

Disclosure Brochure
March, 2011

Sierra Financial Advisory

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This brochure provides information about the qualifications and business practices of Sierra Financial Advisory. If you have any questions about the contents of this brochure, please contact us at 800-969-8939. 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. Additional information about Sierra Financial Advisory also is available on the SEC's website at

www.adviserinfo.sec.gov

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Advisory Business

Sierra Financial Advisory, Inc. (SFA) is an SEC registered investment advisor. It was established in 2004 by the current owner and sole shareholder, Joe Tomkiewicz.

Investment Philosophy

Our mission is to provide tailored advice and investment management to help individuals realize their financial goals.

The process begins when we sit down with you and get to know who you are and where you want to be. Together, we will define your current and long-term financial needs. From this information, we will design a realistic, personalized investment strategy. Sierra Financial Advisory is an independent registered investment advisor with no proprietary products to promote or sell. Portfolios are designed with one objective in mind, to maximize the chances of our clients' success.

We view each of our relationships in the context of a process that evolves over time. If your financial situation changes, we will always be ready to adjust your portfolio. Our primary commitment is to your long-term financial success.

Our Investment Approach emphasizes downside risk management. While we aim for capital appreciation, we also manage assets with the knowledge that our typical client has entrusted us with their nest egg. Our strategy is not designed to make our clients rich, but rather to help them maintain the lifestyle to which they have become accustomed.

SFA provides investment supervisory services to its clients. Compensation for these services may vary according to the agreement made with the client (see the Fees and Compensation section for details). The majority of the assets managed by SFA are on a discretionary basis. This means that SFA has the client's permission to make investment changes, buys and sells, on the client's behalf. SFA also manages assets on a non-discretionary or commission basis. These are transaction based accounts and require client permission for each trade. Approximately 80% of SFA's business is done on a discretionary basis:

As of January 2011,

| | |
|---------------------------------------|--------------|
| Discretionary assets under management | \$42,600,000 |
| Non-discretionary assets | \$ 9,600,000 |

Fees and Compensation

There are four possible compensation models:

1. Preparation and presentation to the client of a written plan, analyses and/or recommendations for future actions. The report may include, but may not be limited to, one or more of the following: budgeting and cash flow analysis, net worth analysis, asset allocation, tax planning, investment planning, risk management, estate transfer planning, employee benefit analysis, financial independence, retirement planning, educational planning, and charitable giving applications. A fee will be charged for this service based on an hourly rate of \$150. Up to 50% of the agreed upon fee may be due upon the signing of the contract. The remainder of the fee will be due upon presentation of the plan or recommendations.
2. One or more consultations for specified objectives relative to financial issues. A fee will be charged for this service based on an hourly rate of \$150 per hour. Up to 50% of the agreed upon fee may be required when the contract is signed with the remainder of the fee due upon completion of the work.
3. In the course of business, investment advice may be provided on a non-fee basis with the compensation for such activity from sales commissions only. Normally, an advisory fee is not charged on assets that create a commission. Advisory fees, however, will be charged when consideration must be given to the breadth or depth of the service provided that goes beyond that required for transaction compensation by commission. At the initial conference with the client, an agreement will be completed stating the type of service to be rendered, the structuring of the fee, and the amount to be paid. A copy of the required brochure or ADV and disclosure material will be delivered by SFA to the client. Typically, a commission based product is recommended and used when the product has been determined by SFA to be suitable for the client and is only offered on a brokerage or commission basis. SFA has a brokerage affiliation with American Investor's Company, AIC, for brokerage business. Joseph Tomkiewicz is also a registered representative with American Investors Company (AIC) 2682 Bishop Drive, Suite 123 San Ramon, CA 94583, 925-866-2882. For commission based business, AIC and Joseph Tomkiewicz are licensed in CA, ORE, WA, TX, and AZ and may only conduct such business in those states unless additional licensing is obtained. When a commission based product is recommended to the client, this may pose a conflict of interest to SFA and its agents, as commissions are usually paid up front and therefore offer a strong short term incentive verses an ongoing fee arrangement. When a commission product is recommended, the client will be presented with and will be required to sign disclosure documentation as to the fees, surrender charges, and restrictions of the product in question.
4. Continued services for periodic portfolio review and updating, periodic financial plan review, newsletters, periodic financial advice, and account processing activities. Compensation for this service is based on a percent of assets under management, to be billed quarterly in

