



Part 2A of Form ADV: Brochure

Sovereign's Capital Management, LLC

10 S. West Street, Suite 100

Raleigh, NC 27603

(919) 214-9599

<https://sovereignscapital.com/>

Date: September 15, 2022

This brochure ("Brochure") provides information about the qualifications and business practices of Sovereign's Capital Management, LLC, a Delaware limited liability company ("Sovereign's Capital"), which is an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact Michelle Hoffman, Chief Compliance Officer, at (919) 214-9599 or mhoffman@sovereignscapital.com. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser with the SEC does not imply any level of skill or training. Additional information about Sovereign's Capital is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated September 15, 2022 replaces the June 30, 2022 version, which was the initial Form ADV Part 2A filing for Sovereign’s Capital Management, LLC. We will provide you with an updated brochure, as required, based on the changes or new information, at any time without charge.

The following sections were updated:

Item 4 – Advisory Business

Item 5 – Fees and Compensation

Item 10 – Other Financial Industry Activities and Affiliations

Item 14 – Client Referrals and Other Compensation

Item 3 – Table of Contents

Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5– Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management	2
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9 – Disciplinary Information	13
Item 10 – Other Financial Industry Activities and Affiliations	13
Item 11–Code of Ethics, Participation in Client Transactions and Personal Trading	14
Item 12 – Brokerage Practices	15
Item 13 – Review of Accounts	15
Item 14 – Client Referrals and Other Compensation	16
Item 15 – Custody.....	16
Item 16 – Investment Discretion.....	16
Item 17– Voting Client Securities.....	17
Item 18– Financial Information.....	17

Item 4 – Advisory Business

Firm Overview

Sovereign's Capital ("the Firm") is an asset management firm providing services to private pooled investment vehicles. Sovereign's Capital was originally founded in 2012. Sovereign's Capital is headquartered in Raleigh, North Carolina. The principal owner of the Firm is Sovereign's Capital Holdings, LLC which is owned by MM SCM AM, LLC, Lukas Roush, Henry Kaestner, and John Coleman. MM SCM AM, LLC is owned by Casey Crawford.

Sovereign's Capital Offerings

Sovereign's Capital provides discretionary portfolio management services to private pooled investment vehicles (the "Private Investment Funds") in accordance with the investment guidelines set forth in each Private Investment Fund's governing documents. Sovereign's Capital is responsible for the investment decisions and performance of the Private Investment Funds. Sovereign's Capital does not tailor its investment advice to the needs of investors in the Private Investment Funds.

Investors are required to meet certain suitability requirements, such as being an "Accredited Investor," a "Qualified Client" and/or a "Qualified Purchaser" as defined under federal laws. Investors interested in a Private Investment Fund should refer to the Private Investment Fund's governing documents for important information regarding the Private Investment Fund's investment objectives, risks, fees, and additional disclosures for a complete understanding of the terms and conditions for investing in the relevant Private Investment Fund.

Wrap-Fee Programs

Sovereign's Capital does not participate in any wrap fee programs.

Assets Under Management

As of March 31, 2022, Sovereign's Capital had \$377,030,000 of regulatory assets under management. All assets are managed on a discretionary basis.

Item 5 – Fees and Compensation

Adviser Compensation

Management Fees: Fees paid by the Private Investment Funds are described to investors, in detail, in each Private Investment Fund's governing documents. Private Investment Fund investors bear their proportionate share of the applicable investment management fee charged to such Private Investment Fund.

Compensation earned by Sovereign's Capital for providing investment advisory services to the Private Investment Funds is generally comprised of either an asset-based management fee or a fee based on the investors' committed capital, which does not exceed 2.5% and is generally payable quarterly in advance. The assets of each Private Investment Fund include capital committed to the particular Private Investment Fund during its investment period, and subsequent to the investment period and the invested capital within the particular Private Investment Fund. Sovereign's capital may, in its sole discretion, negotiate an investor's proportional fee rate.

In the event that an advisory agreement is terminated prior to the conclusion of a billing period, Sovereign's Capital will refund a pro rata portion of any pre-paid management fees. The management fee is generally deducted directly from the Private Investment Fund.

In addition, as described in **Item 6 - Performance-Based Fees and Side-by-Side Management**, Sovereign's Capital or its affiliates has the potential to earn performance-based compensation from the Private Investment Funds in the form of a carried interest or a performance-based fee. In the case of public equity investments, the performance-based fee is generally allocated annually and equals 15% of net profits, subject to (i) a "high water mark" and (ii) a benchmark "hurdle" based on the performance of the Russell 3000 Total Return index.

Further, pursuant to the governing documents of each Private Investment Fund, the applicable general partner, in its discretion, may elect to offer one or more of the limited partners of the private fund client the opportunity to co-invest alongside the private fund client with respect to a particular investment. Management Fees and/or carried interest that may be received by Sovereign's Capital or its affiliates in connection with co-investment opportunities will be determined on a deal-by-deal basis.

