



# Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of SAM Advisors, LLC, doing business as **Sierra Asset Management**. If you have any questions about the contents of this brochure, please contact us at 559-658-5193 or [don@sierraam.com](mailto:don@sierraam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Sierra Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108685.

## **Item 2      Material Changes**

In this Item of SAM Advisors, LLC's ("Sierra Asset Management". "SAM", or the "Firm", "we", "us", "ours") Form ADV 2, we are required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update:**

- There have been no material changes since the last Annual Amendment

### **Annual Update**

Clients will receive a summary of any material changes to our Form ADV brochure within 120 days of our fiscal year end. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of the last annual update of the ADV.

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#### **Item 4      Advisory Business**

SAM Advisors, LLC, doing business as **Sierra Asset Management (“SAM”)**, is a SEC- registered investment adviser with its principal place of business located in Oakhurst, California. SAM began conducting business in 1999.

The firm's sole LLC owner (member) is Donald Anthony DeBernardi Jr., President. SAM offers the following advisory services to our clients:

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment strategy. We create and manage a portfolio based on that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

We may leverage an Order Management System through Pontera to implement tax-efficient asset location and opportunistic rebalancing strategies on behalf of the client in “held away” accounts. These are primarily 401(k) accounts, HSA's, 403(b), 457 Plans, Profit Sharing Plans, and other assets we do not custody.

Once the client's portfolio has been established, we review the portfolio on a continual basis and if necessary, rebalance the portfolio on at least an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper

- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

## **FINANCIAL PLANNING**

We provide general financial planning services. Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive an oral briefing, and if purchased, a written report that provides the client with a financial plan designed to assist the client achieve his or her financial goals and objectives. We will work with the client's tax preparation professionals, accountants, attorneys and/or insurance agents as appropriate.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax, spending, and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, and liability. We are not insurance agents, and we do not receive sales

commissions, referral fees, or compensation of any kind for recommending any type of insurance.

- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law. Our advice is of a general nature only. Clients should consult their own attorney regarding all legal advice. We do not provide legal advice of any kind.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, and provide an oral briefing for the client, and if purchased, a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial planning recommendations is entirely at the client's discretion.

We also provide general non-securities advice on any financial planning topic, including but not limited to tax and budgetary planning, retirement planning, estate planning and business planning.

### **PUBLICATION OF PERIODICALS**

SAM publishes a quarterly newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

## AMOUNT OF MANAGED ASSETS

As of 12/31/2025, we managed \$462,261,459 in client assets; \$455,817,061 on a discretionary basis and \$6,444,398 on a non-discretionary basis.

### Item 5 Fees and Compensation

#### PORTFOLIO MANAGEMENT SERVICES FEES

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>		<u>Annualized Fee</u>
\$0	to \$ 250,000	1.00%
The next	\$ 500,000	0.65%
The next	\$ 1,000,000	0.55%
The next	\$ 5,000,000	0.45%
The next	\$10,000,000	0.35%

A minimum of \$5,000 of assets under management per client is required for this service. We may use Charles Schwab's Intelligent Portfolios for any client with under \$10,000 in investable assets. This account size may be negotiable under certain circumstances. Sierra Asset Management may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. SAM's advisory fees are not negotiable. SAM has proprietary accounts for employees or related parties that are not subject to management fees. The client will be billed quarterly in arrears based on actual value of managed assets on the last trading day of the prior quarter.

For assets held at a custodian that is not directly accessible by our firm ("Held Away Accounts"), we may, but are not required to, manage these Held Away Accounts using the Pontera Order Management System ("Pontera") that allows our firm to view and manage assets. Our annual fee for asset management services for held away accounts is equal to 0.5% of the market value of assets under management. Our annual fee for asset management services is negotiable, depending on individual client circumstances.

Our advisory fees will not be deducted directly from the accounts managed through the Pontera Order Management System ("Pontera"); those fees will be assigned to the clients taxable accounts billed quarterly in arrears. If the client does not have a taxable account, those fees will be billed directly to the client.

Pontera charges SAM 0.25% of the market value annually for each managed account. Clients do not pay any additional fee to Pontera or to SAM in connection with platform participation. SAM is not affiliated with the Pontera platform in any way and receives no compensation from them for using their platform.

## FINANCIAL PLANNING FEES

SAM's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$180.00 to \$250.00 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. The client will be billed quarterly in arrears based on actual hours accrued.

## CONSULTING SERVICES FEES

SAM's Consulting Services fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$180.00 to \$250.00 per hour. An estimate for the total hours is determined at the start of the advisory relationship. The client will be billed quarterly in arrears based on actual hours accrued.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client may terminate our agreement within five business days from the date that it was first signed, without any fee. After five business days, our agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. This notice shall not affect actions taken by SAM in the client's account prior to such notice. Upon termination of our agreement, SAM will have no obligation to make recommendations or to take any action in the client's account.

