



An Alternative Approach  
to a Traditional Asset Class:  
**The Sierra Tactical Bond Fund**

## What Makes This Fund Different?

The Sierra Tactical Bond Fund appeals to investors looking for a nontraditional bond holding that employs a disciplined risk management process. The Fund employs a tactical, rules-based approach to access two typically uncorrelated asset classes: high-yield corporate bonds and long-duration U.S. Treasury bonds.

### Moving Among 3 Asset Classes



#### High-Yield Corporate Bonds (HYCB)

- Commonly referred to as junk bonds, this asset class tends to increase in value when the U.S. economy exhibits periods of expansion or growth.
- When economic conditions decline, due to emotional sentiment and/or increasing credit default risk, the asset class declines.
- High-yield bonds tend to be less volatile than long-duration U.S. Treasury bonds.



#### Long-Duration U.S. Treasury Bonds

- Considered to be immune from default risk because payment is backed by the full faith and credit of the U.S. government, this asset class moves inversely to interest rates.
- Treasury bonds often rise in value when the economy exhibits weakness or when the stock market experiences large losses, making them an attractive alternative when high-yield corporate bonds are trending negatively.



#### Ability to Move to 100% Cash

- Our strategies allow us to move to cash without hesitation in times of turbulence to keep clients safe.
- We can hold up to 100% cash when there are no upward trends in HYCBs or long-duration U.S. Treasury bonds.

## Our Process: Rules-Based Buying and Selling

We believe there are three questions every money manager should be able to answer: “When do you buy?”, “What do you buy?”, and “When do you sell?” For us, the answers to those questions form a tactical, rules-based decision framework for the construction and management of portfolios that has served investors for more than 35 years.



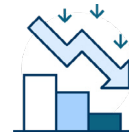
### Trend Following

- We buy only when our decision rules show an uptrend has begun or is in progress.



### Security Selection

- As part of our risk-mitigation discipline, we give preference to securities with the best risk-adjusted returns – our trailing-stop bands will be tighter, thus, when the trend reverses from up to down, we give back less.



### Trailing Stop-Loss

- We monitor and review our trailing-stop-loss discipline daily for every holding.

## Our Process: Includes These Tenets

### Broad Diversification

Diversification is the cornerstone of a sound investment process. We deploy diversification throughout every level of our investment solutions.

### Ability to Move to 100% Cash

Our strategies allow us to move to cash without hesitation in times of turbulence to keep clients safe. We can hold up to 100% cash in the absence of uptrends across our target investment opportunity set.