Other Non-Advisory Fees

Sovereign's Capital's fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses that may be incurred by the Private Investment Fund. Other fees and expenses may include without limitation:

- Brokerage and trading costs, expenses, and commissions;
- Third-party custody fees;
- Legal, accounting and tax fees related to the operation of the Private investment Fund
- Fees and expenses related to money market funds that hold cash balances or credit lines; and
- Expenses related to deal sourcing.

All fees paid to Sovereign's Capital for investment advisory services are separate and distinct from the fees and non-advisory fees referenced above. More details related to the fees and expenses borne by the Private Investment Funds are included in their respective governing documents. Neither Sovereign's Capital nor any of its supervised persons receive placement fees or commissions from third parties for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

Item 12 – Brokerage Practices further describes the factors that Sovereign's Capital considers in selecting or recommending broker-dealers for public equity transactions and determining the reasonableness of their compensation.

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

Performance Based Fees/Carried Interest

As described above in Item 5: Fees and Compensation, with respect to each Private Investment Fund, a portion of the profits of each such Private Investment Fund are distributed to certain affiliates of Sovereign's Capital as "carried interest" (the "Carried Interest").

Because of Sovereign's Capital's relationship with the General Partners of the Private Investment Funds, the Carried Interest is considered performance-based compensation that benefits Sovereign's Capital. Carried Interest payments, if any, typically are paid periodically when a private portfolio company is sold from cash that otherwise would be distributed to limited partners of the particular Private Investment Fund, pursuant to the Private Investment Fund's limited partnership agreement. Carried Interest payments are governed by the limited partnership agreement or governing documents for the particular Private Investment Fund.

While the receipt of a Performance Fee or Carried Interest is intended to align Sovereign's Capital affiliates' interests with those of the relevant Private Investment Fund, the nature of the Carried Interest creates a potential conflict of interest between Sovereign's Capital affiliates and the Private Investment Funds. The nature of performance fees can encourage unnecessary speculation with Private Investment Fund assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset-based fee account. On the other hand, riskier investments historically have a higher chance of losing value. Details of Carried Interest calculation and terms is detailed in the Private Investment Fund Limited Partnership Agreement or governing documents.

Sovereign's Capital evaluates investment opportunities that are in the best interests of the Private Investment Funds without regard to fee arrangements.

Item 7 – Types of Clients

Sovereign's Capital provides portfolio management services to private pooled investment vehicles. The minimum capital commitment in a Private Investment Fund managed by Sovereign's Capital is generally \$1,000,000, subject to reduction at the sole discretion of the General Partner of the Private Investment Fund.

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

The Firm provides day-to-day investment advisory services to the Private Investment Funds. The following is a summary of the investment strategies and methods of analysis generally used by Sovereign's Capital on behalf of its Private Investment Funds.

A general description of the strategies and the associated risks is provided below, but prospective and existing investors should review the more detailed descriptions of each Private Investment Fund's investment strategies and process, methods of analysis, investment limitations, and risks in the applicable Private Investment Fund governing documents. There can be no assurance that Sovereign's Capital will achieve the investment objectives of each Private Investment Fund and a loss of investment is possible. Investing in securities involves risk of loss that investors in each Private Investment Fund should be prepared to bear.

Additional detail regarding investments in Private Investments Funds is found in the governing documents of the respective Private Investment Fund, which is provided to each investor.

The Private Investment Funds are not registered as investment companies under the Investment Company Act of 1940 and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among

other things, require investment companies to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit the investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable.

Methods of Analysis and Investment Strategies

Sovereign's Capital follows several values-driven strategies and will make investments in any number of companies, public and private securities, including other private funds, joint ventures and partnerships.

Private Equity

Sovereign's Capital makes long-term investments in lower middle market privately-held companies with approximately \$10 million to \$100 million in revenue, and \$3 million to \$20 million in owner's earnings. The Firm also uses a fund of funds strategy to invest in venture and private equity fund managers through primaries, secondaries, co-investments, and GP stakes.

Sovereign's Capital may seek other opportunistic investment opportunities in other industries or asset classes as they become available or that otherwise meet the Private Investment Fund's investment objectives.

More information can be found in the relevant Private Investment Fund's governing documents.

Venture Capital

Sovereign's Capital partners with growing venture stage companies operating in expanding markets in the U.S. and Southeast Asia. The Firm invests in early-stage technology companies across Seed and Series A stages. Seed stage companies; namely values aligned companies that the Firm believes to be undervalued. Industries in which the Firm focuses, include B2B and B2C software, healthcare IT, and tech-enabled good and services. More information can be found in the relevant Private Investment Fund's operating documents.

Fund of Funds and Co-Investments

Sovereign's Capital also invests in other private equity and venture funds and engages in co-investment opportunities. The Firm's investment focus centers around primaries, secondaries, General Partner investments ("GP Stakes") and direct deals across venture and private equity in U.S. and foreign companies.

Public Equity

Sovereign's Capital employs long-only strategies with a focus on publicly traded U.S. companies across nearly all industries and market capitalizations, led by values-driven leaders. The Private Investment Fund's objective is to outperform the Russell 3000 Total Return index. The firm uses a proprietary scoring model to assess whether the company's leadership is motivated by a vision for making a positive impact on the lives of all stakeholders that extends beyond excellent financial returns. The firm seeks to identify values-aligned executives who possess competence, character, and conviction as they lead their respective companies according to values reflected in the people,

policies, priorities, and practices of those companies. More information about this process can be found in the relevant Private Investment Fund's operating documents.

