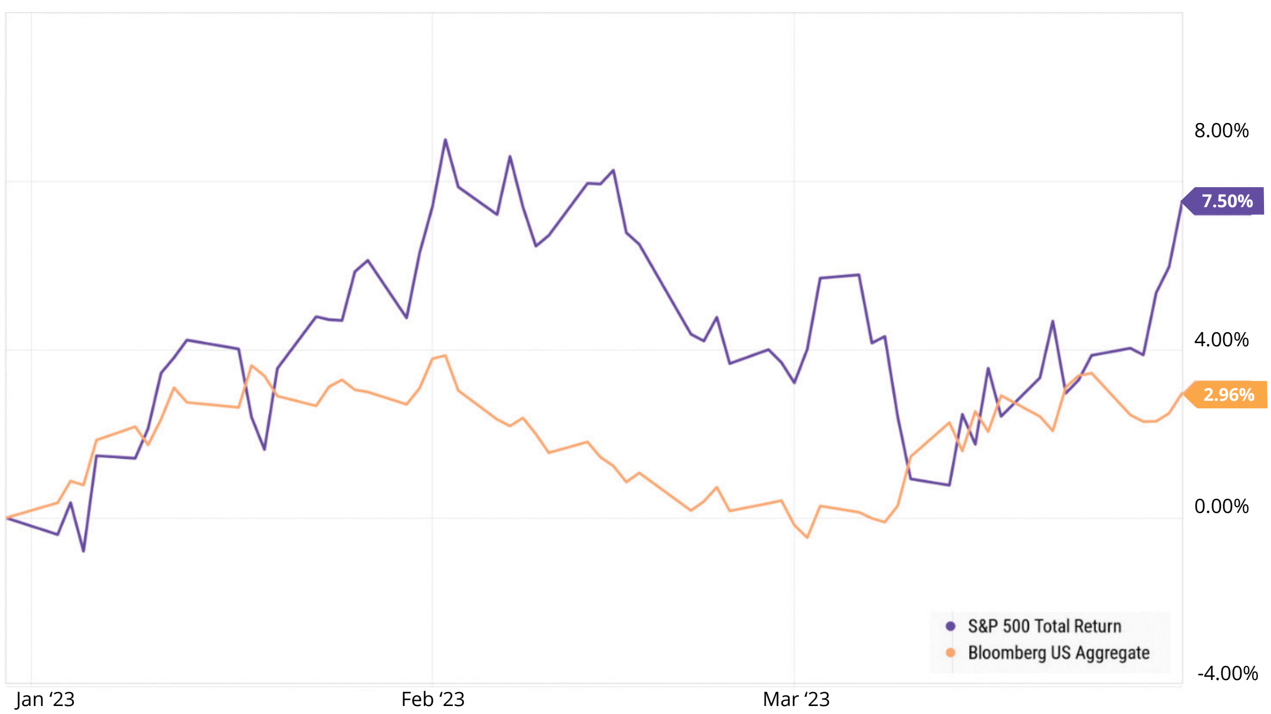
Disciplined Risk Management

WHAT HAPPENED: FIRST QUARTER 2023

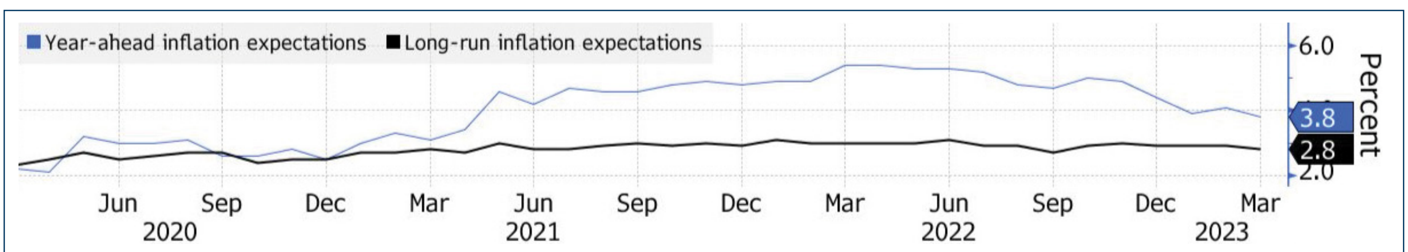
Financial markets were on a rollercoaster path during the first quarter of 2023 as both equities and fixed income investments delivered strong gains in January, only to sell off in February and then rally again in March.