arrears. The fee schedule is disclosed below and on the advisory agreement and billing invoice. Fees are deducted from the accounts under management when possible. In the event that fees cannot be conveniently deducted from an account, an invoice for the fees will be sent to the client for payment by check. At the initial conference with the client, an agreement will be completed stating the type of service to be rendered, the structuring of the fee, and the amount to be paid. A copy of the required brochure or ADV and disclosure material will be delivered by SFA to the client.

The standard fee schedule as of 03/11/2011 is:

| Value of Invested Assets* | Quarterly Fee | Annualized Rate |
|---------------------------|---------------|-----------------|
| Up to \$100,000 | 0.375% | 1.50% |
| \$100,001 to \$750,000 | 0.25% | 1.00% |
| \$750,001 to \$2,000,000 | 0.1875% | 0.75% |
| Over \$2,000,000 | 0.15% | 0.60% |

This fee schedule is a sliding scale. For example, the first \$100,000 of a portfolio would be charged 1.5%. The next \$650,000 is charged 1% up to a total portfolio size of \$750,000 and so forth. The result is that smaller portfolios pay a higher overall percentage fee than larger portfolios while larger portfolios pay a higher dollar amount. These fees may be negotiable on a case by case basis.

SFA does not charge fees in addition to the schedule agreed upon by SFA and the fee based client. However, additional costs to the client may include fees charged by the custodian for accounts held at their firm. These may include stock transaction fees, mutual fund transaction fees and early withdrawal penalties, annual maintenance fees, and special request fees such as money wires by fed funds. SFA primarily utilizes TD Ameritrade Institutional as custodian for fee based accounts because of what SFA has determined to be a favorable fee structure. For fee based accounts, there are no loads or commissions charged on mutual fund purchases. Funds that normally charge an up-front commission waive the fee for institutional clients. Each fund has its own set of operating expenses to support each fund's management team and business structure. Fund fees vary greatly from fund to fund. The client will not see these fees deducted from their portfolio as they are taken from fund investments before net returns are calculated and reported by the fund. However, the client of SFA still pays for these fees through their investment portfolio and these fees are in addition to the fees charged by SFA. SFA attempts to minimize ancillary fees charged by a custodian and will make recommendations to that effect. Although SFA recommends TD Ameritrade Institutional, SFA is also capable of managing accounts held at other firms. SFA does not receive perks or incentives for utilizing and recommending TD Ameritrade Institutional.

The client has the right to terminate the investment advisory agreement by written request.

SFA may also terminate the agreement at any time by giving the client written notice.

Remaining advisory fees due will be billed on a pro rata basis for the final quarter billing period.

Performance-Based Fees

SFA does not offer a performance-based fee structure.

Types of Clients

The client base of SFA is composed primarily of individuals and family accounts. In addition, SFA manages accounts for small business retirement plans, trusts, estates and charitable organizations, and small business corporations.

Methods of Analysis, Investment Strategies and the Risk of Loss

Clients of SFA should be aware that investing involves the risk of loss. In general, the higher the potential for gain that exists in an investment, the higher the risk for loss that also exists.