General Risks Related to Sovereign's Capital's Investment Strategies

Current Market Conditions. General economic and other market conditions, including interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets, may affect the value and number of investments made by the Private Investment Fund. Moreover, the securities could be adversely affected by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or specific developments within such companies or interest rate movements.

Uncertainty and volatility in the financial markets and political systems of the United States and other countries may have adverse spill-over effects into the global financial markets generally. A recession, slowdown and/or a sustained downturn in the United States or the global economy could have a pronounced impact on an investment and could adversely affect the Private Investment Fund's profitability, impede performance of both public and private companies resulting in an inability to effectively deploy its capital or realize upon portfolio investments on favorable terms.

It is possible that a weakening of credit markets could adversely affect a lender's funding obligations to an investment. Possible consequences, any of which could adversely affect the business of the Private Investment Fund, restrict the investment activities, and impede the Private Investment Fund's ability to effectively achieve its investment objective. Any of the foregoing events could result in substantial or total losses in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

Specific Values-Driven Investing Criteria. The Private Investment Fund invests in securities that meet the Firm's investment criteria for selecting securities of companies that meet values-driven leadership on a faith aligned basis. There can be no guarantee that the leadership of the companies included in the Private Investment Fund will always align with these values. To the extent an investor intends to invest in a manner consistent with their values, the Private Investment Fund may fail to achieve such objective.

General Risks Related to Private Equity, Venture Capital, and Co-Investment/Fund of Funds Strategies.

The Private Investment Fund's investment strategies could include direct investments, and investments in private companies, other private funds, co-investments, secondaries and separate General Partner investments ("GP Stakes") that pursue or otherwise relate to private equity investment strategies, among other strategies. As such, the success of the portfolio companies' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of security prices and liquidity of the Private Investment Funds' investments. Unexpected volatility or illiquidity could impair the portfolio companies' profitability or result in its suffering losses. Investments that pursue or otherwise relate to venture capital investment strategies, with a focus on companies and businesses that are in the early and growth stages of development. Such early-stage and growth-stage technology companies may include companies that utilized advanced science, technology, engineering, and/or mathematics to innovate in their respective markets.

Highly Competitive Market for Venture Capital and Growth Equity Investment Opportunities. The activity of identifying, completing, and realizing venture capital and growth equity investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investment opportunities may not be available on terms that are as attractive as the terms on which opportunities were available in the past. Venture capital and growth equity investing have seen many new participants emerge, including well-established investment firms, corporations, wealthy individuals and foreign investors, including, without limitation, partnerships and corporations, other venture capital and private equity firms, business development companies, sovereign wealth funds, domestic and international public pension plans, individuals, financial institutions and other investors, investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial and other resources, and more personnel than the General Partner, the Firm, and the Private Investment Fund. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Private Investment Fund and adversely affecting the terms upon which investments can be made. To the extent that there is increased competition for such investments, returns to the Private Investment Fund may decrease.

Nature and Illiquidity of Investments. It is anticipated that a substantial portion of a Private Investment Fund's private equity investments will be highly illiquid, and there can be no assurances that a Private Investment Fund will be able to realize a positive return on such investments.

Operating and Financial Risks of Private-Held Companies. in which a Private Investment Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies which a Private Investment Fund expects to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. In some cases, the success of a Private Investment Fund's investment strategy will depend, in part, on the ability of the Portfolio Company to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Portfolio Company will be able to successfully identify and implement such restructuring programs and improvements.

Venture capital investments in early stage and growth stage companies are often highly dependent on communications and information systems and are exposed to many types of operational risks, including the risk of fraud or security breaches by employees or other parties, record keeping errors, errors resulting from faulty or "hacked" computer or telecommunication systems, computer failures or interruptions, and damage to computer and telecommunication systems caused by internal or external events. New technologies and improved products and services are continually being developed, rendering older technologies, products, and services obsolete. Further, the failure of these systems could cause significant interruptions in the operations of portfolio companies and could harm the reputation of the Firm and/or their affiliates, the Private Investment Fund and/or such portfolio company, subjecting such entity and its respective affiliates to legal claims and adverse publicity or otherwise affect their business and financial performance.

Leverage. It is anticipated that certain private equity investments, including certain investments in other private funds, may use leverage when making investments in portfolio companies. In addition,

a portfolio investment may increase the leverage of a portfolio company by using promissory notes or other indebtedness issued by the portfolio company as part of the purchase consideration. Although the use of leverage may enhance returns and increase the number of investments that a portfolio investment can make, it may also substantially increase the risk of loss. Leveraged capital structure of portfolio companies generally will increase the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. Leverage generally will increase investment returns if a private equity investments earns a greater return on the investments purchased with borrowed funds than it pays for the use of those funds but also may increase losses. The use of leverage is speculative and involves certain risks. The use of leverage may decrease the return on an investment if the investment fails to earn as much on its investment purchased with borrowed funds as it pays for the use of those funds. The use of leverage may in this way magnify the volatility of changes in the value of an investment, especially in times of a “credit crunch” or during general market turmoil, such as that experienced in early 2020.

