

5 T H A N N U A L
Financial Advisor
RETIREMENT SYMPOSIUM

Low-Volatility Investing For Retirement

PANELISTS

MODERATOR

Robert Laura

President

SYNERGOS Financial Group

Frank Barbera

Executive Vice President

Sierra Investment Management

Dan Thibeault

CIO, CEO

GL Capital Partners

Michael Winchell

CIO

Larkin Point Investment Advisors LLC



Broad Diversification

During the course of a market cycle, each of the Sierra funds moves tactically among a wide variety of asset classes:

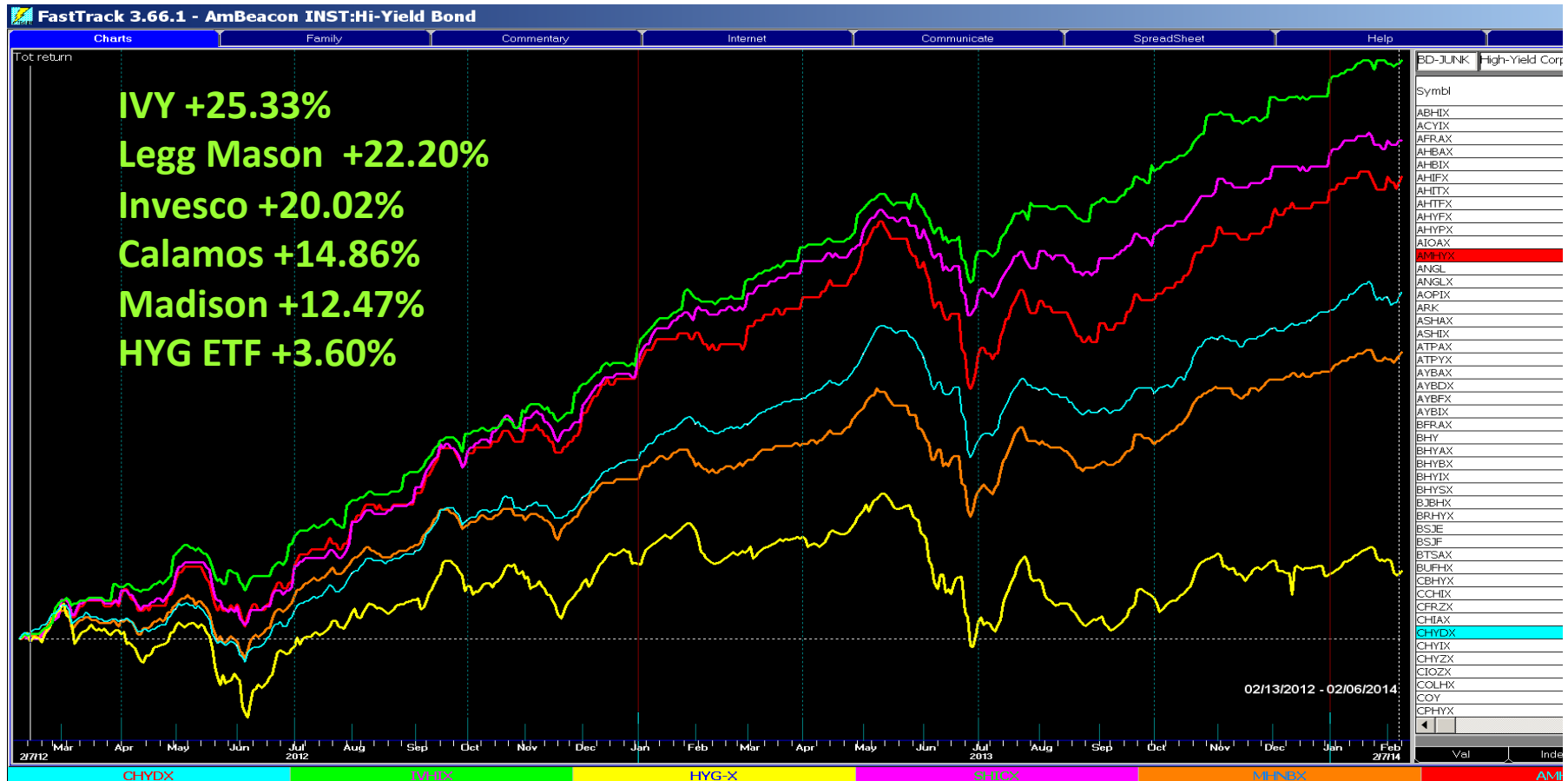
- » U.S. & Global Equities*
- » Commodity Funds*
- » REITs
- » REIT Preferreds
- » Preferred Equities
- » Master Limited Partnerships
- » Emerging Market Debt
- » Global Bonds; Hedged Currency
- » Global Bonds; Unhedged Dollar
- » Convertible Bonds
- » Risk Arbitrage Funds
- » Treasury and Agency Bonds
- » High Yield Corporate Bonds
- » High Grade Corporate Bonds
- » Municipal Bonds
- » Floating Rate Funds
- » TIPs Inflation Protected Securities
- » Low Duration Bonds
- » Inverse Rising Rate Funds
- » Internally-Diversified Funds
- » Tactically-Managed Funds
- » Misc. Low-Volatility Funds

