

**March 31, 2025**

**SIERRA INVESTMENT MANAGEMENT, LLC**  
**FORM ADV**  
**PART 2 BROCHURE**

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**This Firm Brochure (“Brochure”) provides information about the qualifications and business practices of Sierra Investment Management, LLC (“Sierra”). If you have any questions about the contents of this brochure, please contact us at 310-452-1887 or at [erik.morris@sierrainvestment.com](mailto:erik.morris@sierrainvestment.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Sierra is a registered investment advisor with the SEC. Registration with the SEC does not imply a certain level of skill or training.**

**Additional information about Sierra Investment Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Material Changes

Since our last annual updating amendment, dated March 26, 2024, Sierra updated its Form ADV Part 2A Disclosure Brochure on October 1, 2024. Please see the material updates related to that change noted below.

In this March 31, 2025 Annual Amendment Update, Sierra is updating its Firm Brochure in relation to the following material items:

**ITEM 5:** Revised the Standard Advisory Fee Schedule to note the lower breakpoint of 1% on assets over \$1 Million effective 4/1/2025.

**ITEM 8:** Added additional investment Programs that Sierra makes available, including applicable descriptions of each.

Added or updated additional risk disclosures, in particular: 1) Market and Geopolitical Risks, 2) Commodity-Linked Derivative Risks, 3) Emerging Markets Risk, 4) Equity Risks, 5) Fixed-Income Risk, 6) High Yield Risk, 7) Small and Mid-Capitalization Risk, 8) Treasury Securities Risk, 9) Tax Risk, and 10) Underlying Fund Risk.

### **October 1, 2024 Other Than Annual Amendment Updates – Summary of Material Changes:**

On October 1, 2024, Sierra Investment Management, LLC succeeded to the business of a registered investment adviser as a result of a change of Sierra's legal structure and form of organization. Prior to October 1, 2024, Sierra operated under the incorporated entity Sierra Investment Management, Inc.

Moreover, on October 1, 2024, Sierra's affiliates Ocean Park Asset Management, LLC and Ocean Park Asset Management, Inc., consolidated their operations and advisory services under the single registered entity of Ocean Park Asset Management, LLC. In coordination with this change, Ocean Park Asset Management, LLC also rebranded its affiliated Sierra Mutual Funds under the Ocean Park Mutual Funds brand.

As a result of this change, the following material changes were made to this Brochure effective October 1, 2024:

**Item 4:** Revised the language discussing the organizational structure of Sierra, its affiliates, and its principal owners. Incorporated a discussion regarding the rebranding of the Sierra Mutual Funds to the Ocean Park Mutual Funds. Revised, in accordance with these organizational and brand changes, the language used in describing Sierra's conflicts of interest.

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## Item 4 Advisory Business

### About Sierra Investment Management, LLC

Sierra Investment Management, LLC (“Sierra”) is a Limited Liability Company organized in 2023 under the laws of the State of Delaware. Sierra succeeded to the business of registered investment adviser with the SEC on October 1, 2024. Sierra and its employees are subject to the rules of the Securities and Exchange Commission (“SEC”) under the Investment Advisors Act of 1940, and subject to the anti-fraud provisions of the state jurisdictions. Sierra is fully owned by Sierra Investments Group, LLC, a holding company of Sierra Investments Holdings, LLC. Sierra Investments Holdings, LLC is owned in part by various incorporated entities or Family Trusts, whereby Kenneth L. Sleeper and David C. Wright are the controlling owners. Dr. Sleeper and Mr. Wright are both founders, principals, and managing members of Sierra. Both Dr. Sleeper and Mr. Wright remain actively involved in the day-to-day business of Sierra in various roles.

Prior to October 1, 2024, Sierra operated under Sierra Investment Management, Inc., a corporation organized in December 1992 under the laws of the State of California. Sierra Investment Management, Inc. registered with the SEC as an investment advisor in December 1992. Kenneth L. Sleeper and David C. Wright were the founders, principals, and controlling owners of Sierra Investment Management, Inc.

### *Affiliated Company Disclosure*

Dr. Sleeper and Mr. Wright are also the founders and controlling owners of Ocean Park Asset Management, LLC (“Ocean Park”). Ocean Park is registered as an investment adviser with the SEC, and is an affiliate of Sierra (together, the “Affiliated Companies”). While the Affiliated Companies are under the common control of Dr. Sleeper and Mr. Wright, no one individual affiliate controls, or is controlled by, any of the other affiliates. The Affiliated Companies share supervised persons.

Ocean Park serves as the investment advisor to the Ocean Park Mutual Funds (formerly the “Sierra Mutual Funds”) and the Ocean Park Exchange Traded Funds (or “Ocean Park ETFs”). Each fund being an “Affiliated Fund” (and, collectively, “Affiliated Funds”, or separately the “Affiliated Mutual Funds” or “Affiliated ETFs”), each a series of the Northern Lights Fund Trust (the “Trust”), a Delaware statutory trust organized on January 19, 2005. The Trust is registered as an open-end management investment company under the Investment Company Act of 1940. The Trust is governed by its Board of Trustees. The Affiliated Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Neither Ocean Park or Sierra is affiliated with Northern Lights Distributors, LLC or the Northern Lights Fund Trust. The presentation of information in this Brochure relating to the Ocean Park Mutual Funds or Ocean Park ETFs is not intended as an offer or solicitation to invest.

Ocean Park also offers investment advisory services directly to clients, through either: 1) a joint investment advisory program (“Joint Advisory Program”) on a wrap fee basis, or 2) through non-wrap fee joint investment advisory services (“Joint Advisory Services”).

Furthermore, Ocean Park provides model provider services to the Axos Money Manager X-Change Program.

Lastly, Ocean Park offers and provides investment services through a model delivery, or strategist, structure to other third-party investment advisers, broker dealers, and financial institutions (together, “Sponsor Firms”).

On October 1, 2024, Ocean Park Asset Management, LLC and its affiliate, Ocean Park Asset Management, Inc., consolidated its operations and advisory services under the single registered entity of Ocean Park Asset Management, LLC. Prior to the consolidation, Ocean Park Asset Management, Inc. was a corporation organized in August 1989 under the laws of the State of California that was registered with the SEC as an investment advisor from December 1989 to December 2024. Kenneth L. Sleeper and David C. Wright were the founders, principals, and controlling owners of Ocean Park Asset Management, Inc.

More information related to Ocean Park Asset Management, LLC can be found in Ocean Park's Firm Brochure.

These affiliations create actual, or potential, conflicts of interests ("Conflicts") in the advisory services that Sierra offers and provides. Where such Conflicts exist, or have the potential to exist, Sierra will disclose in this Firm Brochure the nature of the Conflicts and what steps Sierra takes to eliminate or mitigate such Conflicts.

### Advisory Services Offered

Sierra offers investment advisory services directly to clients ("Client(s)"). Sierra's investment advisory services primarily consist of investment management services. On a case-by-case basis, Sierra may offer to provide limited financial planning services to Clients, as described below.

Before providing services, Sierra enters into an Investment Management Agreement with Clients (the "Agreement"). The Agreement describes the services and the related fees of Sierra. Sierra charges an asset-based fee for its advisory services.

Sierra also provides investment advisory services to separate accounts of Private Placement Variable Annuities (PPVA), performing services as an investment manager/asset allocator pursuant to an agreement with Axcelus Financial Life Insurance Company ("Axcelus").

#### *Investment Management*

Sierra offers and provides investment management services in a discretionary capacity whereby Clients authorize Sierra, through a limited power of attorney, to supervise, manage and direct the investment of the assets in the Client's designated account(s), including the selection of individual securities. Such authorization also grants Sierra the ongoing ability to transact purchases and sales in these accounts on the Client's behalf.

Through initial and ongoing discussions with our Clients, Sierra seeks to understand our Client's objectives, goals, risk tolerance, investment history, and individual circumstances. Sierra then collaborates with Clients to select and provide investment management services that are designed with the objective of meeting Client investment goals and are those in which Sierra has determined to be in the best interest of the Client.

Axcelus has appointed Sierra to act as a discretionary investment manager and asset allocator for its separate accounts offered through PPVAs, pursuant to an Investment Management/Asset Allocator Agreement between the companies. Sierra is responsible for making investment allocation and "Buy" and "Sell" decisions, including placing such orders, in accordance with the stated Investment Policy Statement.

Sierra's investment management services are generally provided through one or more investment programs ("Sierra Programs"), each of which is more generally disclosed in *Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss*.

### *Financial Planning*

While Sierra does not provide comprehensive financial planning services, or planning services on a regular and continuous basis, on a case-by-case basis Sierra may provide limited components of financial planning to Clients or prospective clients, typically through available 3<sup>rd</sup> party software programs. Such planning services generally consist of cash-flow and retirement analysis but can include items like estate planning checklists and/or other services.

Through personal discussions, online or emailed information forms, or other methods, Sierra gathers the required information needed to conduct its limited planning service. The information is then used to present our planning recommendations via live discussion or a prepared written report.

Should Clients choose to implement the recommendations contained in the plan, Sierra recommends that Clients work closely with their attorney, accountant, insurance agent and other advisors, as appropriate. Implementation of planning recommendations is entirely at the Client's discretion.

Where appropriate and desired, Sierra is available to our Clients to assist them in the implementation of planning recommendations.

Sierra generally does not charge additional fees for such services, however, in cases of significant planning, Sierra may require additional fees, in which case Sierra will seek to enter into a separate written financial planning agreement with a Client prior to charging any additional fees.

Please note, Sierra does not provide legal, tax, accounting or insurance advice. We recommend Clients contact an appropriately qualified individual to have any discussions related to these topics.

### *Private Placement Variable Annuities (PPVA)*

Based on a Client's wealth management needs and financial situation, and where Sierra believes it to be in the best interest of a Client, Sierra may recommend a Client enter into a PPVA account. A PPVA is a customized variable annuity and unregistered security product (exempt offering) manufactured and offered by Axcelus Financial Life Insurance Company (formerly, Lombard International Life Assurance Company). Because a PPVA is an exempt offering, PPVAs can only be offered to, and accessed by, Accredited Investors, as that term is defined under Regulation D of the Securities Act of 1933, and periodically amended. Sierra generally recommends these solutions where a Client is seeking tax-efficiency, customization, diversification, risk management, and in some cases, the facilitation of charitable giving.

Purchasing a PPVA is suitable only for individuals, trusts and other entities of substantial financial means. The PPVA will be offered for sale only to persons or entities who Axcelus has reasonable grounds to believe are eligible investors. Prospective PPVA Clients must complete and return an investor questionnaire which requests certain information required to determine suitability to purchase a PPVA, and Axcelus may request that such persons furnish such other information as Axcelus deems necessary to evaluate their qualifications. Prior to a Client's purchase being approved, a Client must satisfy, and represent in writing that he, she, or it has satisfied, certain purchaser suitability standards. In addition, Clients will be asked to provide additional representations as requested.