SFA primarily uses mutual funds in its investment management strategy. SFA employs a proprietary method of selecting funds to provide an asset allocation for client portfolios that corresponds to the client's stated risk tolerance. It is the intent of SFA to choose funds that historically minimize losses when markets are negative compared to similar funds in the same peer category. This poses the risk of underperformance. The funds in a client's portfolio may underperform similar funds in the same category for extended periods of time, especially in protracted bull markets. It is the tenant of SFA that, over time, minimizing losses during bear markets will reward the client with lower volatility and higher returns. SFA utilizes a long term investment strategy and does not utilize market timing. This means that investments will remain funded even when they are dropping in value and more money may be added to a declining investment to rebalance a portfolio. SFA holds that attempting to time the market with buys and sells is a losing long term investment strategy. Mutual funds offer asset allocation and diversification, but are still subject to market risk. If the stock and bond markets are declining in value, the client should expect that corresponding fund investment in a portfolio will also drop in value. It is the intent of SFA to mitigate the extent of these declines and will choose fund managers that historically have provided downside protection, but this is no assurance that this goal will be accomplished as past performance is not a guarantee of future results.

SFA also may recommend and invest in individual stocks and bonds on behalf of client portfolios. SFA utilizes fundamental analysis and subscribes to outside research for stock research to complement its own research. Owning individual stocks and bonds does not allow

for diversification to the same extent offered by mutual funds. The result may be that individual stocks and bonds may increase the volatility of a portfolio, providing more potential for appreciation but also greater risk of loss. In addition to risks presented by mutual fund investing, individual stocks and bonds are subject to specific company or entity risk. Despite correct planning and best efforts, clients of SFA should be aware that there is no guarantee that an investment portfolio will attain the client's goals and may lose money over its investment life.

Disciplinary Information

There have been no legal or disciplinary events related to the advisory business of SFA since its inception in 2004. However, prior to the creation of SFA in 2004 there were two events, both which occurred in 2000 and were resolved in 2005 and 2006 respectively that involved the owner of SFA, Joe Tomkiewicz.

NASD case # 05-00502. The client alleged that in March of 2000 his account was subjected to unsuitable investment recommendations and that the broker-dealer, Prudential Securities did not provide ample supervision of portfolio activity. The client also alleged that documentation regarding his investment profile was improperly changed. The funds in question in this case were within a variable annuity. The client's initial claim was for \$129,000. The case was settled in mediation for \$55,000. Mr. Tomkiewicz believes that he acted properly and appropriately at all times with respect to the handling of this account. He was not asked to contribute to the settlement of this case.

NASD case #05-00435. The client alleged that between 2000 and 2001, their portfolio was unsuitably invested in high risk equity and funds. The client's initial claim was for \$400,000. This claim went to arbitration and the client was awarded \$140,000. The client who made the investment decisions deceased in 2002. The case was brought by the client's widow. Prudential Securities, the broker dealer involved in this case along with the agent, Mr. Tomkiewicz, did not produce vital documents that would have corroborated and strengthened our case. Mr. Tomkiewicz was not asked to contribute to the settlement of this case.

Both of the cases mentioned above occurred early in the career of Mr. Tomkiewicz and during the now termed "tech wreck" of 2000 through 2002. This was a difficult time in the market for all involved, but it was also a learning experience that has laid the groundwork for the current investment philosophy and style of Mr. Tomkiewicz and SFA (See Methods of Analysis and Investment Strategy). Given the same client with the same investment goals today, Mr. Tomkiewicz would handle both clients differently and likely would choose not to take the individuals as clients at all. As a registered investment advisor, SFA has a fiduciary duty to its

clients to do what is in the client's best interest. In a situation where the client wishes to invest in a way that SFA deems to be financially dangerous or inappropriate for the client's situation, SFA may either sever the relationship in the case of an existing client or not initiate a management agreement for a prospective client.

Other Financial Industry Affiliations or Activities

The sole financial advisor affiliate and shareholder of SFA is Joe Tomkiewicz. Mr. Tomkiewicz also is an agent with a broker-dealer, American Investors Company or AIC, whose main office and place of business is 2682 Bishop Drive, Suite 123, San Ramon, CA 94583. Through AIC, Mr. Tomkiewicz may transact business for clients for commission based products that are deemed to be suitable for the client. Mr. Tomkiewicz also holds an insurance license and may transact insurance related business for clients in life insurance and annuities. Mr. Tomkiewicz has the capability of transacting health insurance as well, but does not do so at this time. Mr. Tomkiewicz is listed as an agent with the following insurance companies:

