

# Tactical Bond Program



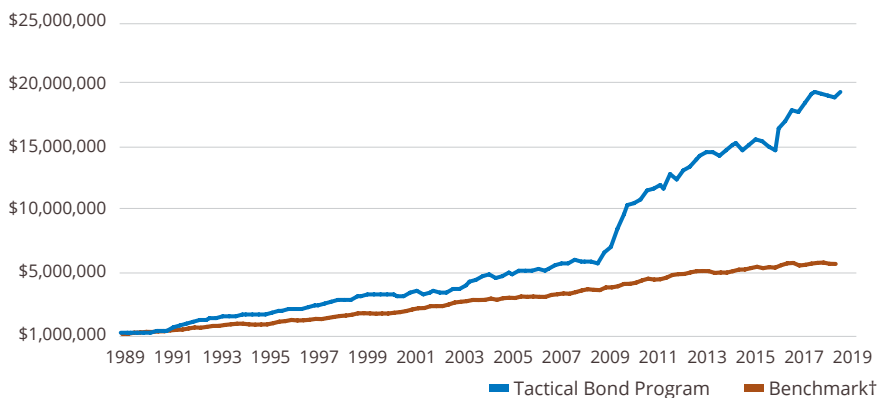
## PROGRAM DESCRIPTION

The Sierra Tactical Bond Program seeks to produce satisfying long-term returns while limiting downside risk. It uses a tactical approach to move between three uncorrelated asset classes: High Yield Corporate Bonds (HYCB), U.S. Treasuries, or Cash. Tactical Bond Program accounts are diversified among typically eight or more High Yield Corporate Bond mutual funds. When each underlying HYCB mutual fund hits its proprietary Sell level, we will move the relevant assets temporarily into a long-term Treasury bond fund (provided the Treasury fund is in an uptrend) until the next set of Buy signals in the HYCB funds. If the Treasury fund is not in an uptrend, we will instead move temporarily into a money-market fund until either the HYCB funds or Treasury fund gives a new Buy signal.

## HOLDINGS

FUND	TICKER	WEIGHT
AllianzGI Short Duration High Income Fund	ASHIX	10.2%
BlackRock High Yield Bond Fund	BHIYX	10.0%
Invesco High Yield Fund	HYINX	10.0%
JPMorgan High Yield Fund	OHYFX	10.0%
Osterweis Strategic Income Fund	OSTIX	10.0%
PIMCO High Yield Fund	PHIYX	10.0%
Principal High Yield Fund	PHYTX	10.0%
PGIM Short Duration High Yield Income Fund	HYSAX	10.0%
Rydex High Yield Strategy Fund	RYHGX	10.0%
Ivy High Income Fund	IVHIX	9.8%
<b>Total</b>		<b>100.0%</b>

## GROWTH OF \$1,000,000 – AFTER FEES‡

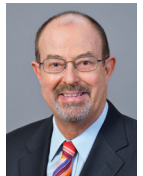


‡The benchmark for the Sierra Tactical Bond Program is the Bloomberg Barclays U.S. Aggregate Bond Index, which is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

## PORTFOLIO MANAGERS



**Kenneth L. Sleeper MBA, PhD**  
Co-Founder, Portfolio Manager  
Started in Industry: 1984



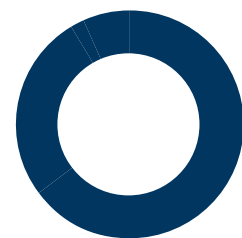
**David C. Wright, JD**  
Co-Founder, Portfolio Manager  
Started in Industry: 1985