If an investment is unable to access additional credit, it may be forced to liquidate investments at inopportune times, which may further depress the returns. Because the securities in which a portfolio company will invest may be among the most junior in a portfolio company’s capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of a portfolio investment. Certain portfolio companies may borrow money from brokers and banks (i.e., through credit facilities, lines of credit, or other margin or borrowing arrangements) for investment purposes. Borrowings to purchase equity securities typically will be secured by the pledge of those securities, and the financing of securities purchases may also be effected through reverse repurchase agreements with banks, brokers, and other financial institutions. In the event that a portfolio investment’s equity or debt instruments decline in value, the portfolio company could be subject to a “margin call” or “collateral call,” under which the portfolio company must either deposit additional collateral with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. If a portfolio company is required to deleverage in a more rapid fashion than expected or intended, its returns will likely be substantially reduced, and it may be forced to liquidate entirely if it cannot meet its margin calls or otherwise cover its outstanding indebtedness. In addition, legal and regulatory changes applicable to private investment funds or financial services companies generally may either force portfolio companies to deleverage or otherwise limit their ability to utilize leverage.

Risk of Early-Stage Investments. The Private Investment Fund’s venture capital investment strategy by its nature involves business, financial, market and legal risks. Among these risks are the general risks associated with investing in companies at the early or growth-stage of development or with limited operating history, companies operating at a loss or with substantial variations in operating results from period to period, companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position and companies dependent on new or developing technology. There generally will be little or no publicly available information regarding the status and prospects of these companies. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable. The underlying portfolio companies may be unseasoned, unprofitable or have no established operating histories or earnings and may lack technical, marketing, financial and other resources. Less-established companies tend to have lower capitalization and fewer resources, and therefore, are often more vulnerable to financial failure. These companies may be dependent upon the success

of one product or service, a unique distribution channel, or the effectiveness of its manager or management team.

The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. The Private Investment Fund will not have an active role in the day-to-day management of the companies in which it invests. To the extent that the management of a portfolio company performs poorly, the Private Investment Fund's investment in such company could be adversely affected. Furthermore, these companies may be more vulnerable to competition and to overall economic condition than larger, more established entities. In early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. The services and products may also be subject to a high degree of technical obsolescence. There is no assurance that any portfolio company can successfully develop future generations of its services or products. Additional funds may be necessary to complete such development, and there is no assurance that such funds will be available from any particular source. The receptiveness of potential acquirers to portfolio companies will vary over time and, even if a portfolio company investment is disposed of pursuant to a merger, consolidation or similar transaction, the stock, security, or other interests in the surviving entity may not be marketable.

The public market for high technology and other emerging growth companies is volatile. Such volatility may adversely affect the development of portfolio companies. In particular, the receptiveness of the public market to initial public offerings by portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering, and the portfolio company's securities typically will be subject to contractual "lock-up," securities law or other restrictions which may, for a material period of time, prevent disposition of such securities. There can be no guarantee that any investment in such portfolio companies will result in a liquidity event through a merger, acquisition, public offering or otherwise, and there is a significant risk that some or all of such investments will yield little or no return.

Technology Industry Risks. The Private Investment Fund may invest in private companies that operate or invest in the information, financial and communications technology industry. The technology sector is subject to various risks, including rapidly changing market conditions and participants, new competing products and services, and improvements in existing products and services. Some portfolio investments may compete in this volatile industry. There is no assurance that products or services sold by such portfolio investments will not become obsolete or negatively affected by competing products and services or other factors. In addition, communications companies in developed, emerging and frontier markets continue to undergo significant changes due mainly to evolving levels of governmental regulation or deregulation as well as the rapid development of communications technologies. Competitive pressures within this industry are intense, and the securities of companies operating in this industry may be subject to substantial price volatility. The fintech sector is challenged by various factors such as instability, fluctuation, or an overall decline within fintech industries may not be balanced by investments in other industries not so affected. A market downturn would likely lead to a decline in the volume of transactions that financial services institutions execute for their customers and thus lead to a decline in revenues from fees, commissions and spreads. Within the fintech industry, the development of products generally is a costly and time-consuming process.

Additional Capital Requirements of Portfolio Companies. Certain portfolio companies may be in early-stages of development and require additional financing to satisfy their working capital requirement or growth strategies. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors. In addition, investors in a portfolio company may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the investors' proportionate ownership when a subsequent financing is planned, or to protect the initial investment when such investment's performance does not meet expectations. To the extent a portfolio company in which the Private Investment Fund has directly or indirectly invested receives additional funding in subsequent financings and the Private Investment Fund does not directly or indirectly participate in such additional financing rounds, the Private Investment Fund's interest in such portfolio company would be diluted. The availability of capital is generally a function of capital market conditions that cannot be managed by the Private Investment Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

General Risks of Co-Investments and Other Private Funds. When the Private Investment Fund invests alongside other investors in a Co- Investment structure, the realization of portfolio company investments made as Co-investments may take longer than would the realization of investments under the sole control of the Firm or the Private Investment Fund because co-investors may require an exit procedure requiring notification of the other co- investors and possibly giving the other co-investors a right of first refusal or a right to initiate a buy-sell procedure (i.e., one party specifying the terms upon which it is prepared to purchase the other party's or parties' participation in the investment and the non-initiating party or parties having the option of either buying the initiating party's participation or selling its or their participation in the investment on the specified terms).