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| GENWORTH LIFE AND ANNUITY INSURANCE COMPANY | For: Life Only | Effective: 07/01/2007 |
| HARTFORD LIFE AND ANNUITY INSURANCE COMPANY | For: Accident and Health | Effective: 03/24/2003 |
| HARTFORD LIFE AND ANNUITY INSURANCE COMPANY | For: Life-Only | Effective: 03/24/2003 |
| TRANSAMERICA LIFE INSURANCE COMPANY | For: Life-Only | Effective: 06/07/2004 |
| HARTFORD LIFE INSURANCE COMPANY | For: Life-Only | Effective: 03/24/2003 |
| JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.) | For: Life-Only | Effective: 05/03/2010 |
| LINCOLN NATIONAL LIFE INSURANCE COMPANY (THE) | For: Accident and Health | Effective: 02/28/2006 |
| LINCOLN NATIONAL LIFE INSURANCE COMPANY (THE) | For: Life-Only | Effective: 02/28/2006 |
| PACIFIC LIFE INSURANCE COMPANY | For: Life-Only | Effective: 06/11/2008 |
| PENN INSURANCE AND ANNUITY COMPANY (THE) | For: Life-Only | Effective: 09/20/2008 |
| PENN MUTUAL LIFE INSURANCE COMPANY (THE) | For: Life-Only | Effective: 09/20/2008 |

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| ROYAL NEIGHBORS OF AMERICA | For: Life-Only | Effective: 04/19/2010 |
| SECURITY BENEFIT LIFE INSURANCE COMPANY | For: Accident and Health | Effective: 08/09/2004 |
| SECURITY BENEFIT LIFE INSURANCE COMPANY | For: Life-Only | Effective: 08/09/2004 |
| STANDARD INSURANCE COMPANY | For: Accident and Health | Effective: 10/28/2004 |
| STANDARD INSURANCE COMPANY | For: Life-Only | Effective: 10/28/2004 |
| SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY | For: Accident and Health | Effective: 06/05/2003 |
| SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY | For: Life-Only | Effective: 06/05/2003 |
| TRANSAMERICA LIFE INSURANCE COMPANY | For: Accident and Health | Effective: 06/07/2004 |
| GENWORTH LIFE AND ANNUITY INSURANCE COMPANY | For: Accident and Health | Effective: 01/01/2007 |
| AXA EQUITABLE LIFE INSURANCE COMPANY | For: Life-Only | Effective: 06/12/2008 |
| AMERICAN GENERAL LIFE INSURANCE COMPANY | For: Life-Only | Effective: 10/15/2004 |
| AMERICAN GENERAL LIFE INSURANCE COMPANY | For: Accident and Health | Effective: 10/15/2004 |
| AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE | For: Life-Only | Effective: 03/11/2006 |
| AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE | For: Accident and Health | Effective: 03/11/2006 |
| HARTFORD LIFE INSURANCE COMPANY | For: Accident and Health | Effective: 03/24/2003 |

Business transacted through the broker-dealer, AIC, or with insurance companies with Mr. Tomkiewicz as agent compensate SFA on a commission basis. This may present a conflict of interest as up front commission sales can be an attractive incentive for promoting a product. In cases when a commission product is deemed to be the best fit for the client's needs and is recommended to the client by SFA, there will be disclosure as to the nature of the investment,

the fees being charged, any surrender or withdrawal penalties that exist, and the fact that the product is a commission and not a fee based investment. For clients that are fee based but also have commission based products in their portfolio, reporting by SFA will still include all of the assets in the client's portfolio together and does not differentiate between commission and fee based investments. Commission based assets, however, are excluded from fee based billing and the quarterly billing statement that accompanies the quarterly report will reflect this.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SFA maintains a code of ethics relating to its fiduciary duty to its client base. SFA holds client information confidential and strives to protect sensitive client financial information. A copy of SFA's code of ethics is available upon request.

