



## Outcomes Delivered by Process

Since 1987, Sierra's goals have been to help retirees and other conservative investors limit downside risk and grow their wealth. Through the years, Sierra has remained committed to a tactical, rules-based investment approach with the specific objectives of limiting downside risk and producing returns that a conservative investor would deem satisfying. Using decades of strategic research and our rules-based discipline, we strive to help advisors and their clients meet their investment goals.

### Tactical, Rules-Based Decision-Making



WHAT TO BUY?



WHEN TO BUY IT?



WHEN TO SELL IT?

**Sierra Mutual Funds has a long-proven approach to each of these questions, from the simplest to the most complex.**

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.



## When to Sell - Quantitative, Rules-Based, Disciplined in Execution

- We monitor and review our trailing-stop-loss discipline daily for every holding.
- When the price of a holding declines below the trailing-stop, we sell, and move temporarily to cash.
- Our trailing-stops are completely quantitative and are proportionate to the historic volatility of each asset class.
- Our stop-loss discipline limits the impact of any sustained decline on the overall portfolio.



## When to Buy - Quantitative, Rules-Based

- We buy only when our decision rules show an uptrend has begun or is in progress.
- Once a given asset class begins an uptrend adequate enough to generate a “Buy” signal under our proprietary discipline, we analyze all mutual funds and ETFs in that asset class to determine which to buy.
- “Buy” signals are quantitative – and the discipline is the contrary of our trailing stops for “Sell” signals.



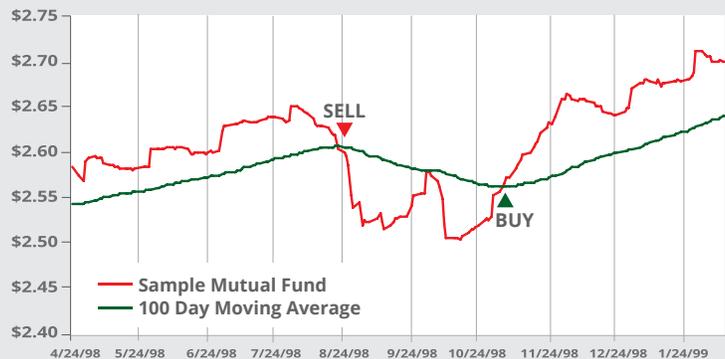
## What to Buy - The Most Complex Question

- As part of our risk-mitigation discipline, we give preference to asset classes with low volatility – our trailing-stop bands will be tighter, thus when the trend reverses from up to down, we give back less.
- Preference is given to asset classes that are not highly correlated to each other, or the portfolio as a whole, when there are multiple asset classes in uptrends.

### An Illustration of a Buy and Sell Discipline

This graph illustrates the use of a simple moving average to generate “Buy” and “Sell” signals for a typical high-yield corporate bond fund. This simple technique (sell when price falls below a moving average, and buy when it rises above it) has been used by traders for more than 50 years.

At Sierra, we use a more sophisticated trailing-stop discipline that we developed more than thirty years ago, but the goals are the same: to limit the impact of sustained price declines on the clients’ portfolios, and in the case of the more severe declines, to buy back at prices lower than those at which we sold, thereby enhancing long-term returns.



*For illustrative purposes only. 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 [www.sierramutualfunds.com](http://www.sierramutualfunds.com) or by calling toll free 1-866-738-4363. The Sierra Mutual Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.*

Note: “Trailing-stop” refers to the way a moving average or comparable discipline rises slowly in periods when price rises in a sustained uptrend – the stop “trails” price movements.

**Mutual Funds involve risk including the possible loss of principal.**