***Mutual Fund Fees:*** All fees paid to SAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager affects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to SAM's minimum account requirements and advisory fees in effect at the time the client entered the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**ERISA Accounts:** SAM is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income Security Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SAM may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset SAM advisory fees.

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

SAM does not charge performance-based fees.

## **Item 7 Types of Clients**

SAM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- Trusts
- Others

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGY

We use the following strategy in managing client accounts, provided that such strategy is appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client.

Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

## RISK OF LOSS

*Investing in securities involves risk of loss that clients should be prepared to bear.*

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although SAM manage assets in a manner consistent with client investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the following risks of loss:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social

conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties (i.e., Non-traded REITs and other alternative investments) are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Business Continuity Risk.** Shulman DeMeo has adopted a business continuation strategy to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers, or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster. Nevertheless, our ability to conduct business can be curtailed by a disruption in the infrastructure that supports our operations.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

SAM and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

SAM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by emailing [don@sierraam.com](mailto:don@sierraam.com) or by calling us at 559-658-5193.

SAM and individuals associated with our firm are prohibited from engaging in principal transactions. SAM and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. An exception to this policy applies if employee trading is part of a block trade in line with the requirements of Item 12 below.

## **Item 12 Brokerage Practices**

SAM requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

SAM will utilize block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. SAM's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with SAM, or our firm's order allocation policy.
- 2) SAM must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) SAM must reasonably believe that the order aggregation will benefit and will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written or electronic order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written or electronic statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) SAM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on SAM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Where we may leverage an Order Management System through Pontera, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage. Trades executed through the Pontera Order Management System may take 1 to 2 business days to settle.

### **Directed Brokerage**

SAM generally requires that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. SAM is independently owned and operated and not affiliated with Schwab.

In a limited number of cases, clients may direct SAM to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, we are not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As a result, the client may pay higher commission costs, security prices and transaction costs. In addition, the client may be unable to obtain the most favorable price on transactions executed by SAM as a result of our inability to include trades for this account with other client trades. Furthermore, the client may not be able to participate in the allocation of a security of limited availability for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, SAM may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not earn returns equal to those of clients who do not direct brokerage. Due to these circumstances, there is the possibility for a disparity in brokerage commission rates charged to a client who directs SAM to use a particular broker. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

Schwab provides SAM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services ("soft dollars") that benefit SAM but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including

accounts not maintained at Schwab. Schwab's products and services that assist us in managing and administering our client's accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements).
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- iii. provide research, pricing, and other market data.
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting.
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to SAM. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Item 13 Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**Reviews:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Don DeBernardi.

**Reports:** In addition to the quarterly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, SAM will provide quarterly reports summarizing account performance, balances, and holdings.

## **FINANCIAL PLANNING SERVICES**

**Reviews:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for. Additional reports will not typically be provided unless otherwise contracted for. All reviews will be either conducted by the CCO or designee.

## **CONSULTING SERVICES**

**Reviews:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Consulting Services clients will not typically receive reports due to the nature of the service. All reviews will be conducted by Don DeBernardi.

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

Sierra Asset Management does not engage solicitors or pay related or non-related persons for referring potential clients to our firm.

### **Item 15 Custody**

#### **Custody: Fee Debiting**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. Because of this, our firm has custody of our client accounts. As part of the billing process, the client's custodian (Charles Schwab Institutional) is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their brokerage statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

#### **Custody – Third Party Money Transfers**

Clients may provide us with a standing letter of authorization (or similar asset transfer authorization) which allows SAM to disburse funds on behalf of clients to third parties. In these cases, the client signs a Schwab form detailing the outgoing and incoming accounts/payees. The client can terminate these instructions at any time. Under no circumstance shall the receiving account or payee be SAM, nor should the funds be sent to SAM's address.

We ensure the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to

- the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
  5. We have no authority or ability to designate or change any information about the third party contained in the instruction;
  6. We maintain records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
  7. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. In cases of our non-discretionary asset management services (for self-directed 401k clients), we must contact the client prior to making any trades on their behalf.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell
- Determine the broker or dealer to be used for a purchase or sale of securities for a client's account

Clients give us discretionary authority when they sign a discretionary investment management agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Don DeBernardi by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of

Claim” in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor’s right to vote proxies. Clients should contact Don DeBernardi by telephone, email, or in writing to direct SAM to vote a proxy in a particular manner.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so- called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 559-658-5193 or toll-free at 1-877-658-5193, or email don@sierraam.com.

## **Item 18 Financial Information**

SAM has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. SAM has not been the subject of a bankruptcy petition at any time during the past ten years.