* Not usually included in the Sierra Strategic Income Fund



Wide Variance within Junk Universe

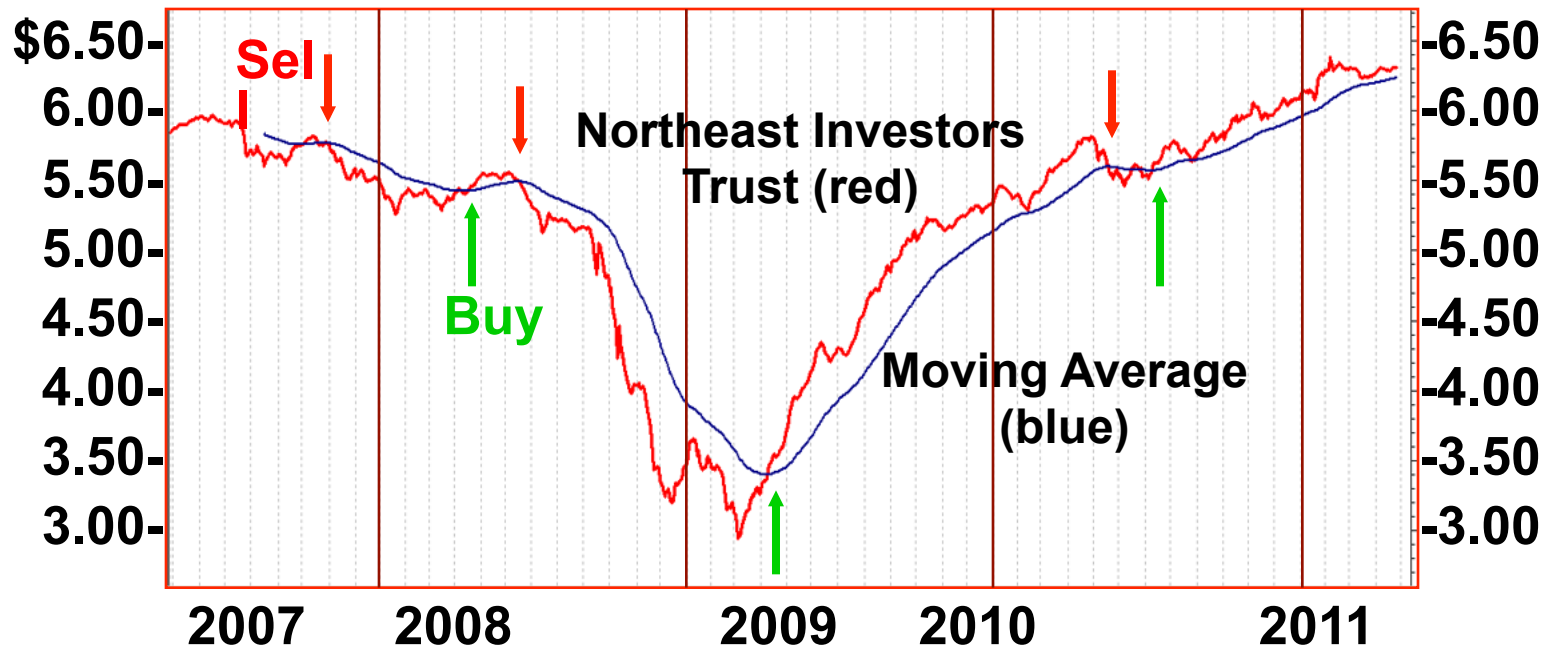
A Variety of Junk Funds - Last 3 Years



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Well-Proven Sell Discipline

Sierra Applies a Trailing Stop to Each Holding, to Help Mitigate Downside Risk of The Overall Portfolio



Sierra's stops are proportionate to the historical volatility of each asset class, and are applied separately to each fund within that asset class

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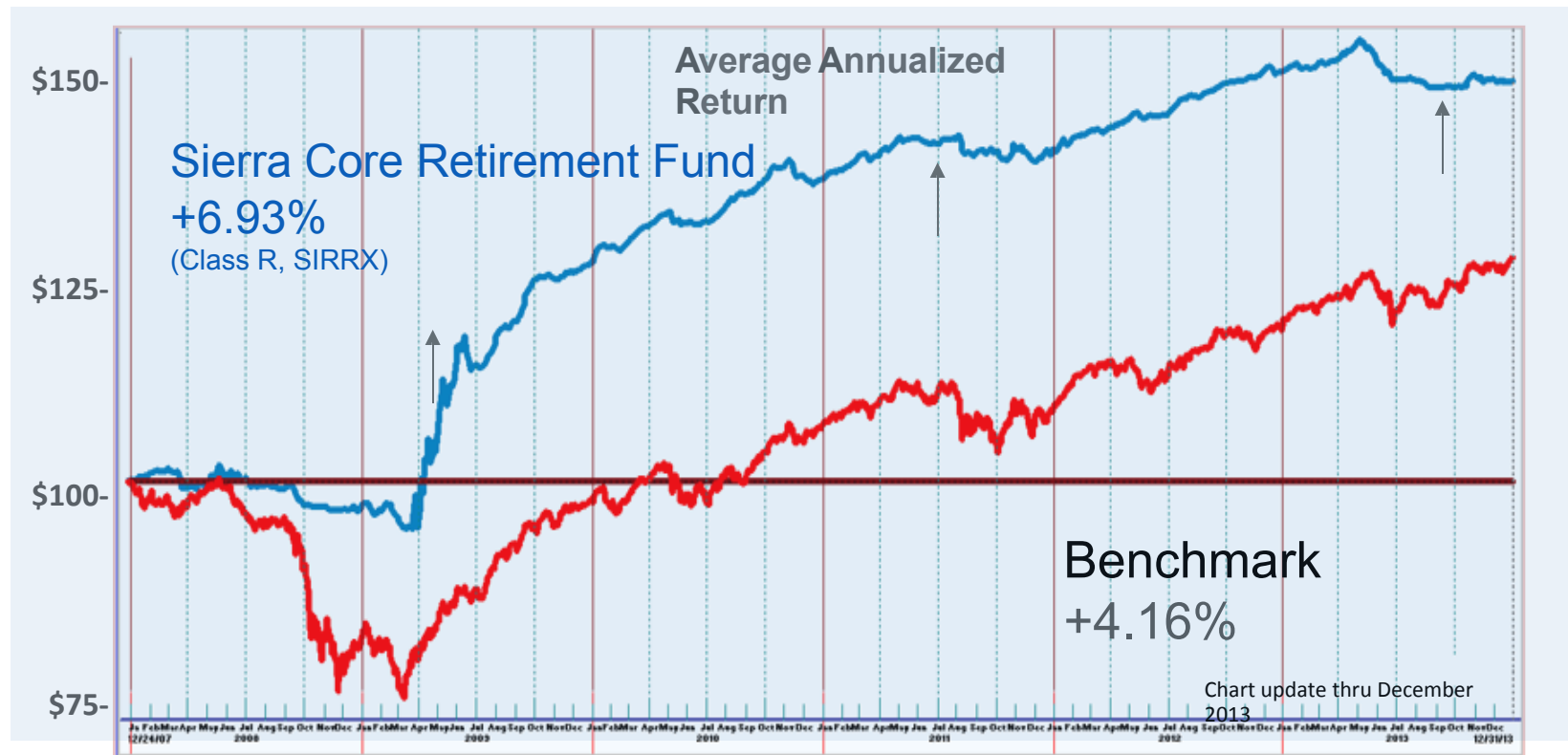


Hypothetical example representing a High Yield Corporate Bond Fund (1998-2001).

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Specific Goals

Managing downside risk across market cycles while seeking satisfying returns across market cycles



**"Benchmark" is the average of the mutual funds in Morningstar's Conservative Allocation category. Conservative-allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderate-allocation portfolios. Although Morningstar has recently moved the Core Fund to its "Multisector Bond" category, Sierra considers Morningstar's "Conservative Allocation" category a better benchmark, since Sierra uses a wide variety of non-bond asset classes from time to time and shares a low-volatility goal with that category.