Co-investments may involve risks in connection with such third-party involvement, including the possibility that a third-party may have financial difficulties, resulting in a negative impact on such investment, or that the Private Investment Fund may in certain circumstances be held liable for the actions of such third-party co-investor. Third-party co-investors may also have economic or business interests or goals that are inconsistent with those of the Private Investment Fund or may be in a position to take or block action in a manner contrary to the Private Investment Fund's investment objective. In circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the Co- Investments, including incentive compensation arrangements, and the interests of such third parties may not be aligned with the interests of the Private Investment Fund. When the Private Investment Fund makes direct investments in operating companies that are co-investments alongside other private funds, the Private Investment Fund will be highly dependent upon the capabilities of the applicable Portfolio Managers. The Private Investment Fund may indirectly make binding commitments to co-investments without an ability to participate in the management and control of, and with no or limited ability to transfer its interests in, the pertinent operating company. In some cases, the Private Investment Fund may be obligated to fund its entire direct investment in a co-investment up front, and in other cases the Private Investment Fund may make commitments to fund investments from time to time as called by the investment manager or general partner of another private fund participating in a co-investment. Generally, neither the Firm nor the Private Investment Fund will have control over the timing of capital calls or distributions received from such co-investments, or over investment decisions made in respect of such co-investments.

When the Private Investment Fund participates in a co-investment, the Private Investment Fund generally will not have control over the underlying portfolio company and will not be able to direct the policies or management decisions of such portfolio company. Thus, the returns to the Private Investment Fund from any such investments are expected to be more dependent upon the performance of the particular portfolio company and its management, such that the Firm, on behalf of the Private Investment Fund, is not expected to be able to direct the policies or management decisions of such portfolio company.

Portfolio Concentration and Lack of Diversification. Although the General Partner will seek to diversify the Private Investment Fund's portfolio to the extent possible consistent with the investment strategy, various factors, including prevailing market conditions, available investment opportunities, constraints imposed by investments in other private funds, and the timing of investments, may prevent the General Partner from diversifying the Private Investment Fund's portfolio or may result in the portfolio not being as diversified as the General Partner might otherwise prefer. In addition, because underlying investments may be the same sector, the Private Investment Fund's portfolio may be less diversified than intended. Furthermore, these types of investments could end up over concentrated in certain investments, types of investments and/or geographic regions. In cases where there are a limited number of investments, the aggregate returns realized by the investors may be substantially adversely affected by the unfavorable performance of a small number of such investments. There can be no assurance as to the degree of diversification of an investment in another private fund, either by geographic region, industry, or transaction type. In addition, certain geographic regions, industries and/or sub-sectors may be more adversely affected from economic pressures when compared to other geographic regions, industries, or sub-sectors.

General Risks of Secondaries. A Private Investment Fund's investment strategy may include investments in secondaries. There is no established market for secondaries, and the Firm does not currently expect a liquid market to develop. Moreover, the market for secondaries has been evolving and is likely to continue to evolve. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number and attractiveness of investment opportunities available to the Private Investment Fund and adversely affecting the terms upon which investments can be made. Accordingly, there can be no assurance that the Private Investment Fund will be able to identify sufficient investment opportunities or that it will be able to acquire sufficient secondaries on attractive terms. When the Private Investment Fund acquires a secondary, the Private Investment Fund may acquire contingent liabilities associated with such interest. Specifically, when the seller has received distributions from the relevant Investment and, subsequently, there are recalls of any portion of such distributions, the Firm's Private Investment Fund (as the purchaser of a third-party private fund Investment to which such distributions are attributable) may be obligated to pay an amount equivalent to such distributions to investment. While the Private Investment Fund may be able, in turn, to make a claim against the seller of the interest for any monies so paid to the investment, there can be no assurance that the Firm's Private Investment Fund would have such right or prevail in any such claim. In certain instances, the purchase of an interest in a new private fund may be less attractive than a secondary market purchase of an existing limited partner interest. In such cases, it may not be possible for the Private Investment Fund to exclude from such purchases those investments that the Firm considers (for commercial, tax, legal, or other reasons) less attractive. The overall performance of the Private Investment Fund's secondaries will depend in part on the acquisition price paid, which may be negotiated based on incomplete or imperfect information.

General Risks of GP Stakes. As part of its investment program, certain Private Investment Funds may make investments in GP Stakes, which carry special risks relative to other potential portfolio investments. The Private Investment Fund's investments in GP Stakes are expected to involve equity investments in general partner or managing member interests in emerging or growth private equity or venture capital managers via a broad range of joint venture arrangements, including, without limitation, general partner and managing member entities which sponsor and manage one or more third-party private investment funds or other investment vehicles or entities.