SFA and its employees may buy or sell securities for personal accounts that it also recommends to clients. Transactions for client accounts take priority over personal accounts of those affiliated with Sierra Financial Advisory by way of employment or ownership. In the case of a purchase or sale order recommended to advisory clients, SFA affiliated accounts will have last opportunity to exit or enter an equity position. Where possible, bulk orders will be placed for buy or sell orders that include a group of client accounts, including accounts of SFA related parties. Bulk orders group all of the individual orders together so that all of the individual orders receive the same pricing, thus eliminating the possibility of some accounts getting favorable pricing because of purchase or sale pricing. Bulk orders are not always possible, however, and to avoid favoritism or the appearance of favoritism, accounts are systematically assessed and rebalanced on a regular schedule. The timing of one client's portfolio changes compared to another are a consequence of SFA's analysis schedule. SFA will group clients by risk tolerance and rebalance accounts individually one group at a time. Generally, account monitoring and analysis occur quarterly, more often if the account is new to SFA and a dollar cost averaging strategy is being implemented. For example, conservative clients may see portfolio changes in January while moderate clients may not see portfolio changes until February. This is incidental to the schedule SFA follows and is not an attempt to time the market or to favor one investment group over another.

SFA and its employees do not hold board member or ownership positions in any securities that it recommends to its clients that might create a conflict of interest. Investment choice is determined by research only, by what SFA determines is a fit for client portfolios.

Brokerage Practices

SFA utilizes TD Ameritrade as broker dealer for investment advisory accounts based on favorable transaction, service, and account maintenance fees. SFA has no monetary incentive to use the services of TD Ameritrade and does not receive soft dollar credits for research services. Accounts that transact on a commission basis are held at National Financial Corporation, a subsidiary of Fidelity and brokered through American Investors Company. Should clients decide to purchase securities through National Financial, SFA may choose to cancel or discount any advisory fee and receive only compensation for the securities sale or sales. This will be discussed and mutually agreed upon with SFA and the client.

American Investors Company and SFA maintain an agreement with other investment advisors offering specialized services (i.e. portfolio management). SFA may utilize these services through American Investors Company. A portion of the client fees paid to the investment advisor by agreement will be retained by American Investors Company.

SFA does not participate in soft dollar programs or spending account programs in order to obtain privileges in exchange for business activity. SFA also does not accept marketing funds from investment companies that promote their services to SFA. SFA holds this policy in order to eliminate the conflict of interest that can arise when choosing an investment for a client portfolio. SFA does not want to have an incentive to buy positions that are not the best choice for the client. By refusing credit accounts or marketing budgets from third party entities, SFA eliminates these conflicts of interest. Any research tools or marketing program that SFA utilizes are funded and paid for solely by SFA.

SFA does not participate in a broker-dealer referral program.

SFA routinely recommends TD Ameritrade Institutional as broker dealer for investment advisory accounts based on favorable transaction, service, and account maintenance fees. SFA receives no compensation for utilizing TD Ameritrade Institutional. For convenience of account management, SFA prefers that advisory accounts custodian at TD Ameritrade Institutional, but if a client feels strongly about holding their account elsewhere, an exception can be made on a case by case basis. For example, SFA may manage a 401k account on a client's behalf that must remain at the client's current employer's custodian.

As mentioned above under client transactions, orders are aggregated when possible as bulk orders. Bulk orders do not affect the cost per transaction, but are performed for expediency of execution and uniform pricing.

Review of Accounts

Reviews of Investment advisory accounts will be conducted by Joe Tomkiewicz MS, CFP®, president and owner of SFA. Reviews will be conducted at least on an annual basis and more frequently as dictated by changes in client objectives, time horizons, risk levels, as well as macro - economic conditions. If a financial plan has been prepared for a client and billed on an hourly basis without an asset management agreement, reviews are conducted at the discretion of the client and time spent by SFA are billed to the client accordingly. The cost of financial plans provided to fee paying asset management clients is included in the fee based agreement signed by SFA and the client.