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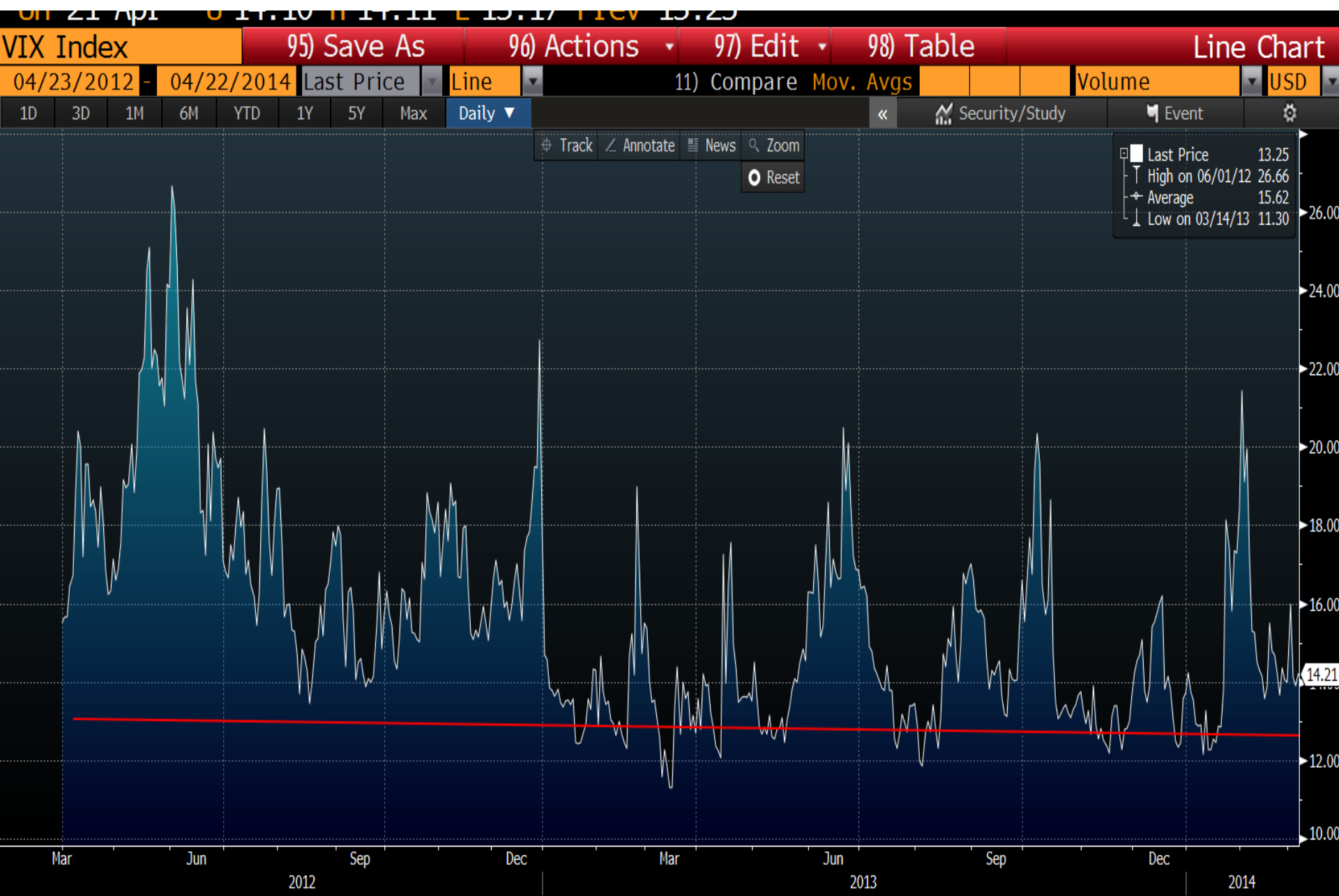
**Presentation slides for Dan Thibeault, CIO GL
Capital Partners
4-29-2014**

Low-Volatility Investing: *Isn't this essentially low risk investing?*

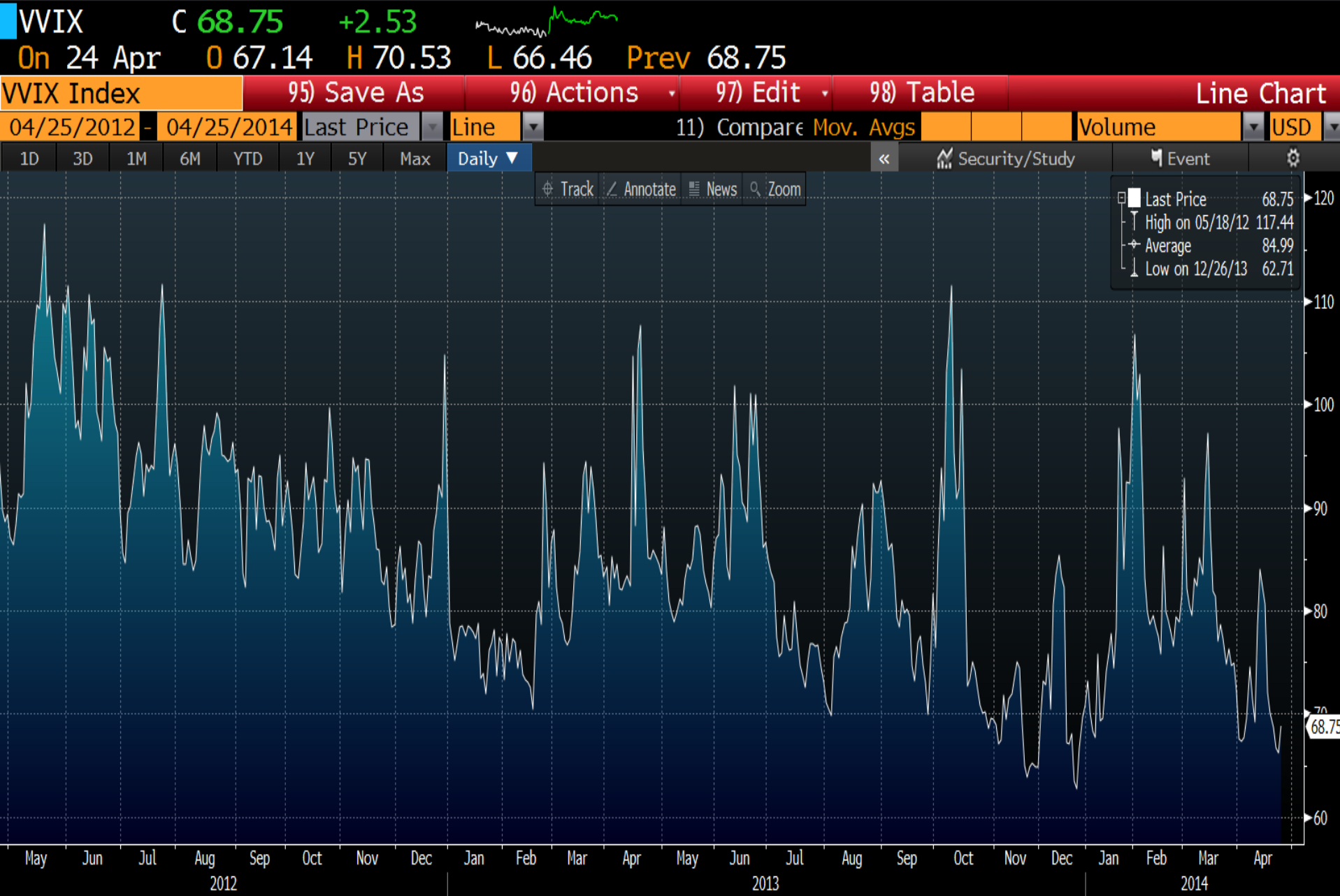
Why dedicate a panel to something so obvious?

