

# Our Truly Tactical Rules-based Disciplines

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ENGINEERED TO KEEP YOUR  
CLIENTS COMFORTABLY INVESTED.



## When to Buy or Sell?

Our truly tactical rules-based investment disciplines only buy when our decision rules show an uptrend has begun or is in progress. We don't just look at share prices, but use exponential moving averages to help drive our decisions.

An **exponential moving average** is a type of moving average that places a greater weight and significance on the most recent data points and reacts more significantly to recent price changes than a simple moving average, which applies an equal weight to all observations in the period.

We create custom **upper and lower bands** to help us identify when to buy or sell a fund. The widths of the bands within which we tolerate price fluctuations are proportionate to the historic volatility of each asset class. Our design parameter was to set the width of the bands such that we would average no more than two round trips per year (two Sell signals alternated with two Buy signals). And we apply this rules-based discipline separately to each fund, rather than having a generic Sell signal for all muni bond funds or all high yield corporate bond funds, for example.

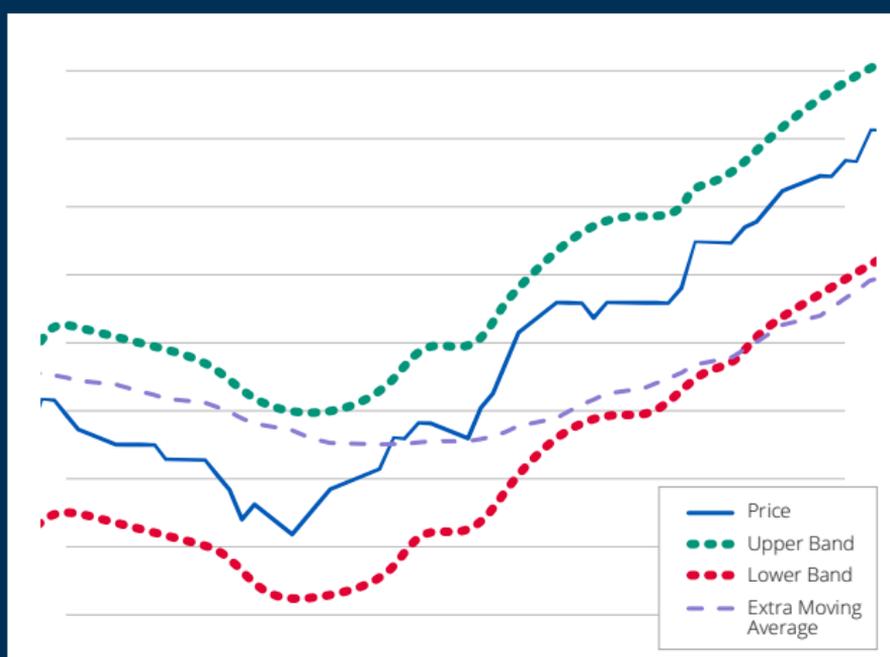


Chart Source: YCharts, Sierra Investment Management

This example illustrates a hypothetical holding of a portfolio and does not represent any current or future holding. Portfolio holdings are subject to change and should not be considered investment advice.



## “Buy” Signal Example

The upper and lower bands shown are offset above and below a short-term exponential moving average (not shown).

A “Buy” signal occurs when the price rises above both:

1. The recent low of the upper band
2. And an extra (intermediate) moving average

Whereas we treat a Sell signal as a mandate (we sell to prevent any possibility of further damage to the account), a Buy signal is not a mandate, since typically several candidates will give (or approach) Buy signals at the same time.

We use an extra moving average for a Buy, because we want more evidence that a new uptrend may have started for us to put money into risk, than to take money out of risk (Sell signal).

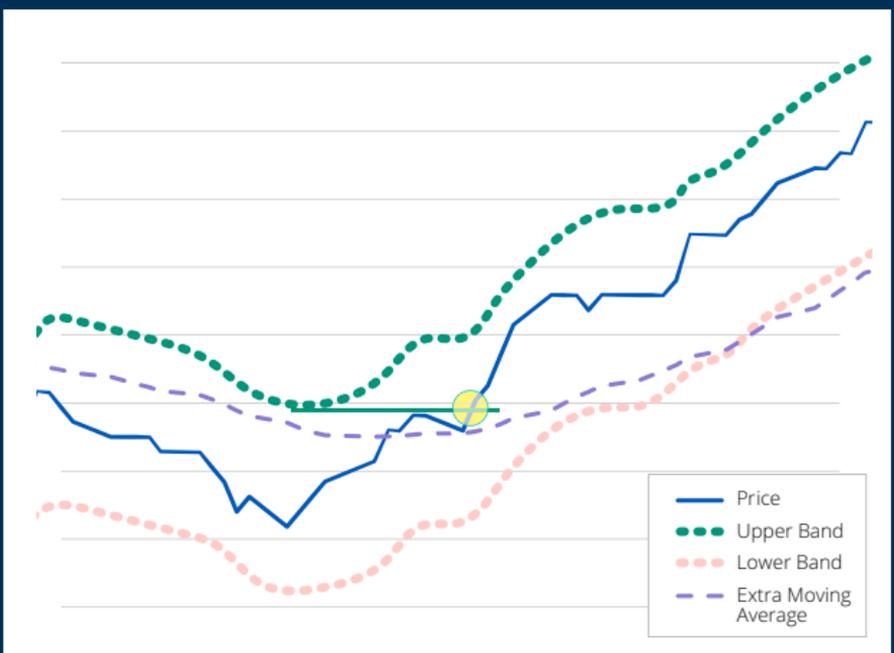


Chart Source: YCharts, Sierra Investment Management

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## “Sell” Signal Example

The upper and lower bands shown are offset above and below a short-term exponential moving average (not shown).