Because the PPVA is an exempt offering, Clients wishing to enter into such offerings will receive a Private Placement Memorandum (PPM) as well as other subscription and/or offering documents.

Clients should carefully read the PPM, as it contains substantial information on the terms, conditions, fees/expenses/costs, risks, limitations, and other components related to these policies and investing.

Entering into these offerings is done solely at the discretion of the Client.

Sierra has been selected by Axcelus to provide investment management/asset allocation services to the separate accounts of the PPVAs and has entered into an Investment Management/Asset Allocator Agreement with Axcelus to provide such services, subject to ongoing due diligence by Axcelus. Because Sierra will primarily manage the underlying investment portfolio, and receive compensation for those services, a conflict of interest exists in Sierra's recommendation for Clients to enter into PPVAs. Sierra manages the separate accounts of the PPVAs on a discretionary basis.

Sierra is not affiliated with Axcelus Financial Life Insurance Company and does not receive any commission or compensation of any kind from the insurance company, nor does Sierra directly sell these offerings.

PPVAs have several compliance requirements, including diversification requirements, limitations on investor input, etc. that must be followed during the course of ownership and investing.

Sierra recommends that Clients engage with a tax accountant and/or attorney before determining whether or not to enter into a PPVA offering.

#### ERISA Fiduciary Disclosure

To the extent that a Client is an employee benefit plan described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and subject to Title I of ERISA or a plan described in Section 4975(e)(1)(B) through (F) of the Internal Revenue Code of 1986, as amended ("Code") and subject to Section 4975 of the Code (each a "Retirement Client"), Sierra shall exercise its discretionary authority over the assets in the Accounts of such Clients as a fiduciary ("within the meaning of ERISA and/or the Code, as applicable) and in compliance with the requirements of ERISA and/or the Code, as applicable.

#### Our Philosophy- Disciplined Risk Management

Individual investors can often be prone to emotional responses related to episodes of financial market stress that can unfavorably impact long-term portfolio performance. Our Founder's philosophy since the early-1990s, has been rooted in our belief that investment risk across asset classes can be most effectively managed with a tactical investment approach that includes a rigorously applied sell discipline. Sierra believes that through the application of a tactical, quantitatively based, trend following strategy we can seek to mitigate portfolio exposure to market declines, with the objective of smoothing out the investment experience for clients.

#### *Limited Types of Investments*

The Sierra Programs primarily consist of open-end mutual funds registered under the Investment Company Act of 1940 ("**Registered Funds**"). These Registered Funds have daily pricing and liquidity providing what Sierra believes to be an efficient means for quickly entering and exiting the market in

accordance with Sierra's tactical investment process. Furthermore, Sierra believes Registered Funds also help provide Sierra portfolios broader diversification across a smaller number of holdings. However, Registered Funds have additional costs and expenses that can be borne by clients. Please see "*Item 5 – Fees and Compensation*" for a description of the fees and expenses related to Sierra's use of Registered Funds.

In addition to Registered Funds, when the Sierra Programs are invested in cash or cash equivalents, those holdings typically consist of Bank Sweep Programs, money market mutual funds, or other cash and/or cash equivalent investments that may be taxable or tax-exempt depending on the account.

Sierra provides investment management services to Client accounts invested through variable annuities or managed in a Private Placement Variable Annuity ("PPVA") insurance structure. In such instances, the selection of Registered Funds and/or cash and cash equivalent vehicles may be limited to those made available or mandated in such programs, or by the custodian of those accounts.

Certain current or former employee accounts (or accounts of their family members) managed by Sierra may also invest in one or more registered exchange traded funds ("ETFs"), which may be inclusive of the Ocean Park ETFs. From time-to-time, Sierra may seek to curate future Sierra Programs through such accounts with the goal of building a track record and studying the impact of Sierra's process on selected investments, asset classes, asset allocations, and vehicles. Currently, Sierra does not utilize ETF investments with its broader, non-related person, client base.

Certain Clients, on an exception basis, may hold one or more securities in their investment account on an accommodation basis. Sierra does not provide ongoing monitoring and supervision of such assets, does not provide investment advice specifically related to such holdings, and does not charge advisory fees on such assets.

#### *Use of Affiliated Funds and Conflicts of Interests*

Most Sierra Programs hold a position in one or more of the Affiliated Mutual Funds (each such individual investment position an "Affiliated Investment"). In certain cases, a Sierra Program may consist primarily of, or even exclusively of, positions in Affiliated Mutual Funds. There are select Sierra Programs that do not use Affiliated Mutual Funds. More information on which Sierra Programs exclusively use, partially use, or do not use Affiliated Mutual Funds can be found in "*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*".

The use of Affiliated Mutual Funds in Sierra Programs creates material conflicts of interest in that Sierra is incentivized, through the fund management fee revenue (and for each Affiliated Investment, the "Fund Management Fee Rate" associated with that investment) received by its affiliate for management of the Affiliated Mutual Funds, to allocate to, and maintain allocations to, Affiliated Mutual Funds.

Furthermore, Sierra is incentivized on behalf of its affiliate and ownership to grow the assets under management attributed to the Affiliated Mutual Funds, as such growth can improve the overall marketability of the Affiliated Mutual Funds.

Sierra seeks to eliminate, or disclose and manage, these Conflicts in accordance with our fiduciary duty.

Please see "*Item 5: Fees and Compensation*" to understand how we seek to eliminate the potential for additional compensation earned by our affiliate in the Sierra Programs.



Please see “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”, for more information on how our Sierra Programs are designed and why and how Affiliated Funds are selected for use in portfolios.

Sierra also maintains policies and procedures to assist in mitigating these conflicts of interest, in particular as it relates to Programs in which Sierra has discretionary management authority. Such policies and procedures include periodic monitoring of Affiliated Fund allocations in discretionary separate account programs and procedures related to providing discretionary separate account clients the ability to opt-out of new investments in Affiliated Funds.

### Account Customization and Restrictions

The Sierra Programs are designed to offer solutions that can address a range of investor goals across the risk spectrum and have the ability to invest in a wide range of investment categories. These portfolios seek opportunities across global equity and fixed income markets, as well as alternative investments. Sierra also offers targeted asset class solutions using diversified holdings with the goal of meeting specific targeted objectives.

On a limited basis, Sierra, in our sole discretion, may customize a Sierra Program for a Client. However, most commonly, Clients are invested in one or more of the Sierra Programs described herein.

Clients can request to impose any reasonable restrictions with respect to the management of any of Client’s accounts. Reasonable restrictions will be considered; however, Sierra may refuse any restriction it believes may interfere with its investment discipline, in its sole discretion. In such cases, the Client is free to terminate any existing agreement as a result of Sierra’s refusal to implement any restrictions.

Clients may choose to “opt out” of holding a position in any Affiliated Fund, and in such cases, Sierra will collaborate with Clients to determine the appropriate Customized Program.

Restrictions cannot be applied to the underlying holdings of the Registered Funds used in the Sierra Programs, because trading by Sierra is done at the Registered Fund level and not at the underlying holdings security level within the Registered Funds themselves.

### Wrap Fees

Client accounts custodied at Schwab are managed for a quarterly fee (“Advisory Fee”) that includes (“wraps”) the advisory fees of Sierra together with various fees, commissions, expenses and charges related to brokerage transactions effected for the Client account, and fees charged by the account custodian for custodial services provided to the Client account in the ordinary course. See *Item 5 - Fees and Compensation* below for a more detailed description of the fees and expenses included in the quarterly Advisory Fee. Sierra primarily utilizes Charles Schwab & Co., Inc. (“Schwab” or “Custodian”) to maintain custody of Client assets and to effect trades for Client accounts. Sierra is independently owned and operated and not affiliated with Schwab.

Where Sierra provides investment management services to Client accounts utilizing variable annuities, these Client accounts are custodied and maintained with Prudential Financial, Inc. and its related entities. Where Sierra provides investment management services to PPVAs, Client PPVA accounts are

custodied and maintained with AXOS Clearing LLC. In each such case, the Advisory Fees are not “wrapped”, but the services provided are otherwise substantially the same as described herein.

While there is no difference in the approach to how Sierra manages accounts on a wrap-fee or non-wrap fee basis, certain difference can exist, such as: 1) the specific Registered Funds and/or share classes that may be used or that are accessible, 2) the functionality for executing discretionary trades, 3) the comparable monitoring and risk management services may be executed through mutual fund “clones” held through variable annuity contracts rather than on the variable annuity funds themselves, and 4) the fees, expenses or other charges that may be applicable to non-wrap fee accounts, as well as the methods for billing. The investment philosophy and process are the same for both wrap fee accounts and non-wrap fee accounts.

Sierra receives a portion of the wrap fee for accounts custodied at Schwab.

### Client Assets Under Management

As of December 31, 2024, Sierra managed \$385,106,648 on a discretionary basis. Sierra does not manage any assets on a non-discretionary basis. Therefore, Sierra’s Total Regulatory Assets under Management as of December 31, 2024, was \$385,106,648.

## **Item 5 Fees and Compensation**

### Sierra Investment Management Services

#### *Advisory Fees*

The Sierra Advisory Fees earned through accounts custodied at Schwab are considered “wrap fees” because each Client account is charged a single asset-based Advisory Fee that covers the advisory fees of Sierra together with various fees, commissions, expenses and charges related to brokerage transactions effected for the Client account, and fees charged by the Custodian for custodial services provided to the Client account in the ordinary course.

For Clients who hold assets custodied away from Schwab, the Advisory Fees charged are not a wrap fee.

Sierra reserves the right, in its sole discretion, to negotiate or modify the Standard Advisory Fee Schedule set forth herein for any Client due to a variety of factors, including but not limited to: the Client’s financial complexity, type and size of the accounts, the historical or anticipated transaction activity, the level of reporting and administrative operations required, the investment strategy or style, the number of portfolios or accounts involved, the Client’s current or expected total relationship assets under management, terms of the relationship between Sierra and the Client, and/or the number and types of services provided for the Client. Negotiation of Client fees will generally apply only to household relationships that exceed \$2 million in current or expected investible assets. Because the Advisory Fee is negotiable, the actual fee paid by any Client or group of Clients may differ by Client.

Sierra requires all Clients to enter into an Agreement. The specific fees Clients are obligated to pay will be outlined in their respective Agreement.

Clients who custody accounts at Schwab elect to authorize Schwab to directly debit fees from Client accounts at the direction of Sierra. Advisory Fees for Client accounts held at Prudential are not directly debited, and instead are either paid via invoicing or are directly debited from the Client accounts held at Schwab.