- **Today's need to reassess risk and redefine asset classes**
- **Volatility profiles of bond and equity markets**
- **Options for Financial Advisors**

Volatility – VIX Index

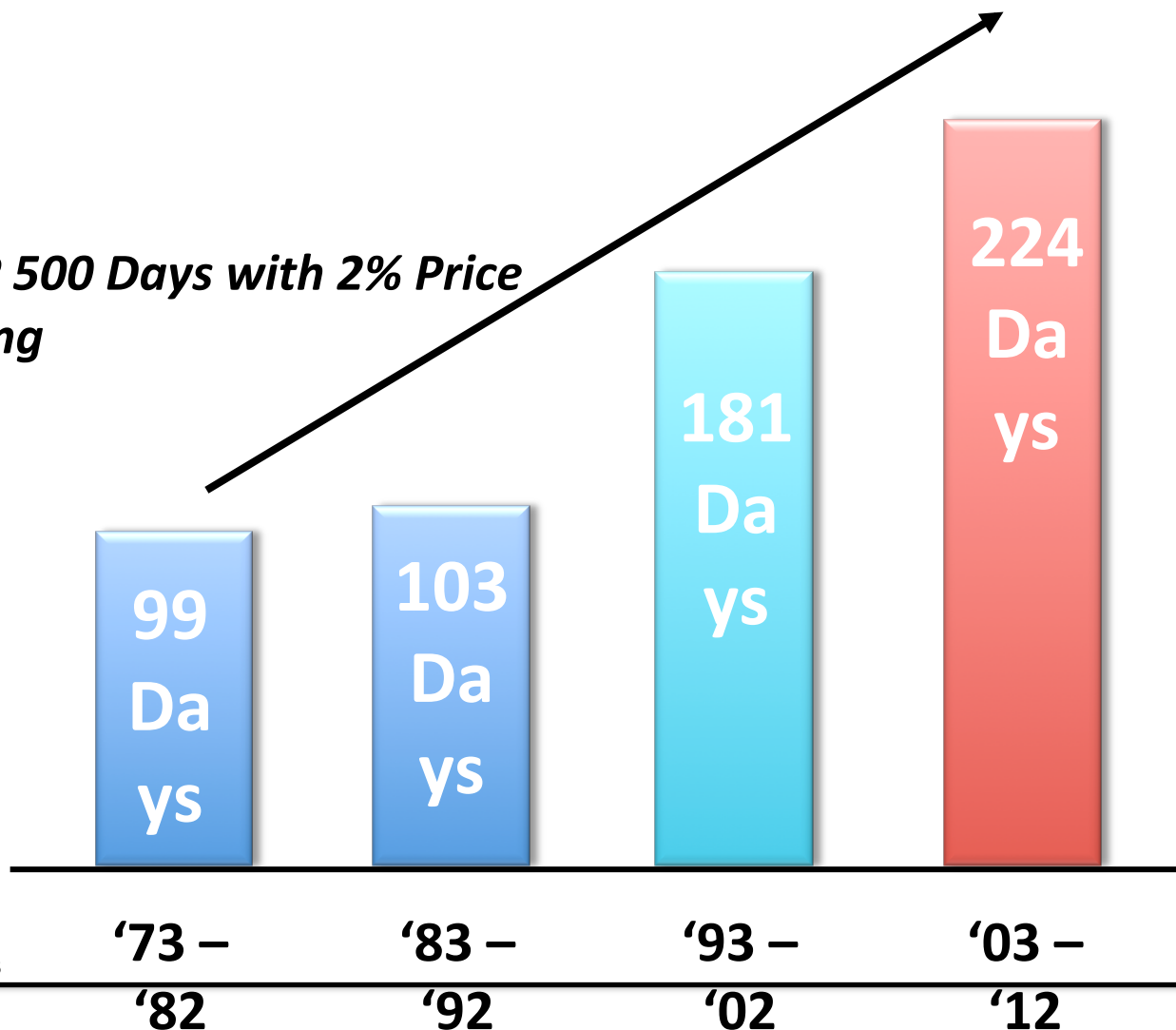


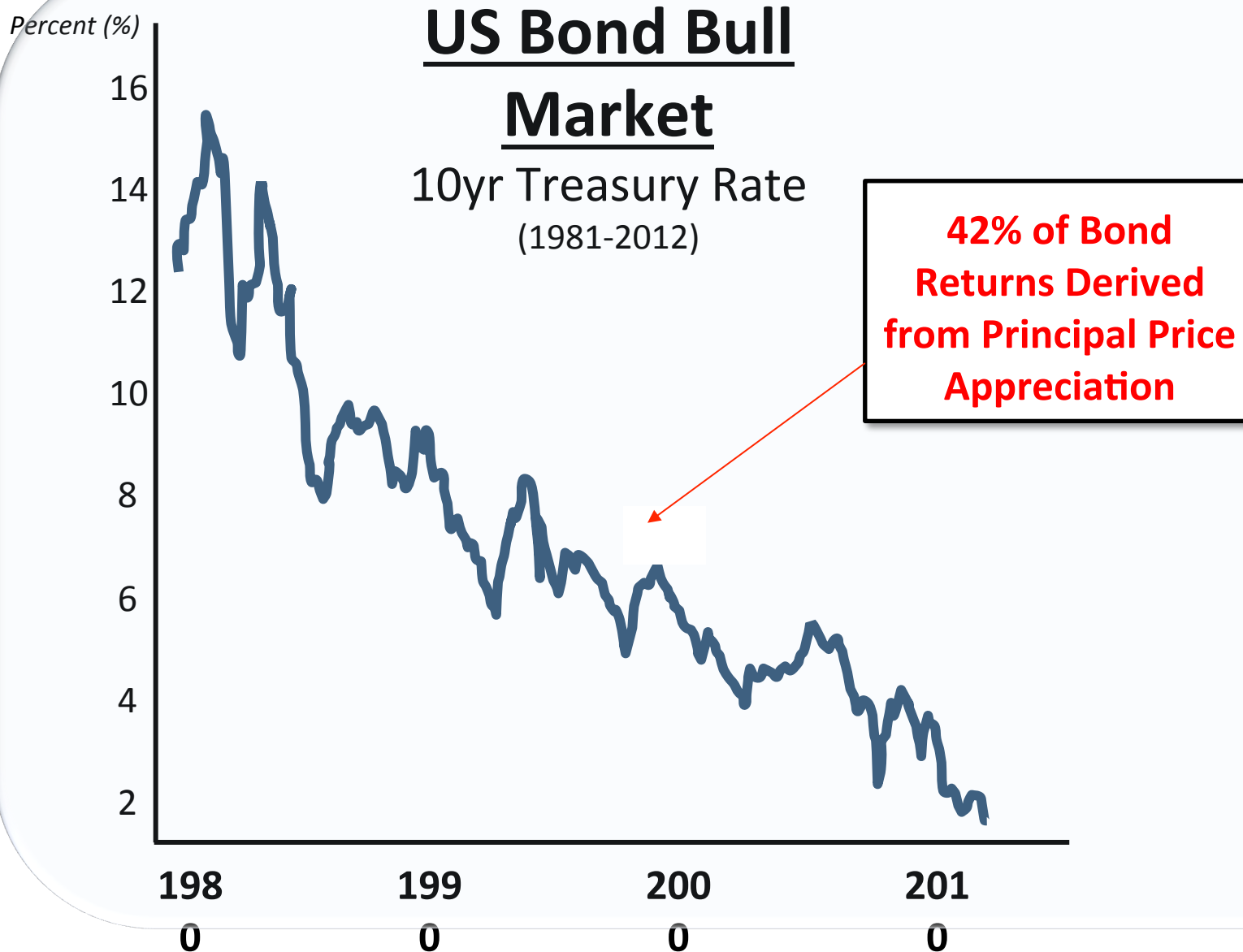