A “Sell” signal occurs when price falls below the recent high of the lower band.

The width of the bands is proportionate to the historic volatility of each asset class.

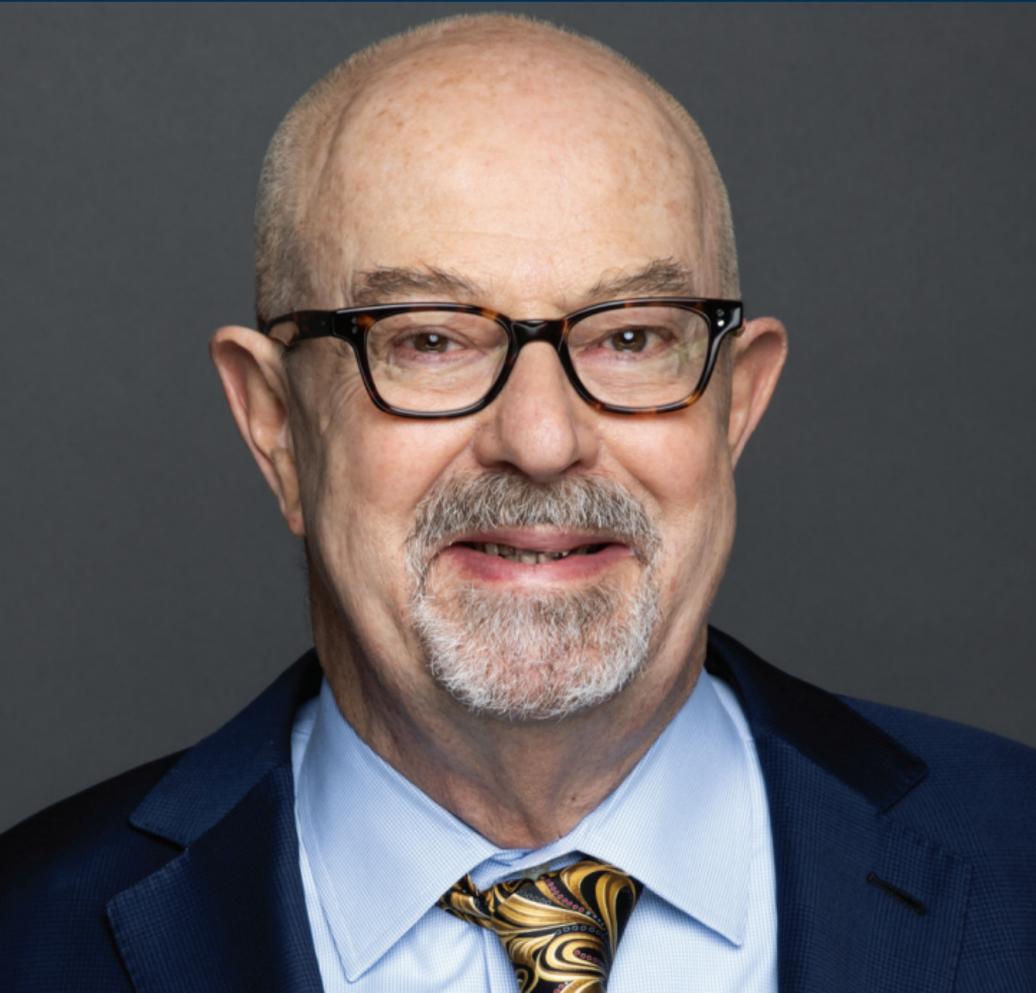


Chart Source: YCharts, Sierra Investment Management

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Co-Founders Dr. Kenneth Sleeper and David Wright developed our rules-based, totally quantitative, “formulas” for Buy and Sell signals in the mid-1980s, using the prior 20 years of daily data for several asset classes.



## Definitions & Disclosures

The S&P 500 Index, or the Standard & Poor's 500 Index, is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The S&P is a float-weighted index, meaning company market capitalizations are adjusted by the number of shares available for public trading.

Alpha: risk-adjusted excess return relative to a target index or market.

Moving Average is an indicator typically used to show the average value of a security's price over a set period. Moving Averages are generally used to measure momentum and define areas of possible support and resistance.

Correlation is a statistic that measures the degree to which two securities move in relation to each other. Correlations are used in advanced portfolio management, computed as the correlation coefficient, which has a value that must fall between -1.0 and +1.0.

**Past performance does not guarantee future results and there is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.**

***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Sierra Mutual Funds. This and other information about the Funds is contained in the prospectuses and should be read carefully before investing. The prospectuses can be obtained on our website [sierramutualfunds.com](http://sierramutualfunds.com) or by calling toll free 1-866-738-4363 (1-866-RETI-FND). The Sierra Mutual Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.***

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Underlying Fund Risk. Each Underlying Fund is subject to specific risks, depending on its investments. Underlying Funds are also subject to investment advisory fees and other expenses, which are indirectly borne by the Fund. As a result, your overall cost of investing in the underlying stocks, bonds and other basic assets will be higher than the cost of investing directly in them, and may be higher than other mutual funds that invest directly in stocks and bonds.

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