately be responsible for selecting the custodian for the assets under management. You will receive quarterly or monthly statements from them. You should carefully review your custody statements and compare them to the statements we provide.

Item 16: Investment Discretion

We manage assets on both a discretionary and non-discretionary basis. With discretionary authority, we can make trades in your investment accounts without consulting you first. You must sign a limited power of attorney form from your custodian before we can exercise this authority.

Item 17: Voting Client Securities

We do not vote proxies for you. Your custodian will provide you proxy voting materials.

Item 18: Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. Because we do not have custody of client funds or securities or require prepayment of more than \$1,200 in fees per client six months in advance, we are not obligated to disclose our balance sheet.