Volatility – VVIX Index Volatility on



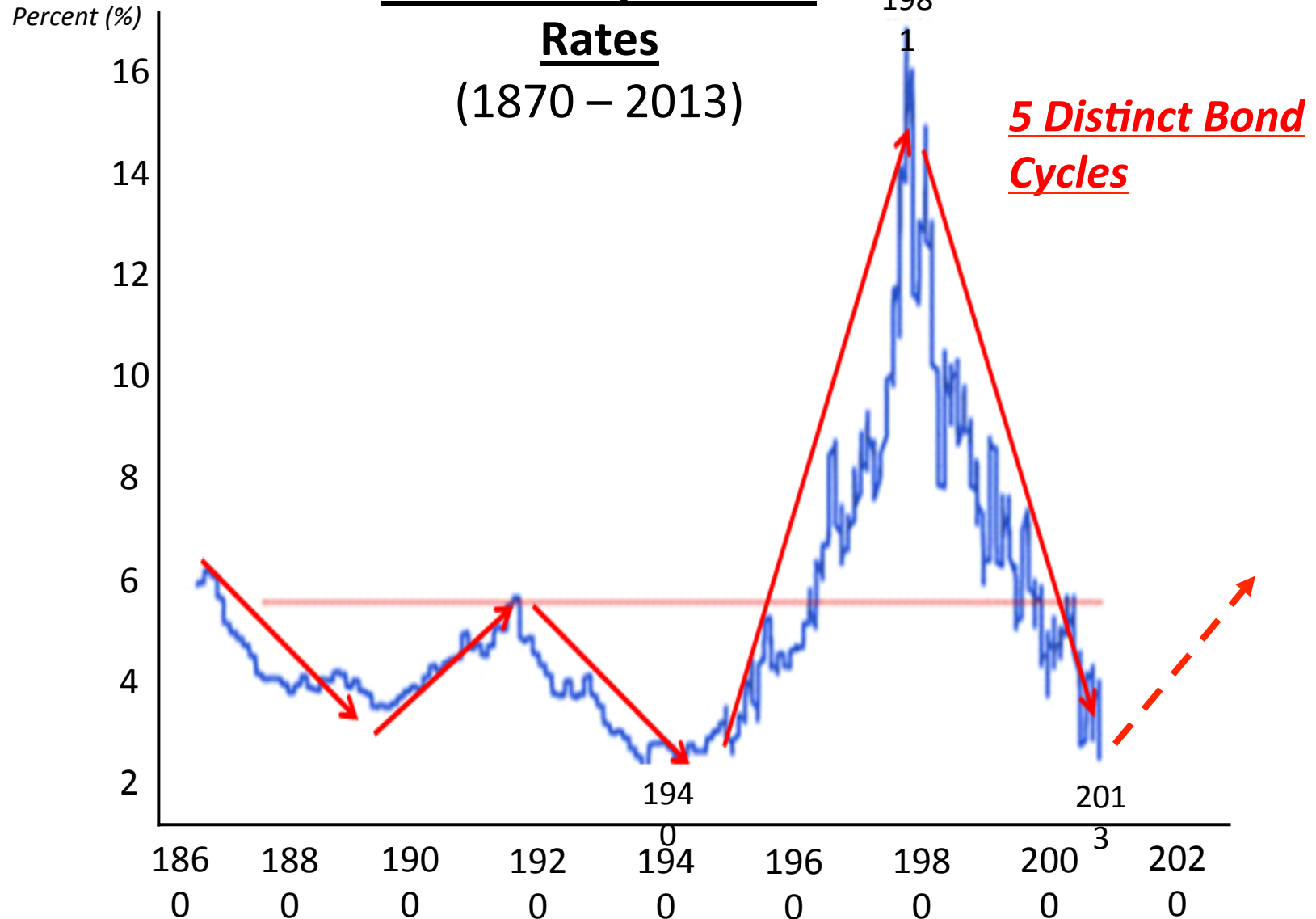
Rising Volatility

S&P 500 Days with 2% Price Swing



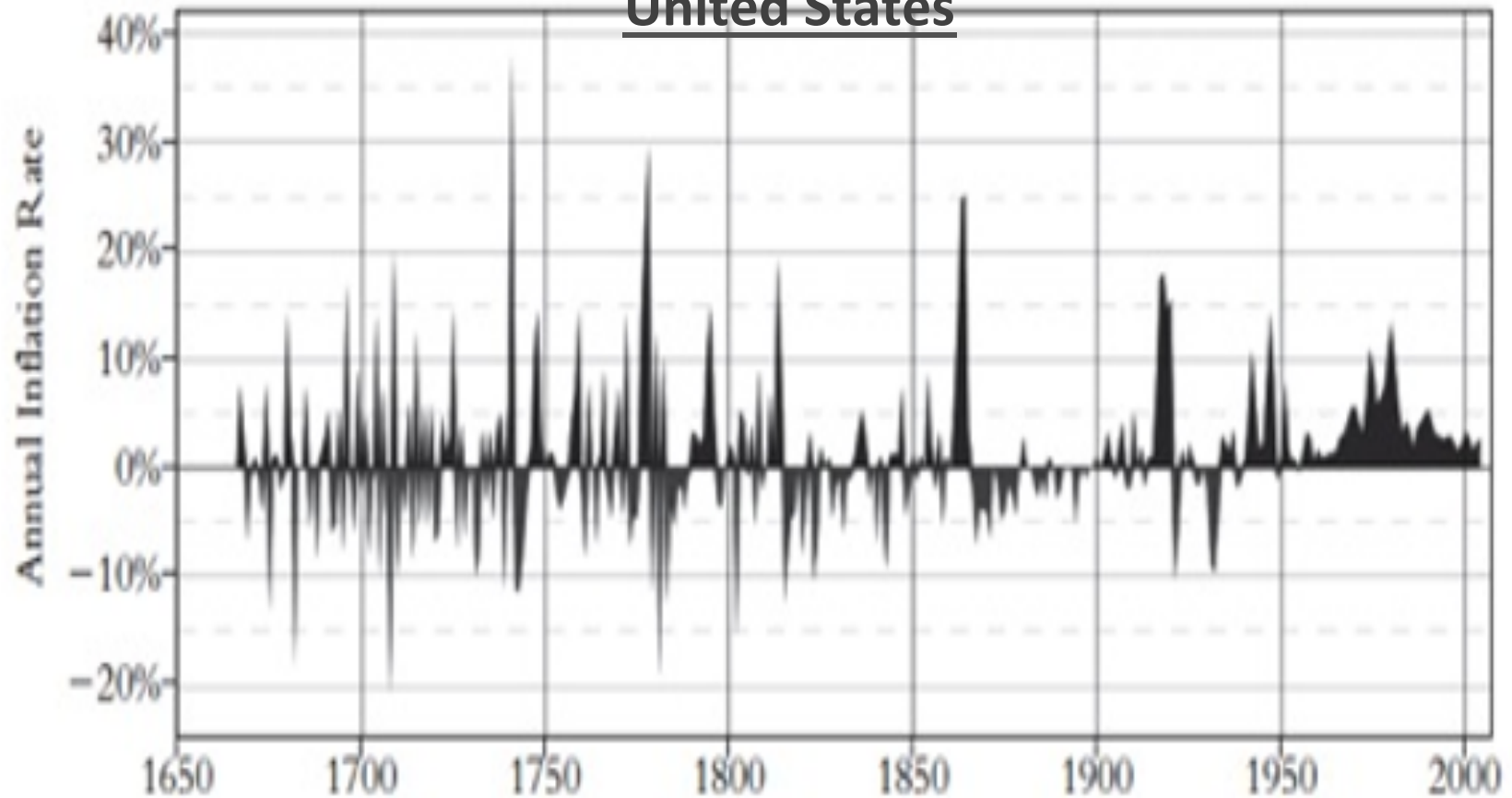


US Treasury Interest Rates (1870 – 2013)

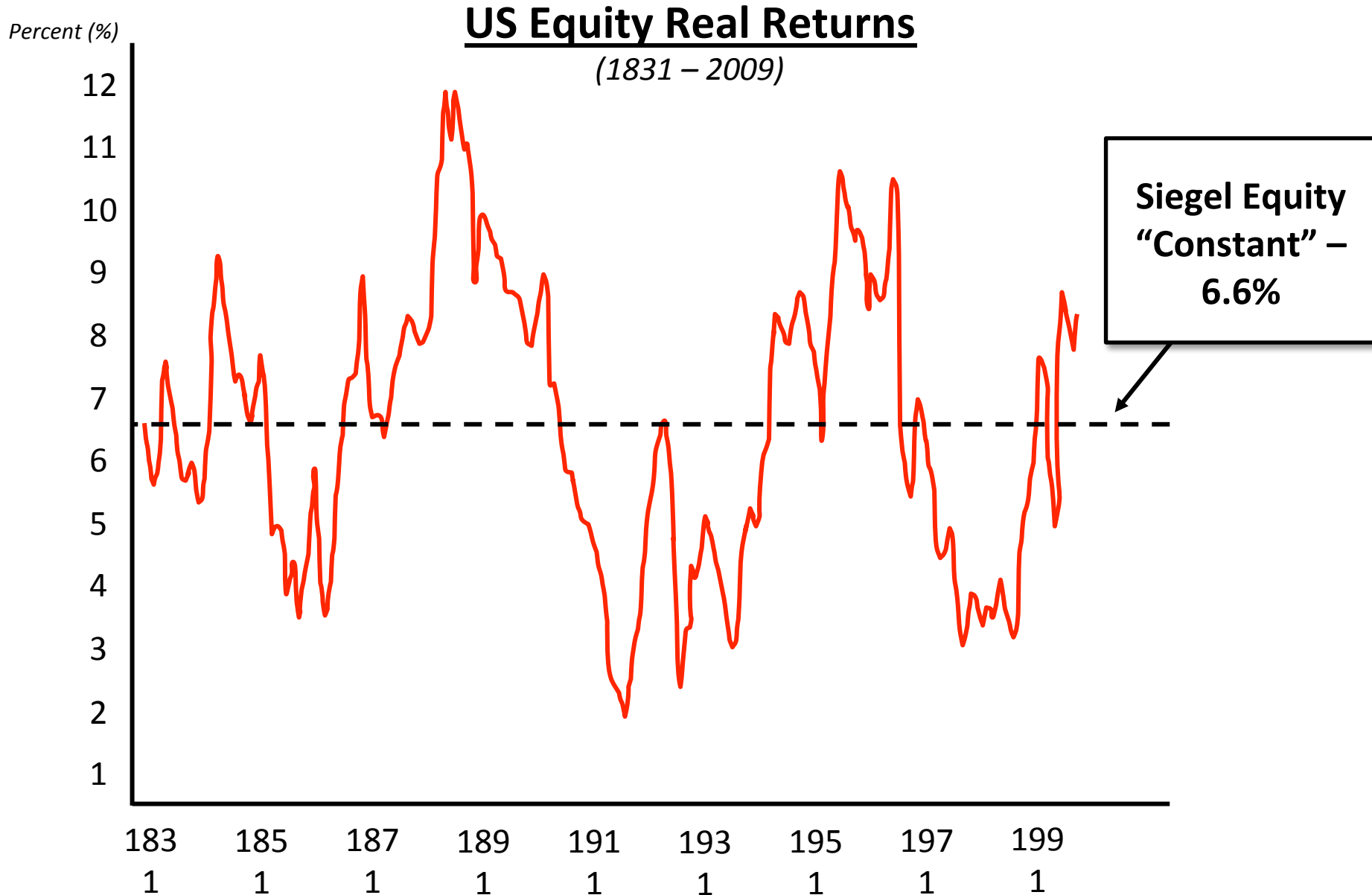


Bonds are much more risky than these “strategic portfolio allocations” from Wealth managers have people think. They’re riskier for one because we’re going to enter a bond bear market, but two because of the inflation bias shown on the next slide.