**Terri Spath, CFA, CFP®**  
CIO, Portfolio Manager  
Started in Industry: 1989

## ASSET ALLOCATION

■ FIXED INCOME	
High Yield Corp. Bonds	100.0%
<b>Total</b>	<b>100.0%</b>



QUARTERLY PERFORMANCE – AFTER FEES‡

TACTICAL BOND PROGRAM

BENCHMARK†

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR	CUMULATIVE RETURN	FULL YEAR	CUMULATIVE RETURN
1989	1.68%	4.32%	-1.17%	-0.54%	4.27%	4.27%	14.53%	14.53%
1990	1.68%	5.73%	1.14%	5.26%	14.46%	19.35%	8.96%	24.79%
1991	25.54%	9.55%	8.61%	5.26%	57.24%	87.66%	16.00%	44.76%
1992	8.12%	2.31%	3.21%	0.06%	14.23%	114.37%	7.40%	55.48%
1993	6.48%	3.23%	-0.05%	4.96%	15.32%	147.21%	9.75%	70.64%
1994	0.97%	0.43%	-0.02%	-1.13%	0.25%	147.82%	-2.92%	65.66%
1995	5.00%	4.64%	3.13%	3.16%	16.88%	189.66%	18.47%	96.26%
1996	1.57%	0.56%	5.16%	3.33%	10.98%	221.47%	3.63%	103.39%
1997	1.03%	4.26%	4.58%	1.32%	11.61%	258.78%	9.65%	123.02%
1998	3.06%	-0.15%	6.79%	0.58%	10.53%	296.58%	8.69%	142.40%
1999	2.84%	0.37%	-1.08%	-1.30%	0.79%	299.69%	-0.82%	140.41%
2000	0.63%	-2.58%	0.14%	7.48%	5.52%	321.77%	11.63%	168.36%
2001	3.47%	-5.93%	2.66%	3.68%	3.60%	336.94%	8.44%	191.01%
2002	-3.32%	1.05%	5.49%	0.11%	3.17%	350.78%	10.26%	220.86%
2003	4.94%	7.74%	1.68%	4.92%	20.62%	443.73%	4.10%	234.03%
2004	3.60%	-4.67%	3.54%	3.39%	5.72%	474.83%	4.34%	248.52%
2005	-0.81%	3.48%	0.76%	-1.06%	2.32%	488.20%	2.43%	256.98%
2006	1.95%	-0.57%	2.42%	3.50%	7.45%	532.00%	4.33%	272.45%
2007	2.48%	0.02%	3.73%	-0.19%	6.12%	570.67%	6.97%	298.40%
2008	-1.10%	1.10%	-2.66%	13.05%	10.03%	637.96%	5.24%	319.28%
2009	6.17%	18.49%	12.35%	5.83%	49.58%	1,003.81%	5.93%	344.14%
2010	1.72%	2.90%	5.38%	1.24%	11.67%	1,132.64%	6.54%	373.20%
2011	2.99%	-2.51%	9.78%	-3.59%	6.26%	1,209.83%	7.84%	410.31%
2012	4.95%	2.99%	3.19%	1.98%	13.75%	1,389.92%	4.21%	431.81%
2013	2.32%	0.20%	-1.62%	2.64%	3.54%	1,442.62%	-2.02%	421.05%
2014	2.27%	1.19%	-3.21%	2.77%	2.94%	1,487.94%	5.97%	452.14%
2015	2.02%	-0.56%	-2.52%	-1.75%	-2.83%	1,442.93%	0.55%	455.17%
2016	10.56%	3.76%	4.42%	-0.52%	19.16%	1,738.57%	2.65%	469.87%
2017	4.37%	3.02%	1.26%	-0.55%	8.28%	1,890.73%	3.54%	490.05%
2018	-0.96%	-0.64%	1.70%	—	0.08%	1,892.24%	-1.60%	480.63%
<b>Average annualized compounded returns:</b>					<b>10.57%</b>		<b>6.09%</b>	

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‡The performance shown above reflects a maximum annual fee rate of 1.80% which applies to household relationships below \$500,000; fees are discounted for household relationships larger than \$500,000, so for such accounts, the net returns would be slightly higher.

Data shown for the periods 1/1/1989 to 9/30/2017 represent hypothetical backtested data, but were achieved using Sierra's actual Buy and Sell signals. The inception date for the Sierra Tactical Bond Program is 10/1/2017. Performance shown after the 10/1/2017 inception date is actual Program performance. From 10/1/2017 to 12/31/2017, the source of the performance data shown was from an SMA marker account invested in the Tactical Bond Program and managed by Sierra. From 1/1/2018, the source of the performance data shown was from a composite of SMA accounts invested in the Tactical Bond Program managed by Sierra.

The data on the Growth of \$1,000,000 chart, and the Quarterly Performance table above, for periods prior to 10/1/2017 are based on the backtest of a HYCB fund that we have used from time-to-time in client accounts during the period shown and that generated average performance relative to its peer group. The same fund was used for the entire period of the backtest using the same Buy and Sell signal disciplines that we have implemented for HYCB funds in client accounts historically. In addition, we backtested several other HYCB funds that have been used from time to time in client accounts and using the same Buy and Sell signal disciplines with comparable results.

**Backtesting, and related cautions:**

Please note the following cautions (based on SEC requirements): (a) backtested data does not represent actual account performance and should not be interpreted as an indication of such performance; (b) there is no assurance that the backtested result could, or would have, been achieved during the years presented; and (c) the backtested portion of the performance data does not represent the impact that material economic and market factors might have on an investment manager's decision-making if the manager were actually managing client money. In addition, the SEC mandates that we state: The investment strategy that the backtested data were based upon can (theoretically) be changed at any time without the benefit of hindsight in order to show better backtested performance, and (theoretically) the strategy can continue to be tested and adjusted until the desired results are achieved.

The performance quoted herein represents past performance. Past performance does not guarantee future results.

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