SFA will be available for client initiated questions during regular business hours, 9 a.m. to 4 p.m. Updated written portfolio reports are mailed to clients on a quarterly basis. Reports are designed by SFA to be user friendly and brief, yet still contain the vital information most investors want to track. Portfolio asset allocation, portfolio balance, return net of fees, individual account balance, a record of net deposits and withdrawals, and recent position performance are included in the standard quarterly reports. The purpose of the reports is to monitor the progress of client portfolios compared to pre-determined goals and objectives. SFA will also supply end of the year realized gain and loss reports for taxable accounts. SFA will provide additional reports upon request at no additional cost to the client.

Client Referral and Other Compensation

SFA does not receive referral fees from nor does SFA pay referral fees to any outside entity, individual, or business.

Custody and Investment Discretion

SFA does not have custody of client funds or securities. SFA has a limited power of attorney on all fee based Investment advisory accounts. This only enables SFA to make portfolio buy and sell decisions on behalf of its clients. It does not give SFA the ability to unilaterally move portfolio assets from one custodian or broker/dealer to another or to take physical possession of client assets. The client will receive account reports from the custodian, TD Ameritrade Institutional in most cases, on a regular basis. Reports from SFA will be sent to the client on a quarterly basis and will aggregate client information from all of their accounts from different account custodians, if applicable. The reports from SFA to the client are a redundancy of the information being sent to the client by the custodian and are provided for client convenience and to aid in aggregate portfolio analysis. If there is a discrepancy between the reported numbers by SFA versus the account custodian, the client should rely on the information

provided by the custodian. Discrepancies may occur due to the timing of the recording of a dividend, interest payment, account deposit or withdrawal, especially if such an entry is at the end of a month or reporting period. SFA waits five days from the end of the quarter before recording account values for reports in an attempt to allow for settling of such activities, but discrepancies may still occur.

Voting Client Securities

Individual stock and mutual fund positions may periodically issue proxy votes to shareholders. SFA will not vote proxies for its clients. Each client is responsible for proxy voting or for assigning the proxy voting to the issuing company's board of directors. Clients will receive proxies or other solicitations directly from their custodian or transfer agent. Clients may contact SFA for consultation on such solicitations.

Management Personnel

Joseph Tomkiewicz MS CFP®: Year of Birth: 1964

Formal education: Mr. Tomkiewicz received a Bachelor of Arts degree from Stanford University in 1987 and a Master's Degree from the University of Southern California in 1989. He currently holds series 7, 63, 65, and insurance licenses. He became a Certified Financial Planner™, CFP® professional through the College for Financial Planning in 2007.

Business Background:

2004 to present: President of Sierra Financial Advisory, an SEC registered Investment Advisory Firm. He acts as financial advisor and investment manager for clients of SFA. He is also a registered representative with American Investor's Company, a broker dealer. Currently, Mr. Tomkiewicz conducts portfolio investment management for individuals, trusts and small businesses.

Former: Beginning in 1998, Mr. Tomkiewicz was a financial advisor with Prudential Securities in Roseville, CA. In 2003, he joined UBS Financial Services in Grass Valley, CA where he operated his financial practice for one year until establishing SFA in 2004. Although becoming an independent advisor was his eventual goal, the break from UBS to go independent was unplanned and abrupt. A colleague of Mr. Tomkiewicz died suddenly and Mr. Tomkiewicz was asked to assume client account management on behalf of the deceased and his estate. Doing so required moving his entire book of business to an independent broker-dealer and subsequently creating Sierra Financial Advisory Incorporated.

Mr. Tomkiewicz has been a licensed physical therapist since 1989. Prior to beginning his career as a financial advisor in 1998, he worked full-time in this field after receiving his degree from USC. Mr. Tomkiewicz has kept his license to practice active and may work part-time (0 to 20

hours per week), on a per-diem or on call basis for health care providers. Mr. Tomkiewicz limits commitments to physical therapy work to after stock market hours (1 p.m. pacific time) and week-ends so that it does not conflict with his work at SFA.