Historical Inflation in the
United States



Historical Perspective



Leaves Investors with Three Options:

- 1. Invest in short-term fixed income products only**
- 2. Invest in income-generating products with minimal interest rate risk (variable debt, high yielding equities)**
- 3. Invest while hedging interest rate risk factor**

Foreign Investors Showing Hand

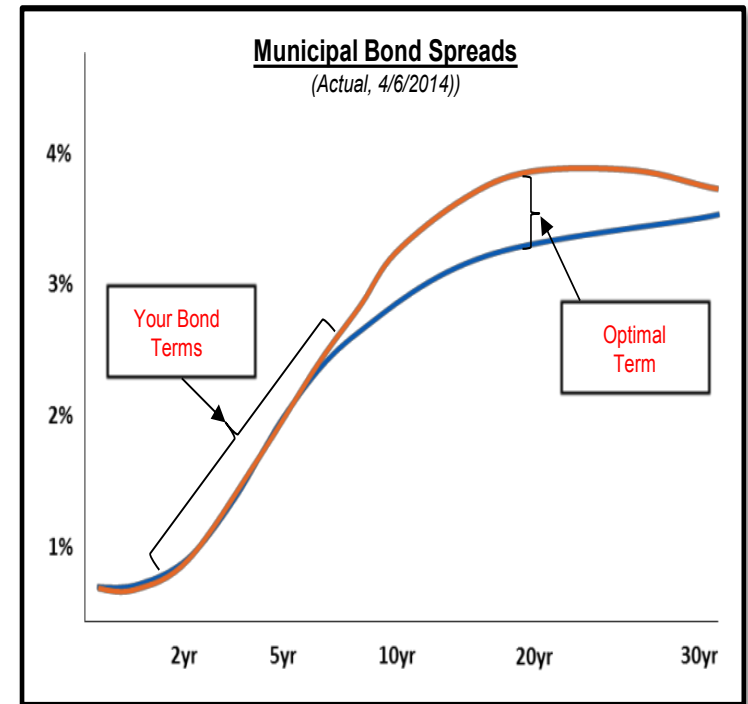
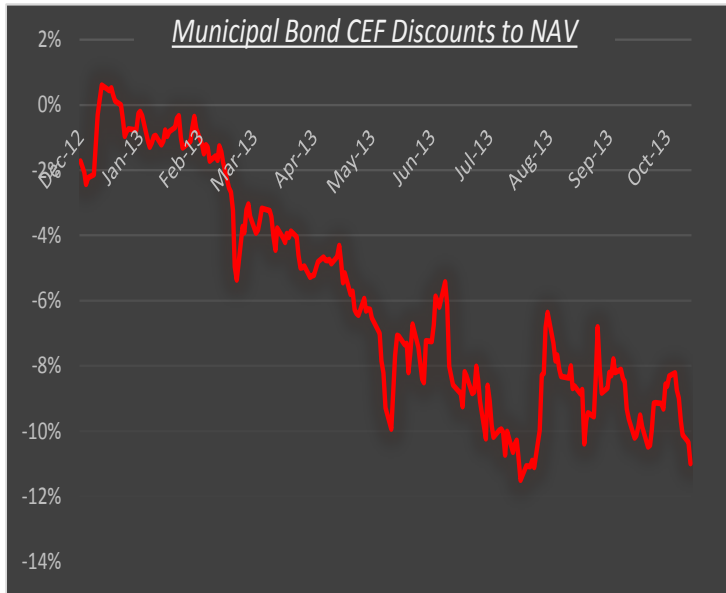
Foreign Holdings of U.S. Securities

	Total Treasury	Less than 5 years	5 to 10 years	Over 10 years
Trillions (\$)	5.8	4.2	1.3	0.3
2013 % Breakdown	100%	73%	22%	5%