As such, that Private Investment Fund's investments will be subject to all of the risks associated with a general partner or managing member of a third-party private investment fund or investment vehicle, with include, among other risks, the risk of adverse legal, tax, regulatory, or reputational events regarding the relevant management teams and their investment and other activities, the risks associated with highly illiquid investments over which the Firm generally expects to have no control or influence, the risk of one or more clawback or giveback mechanisms in the applicable investments becoming operative and requiring the Private Investment Fund to return part or all of prior distributions received from such portfolio investments, and the risk that the Firm will not be able to achieve an exit from the Private Investment Fund's investments in GP Stakes before the end of the Private Investment Fund's term. As a result, investors in the relevant Private Investment Fund are subject to special provisions relating to the return of previously distributed capital. The limited partner investors may be required to return distributions made for the purpose of satisfying their pro rata share of the Private Investment Fund's indemnification obligations outlined in the governing documents. However, the amount to be returned will not be an amount in excess of the aggregate amount of distributions actually received from the Private Investment Fund.

Certain Private Investment Fund investments in GP Stakes may involve holding an ownership interest in one or more state- or SEC-registered investment advisers, which may subject the fund to ownership and disclosure requirements and generally serve to heighten the legal, regulatory, and reputational risks associated with such Private Investment Fund investments.

Foreign Investments. A Private Investment Fund may invest in companies located outside of the United States. Investments in non-U.S. companies involve the following risks, among others: (a) currency exchange risks, controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on a Portfolio Fund's ability to exchange local currencies for U.S. dollars, (b) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, and the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, (c) changes in tax treaties, and (d) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such investments. While it is anticipated that each Portfolio Manager will intend, where it deems appropriate, to manage a Portfolio Fund in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments or changes in law in certain non-U.S. countries in which the Portfolio Fund invests will not adversely affect the value of investments located in such countries. The economics of individual non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth or gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

Investing in Emerging Markets. The political and economic institutions in countries with emerging economies like certain Latin American or Asian countries may undergo rapid and significant changes and rapid growth. Investing in emerging economies may entail political, economic, and social risks not usually associated with investing in more developed markets, such as

nationalization, expropriation, or other political, economic, and social developments, which could adversely affect the Portfolio Funds or their portfolio companies.

Currency Exchange Risk. It is anticipated that the books of a Private Investment Fund will be maintained, and contributions to and distributions from a Portfolio Fund generally will be made, in U.S. dollars. A Portfolio Fund's non-U.S. investments, however, may be denominated in currencies other than the U.S. dollar, and the value of such investments will depend in part on the relative strength of the U.S. dollar compared to such other currencies. A Portfolio Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar, as well as the transaction costs associated with converting foreign currencies into U.S. dollars. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of such investments. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign currency exchange market. Exchange rates also are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation, and other factors. A Portfolio Manager may, but is not expected to be obligated to, enter into currency hedging arrangements in connection with a Portfolio Fund's non-U.S. investment activities. Even if a Portfolio Fund does enter into such arrangements, there can be no assurance that they would successfully protect the value of the Portfolio Fund's non-U.S. investments. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks and costs. Thus, while a Private Investment Fund may benefit from the use of these hedging mechanisms, unanticipated changes in commodity prices, interest rates, securities prices, currency exchange rates and/or other events relating to such hedging transactions may result in a poorer overall performance for the Private Investment Fund than if it had not entered into such hedging transactions.

Material, Non-Public Information. Certain employees of the Firm or a Portfolio Company and/or its respective affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. As result there could be restrictions and the Private Investment Fund may not be free to act upon any such information and may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Bankruptcy of portfolio companies. A Private Investment Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Private Investment Fund. There is also a risk that a court may subordinate a Private Investment Fund's investment to other creditors or require the Private Investment Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Private Investment Fund has management rights in such portfolio company.

General Risks Relating to Public Equity Securities

Sovereign's Capital's investment approach may involve purchasing publicly traded equity securities that are listed on the securities exchanges, equity securities not listed on exchanges, options, and over-the-counter derivatives. Security values may fluctuate based on events such as technological developments, government regulation, competition and outbreaks of war or terrorist acts that are beyond Sovereign's Capital's control. The following risks are associated with the types of securities that are traded by Sovereign's Capital:

Equity Risk. The prices of equity securities fluctuate based on overall market and economic conditions. In addition, individual securities rise and fall based on changes in the issuer's financial condition. As a result, equity investments risk a loss of all or a substantial portion of the investment.

Small- and Mid-Cap Companies. Investments in small capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, customer concentration, limited markets, or financial resources, and they may be dependent upon a limited number of senior executives. These securities may have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

Large Capitalization Stock Risk. The securities of large cap companies may underperform the securities of smaller cap companies or the market as a whole. Larger, more established companies may not respond as quickly to competitive challenges (such as changes in technology and consumer tastes) and their growth rate may lag those of smaller companies, especially during periods of economic expansion. To the extent the Private Investment Fund invests in large capitalization companies that underperform the market as a whole, the Private Investment Fund's performance may also underperform the market.