Advisory Fees are payable quarterly in advance, generally in an amount equal to the Advisory Fee Rate(s), as shown below in the Standard Advisory Fee Schedule, or as otherwise negotiated and displayed in a Client's Agreement. Advisory Fee Rates are assessed against the Client's Account Value, as of the last market business day of the immediately preceding calendar quarter. The Client's Account Value is the total market value of the assets under management in the Client Account, as determined by the custodian on the appropriate day at quarter-end (typically, the last market business day of the immediately preceding calendar quarter). The Advisory Fee will be prorated for initial contributions by Client to each new account that is effective other than as of the first day of a calendar quarter, based on the actual number of days remaining in such partial calendar quarter.

Sierra aggregates related Client Account Values of the same Client based on Clients being in the same immediate household (i.e., spouses, children, etc.). Householding can include trust and other entity accounts controlled by, or for the benefit of same Clients. Sierra Household accounts for the purpose of achieving the Advisory Fee breakpoint discounts and aggregated asset values. Because Householding generally results in combined reporting as well, certain Clients may choose to opt out of Householding by notifying Sierra.

Advisory Fees are calculated and debited during the first month of each calendar quarter from the Client account(s), each such account as specified by the Client, and apply to all Client account holdings including money market and interest-bearing account allocations.

#### *Standard Advisory Fee Schedule*

The Standard Advisory Fee Schedule is as follows:

- If the Account Value is \$500,000 or less, the Advisory Fee Rate used to calculate the Advisory Fee payable for each calendar quarter shall be 0.45% (1.8% annualized).
- If the Account Value is more than \$500,000 but less than or equal to \$1,000,000, the blended Advisory Fee Rate used to calculate the Advisory Fee payable for each calendar quarter shall be (x) 0.45% (1.8% annualized) for such portion of the Account Value up to \$500,000, and (y) 0.30% (1.2% annualized) for such portion of the Account Value in excess of \$500,000.
- If the Account Value is more than \$1,000,000, the Advisory Fee Rate used to calculate the Advisory Fee payable for each calendar quarter shall be 0.25% (1.0% annualized).

Accounts which hold a position in one or more of the Affiliated Funds will have their quarterly Advisory Fee reduced by the Affiliated Funds' Fee Offset Credit as described below.

Wrapped-Advisory Fees that a Client pays may be higher or lower than the aggregate fees, commissions, expenses or charges that the Client would otherwise pay if advisory, brokerage and custodial services were separated. Additionally, wrap-fee accounts with low trading volumes, high cash balances or significant fixed income weightings may be able to receive similar services at a lower cost outside of the Sierra Programs. Sierra makes no guarantees that the cost of participating in the Sierra Programs on a

wrap-fee basis will be lower than the cost that would be borne by a Client investing through a regular investment account with Sierra or another advisor.

Clients should explore this subject carefully to determine whether a wrap fee program or a regular investment account is appropriate for their investment goals.

#### *Private Placement Variable Annuity (PPVA)*

For its investment management/asset allocation services to Axcelus PPVA separate accounts, Sierra charges a flat 1% Advisory Fee for all assets in PPVA separate accounts. Fees are debited directly from the separate account, quarterly in advance as described above.

In addition to the Advisory Fee, separate accounts are also generally subject to Axcelus's Mortality and Expense Risk Charge. The annual rate of the Mortality and Expense Risk Charge will be calculated as set forth in the schedule provided in the offering documents. Generally, these charges range from 0.30% to 0.60%, dependent primarily on years from the policy issue date and the separate account value.

Separate accounts are custodied at Axos Clearing LLC. While the separate accounts are not subject to transaction costs and commissions, other additional fees and expenses can generally apply and be borne by the separate account, such as: (1) management fees, operating fees and expenses, and administrative costs charged by mutual funds and/or ETFs (such as servicing fees and other fees or charges, including redemption fees, for owning such products); (2) wire transfer and certain other account activity fees (other than transaction costs); (3) taxes, SEC fees, other regulatory fees, or other fees required by law; (4) brokerage commissions or ticket charges imposed by broker-dealers or the Custodian if trades are cleared by another broker-dealer other than Custodian (including step-out costs); (5) fees for any custody services by the Custodian that are not provided in the ordinary course, including custody of non-publicly traded securities, if any.

#### *Additional Expenses and Fees – Wrap-Fee Accounts*

The following fees and expenses are not covered under the Advisory Fee and will be separately paid by Clients via direct debits from their Client account, in addition to the wrapped-Advisory Fees. Such additional fees and expenses will generally include, as applicable: (1) management fees, operating fees and expenses, and administrative costs charged by mutual funds and/or ETFs (such as servicing fees and other fees or charges, including redemption fees, for owning such products); (2) wire transfer and certain other account activity fees (other than transaction costs); (3) taxes, SEC fees, other regulatory fees, or other fees required by law; (4) margin interest, if and where applicable; (5) brokerage commissions or ticket charges imposed by broker-dealers or the Custodian if trades are cleared by another broker-dealer other than Custodian (including step-out costs); (6) any fees, commissions, expenses or charges related to transactions or services provided by any person(s) other than Sierra and the Custodian; (7) markups and markdowns, bid-ask spreads, selling concessions or other transaction costs where the Custodian acts as principal; (8) fees for any custody services by the Custodian that are not provided in the ordinary course, including custody of non-publicly traded securities, if any; and (9) early termination fees assessed by the custodian, when the Client terminates IRA accounts, Qualified Retirement Plan accounts, and any other accounts as deemed by the Custodian as subject to this fee.

For more information or details on other fees and expenses charged under the Custodian's Advisor Billing Platform, please visit [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide) or contact Sierra.

A Client's prior written consent will be required before we cause a Client account to incur fees, commissions, expenses or charges related to transactions or services provided by any person(s) other than Sierra or the Custodian. Any fees, commissions, expenses, taxes or charges that are listed above as excluded from the Advisory Fee for services by third parties approved by the Client will be in addition to the Advisory fee and debited separately from the Client account by the Custodian.

#### **Additional Expenses and Fees – Non-Wrap Fee Accounts**

The fees paid to Sierra for investment advisory services are separate and distinct from all other fees and expenses that can be incurred for our services. These can include all costs, fees and expenses associated with transaction costs; custodial costs, fees, and expenses charged by the custodian to open and maintain investment accounts, conduct account activity, or close or terminate accounts. Clients can also be subject, as applicable, to (1) management fees, operating fees and expenses, and administrative costs charged by mutual funds and/or ETFs (such as servicing fees and other fees or charges, including redemption fees, for owning such products); (2) taxes, SEC fees, other regulatory fees, or other fees required by law; (3) margin interest, if and where applicable; (4) brokerage commissions or ticket charges imposed by broker-dealers or the Custodian if trades are cleared by another broker-dealer other than custodian (including step-out costs); (5) any fees, commissions, expenses or charges related to transactions or services provided by any person(s) other than Sierra and the Custodian; (6) markups and markdowns, bid-ask spreads, selling concessions or other transaction costs where the Custodian acts as principal; (7) fees for any custody services by the Custodian that are not provided in the ordinary course, including custody of non-publicly traded securities.

Please speak with Sierra or your selected custodian regarding fees and expenses that may be applicable to you.

All such fees, costs and expenses will be separately paid by Clients from their Client account or otherwise, in addition to the Advisory Fees paid to Sierra.

#### **Mutual Fund Considerations**

With respect to mutual funds used in Client accounts within the Sierra Programs, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each respective mutual fund's prospectus. For complete details, Clients should review each mutual fund's prospectus and statements of additional information ("SAI") for information on the fees and expenses associated with each mutual fund held in Client accounts. Lastly, mutual fund companies offer a variety of share classes with different expense levels. Not all mutual funds and share classes available to the investing public will be available to Sierra and Clients for use in any or all of the Sierra Programs, and Clients should not assume that Sierra is selecting share classes with the lowest expense ratio as noted in a prospectus or SAI. Sierra is beholden to those share classes made available through the custodian, and therefore a share class of a mutual fund used by Sierra in its Sierra Programs may have higher expenses than other share classes of that mutual fund for which a Client might otherwise be eligible if a Client invested in the mutual fund through another third party, through an investment account outside of the Sierra Programs, or through the mutual fund directly. More expensive share classes of a fund result in higher fees over time – and lower investment returns – than less expensive share classes of the same fund. As part of

Sierra's fiduciary duty to Clients, Sierra reviews the mutual funds contained in its Sierra Programs periodically to review share class considerations in seeking the lowest cost share classes made available by the custodian.

#### *Affiliated Fund Compensation and Fee Offsets*

To the extent that a Client account holds an Affiliated Investment, Sierra offsets the Advisory Fee by the corresponding amount of the Fund Management Fee Rate earned by its affiliate from the related Affiliated Investment (this offset referred to as the "Affiliated Funds' Fee Offset Credit"). The Affiliated Funds' Fee Offset Credit is calculated quarterly by multiplying the value of each Affiliated Investment held by the Client account, as of the last business day of the calendar quarter immediately preceding each quarter, by the Fund Management Fee Rate attributed to the specific Affiliated Fund in respect of each such Affiliated Investment. The Advisory Fee is thus correspondingly reduced by the Affiliated Funds' Fee Offset Credit prior to the debiting of Advisory fees in advance for Client accounts.

Clients should take time to carefully understand which Sierra Programs use Affiliated Funds; understand the allocation amounts to the Affiliated Funds in each Sierra Program; understand the particular Fund Management Fee Rate for each Affiliated Investment; and understand how Advisory Fees are adjusted for Fund Management Fee Rates through the Affiliated Funds' Fee Offset Credit.

#### *Schooner Program*

Available on a limited basis at Sierra's sole discretion and in consultation with Clients, Sierra provides investment management services to separate accounts that differ from Sierra's other investment programs in that these Schooner Program accounts are comprised of, and solely allocated to, Affiliated Funds.

As such, accounts in the Sierra Schooner Program are not charged asset-based Advisory Fees. Instead, Clients in this program pay the ongoing Affiliated Fund Management Fees which are paid to Sierra's affiliate, for each Affiliated Investment in the Client Account. There is no Affiliated Funds' Fee Offset Credit for accounts in this Program as the Program has no Sierra Advisory Fee. Client accounts are maintained at Schwab under Schwab's wrap-fee billing structure, and Sierra bears the expense of such transaction and custody costs. Please see *Additional Expenses and Fees – Wrap-Fee Accounts* for more information on these expenses and fees that are not absorbed in relation to the accounts custodied at Schwab under the wrap-fee billing structure.

### **Compensation for the Sale of Securities or Other Investment Products**

Neither Sierra, its affiliates, nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Review of Statements**

We encourage all clients to periodically review their custodial statements and compare their fee deductions to their applicable advisory agreements. If a client identifies any suspected errors, they should contact Sierra.