Source: U.S Treasury Department

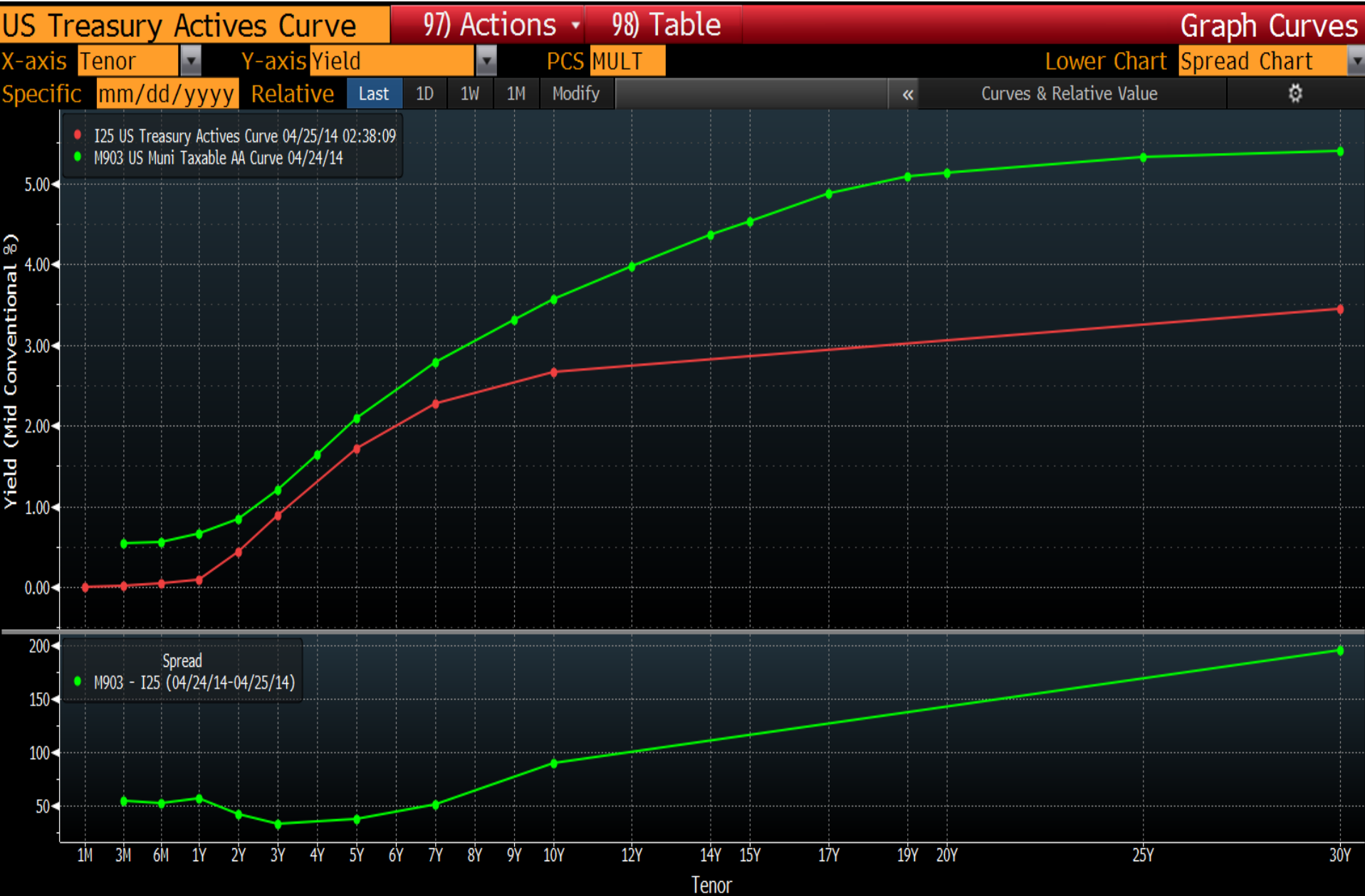
Separating Bond Risk Factors

- Municipals offering yield pick-up over Treasuries
- 19 year maturities offer optimal risk spreads

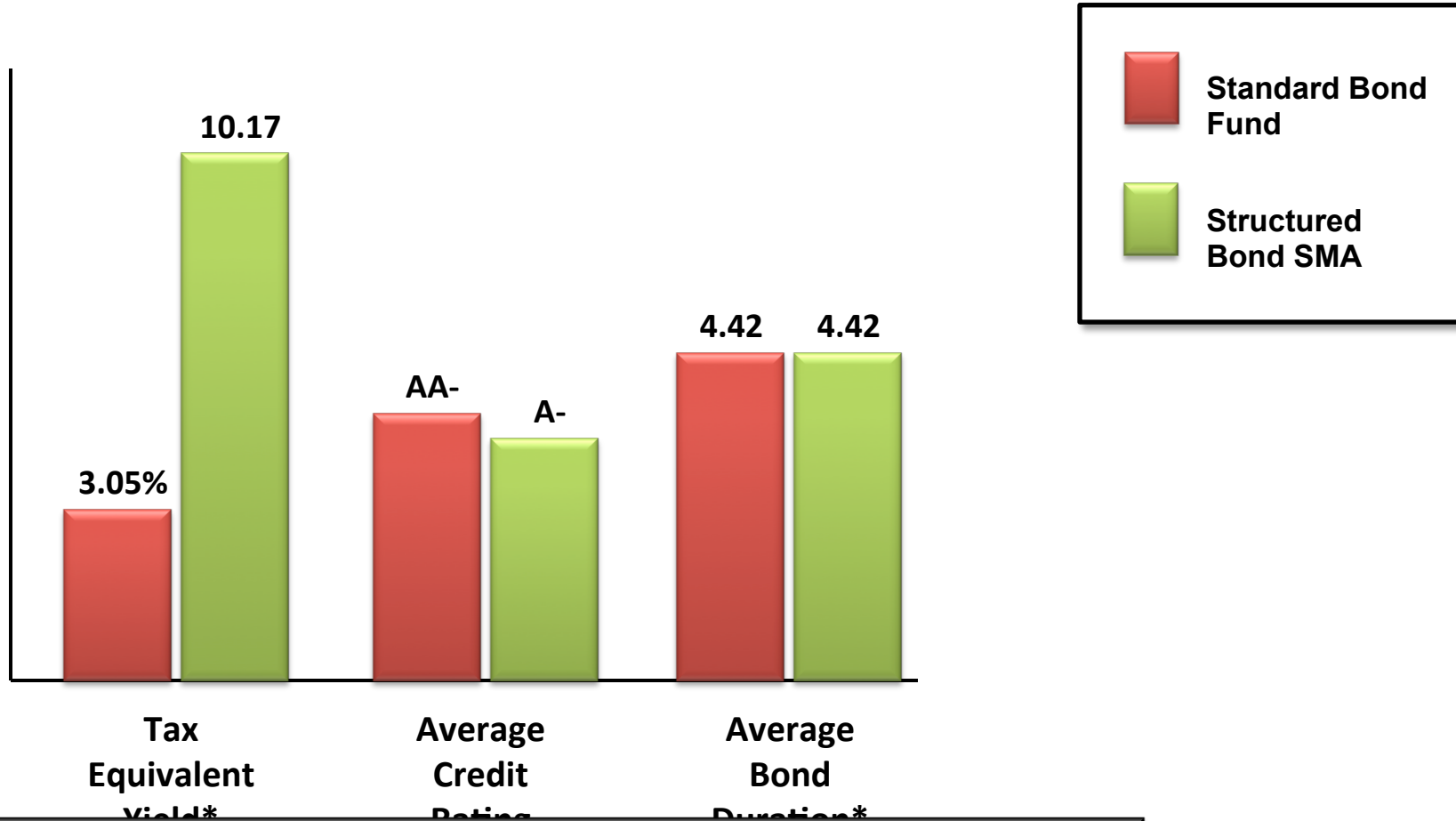


- Closed-end funds at discounts not seen since credit crisis
- Fund discounts provide opportunity for superior risk-adjusted returns

April 24, 2014 Curve Analysis



Advancing Bond Portfolio Management



Targeting Term & Vehicle Selection Lead to 300% Yield Improvement

* Figures include impact of portfolio interest rate hedge (lower yield & duration)

Thank you

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Defining Cash as an Opportunity Asset



Growth Assets in Financial Plans

- Reducing longevity risk often requires allocations to growth assets such as:
 - Developed market equities and high yield bonds;
 - Emerging market equities and bonds.
- Periodic economic contractions and financial leverage can cause temporary and severe price declines in growth assets (with high positive correlation).



Impact of Drawdowns

- Financial plans typically do not present drawdowns or severe price declines:
 - Cannot predict date of drawdown;
 - Plans are path dependent.
- Drawdowns reduce confidence and create fear of plan failure.
- Clients will not want to re-balance (sell income assets to buy growth assets).



Change Fear to Opportunity

- Plan to generate cash in early years.
- Ask clients to identify sources of cash to buy growth assets cheaply.
- Begin a dialogue of opportunity rather than fear.
- Market sell-offs become the expected buying opportunity rather than the feared belt-tightening.



Build Cash and Generate Crisis Cash

- Change lifestyle now to build cash.
- Expect to rebalance gains from growth assets into cash “war chest”.
- Treat cash as a “call option” client uses to buy cheap assets.
- Embrace “put options” for protection to generate cash in a market crisis.