Any investor who subscribes or proposes to subscribe to an investment in a Private Investment Fund must be able to bear the risks involved and must meet the Private Investment Fund's suitability requirements. No assurance can be given that a Private Investment Fund's investment objectives will be achieved. Private Investment Fund investments are typically speculative and involve a substantial degree of risk. For further information regarding the risk factors and conflicts of interest with respect to a Private Investment Fund, please refer to the Private Investment Fund's governing documents.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sovereign's Capital or the integrity of Sovereign's Capital's management. Sovereign's Capital has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Sovereign's Capital's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Sovereign's Capital's management persons are not registered, nor do any management persons 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.

Sovereign's Capital is affiliated with Sovereign's GP, LLC, Sovereign's Capital GP II, LLC, Sovereign's Capital II (Cayman), LP, Sovereign's GP III, LLC, CG Investment Partners GP, LLC, SC Omega (AI) GP, LLC, Sovereign's Capital GP Venture IV, Sovereign's Capital GP LMM, LLC, and SCAFGP I, LLC which serve as General Partners ("GPs") for the pooled investment vehicles managed by Sovereign's Capital. Sovereign's Capital is also affiliated with Movement Bank, Leap Insurance LLC DBA Movement Insurance, and Ronald Blue Trust, Inc. ("RBT"), who are under common control with the Adviser.

There will be instances where RBT refers clients to Sovereign's as potential investors in private funds managed by Sovereign's Capital. Neither RBT nor its employees receive compensation for the referrals.

Luke Roush serves on the board of another registered investment adviser as a member on the board of managers, representing a non-profit unit member of that adviser. There is no affiliation with the Sovereign's Capital Management team beyond Mr. Roush's board role. In his board role, Mr. Roush is recused from responsibilities involved with placing any Sovereign's Private Investments Funds on their advisor platform. Mr. Kaestner serves on the board Bandwidth, which is a public company. Casey Crawford serves on the board of Live Oak Bank, which is public company. Adviser restricts trading in these securities.

Sovereign's Capital does not recommend or select other investment advisers for its the Private Investment Funds it manages.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Sovereign's Capital has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended which applies to all supervised persons of the firm and describes its high standard of business conduct and fiduciary duty to the Private Investment Funds. The Code of Ethics includes provisions related to the confidentiality of client and investor information, a prohibition on insider trading, restrictions on and reporting of significant gifts and business entertainment as well as policies and procedures governing trading securities in personal accounts. All supervised persons at Sovereign's Capital must acknowledge the terms of the Code of Ethics upon employment, annually, and as amended.

The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of the supervised persons of Sovereign's Capital will not interfere with (i) making decisions in the best interest of the Private Investment Funds and (ii) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Sovereign's Capital's clients. In addition, the Code of Ethics requires pre-clearance of transactions involving Initial Public Offerings, Limited Offerings, and private placements.

Related persons of Sovereign's Capital may invest their own money in the Private Investment Funds. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. Sovereign's Capital may effect principal transactions between the Private Investment Funds for reallocation and other purposes. Sovereign's Capital has established policies and procedures to comply with the requirements of the Investment Advisers Act of 1940 as it relates to principal transactions, including, among other things, disclosure regarding any proposed principal transaction and that any required prior consent to the transaction be received. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. It is Sovereign's Capital's policy that the firm will not effect any agency cross securities transactions for client accounts.

Investors or prospective investors may request a copy of the firm's Code of Ethics by contacting Michelle Hoffman (919) 214-9599 or mhoffman@sovereignscapital.com

Item 12 – Brokerage Practices

Sovereign's Capital engages in public and private equity transactions. When engaging in public securities transactions, Sovereign's Capital will seek to use a custodian/broker who will hold the Private Investment Funds' assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors including, among others:

- Price
- The size of the transaction
- The nature of the market
- 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.)
- Quality of services
- Reputation, financial strength, and stability of the provider
- Their prior and anticipated service to us and our other clients

Sovereign's Capital does not currently maintain any soft dollar arrangements. Sovereign's Capital does not currently maintain any referral arrangements with broker/dealers. Sovereign's Capital does not accept directed brokerage.

Sovereign's Capital may be presented with investment opportunities that fall within the investment objective of more than one Private Investment Fund. When two or more Private Investment Funds are formed to invest on a parallel basis, Sovereign's Capital will allocate investments to such Private Investment Funds in accordance with Sovereign's Capital's allocation policy, subject to any limitations in the applicable Private Investment Fund's governing documents. Sovereign's Capital will provide a summary of its allocation policy to investors upon request. In addition, one or more non-parallel Private Investment Funds may invest together, subject to limitations set forth in the applicable Private Investment Fund's governing documents. Sovereign's Capital will determine allocations of investment opportunities in a manner that they believe is fair and equitable to the Private Investment Funds consistent with Sovereign's Capital's obligations to each such Private Investment Fund, including as set forth in the applicable Private Investment Fund's governing documents and Sovereign's Capital's allocation policy.