## Termination

A Client may terminate our investment advisory services at any time upon written notice (or telephone or verbal notice, in our sole discretion). Sierra may terminate investment advisory services after providing the client with 30 days written notice. If the Agreement is terminated before the end of a calendar quarter, a pro rata portion of the Advisory Fee for that quarter will be repaid to the Client (based on the actual number of days remaining in the quarter), subject to any applicable account expenses.

The Client's account Custodian may charge fees for accounts that are transferred "in-kind" to another custodian, or termination fees, all of which will be paid by the client upon termination.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

Neither Sierra, nor its affiliates, charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Therefore, Sierra does not engage in side-by-side management of clients with performance-based fees.

## **Item 7 Types of Clients**

Sierra provides services to various types of Clients, including individuals and high net worth individuals; trusts, estates and charitable organizations; corporations or other business entities; not for profit entities; and pension and profit-sharing plans.

Sierra provides services to the separate accounts of PPVAs of Axcelus, an insurance company.

The stated minimums for the Sierra Programs are \$500,000 per household, and \$50,000 per account registration, although Sierra reserves the right in its sole discretion to accept households and accounts of a smaller size.

Clients must have a written and executed Agreement with Sierra. Clients who wish to engage Sierra on a wrap-fee basis must also open or have an investment account at Charles Schwab.

Sierra does not recommend variable annuities and will only accept investment management appointment for existing variable annuity accounts of Clients or prospective clients. To provide investment management services, Sierra requires the variable annuity accounts to be held at Prudential which provides Sierra investment advisory access to such accounts.

The PPVA solution and Programs are only available to Accredited Investors as that term is defined under Regulation D of the Securities Act of 1933. Clients must have a household total of \$1,000,000 of assets under management with Sierra to engage Sierra in the recommendation of such services. Clients enter into a separate relationship with Axcelus, and can only access PPVA accounts through the required offering documents provided by Axcelus.

## **Item 8 Methods of Analysis, Investment Strategies, and Risk of Loss**

Sierra's objectives are to produce total, long-term return while focusing on managing downside risk, as measured by drawdowns. In furtherance of these objectives, Sierra has developed a rules-based discipline to investing, with clearly defined methods for determining when to buy, what to buy, and when to sell. The Sierra Programs focus on the management of Registered Funds within portfolios, however Sierra can and will tilt portfolios towards cash and cash equivalent holdings upon receiving sell signals or in the absence of buy signals.

The methods and tools we use to analyze new investment opportunities, or manage existing portfolios, as well as a summary of each Sierra Program is described further below.

All investments involve risk, including loss of principal. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. **Clients should be prepared to bear such risks, including the risk of loss of all principal. Sierra Programs may lose money.**

### **Methods of Analysis**

Sierra believes in tactical management as a means to manage risk. Sierra does not make assumptions, guesses, or decisions based on its expectations of future market performance. Instead, Sierra primarily seeks to identify price trends among Registered Funds within each investment strategy's respective Registered Fund investment universe.

#### *Our Process - General*

The Sierra Programs are comprised of asset allocation models with target portfolio holdings ("Target Portfolio Holdings"). The Investment Management Team reviews these Target Portfolio Holdings each market business day to determine whether a "Sell Signal" has been generated via Sierra's rules-based investment process. These are not Client account level holdings reviews; however, subjected to limited exceptions, Client accounts are invested exclusively toward Target Portfolio Holdings. When Sell Signals are generated, the Target Portfolio Holdings are adjusted, and the corresponding Client account positions will be sold directly.

When Sierra Programs have cash or cash equivalent Target Portfolio Holdings to invest, Sierra's Investment Management Team looks for Buy Signals through our Trend Following Methodology, to put cash to work. When Sierra Programs are fully invested, Sierra's Investment Management Team typically will not have any trades, with the exception of investing cash inflows or raising cash for disbursement. Sierra utilizes a team-based approach to the management of investment portfolios and in investment making decisions.

Certain Sierra Programs, such as the Schooner Program and Pioneer Program, can operate differently than described above, as noted in the Program descriptions below. Moreover, please note any exceptions to Sierra's process in relation to Affiliated Fund holdings as noted below.

#### *Analytical Tools*

Sierra uses third-party software and data packages, among other sources, to quantitatively analyze a wide variety of asset classes, and funds.



Additionally, we use third-party software programs to quantitatively analyze funds with the aim of constructing portfolios that are likely to be productive, while seeking to maximize the benefit of diversification.

### Trend Following Methodology

Sierra evaluates buying opportunities when our quantitative decision rules identify an uptrend in the price of a security. An uptrend is determined by a security's price rising above both the recent low of its upper band and a secondary moving average. A security's bands are related to its historic volatility and are offset above and below a short-term exponential moving average.

### Security Selection

Sierra seeks to buy securities exhibiting strong risk-adjusted returns during a recent uptrend. Sierra considers additional metrics in portfolio construction, such as strength of the recent uptrend, historical volatility, and correlation to existing holdings. In cases where there are multiple securities with Buy Signals in the same asset class, Sierra's preference is towards buying securities with better, recent risk-adjusted performance. Where Sierra manages multi-asset-class portfolios, if there are a number of securities with Buy Signals across different asset classes, risk and diversification are also considered, with the goal of preventing one asset class from having an outsized impact on a portfolio.

### Trailing Stop Discipline

Sierra's Trailing Stop Discipline has the objective of limiting the magnitude for portfolio drawdowns, by using our quantitative decision rules to identify a downtrend in the price of a security. The Trailing Stop Discipline is based on a manual process that defines sell levels/signals for security holdings in decline, as measured by a security's price falling below the recent high of its lower band.

**These are not market orders.** Sierra utilizes our Trailing Stop Discipline directly in the management of non-affiliated Registered Fund holdings within our Sierra Programs. Where Sierra invests in its Affiliated Funds (each generally being a "fund of funds" consisting of "Underlying Funds"), the same Trailing Stop Discipline is applied in the same manner by our affiliate at the Underlying Funds level within each Affiliated Fund portfolio, and not on the Affiliated Funds themselves. Please see additional information herein related to the conflicts of interest that exist as a result of Sierra investing in Affiliated Funds.

Moreover, within some Sierra Programs, Sierra may perform comparable monitoring and risk management services for mutual fund "clones" held through variable annuity contracts, choosing to use a proxy security to set its bands for generating sell signals, rather than the security itself.

### Cash Management and Exposure

In the absence of Buy Signals, and/or temporarily following a sell or Sell Signal, Sierra Programs can have exposure to 100% cash and cash equivalent asset classes. Because our Affiliated Funds utilize the same Trailing Stop Discipline, the Underlying Fund Holdings of any Affiliated Fund can also consist of cash exposure. Cash exposure in Sierra Programs therefore considers both the direct cash exposure as well as the cash exposure within the Affiliated Funds.

### Portfolio Turnover

Sierra employs an active, tactical approach to the management of portfolios. However, because Sierra's process is rules-based, portfolio turnover is largely driven by market performance, and in particular the price movement of the Target Portfolio Holdings within each portfolio.

Therefore, clients may experience a high level of turnover during periods of short-term price volatility that exceeds the historical price volatility of a holding. The result of high turnover can be higher transaction costs, redemption fees, or other related costs to transactions. Please see "*Item 5 – Fees and Compensation*" related to the fees and expenses that may be applicable to Client accounts.

In contrast, low portfolio turnover can occur when the Sierra Programs maintain cash in the absence of buy signals, during periods of stable upward price trends in market periods with average to low volatility, and/or as a result of holding higher allocations to Affiliated Funds, which are generally held consistently as Sierra does not apply its Trailing Stop Discipline to the Affiliated Funds, but rather the same Trailing Stop Discipline is used by Sierra's affiliate in the management of the Underlying Fund Holdings of the Affiliated Funds.

### Investment Strategies

A list of the standard Sierra Programs is shown below. Please note, not all Sierra Programs listed may be made available to Clients. For Clients receiving a Sierra Customized Program, please work with your Sierra financial advisor to understand the strategy and any risks or limitations that may apply.

#### Conservative Allocation Program

The Sierra Conservative Allocation Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers a diversified multi-asset portfolio designed for investors with a conservative risk profile. When equities are in an uptrend, the Program targets equity exposure between 15% and 30%. Equity exposure may vary above or below this range depending on market conditions. The Program is unconstrained, tactically managed and invests primarily across global equity and fixed income asset classes. The Program seeks to participate opportunistically in global investment uptrends, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

#### Moderately Conservative Allocation Program

The Sierra Moderately Conservative Allocation Program has two objectives, to provide total return and to limit exposure to market risk. The Program offers a diversified multi-asset portfolio designed for investors with a moderately conservative risk profile. When equities are in an uptrend, the Program targets equity exposure between 30% and 50%. Equity exposure may vary above or below this range depending on market conditions. The Program is unconstrained, tactically managed and invests primarily across global equity and fixed income asset classes. The Program seeks to participate opportunistically in global investment uptrends, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

#### **Moderate Allocation Program**

The Sierra Moderate Allocation Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers a diversified multi-asset portfolio designed for investors with a moderate risk profile. When equities are in an uptrend, the Program targets equity exposure between 50% and 70%. Equity exposure may vary above or below this range depending on market conditions. The Program is unconstrained, tactically managed and invests primarily across global equity and fixed asset classes. The Program seeks to participate opportunistically in global investment uptrends, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

#### **Moderate Growth Allocation Program**

The Sierra Moderate Growth Allocation Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers a diversified multi-asset portfolio designed for investors with a moderately aggressive risk profile. When equities are in an uptrend, the Program targets equity exposure between 70% and 85%. Equity exposure may vary above or below this range depending on market conditions. The Program is unconstrained, tactically managed and invests primarily across global equity and fixed income asset classes. The Program seeks to participate opportunistically in global investment uptrends, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

#### **Growth Allocation Program**

The Sierra Growth Allocation Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers a diversified multi-asset portfolio designed for investors with an aggressive risk profile. When equities are in an uptrend, the Program targets equity exposure between 85% and 100%. Equity exposure may vary below this range depending on market conditions. The Program is unconstrained, tactically managed and invests across global equity and fixed income asset classes. The Program seeks to participate opportunistically in global investment uptrends, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

#### **High Yield Corporate Bond Program**

The Sierra High Yield Corporate Bond Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers exposure to high yield corporate bonds. The Program will

tactically allocate between high yield corporate bond funds and cash equivalents and/or short term bond funds. The Program seeks to participate opportunistically in high yield corporate bond market uptrends. Cash equivalents and/or short-term bond funds are held in the absence of uptrends in high yield corporate bonds.

The Program consists primarily of non-affiliated Registered Funds but may from time to time invest in Affiliated Mutual Funds.