Returns: S&P 500 & Bloomberg US Aggregate Bond Index
Dec. 30, 2022 - March 31, 2023



Source: YCharts, 4/4/23

Data released in January showing a fall in consumers' inflation expectations for the year ahead helped buoy sentiment for stock and bond investors alike.



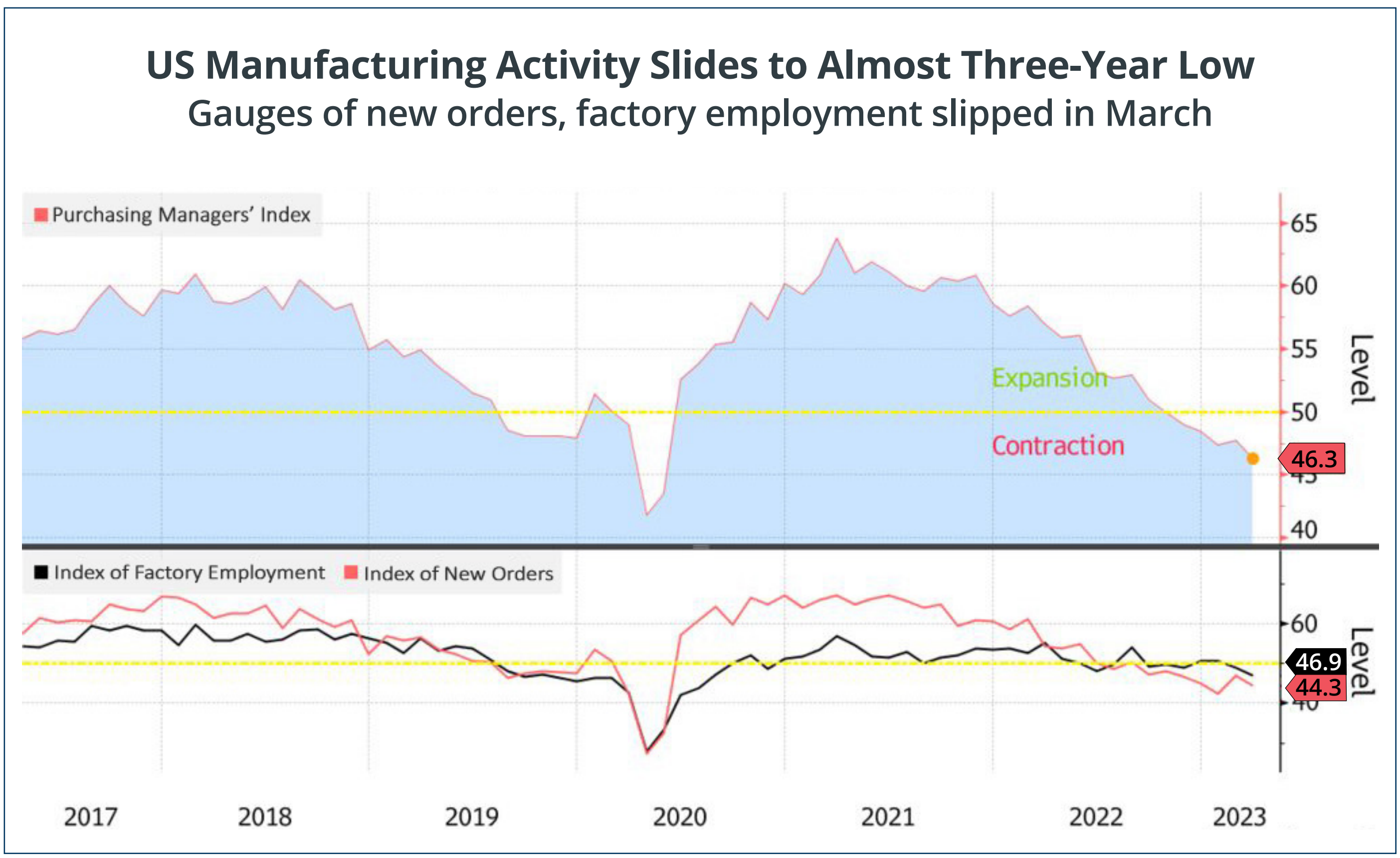
Source: University of Michigan, 4/4/23

Bloomberg

The optimism around falling inflation proved short-lived when January's employment report (released in early February) revealed the economy added more than 517,000 new jobs and the unemployment rate fell to its lowest level in 54 years. This data, combined with a subsequent hot inflation print, dashed investors' hopes that the U.S. Federal Reserve (the "Fed") could ease monetary policy later this year. Equities continued to face selling pressure into early March and felt added duress from the failure of Silicon Valley Bank, the second largest U.S. bank failure ever.

Paradoxically, investor concerns about the impact of bank failures served to renew hopes the Fed could once again turn dovish. Equities, as measured by the S&P 500 Index, rebounded strongly in late March and ultimately ended the first quarter with a gain of more than 7%. A fall in Treasury rates from 3.88% at the beginning of the quarter to 3.48% at quarter-end boosted high quality bonds such as Treasurys.

However, not all recent data has been strong. ISM's monthly survey of U.S. manufacturing purchasing managers has signaled declining output in manufacturing for the past five months in a row. The downturn in manufacturing is broad-based as all of the manufacturing index's components currently signal continued declines in manufacturing. Recent data from ADP on private sector hiring came in at 145,000 in February, well below estimates of more than 200,000 new jobs.



Source: Institute for Supply Management, 4/4/22

Bloomberg

NAVIGATING THE FIRST QUARTER

Volatility in financial markets remained high in the first quarter of 2023 after a strong end to 2022.