Item 13 – Review of Accounts

Sovereign's Capital's principals are responsible and have ultimate authority for all transactions and investment decisions made on behalf of the Private Investment Funds. At least annually, a Sovereign's Capital principal reviews the Private Investment Funds' portfolios to ensure compliance with Private Investment Funds' objectives and restrictions as stated in the Private Investment Funds' governing documents.

The Private Investment Fund's investments are reviewed on an ongoing basis and may be reviewed specifically with regard to certain factors such as cash flows or in response to market conditions.

Sovereign's Capital, or its service provider, will furnish each Private Investment Fund investor with written reports pursuant to the terms set forth in each Private Investment Fund's governing documents.

Item 14 – Client Referrals and Other Compensation

As a result of controlling positions taken by the Private Investment Funds, Sovereign's Managing Partners will often serve on the board of a private portfolio company. At times, the Firm is compensated related to these board positions. These positions and whether compensation is provided is detailed in the Private Investment Funds' governing documents. The participation in the portfolio company investment is related to the advisory services provided to the relevant Private Investment Fund managed by the Firm and offers the Firm deeper insight and ability to provide guidance to the portfolio company owned by the Private Investment Fund.

Sovereign's Capital has entered into compensation arrangements with third-party solicitors. As such, Sovereign's Capital may pay fees to persons who are instrumental in the sale of interests in the Private Investment Funds. Any such fees will in no event be payable by or chargeable to the given Private Investment Funds or any investor or prospective investor.

As applicable, Sovereign's Capital seeks to ensure that all solicitation arrangements will comply with Rule 206(4)-1 of the Investment Advisers Act of 1940. Solicitors will be paid a portion of the fees generated by the assets they raise, or some other type of compensation determined on a case-by-case basis. Depending on the specific circumstances, the fees may be based on such factors including, but not limited to, assets under management, capital committed, and/or performance of investments.

Item 15 – Custody

Sovereign's Capital is deemed to have custody of the assets of the Private Investment Funds by reason of legal ownership or access to such assets because affiliated entities serve as general partner to the Private Investment Funds. However, all client assets and transferrable securities are maintained at independent qualified custodians. Sovereign's Capital will comply with the requirements of the Custody Rule, as defined in the Investment Advisers Act of 1940, with regard to the custody as a result of affiliates serving as general partner to the Private Investment Funds. Sovereign's Capital has entered into a written agreement with an independent public accountant to provide audited financial statements to each Private Investment Fund's investors within 120 days (or 180 days in the case of a fund of funds) following the Private Investment Fund's fiscal year end.

Item 16 – Investment Discretion

Sovereign's Capital is retained by the Private Investment Funds pursuant to an investment management agreement to provide investment advisory services on a discretionary basis. When engaged by the client on a discretionary basis, Sovereign's Capital is generally authorized to make all decisions with respect to purchases and sales of securities, including the quantity and price of the securities to be bought or sold, as well as the identity of any brokers, dealers, or other service providers to be used in connection with such transactions.

Investments for the Private Investment Funds are managed in accordance with each Private Investment Fund's investment objectives, strategies, and restrictions, and are not tailored to the individualized needs of any particular investor in the Private Investment Funds. Any limitations on this discretionary authority are described in the client's advisory agreement.

Item 17 – Voting Client Securities

Sovereign's Capital has written Proxy Voting Policies and Procedures as required by Rule 206(4)-6 under the Advisers Act. As part of the firm's policies and procedures, Sovereign's Capital will exercise proxy voting authority when such authority is provided in the operating agreement of a Private Investment Fund. Sovereign's Capital casts votes for its public equity investments in a manner consistent with the best interest of the Private Investment Fund.

Absent special circumstances, which are fully-described in Sovereign Capital's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Sovereign Capital's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. investors may contact us to request information about how we voted proxies or to get a copy of Sovereign Capital's Proxy Voting Policies and Procedures. Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Sovereign Capital's devotes an appropriate amount of time and resources to monitor these changes.

Investors cannot direct Sovereign Capital's vote on a particular solicitation. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that Sovereign Capital maintains with persons having an interest in the outcome of certain votes, the Sovereign Capital takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

However, it is unlikely that a Private Investment Fund invested in private equity would hold any security for which proxies would be solicited. If the situation arises, Sovereign's Capital will monitor for potential conflicts of interest between the Private Investment Fund's interests and its own within the proxy voting process. Sovereign's Capital seeks to vote proxies in the best interest of the Private Investment Funds and consistent with the disclosures above.

Upon request, Sovereign's Capital will provide any investor or prospective investor in the Private Investment Funds with a copy of its Proxy Voting Policy. Please contact Michelle Hoffman at (919) 214-9599 or mhoffman@sovereignscapital.com to obtain a copy of Sovereign's Capital's Proxy Voting Policy.

Item 18: Financial Information

Sovereign's Capital does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore has not included a balance sheet.

Sovereign's Capital is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its clients. Sovereign's Capital has never been the subject of a bankruptcy proceeding.