### **Municipal Bond Program**

The Sierra Municipal Bond Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers exposure to municipal bonds of any credit quality and maturity. The Program will tactically allocate between municipal bond funds and cash equivalents and/or short term bond funds. The Program may also invest in state-specific municipal bond funds. The Program seeks to participate opportunistically in municipal bond market uptrends. Cash equivalents and/or short-term bond funds are held in the absence of uptrends in municipal bonds.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

### **California Municipal Bond Program**

The Sierra California Municipal Bond Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers exposure to California municipal bonds. The Program will tactically allocate between California municipal bond funds and cash equivalents and/or short term bond funds. The Program will invest in both investment grade and non-investment grade California municipal bond funds. The Program may also invest in national municipal bond funds. The Program seeks to participate opportunistically in California municipal bond market uptrends. Cash equivalents and/or short-term bond funds are held in the absence of uptrends in California municipal bonds.

The Program consists primarily of non-affiliated Registered Funds but may from time to time invest in Affiliated Mutual Funds.

### **Strategic Income Program**

The Sierra Strategic Income Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers exposure to an income-oriented portfolio. Income-oriented asset classes include, but are not limited to, government bonds, corporate bonds, floating rate notes, preferred securities, convertibles and master limited partnerships (MLPs). The Program may hold funds that primarily invest in either investment grade or non-investment grade securities. The Program is unconstrained, tactically managed and invests in a diversified selection of income-oriented asset classes. The Program seeks to participate opportunistically in global uptrends in income-oriented funds, while aiming to limit downside risk. Cash equivalents and/or short-term bond funds are held in the absence of uptrends.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

## Tactical Bond Program

The Sierra Tactical Bond Program has two objectives, to provide total return and to limit exposure to downside risk. The Program offers exposure to high yield corporate bonds and long-term Treasuries. The Program will tactically allocate between high yield corporate bond funds, long-term Treasury funds, and cash equivalents and/or short term bond funds. The Program seeks to participate opportunistically in bond market uptrends. When high yield corporate bonds are in an uptrend, the Program will be invested across several high yield corporate bond funds. When high yield corporate bonds are not in an uptrend, the Program may invest in long-term Treasuries, provided that long-term Treasuries are in an uptrend. Cash equivalents and/or short-term bond funds are held in the absence of uptrends in either high yield corporate bonds or long-term Treasuries..

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

## Private Placement Variable Annuity

Sierra is responsible for the investment management and asset allocation of PPVA separate accounts using publicly traded mutual funds, and for the application of Sierra's risk-disciplined strategy. Sierra is required to follow specific guidelines as set forth by Axcelus with respect to diversification and other compliance requirements. The PPVA separate accounts are invested similarly, in terms of risk management process and asset classes, to either the Tactical Bond Program, High Yield Corporate Bond Program, or in a customized version, which is similar to the Conservative Allocation Program.

The Program does not invest in Affiliated Mutual Funds.

## Variable Annuity Program- Conservative Allocation

Sierra is responsible for portfolio construction using variable annuity sub-accounts, and for the application of Sierra's risk-disciplined methodology. Sierra is limited to the investible universe of the variable annuity sub-accounts. The Variable Annuity Program accounts are invested similarly, in terms of risk management process and asset classes, to the Conservative Allocation Program. Sierra performs comparable monitoring and risk management services using mutual fund "clones" when available.

The Program does not invest in Affiliated Mutual Funds.

## The Schooner Program

The Sierra Schooner Program has two objectives, to provide total return and to limit exposure to downside risk. The Schooner Program is globally diversified to the extent of the diversification of the Underlying Holdings of the Affiliated Funds. The primary Schooner Program is allocated to two Affiliated Funds, but certain Schooner Programs may be more specifically invested towards a single individual Affiliated Fund. Accounts that hold more than one Affiliated Fund are rebalanced quarterly.

The Program consists exclusively of Affiliated Mutual Funds.

Sierra generally employs a “buy and hold” approach to the holdings in this Program and has concentrated holding in two positions, and therefore should be considered limited in terms of diversification.

### Pioneer Program

The Pioneer Program offers a diversified multi-asset portfolio to Clients wanting to take a more aggressive approach than the Conservative Allocation Program. The Program is unconstrained, tactically managed, and invests across global equity and fixed income markets. It aims to provide long-term total return while attempting to reduce losses during market downturns, by using disciplined risk management and dynamically adjusting allocations. With a focus on limiting drawdowns, the Program prioritizes risk management and capital preservation.

The Program seeks to participate in upside performance by utilizing Sierra’s trend following methodology and data-driven analysis but may also purchase positions prior to a standard buy signal. The approach to overall asset allocation is tactical, and allocations change significantly over time in response to changing trends in U.S. and global investment markets. The Program may be more concentrated than other Sierra Programs. This Program is available on an invitation basis only.

The Program consists primarily of non-affiliated Registered Funds but may from time to time invest in Affiliated Mutual Funds.

### Multi-Strategy Program (“MQ Programs”)

The Multi-Strategy Program is used for the investment management of accounts of current and former employees, as well as family members of current and former employees. The multi-strategy Program is typically further split into three different style mandates: standard, buy-and-hold, and income. The Multi-Strategy Program employs an unconstrained, flexible, adaptable, go-anywhere approach that looks for opportunities across a wide set of asset classes and markets without the limitations imposed by a broad market benchmark. The Program may use buy and sell signals that are different from the ones used by other strategies offered by Sierra and investment management services are provided below the typical stated Client minimums. The Program is currently only available to current and former employees and their family members.

The Program can be allocated to both Affiliated Mutual Funds and non-affiliated investments.

### KS Customized Program

The KS Customized Program offers a diversified multi-asset portfolio suitable for investors with a conservative risk profile. The Program is unconstrained, tactically managed, and invests across global equity and fixed income markets. It aims to provide satisfying long-term total return while attempting to reduce losses during market downturns, by using disciplined risk management and dynamically adjusting allocations. With a focus on limiting drawdowns, the Program prioritizes risk management and capital preservation. The approach to overall asset allocation is tactical, and allocations change significantly over time in response to changing trends in U.S. and global investment markets. The Program does not

employ a passive buy-and-hold strategy. Originally designed by Sierra's founder, Ken Sleeper, the Program was established to allow for customized deviations from Sierra's standardized Programs. Since September 2022, the Program has closely resembled the Conservative Allocation Program.

The Program consists of a mix of non-affiliated Registered Funds and Affiliated Mutual Funds.

### Customized Programs

As noted prior, on a limited basis, Sierra, in our sole discretion, may customize a Sierra Program for a Client. Furthermore, where Clients "opt-out" of holding Affiliated Funds, or where Clients request different allocations to Affiliated Funds than offered in standard Sierra Programs, Clients are placed in Customized Programs. Generally, these Customized Programs resemble one or more of the Programs listed above, but may have unique differences in asset allocations, Registered Fund selections, etc. Please talk with your Sierra Advisor to learn more about such Programs where they may be applicable to you.

The use of Affiliated Mutual Funds and non-affiliated Registered Funds can vary by Customized Program.

### Material Risks and Frequent Trading

Securities markets fluctuate substantially over time. All investments in securities include a risk of loss of money invested (principal) and any unrealized profits (i.e., profits in the account that have not been liquidated, sometimes called "paper profits"). Different types of investments tend to shift in and out of favor depending on market, economic, and other forces. In addition, the performance of any investment is not guaranteed, and your account may experience loss of assets due to a variety of reasons including market movements and global and domestic events affecting the economy.

Sierra cannot guarantee any level of performance or that clients will not experience a loss of account assets, nor should clients infer that past performance is indicative of any future results.

Sierra cannot, and does not, represent, warrant or imply that Sierra's methods of analysis, or philosophy and process can or will predict future results, successfully identify and/or participate in market tops or bottoms, or insulate clients from any losses or drawdowns. No guarantees can be offered that clients' goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Sierra will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences. Sierra considers its investment philosophy to be a long-term investing philosophy, and thus long-term performance and performance consistency are the major goals.

Client portfolios are generally subjected to the risks described below.

#### *General Market Risks*

##### **General Economic and Market Conditions:**

The performance of Sierra's advisory services will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Sierra's investments), trade barriers,

currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors can affect, among other things, the level and volatility of securities' prices, the liquidity of investments, and the availability of certain securities' prices. Clients may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions can from time to time cause dramatic losses for clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

#### **General Market and Credit Risks of Debt Obligations:**

Investments in debt obligations, whether direct or indirect, are subject to credit risk and interest rate risk. "Credit Risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk.

#### **Market & Investing Risks:**

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Sierra's advisory services may depend, to a great extent, upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Sierra will be able to predict these price movements accurately or capitalize on any such assumptions.

#### **Market Disruptions and Governmental Interventions:**

The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

#### **Market and Geopolitical Risk:**

The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Securities in the Fund may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, pandemics, epidemics, climate change or climate change related events, terrorism, international conflicts, regulatory events and governmental or quasi-governmental actions. The occurrence of global events similar to those in recent years such as a worldwide pandemic, terrorist attacks, natural disasters, social and political discord or debt crises and downgrades, among others, may result in market volatility and may have long term effects on both the U.S. and global financial markets. It is difficult to predict when similar events affecting the U.S. or global financial markets may occur, the effects that such events may have and the duration of those effects. Any such event(s) could have a



significant adverse impact on the value and risk profile of the Fund. For example, the COVID19 global pandemic had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how the impacts of the events described above will last, but there could be a prolonged period of global economic slowdown, which may impact your investment. Therefore, the Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments. In times of severe market disruptions, you could lose your entire investment.

**Deflation:**

Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market value of an investment.

**Inflation:**

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of an account and distributions can decline.

**Volatility Risks:**

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

**Interest Rate Risks:**

Sierra utilizes Registered Funds that invest in fixed-income assets. The value of the fund's fixed-income assets will decline because of rising interest rates. The magnitude of this decline will often be greater for longer-term fixed-income securities than shorter-term fixed-income securities.

**Operational and Technology Risk:**

Cyber-attacks, pandemics, disruptions, climate-driven events, breaches or other failures that affect Sierra, issuers of securities held in a portfolio, or other market participants may adversely affect the value of a client's portfolio or Sierra's ability to provide client services, including during times of market volatility. Certain such events may result in the dissemination of confidential information. While Sierra has established business continuity and other plans and processes that seek to address the possibility of and fallout from these types of events, there are inherent limitations in such plans and systems, and there can be no assurance that such plans and processes will address the possibility of and fallout from any such event. Furthermore, there are limits to Sierra's ability to prepare for all such events, and there is no assurance that our preparation and training will match the related events experienced.