All of the Sierra Funds started the year with cash holdings due to previous Sell signals in most fixed income asset classes as well as international equities. As a result, cash levels were lower in the Sierra Funds that also invest in equities. The Sierra Tactical Risk Spectrum 50 Fund had only 11% cash at the beginning of the year while the other Sierra Funds had cash levels ranging from 20% to over 40%.

Markets improved in January as both equities and fixed income delivered strong positive returns. As a result, the Sierra Tactical Core Income Fund was fully invested at the end of the month. As mentioned previously, higher than anticipated inflation as well as hawkish guidance from the Federal Reserve led to declines in February for both stocks and bonds. This again led to new Sell signals in most fixed income categories as well as international equities.

Markets were choppy in March, as several banks failed, but bonds ended the quarter sharply higher as rates fell and equities had a strong rally. Cash levels in the Sierra Funds fell slightly at the end of the quarter but still remained high as credit-sensitive fixed income asset classes in general did not see new Buy signals. Each Sierra Fund had positive returns for the quarter but trailed its respective benchmark.

OUTLOOK

As we move through the rest of 2023, financial markets are likely to remain on shaky ground. The Fed's strong focus on reducing inflation through high interest rates will increasingly weigh on economic growth and foster an unusually uncertain outlook for investors.

Fortunately, Sierra has implemented its process consistently for more than 35 years, including periods of downturns, whether they are shallow or deep. We cannot control what will happen in 2023. But what we can control is our investment disciplines, which we will consistently implement in both rising and falling markets.

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 Fund is contained in the prospectuses and should be read carefully before investing. The prospectuses can be obtained by clicking visiting sierramutualfunds.com or by calling toll free (844) 727-1813. The Sierra Mutual Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.

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