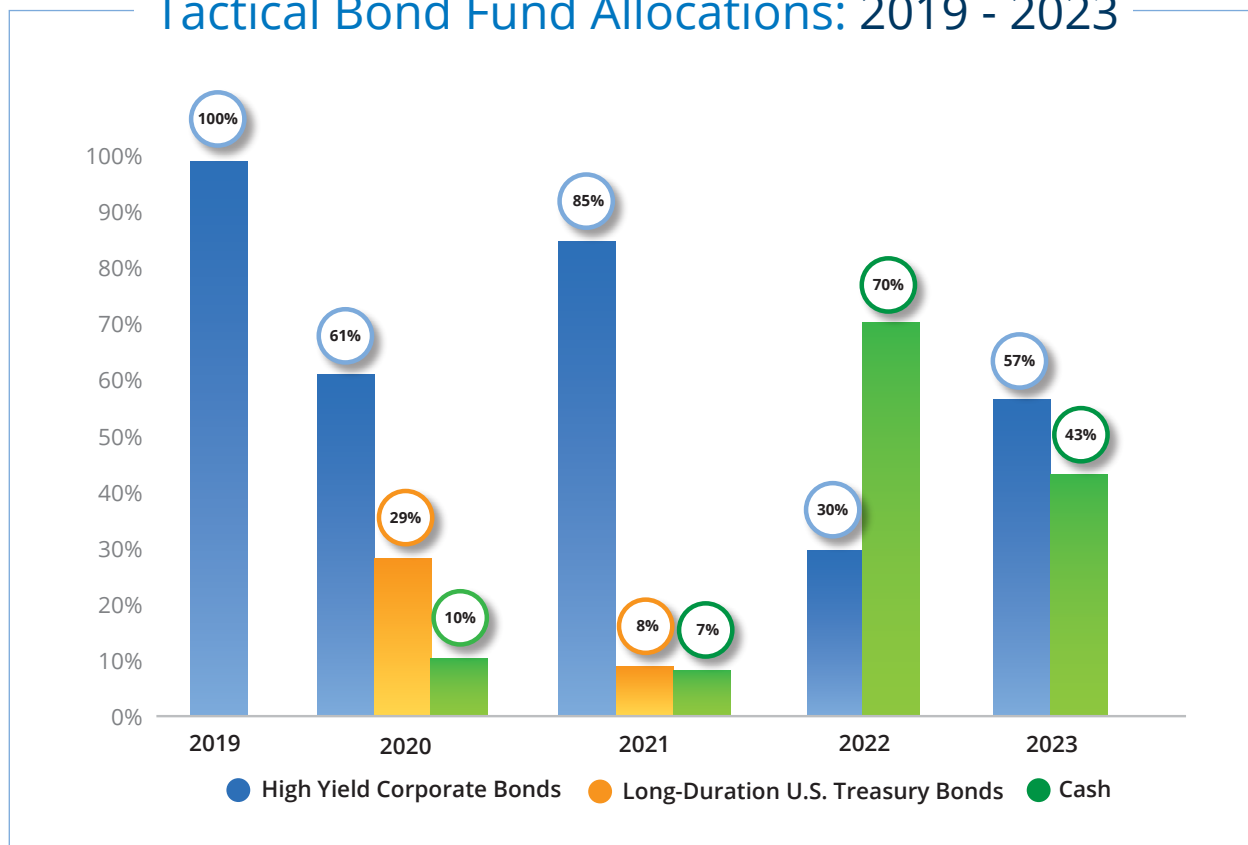
### Limiting Sustained Declines

Our first priority is to keep clients out of trouble. While we can't control the markets, we can limit drawdowns. Our investment process places trailing stops underneath each holding in the portfolio, monitors each holding daily, and immediately sells any holding that passes through the trailing stop level.

### Investing in Pooled Vehicles

Investing in pooled vehicles, such as mutual funds and ETFs, gives us the ability to quickly and efficiently make adjustments to our portfolios. Traditional managers, especially in the fixed income markets, are often disadvantaged by illiquidity when trying to buy or sell individual bonds.

## Tactical Bond Fund Allocations: 2019 - 2023



Source: Sierra Mutual Funds 3/31/23

### INVESTMENT OBJECTIVES

The Fund seeks total return. Our Portfolio Managers analyze and allocate portions of the fund's portfolio to high yield corporate bonds, also known as junk bonds, and U.S. Treasury Securities. Each decision must serve one or both of the fund's two goals: to enhance total return and/or to reduce the overall volatility and downside risk of the portfolio.

### IMPORTANT FUND RISKS

The Sierra Tactical Bond Fund has fixed income risk as a rise in interest rates causes a decline in the value of the underlying funds owned by the fund. Other risk factors impacting fixed income securities include credit risk, maturity risk, market risk, extension risk, illiquid security risks, foreign securities risk and prepayment risk. These risks could affect the value of a particular investment by the Fund possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments. In addition, some of the underlying funds in which the Fund will from time to time invest in are sometimes referred to as high-yield or junk bonds. Because the Fund will seldom hold an underlying fund for 12 months or more, investors who own the Fund in taxable accounts will be subject to federal income tax at short-term rates.

Shares of ETFs may trade at a discount or a premium in market price if there is a limited market in such shares and are also subject to brokerage and other trading costs, which could result in greater expenses to the Fund.

**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 1-844-727-1813. The Sierra Mutual Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.**

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