*Risks Associated with Managed Investments*

**Active management risk:**

Managed investment accounts are subject to the risk that the investment philosophy and process, including judgments about the attractiveness, value, or potential appreciation of the account's

investments, may prove to be incorrect. If the selection of securities or implementation of advisory services fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

**Asset allocation risk:**

A managed investment account's risks directly correspond to the risks of the asset classes in which it invests. Investing in multiple asset classes (either directly or indirectly, such as through pooled investment vehicles) can facilitate diversification, but also create exposure to the risks of many different areas of the market. The direct or indirect allocation of an account's assets among various asset classes and market sectors could cause the account to underperform other accounts with a similar investment objective. The success of asset allocation depends upon the manager's ability to make decisions that will achieve an account's objectives. Asset categories may not perform as expected due to economic and market influences, both foreign and domestic and anticipated returns may not be realized.

**Cash Management Risks:**

Sierra may invest some, or even all, of a portfolio's assets in money market funds or other similar types of cash equivalent investments in accordance with Sierra's risk management discipline. Moreover, investments in cash or cash equivalents can be temporary or potentially longer-term, depending on price fluctuations and trends in the markets. Sierra includes cash and cash equivalent investments in the assessment of fees, where applicable, and during periods where cash is held longer, Sierra's fees can have a negative impact on performance when the cash or cash equivalent holdings fail to out-perform by the amount of the Sierra fees.

**Commodity-Linked Derivative Risk**

Sierra may seek exposure to the commodity markets through Underlying Funds which invest in leveraged or unleveraged commodity-linked or index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the value of commodities, commodities futures contracts or the performance of commodity indices. These notes are sometimes referred to as "structured notes" because the terms of these notes may be structured by the issuer and the purchaser of the note. The value of a commodity-linked derivative generally is based upon the price movements of a physical commodity. Sierra's occasional and partial allocations to the commodities markets may subject Portfolios to greater volatility for those positions than investments in traditional securities. The value of commodity-linked derivative instruments, commodity-based exchange traded trusts and commodity-based ETFs may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments, and investor sentiment.

**Emerging Markets Risk:**

Underlying Funds may invest in emerging market countries. Investing in emerging markets involves not only the risks described below with respect to investing in foreign securities, but also other risks, including exposure to economic structures that are generally less diverse and mature, limited availability and reliability of information material to an investment decision, and exposure to political systems that can be expected to have less stability than those of developed countries. The market for the securities of issuers in emerging market typically is small, and a low or nonexistent trading volume in those securities may result in a lack of liquidity and price volatility.

**Concentration Risk:**

This type of risk occurs when a strategy's investments are concentrated in a limited number of securities, industries, asset classes, or geographies. The value of the account will vary considerably in response to changes in the value of the security or region/country. This may result in increased volatility.

**Equity Risk:**

Portfolio values will fluctuate based on changes in the value of the Underlying Funds in which Sierra invests. Sierra can invest in some Underlying Funds that invest in equity securities, which are more volatile and carry more risk than some other forms of investment. The price of equity securities may rise or fall because of fluctuations in the economy, specific industries and investor sentiment. Stock prices in general will periodically decline over short and even extended periods of time. Market prices of equity securities in broad market segments may be adversely affected by a prominent issuer having experienced losses or a decline in earnings or such an issuer's failure to meet the market's expectations with respect to new products or services, or even by factors wholly unrelated to the value or condition of the issuer, such as changes in interest rates or investor attitudes, among other factors.

**Fixed-Income Risk:**

When Sierra invests in Underlying Bond Funds, the value of your investment will generally decline when interest rates rise or when other factors cause declines in the high-yield bond market generally or in a specific Underlying Bond Fund. Defaults by high-yield bond issuers in which the Underlying Bond Funds invest may also harm performance.

**Large Capitalization Risk:**

Large-cap companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

**High Yield (Junk Bond) Risk:**

Underlying Fund investments in lower quality bonds, also known as "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce liquidity in these bonds. High yield 3 bonds are considered speculative and issuers are more sensitive to economic conditions than high quality issuers and more likely to seek bankruptcy protection which will delay resolution of bondholder claims and may eliminate liquidity.

**Small and Mid-Capitalization Risk:**

Investments in Underlying Funds that own securities of small- and mid-capitalization companies may be more vulnerable than larger, more established organizations to adverse business or economic developments. Companies with small and medium size market capitalization often have narrower markets, fewer products or services to offer and more limited managerial and financial resources than do larger, more established companies. Investing in lesser-known, small and medium capitalization companies involves greater risk of volatility of a portfolios value than is customarily associated with larger, more established companies. Often smaller and medium capitalization companies and the industries in which they are focused are still evolving and, while this may offer better growth potential than larger, more established companies, it also may make them more sensitive to changing market

conditions. Small and mid-cap companies may have returns that can vary, occasionally significantly, from the market in general.

**Treasury Securities Risk:**

U.S. Treasury obligations may differ from other securities in their interest rates, maturities, times of issuance and other characteristics and may provide relatively lower returns than those of other securities. Similar to other issuers, changes to the financial condition or credit rating of the U.S. government may cause the value of a portfolio's investment exposure to U.S. Treasury obligations to decline.

**Liquidity Risk:**

Liquidity risk is the risk that a managed investment account may not be able to sell or buy a security or close out an investment at a favorable price or time. As a result, the account may have to accept a lower price to sell a security, which could have a negative effect on performance. While Sierra primarily utilizes Registered Funds and money market mutual funds which typically offer daily liquidity and end of day NAV pricing in portfolios, there is no guarantee that such Registered Funds or money market mutual funds will maintain the ability to provide daily liquidity at all times.

**Tax Risk:**

Unlike portfolios that invest on a buy-and-hold basis, Sierra portfolios may incur a higher level of capital gains due to Sierra's tactical strategy of purchasing and selling underlying municipal bond funds. Distributions of realized capital gains will generally not be tax-exempt, and Sierra expects that most of its capital gains will be short-term, rather than long-term gains.

**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 Clients. As a result, your overall cost of investing in the underlying securities and other assets will be higher than the cost of investing directly in them and may be higher than other Registered Funds or portfolios that invest directly in securities.

**Risks Related to Portfolio Turnover:**

As a result of its risk-management discipline, Sierra may sell portfolio securities without regard to the length of time they have been held, which may lead to some of Sierra's portfolios having higher portfolio turnover than other similar investment strategies. Since portfolio turnover may involve paying brokerage commissions and other transaction costs, higher turnover can generally result in additional portfolio expenses. As a result, high rates of portfolio turnover can lower performance due to these increased costs and may also result in the realization of short-term capital gains. High rates of portfolio turnover in a given year in non-qualified accounts would likely result in short-term capital gains that are taxed at ordinary income tax rates.

Conversely, some Sierra portfolios may experience limited turnover. In such cases, if an investment account is managed on a wrap-fee basis, the investment account may be paying higher fees that would otherwise be applied if paying transaction costs directly.

**Data-Driven Investment Managed and Trading Risk:**

Sierra's advisory services generally rely on data-driven investment management processes and the analysis of specific metrics to construct portfolios. The consistency of these metrics on an investment's

performance can be difficult to predict, and investments that previously possessed certain desirable data characteristics may not continue to demonstrate those same characteristics in the future. In addition, relying on data driven processes and analysis entails the risk that the data may be incorrect or incomplete, and/or that Sierra may not be successful in selecting or determining the correct or appropriate data points used to direct particular investments in the portfolio.

#### Risks for all forms of analysis:

Sierra's securities analysis methods rely on the assumption that companies provide accurate and unbiased data regarding the securities that we buy, sell, or recommend, including the data providers that review these securities, and other publicly available sources of information about these securities. While Sierra is alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### *Risks Associate with Recommended Securities and Investments*

As described in "Item 4: Advisory Services - Limited Types of Investments" the Sierra Programs primarily consist of Registered Funds. The Registered Funds Sierra invests in are either unaffiliated funds (e.g., managed by a third-party) or Affiliated Funds. In addition to Registered Funds, when the Sierra Programs are invested in cash, those holdings typically consist of a Bank Sweep Program, money market funds, and/or muni-money market funds, or other cash or cash equivalent assets.

The risk related to investing in these types of securities are described in detail below. Additionally, Registered Funds do have additional costs and expenses that can be borne by clients. Please see "Item 5 – Fees and Compensation" for a description of the fees and expenses related to the use of Registered Funds.

#### Affiliated Funds (the "Ocean Park Mutual Funds" and the "Ocean Park ETFs"):

The Ocean Park Mutual Funds and Ocean Park ETFs are primarily comprised of investing in other Registered Funds (i.e. "Fund of Funds"). Investments in a Fund of Funds structure may subject investors to additional risks which would not be incurred if an investor were investing directly in a fund. Such risks may include but are not limited to multiple levels of expense and reliance on third-party management, as well as exposure to additional third-party management risks. More information on investing in the Ocean Park Mutual Funds and Ocean Park ETFs, and the associated risks, is available in each Affiliated Funds' prospectus and SAI, which are available on the Funds' website ([www.oceanparkmutualfunds.com](http://www.oceanparkmutualfunds.com) and [www.oceanparketfs.com](http://www.oceanparketfs.com)).

#### Investing in Affiliated Funds:

Risks associated with investment in any of the Affiliated Funds are also described in the applicable disclosure document for each fund (a copy of which is provided to each client prior to investment of an account's assets in an Affiliated Fund). Sierra is subject to potential conflicts of interest in determining whether to invest portfolio assets in Affiliated Funds or in a fund managed by an unaffiliated manager and can in certain cases have an economic or other incentive to select Affiliated Funds over another fund.

The primary objectives for Sierra using Affiliated Funds in our Sierra Programs include, but may not be limited to:

- Improve the speed of execution for capitalizing on market opportunities while reducing the amount of trading and complexity involved in security selection in such markets;

- Improve the overall diversification of portfolios while maintaining a limited number of holdings; and
- Increase the breadth and scope of the Affiliated Companies' consistently applied disciplined risk-management process across asset classes and managers and securities, while maintaining a smaller number of holdings.

In light of the exposure to Affiliated Funds and the resulting Conflicts discussed herein, Clients should not invest in the Sierra Programs unless they are comfortable holding an investment portfolio that is comprised of significant (in some cases 100%) allocations to Affiliated Funds. To help mitigate the Conflicts related to the selection of Affiliated Funds, Sierra: (1) has created and implemented policies and procedures related to investing in Affiliated Funds, and (2) Sierra's Investment Management Team meets regularly and makes team-based decisions on asset allocation decisions and security selection.

#### **Risks Related to Investments in Investment Companies:**

Clients will pay the fees and expenses charged by any Registered Funds in the client's portfolio, which is typically in addition to any fees charged by Sierra. Each Registered Fund is also subject to specific risks, depending on the nature of the Registered Fund and its underlying investments. A description of these fees, expenses and risks applicable to each Registered Fund is available in each Registered Fund's prospectus.

#### **Mutual Funds:**

An investment in a mutual fund involves risk, including the loss of principal. Mutual fund shareholders are also subject to the risks stemming from the mutual fund's underlying portfolio securities. Mutual fund shareholders are also liable for taxes on any fund-level capital gains, as mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Mutual funds are subject to risks related to the manager's ability to achieve the mutual fund's objectives, as well as market conditions affecting the mutual fund's assets. Each is subject to different levels of risk, based on the types and sizes of its underlying asset class allocations and strategy.

Shareholders should review the respective offering documents, or similar documents, of each mutual fund in their portfolio for a detailed description of risk factors associated with a particular investment.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself, or a broker acting on its behalf. The trading price, at which a share is transacted, is equal to a fund's, stated daily, per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

#### **Accounts investing in Unaffiliated Mutual Funds:**

Sierra selects certain Independent Managers to manage a portion of its clients' assets. In these situations, performance may rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Sierra does not have the ability to supervise the Independent Managers on a day-to-day basis.

**Money Market Instruments:**

Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

**Municipal Securities:**

Municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and the phasing out of federal programs that provide financial support to municipalities. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers thereof. Issuers often depend on revenues from these projects to make principal and interest payments. The value of municipal securities also can be adversely affected by changes in the financial condition of insurers of municipal issuers, regulatory and political developments, tax law changes or other legislative actions, and by uncertainties and public perceptions concerning these and other factors.

**Foreign/International Market Risk:**

International investments involve special risks such as fluctuations in currencies, foreign taxation, economic and political risks, and differences in accounting and financial standards. Investments in emerging markets are generally riskier than investments in developed markets.

**Securities Selected to Reflect Particular U.S. Styles and U.S. Sectors:**

These securities are subject to risk as an individual segment of the equity or fixed income market may underperform other segments of the equity or fixed income market as a whole. Certain sectors are more volatile than others and are subject to significant price fluctuations and other risks.

**Sectors:**

Sectors may be subject to risk when a substantial portion of assets are devoted to a particular market sector or industry thereby having the potential of greater volatility than with broadly diversified strategies. A market sector or industry may underperform the market as a whole for a variety of reasons.

**Charles Schwab Bank Sweep Deposits**

The proceeds from securities sold in the Sierra Programs for accounts custodied at Schwab are automatically moved into the Charles Schwab Bank Sweep Deposit program. Bank Sweep deposits are held at one or more FDIC-insured banks, including Charles Schwab Bank, SSB, Charles Schwab Premier Bank, SSB, Charles Schwab Trust Bank, TD Bank, N.A., and TD Bank USA, N.A., (collectively, the "Program Banks"). Funds deposited at Program Banks are insured, in aggregate, up to \$250,000 per Program Bank, per depositor, for each account ownership category, by the Federal Deposit Insurance Corporation (FDIC). The Program Banks are not acting or registered as securities broker-dealers or investment advisors.

**Private Placement Variable Annuity**

PPVAs may not be suitable for all Clients. PPVAs may only be purchased after a Client has carefully reviewed the offering documents and executed the subscription documents. Before executing subscription documents, each Client should carefully consider the risks associated with the PPVA and

applicable investments, as discussed in the offering documents, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance. PPVAs are unregistered securities products and are not subject to the same regulatory requirements as registered variable products or mutual funds. PPVAs should be considered long-term investments and are subject to fluctuating values of the underlying investment options and it entails risk, including the possible loss of principal. The value of a PPVA will fluctuate and, when redeemed, may be worth more or less than the original deposit. PPVAs may have certain tax implications that a Client should discuss in detail with their Tax Advisor. Tax rates and tax treatment of earnings may impact comparative results. Because the PPVA is an insurance product, Clients should discuss their insurance options with a licensed broker or agent.

Any contract entered into is between the PPVA owner and the insurance company, through its PPVA Investment Account policy. Investors should consider the investment objectives and horizons, income tax brackets, risks, charges, and expenses of any variable product carefully before investing.

## **Item 9 Disciplinary Information**

Sierra is obligated to disclose any disciplinary event that would be material to clients, or potential clients, when evaluating Sierra to initiate or continue a relationship with us. We do not have any legal or other disciplinary items to report.

## **Item 10 Other Financial Industry Activities and Affiliations**

### Registered Representatives

Certain of Sierra's personnel can be registered from time to time as registered representatives of Northern Lights Distributors, LLC (the "Distributor"). The Distributor serves as the principal underwriter and national distributor for the shares of the Affiliated Funds pursuant to an Underwriting Agreement with the Northern Lights Fund Trust. The Distributor is registered as a broker-dealer under the Securities Exchange Act of 1934 and each state's securities laws and is a member of the FINRA. The registration of Sierra's personnel is maintained to facilitate certain marketing activities on behalf of Sierra's affiliate and the Affiliated Funds. Any activities performed by such persons requiring such registration are supervised by the Distributor. Sierra does not direct any of its brokerage to, or execute any trades through, the Distributor. Sierra's personnel do not receive any commissions or compensation from the Distributor related to the purchase or sale of any securities, investment product, or funds.

### Futures Merchant, CPO, and CTAs

Neither Sierra, nor any of its affiliates or management persons, are registered with, or have a pending application for registration with, a futures commission merchant, commodity pool operator, or commodity trading adviser.

### Affiliations

As mentioned in "*Item 4: Advisory Services - Affiliated Company Disclosure*", Dr. Sleeper and Mr. Wright are also the founders, principals, and controlling owners of Ocean Park. Ocean Park is registered as an investment adviser with the SEC, and is an affiliate of Sierra (all together, the "Affiliated Companies").



While the Affiliated Companies are under the common control of Dr. Sleeper and Mr. Wright, no one individual affiliate controls, or is controlled by, any of the other affiliates. The Affiliated Companies share supervised persons.

Ocean Park serves as the investment advisor to the Ocean Park Mutual Funds and Ocean Park ETFs, each a series of the Northern Lights Fund Trust (the "Trust"), a Delaware statutory trust organized on January 19, 2005. The Trust is registered as an open-end management investment company under the Investment Company Act of 1940. The Trust is governed by its Board of Trustees.

Ocean Park serves as an investment advisor through joint investment advisory programs on a wrap-fee basis; joint investment advisory services on a non-wrap-fee basis; and model delivery or strategist solutions for other third-party investment advisers, broker dealers, and financial institutions. More information regarding Ocean Park can be found in Ocean Park's Firm Brochure.

These affiliations create actual, or potential, conflicts of interests in the advisory services that Sierra offers and provides. The conflicts related to these affiliates are discussed throughout this Firm Brochure.

Portfolios for the Affiliated Companies may hold the same or similar securities, may be invested in materially similar asset allocations, and may trade on the same date or in close proximity to each other.

Sierra does not recommend or select other investment advisors for Clients and thus has no related to material conflicts of interest to disclose related to such activities.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Code of Ethics and Personal Trading

Sierra's Code of Ethics has been adopted pursuant to the requirements of rule 204A-1 under the Investment Advisors Act of 1940. A complete copy of our Code of Ethics is available upon request to any Client or prospective client.

Sierra has a fiduciary duty to Clients to act in the best interest of the Client and always place the Client's interests first and foremost. Sierra takes its compliance and regulatory obligations seriously and requires all staff to comply with such rules and regulations, as well as Sierra's policies and procedures.

The Code of Ethics contains provisions for standards of business conduct that require Sierra and its supervised persons to comply with applicable securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violation reporting requirements and safeguarding of material non-public information. Sierra's Code of Ethics establishes our expectation for business conduct.

The Code of Ethics is distributed to each Supervised Person at the time of hiring and when there are any material changes. In addition, Sierra requires an annual certification by all Supervised Persons regarding their understanding and compliance with the Code of Ethics. Sierra conducts training and on-going monitoring of Supervised Person activity in relation to the Code of Ethic's requirements.

Sierra's Code of Ethics subjects all of our Supervised Persons to various procedures, and where applicable, certain restrictions or pre-clearance requirements relating to their personal securities

transactions. Sierra's Code of Ethics requires Access Persons to obtain prior approval of any acquisition of securities in a limited offering (e.g., private placement), an initial public offering ("IPO"), certain ETF transactions as described in the Code of Ethics, and investments in Affiliated Funds.

The Code of Ethics requires, among other things, the annual reporting of Access Person's investment holdings, the quarterly reporting of Access Person's transactions, and periodic reporting of gifts and entertainment, political contributions, and outside business activities. Pre-clearance for gifts and entertainment, political contributions, and outside business activities may be required in certain instances as referenced within our Code of Ethics.

Sierra's Code of Ethics further includes policies prohibiting the use of material, non-public, information. While we do not believe that we have any particular access to non-public information, all Supervised Persons are reminded that such information may not be used in a personal or professional capacity.

### Recommendation of Affiliated Securities

As noted herein, Sierra recommends the purchase of various Affiliated Funds within the Sierra Programs. Sierra's affiliate, Ocean Park, has a material financial interest in the allocation to Affiliated Funds through the Fund Management Fee earned for its services to the Affiliated Funds. This creates an inherent Conflict because Sierra is incentivized to allocate assets to the Affiliated Funds for additional fees that would be received by its affiliate. To mitigate this conflict, the Affiliated Companies take steps to ensure they do not earn layered advisory fees.

### Participation in Client Transactions

Portfolios managed or advised by the Affiliated Companies may hold the same or similar securities, may be invested in materially similar asset allocations, and may trade on the same date or in close proximity to each other. This creates a material Conflict in that the Affiliated Companies are incentivized to allocate investment opportunities or trades to portfolios or accounts to earn higher fees or to improve performance for specific portfolios which pay higher asset-based fees. Sierra seeks to mitigate this Conflict through several methods, including: providing solutions where Sierra does not retain advisory fees in certain Sierra Programs (e.g., the Schooner Program); the Affiliated Funds' Fee Offset Credit for Sierra Programs which invest a portion of client assets in Affiliated Funds; and the primary use of mutual funds, which price at a common end of day NAV.

Sierra and its employees may buy or sell securities for their personal accounts identical to or different than those recommended to clients, subject to any limitation stated in the Code of Ethics. Generally, a conflict of interest arises when an employee buys or sells a security in close proximity to the date of a purchase or sale of the same security on a client's behalf. There could be an incentive for an employee to take advantage of the market effect of a client's trade, or the market effect of an employee's trade can negatively affect a subsequent purchase or sale price obtained for a client. Sierra has implemented pre-clearance requirements and policies and procedures for transactions in securities in which Sierra believes there is potential risk for such activities to further mitigate such conflicts.

Sierra Programs are primarily limited to holding Registered Funds, inclusive of money market funds, which price daily after the markets close at a common net asset value ("NAV"). As such, Sierra believes the common end of day pricing, post market close, and the inability for employees to monitor intraday

pricing for mutual funds, substantially precludes the opportunity for employees to front-run Sierra trades.

Notwithstanding the above, because Sierra's affiliate manages the Affiliated Funds, all transactions in Affiliated Funds require Access Persons to obtain pre-clearance approval from the Investment Management Team and the Chief Compliance Officer, or his/her designee, prior to executing transactions in Affiliated Funds.

Certain employees of Sierra and their relatives have personal managed investment advisory accounts managed by Sierra or Ocean Park, Sierra's affiliate. Therefore, these related persons will have a position in securities that are also recommended and bought or sold to Clients. Employees and related persons can have their accounts in the same Sierra Programs as other clients. Sierra and its affiliate trade these accounts alongside other clients, and accordingly does not trade employee or related persons' accounts ahead of other Clients or trade in such a way as to obtain a better price for the employees or related persons compared to Clients.

## **Item 12 Brokerage Practices**

### **Broker-Dealer Selection**

Sierra Program Client Accounts are primarily custodied with Charles Schwab, and because Clients pay a wrap-fee which includes transaction and custody costs, Sierra directs all trading to Charles Schwab for such Client Accounts.

PPVA separate accounts are custodied at Axos Clearing LLC.

Variable annuity accounts are managed through the Prudential variable annuity platform.

The factors Sierra considers in recommending any broker-dealer/custodian to Clients include, among other things: the full range and quality of the services provided; responsiveness; size and type of the transactions supported; the confidentiality, speed and certainty of effective execution of transactions; general execution and operational capabilities; reputation, reliability, experience and financial condition, the value of services rendered; the ability to provide wrap-fee services, where applicable; access to mutual fund families and share classes that would be beneficial to clients, and the cost of execution, where applicable.

Moreover, the Sierra Programs primarily invests in Registered Funds with end of day pricing, or when allocating to cash, money market mutual funds. Therefore, we do not have a current need to "step-out" trades (i.e. send specific transactions to a broker-dealer other than custodian for execution purposes), and it is our policy not to do so.

Sierra is independently owned and operated and is not affiliated with Charles Schwab, Axos Clearing LLC, Prudential, or any other custodian or broker-dealer.

Other advisers may provide clients the freedom to select custodians and/or broker dealers for their accounts.

### Soft Dollar Benefits

Sierra has not entered into any soft-dollar arrangements and does not otherwise utilize soft dollars or soft dollar credits. Sierra does not receive research or other products or services in connection with client securities transactions ("soft dollar" benefits).

### Other Benefits

Charles Schwab may provide Sierra with research and other economic benefits which are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; online research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Sierra by third party vendors.

Some of the products and services made available by Charles Schwab can benefit Sierra, its affiliates, and/or Sierra's associated persons but may not benefit Clients or Clients accounts. These products or services may assist Sierra in managing and administering other client accounts, including accounts not maintained at Charles Schwab, or accounts managed by our affiliates. Other services made available by Charles Schwab are intended to help Sierra manage and further develop our business enterprise. The benefits we receive do not depend on the amount of brokerage transaction activity directed to Charles Schwab. As part of our fiduciary duty to clients, Sierra endeavors at all times to put the interests of our clients first. You should be aware; however, that the receipt of economic benefits by Sierra, its affiliates, or our associated persons itself creates a Conflict and may indirectly influence our choice of broker-dealer/custodian for custody and brokerage services.

The products and services we receive from Charles Schwab will generally be used in servicing all of our Clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services.

### Brokerage for Client Referrals

Neither Sierra, nor any of its affiliates, receive client referrals from Charles Schwab, Axos Clearing, LLC or Prudential, and thus client referrals were not considered in our selection of these custodians/broker-dealers.

### Trade Aggregation

The Sierra Programs invest Client accounts primarily in mutual funds or in money market mutual funds. Because mutual funds are priced once a day, which prevents price discrimination among clients, trade aggregation (commonly referred to as "block trading") does not apply to mutual fund orders.

Shares of these funds are purchased and redeemed at the net asset value (NAV).

Sierra may also execute similar transactions in client accounts (including accounts of employees) managed by its affiliates. Some affiliated assets are custodied at other custodians. Sierra, and its affiliates, seek to execute all mutual fund transactions for all client accounts in which we have discretion

in the same day. Where Sierra and its affiliates are unable to execute all mutual fund orders within the same day, the Investment Management Team works with the Chief Compliance Officer to determine a fair and equitable allocation of orders, or a fair and equitable trade rotation.

## **Item 13 Review of Accounts**

The Sierra Investment Management team reviews the Sierra Programs for buy and sell signals each market business day. The Investment Management Team is led by Sierra's Chief Investment Officer, and includes the Chief Investment Strategist, portfolio managers, analysts, as well as Sierra's founders. Decisions are made on a team basis.

Each Client Account is invested in relation to a Sierra Program, as detailed in "*Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss*". Each Sierra Program has target investment allocations and securities, and as such, each Client Account is invested towards the Target Portfolio Holdings.

Client accounts are reviewed by Sierra in relation to Sierra Program activity or Client account activity, such as when buy and sell signals are generated for the Sierra Programs or when Clients add contributions or request withdrawals in the Client account. In such cases, Sierra employees who are responsible for submitting transactions for Client accounts, review Client accounts for non-Portfolio Holdings, and for potentially rebalancing Client Accounts back to the target Portfolio Holdings, under the direction of the Investment Management Team.

Additionally, on a quarterly basis, Sierra rebalances Affiliated Fund holdings in Client accounts and reviews outlier reports for non-Portfolio Holdings.

Please review the program descriptions for any notable differences.

### **Client Reporting**

Clients with accounts custodied at Schwab should receive a monthly and/or quarterly statement from the Schwab summarizing all trades made during the month or quarter, account balance information and the amount of fees paid from the account. Client should notify Sierra immediately if they are not receiving statements from Schwab.

PPVA policy owners will receive reporting from the insurance carrier and the custodian, but not directly from Sierra.

Prudential variable annuity Clients will receive periodic statements or similar reports, as applicable.

Each quarter, Sierra makes available reports for Clients of the Sierra Programs. Reports generally include information related to holdings and other information. Sierra also provides a report of the Client's Advisory Fees on a quarterly basis. Upon verbal or written request, or during in-person meetings, Sierra can provide performance reports for a Client's account(s).

Clients are encouraged to notify Sierra if their investment goals, financial situation and/or life circumstances change. Clients also have the option to opt out of any of the Affiliated Funds used in their account(s) and should notify Sierra accordingly.

Sierra encourages Clients to compare statements or reports received from their custodian to those reports provided by Sierra. Please direct any questions or instances of inconsistencies to Sierra. Clients should promptly notify Sierra if they are not receiving statements from their Custodian.

## **Item 14 Client Referrals and Other Compensation**

Sierra receives no economic benefit from any firm or individual (other than our clients) for providing investment management services.

### Operators

“Operators” are generally lead-generation services, advisor networks, and ‘advisor-matching’ tools whereby Operators typically offer to “match” an investor with an adviser. When an investor engages the Operator and provides information to the Operator (typically, age, investable assets, and goals), the Operator will seek to match the investor to one or more advisers participating in their service. Advisers generally pay a flat fee and/or a per-lead fee to receive matches of potential investors from the operator.

Sierra has engaged SmartAsset Advisors, LLC in such services for referrals to Sierra.

### Fund Management Fees

As disclosed prior within, Sierra’s affiliate earns Fund Management Fees for the assets allocated to Affiliated Funds. Because the Affiliated Companies are under common control, such revenues are broadly shared across the Affiliated Companies.

## **Item 15 Custody**

Sierra never takes physical custody or direct control of client securities or assets, which are always held at “qualified custodians” as defined under the Advisers Act.

Sierra is deemed to have limited custody of client funds custodied at Schwab and Axos Clearing LLC through the authority granted to Sierra by the Client in the Agreement to debit the Client Account(s) for the quarterly Advisory Fee.

Sierra may also be deemed to have custody if the Client has signed a standing letter of authorization (SLOA) enabling Sierra to direct the custodian to issue funds to a third party. In such cases, Sierra and the Custodian have implemented controls to protect against unauthorized distribution or misappropriation of client funds. Clients may only establish SLOAs for accounts custodied at Schwab.

Clients should receive at least quarterly statements from the Custodian that holds and maintains Client’s investment assets. These custodial account statements show all transactions in the account, including the Advisory Fees debited by Sierra.

Quarterly, Sierra sends a Report to each Client which lists the account holdings, number of shares, the price per share and asset values. Sierra urges clients to carefully review and compare official custodial

records to the Report that Sierra provides. Sierra reports may vary slightly from custodial statements based on accounting procedures and reporting dates. As noted prior, PPVA policy owners only receive reports from the insurance company and custodian.

## **Item 16 Investment Discretion**

Clients grant Sierra a Limited Power of Attorney in order to execute buy and sell transactions on a discretionary basis within their accounts. Our discretion is generally used in determining the securities to be bought or sold for a client's account and the amount of those securities, the date/time/type of execution, and the broker or dealer to be used for purchase or sale of securities for a client's account (including the applicable commission rates to be paid to a broker or dealer for a client's securities transactions). For Clients that pay a wrap-fee for such services in Sierra Program accounts custodied at Schwab, Sierra seeks to execute all transactions with Schwab.

Clients have the ability to impose reasonable restrictions on the management of their accounts, as discussed in "*Item 4: Advisory Services*".

Where Clients are granted the ability to hold investment securities on an accommodation basis (such as legacy client-owned securities), Sierra will consider these holdings unmanaged and will not act with discretionary authority on such holdings. These securities will generally not be billed on, nor reflected in any performance reports provided to Clients by Sierra.

## **Item 17 Voting Client Securities**

As a matter of policy and practice, and as indicated in our Agreements, Sierra does not vote proxies on behalf of separately managed advisory Client accounts. Furthermore, because of potential conflicts where our affiliate, Ocean Park votes proxies for our Affiliated Funds, Sierra does not offer Clients advice on Proxy Voting or on corporate actions. Clients that own shares of applicable securities are responsible for exercising the right to vote as a shareholder.

In most cases, Clients will receive proxy materials directly from their account custodian. However, in the event Sierra were to receive any written or electronic proxy materials related to a Client account's ownership of a security, Sierra will seek forward them directly to Clients by mail or other means.

## **Item 18 Financial Information**

Sierra is not required to provide financial information in this Item because:

- Sierra does not require or accept prepayment of more than \$1,200 in fees per client, six months or more in advance;
- Sierra is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Sierra has not been subject to a bankruptcy petition at any time during the past ten years.