

Item 1

Cover Page

# SIERRA OCEAN, LLC

## **Form ADV Part 2A Disclosure Brochure March 27, 2024**

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**This brochure provides information about the qualifications and business practices of Sierra Ocean, LLC. If you have any questions about the contents of this brochure, please contact us at (209) 232-7100 or at [Jeff@SierraOcean.com](mailto:Jeff@SierraOcean.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.**

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

**References herein to Sierra Ocean, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the last annual amendment filed on March 9, 2023, there have been no material revisions to this Disclosure Brochure.

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

- A.    Sierra Ocean, LLC (“Sierra Ocean”) is a limited liability company formed in the state of Delaware in February, 2021. Sierra Ocean became registered as a registered investment advisor with the Securities and Exchange Commission in May, 2021 and is principally owned by Jeffrey S. Burrow.
- B.

##### **INVESTMENT ADVISORY SERVICES**

Sierra Ocean provides investment management services and stands to provide financial planning and consulting services. Sierra Ocean provides investment advisory services specific to the needs of each client. Before providing investment advisory services, a financial advisor will ascertain the client’s investment objectives. Thereafter, Sierra Ocean will recommend that the client allocate investment assets consistent with the client’s designated investment objectives. Once allocated, Sierra Ocean provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Sierra Ocean may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Sierra Ocean offers financial planning on a project and ongoing basis.

Prior to engaging Sierra Ocean to provide planning or consulting services, clients are generally required to enter into a consulting agreement with Sierra Ocean setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Sierra Ocean commencing services. If requested by the client, Sierra Ocean may recommend the services of other professionals for implementation purposes, including certain of Sierra Ocean’s representatives in their individual capacities as licensed insurance agents (See disclosure at Item 10.C below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Sierra Ocean.

If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not Sierra Ocean, shall be responsible for the quality and competency of the services provided.

**Please Note: Planning Limitations.** Sierra Ocean believes that it is important for the client to address financial planning issues on an ongoing basis. Sierra Ocean’s advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Sierra Ocean. It remains each client’s responsibility to promptly notify Sierra Ocean if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Sierra Ocean will generally provide financial planning and related consulting services as part of its services (exceptions may occur based upon assets under management, special projects, etc. for which Sierra Ocean may charge a separate fee). However, neither Sierra Ocean nor its employees are responsible for implementing any aspect of a financial plan, unless they have agreed to do so in writing. Sierra Ocean does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Sierra Ocean, if desired.

Furthermore, although Sierra Ocean may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance, Sierra Ocean does not serve as an attorney or accountant, and no portion of its services should be construed as legal or accounting services. Accordingly, Sierra Ocean does not prepare estate planning documents or tax returns.

To the extent requested by a client, Sierra Ocean may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of Sierra Ocean's representatives in their individual capacities as licensed insurance agents (See disclosure at Item 10.C below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Sierra Ocean and/or its representatives. If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged third party licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not Sierra Ocean, shall be responsible for the quality and competency of the services provided. Sierra and its representatives also remain responsible for recommendations to the extent that they provide such recommendations relative to insurance products or services.

**Right Capital/ByAllAccounts Client Access.** In conjunction with the services provided by Right Capital and ByAllAccounts, Sierra Ocean may also provide periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by Sierra Ocean (the "Excluded Assets"). Sierra Ocean's service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because Sierra Ocean does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not Sierra Ocean, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not Sierra Ocean, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, Sierra Ocean shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Sierra Ocean provide investment management services with respect

to the Excluded Assets, the client may engage Sierra Ocean to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Sierra Ocean and the client.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Sierra Ocean generally recommends that Charles Schwab and Co. ("*Schwab*") serves as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other types of fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, do not currently charge fees on individual equity transactions, others do). **Please Note:** there can be no assurance that *Schwab* will not change their transaction fee pricing in the future. **Please Also Note:** *Schwab* may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. These fees/charges are in addition to Sierra Ocean's investment advisory fee at Item 5 below. Sierra Ocean does not receive any portion of these fees/charges.

**Portfolio Activity.** Sierra Ocean has a fiduciary duty to provide services consistent with the client's best interest. Sierra Ocean will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions or /withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Sierra Ocean determines that changes to a client's portfolio are unnecessary. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by the Sierra Ocean will be profitable or equal any specific performance level(s).

**Please Note: Fee Differentials.** Sierra Ocean shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory and consulting services to be rendered. Additional factors effecting pricing can include related accounts, employee accounts, competition, and negotiations. **Please Also Note:** As a result of these objective and subjective factors, similarly situated clients could pay diverse fees, and the services to be provided by Sierra Ocean to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, Sierra Ocean shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless Sierra Ocean reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund,

the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. Please Note: The above does not apply to the cash component maintained within the Sierra Ocean's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. Please Also Note: The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any of the Sierra Ocean's unmanaged accounts.

**Please Note: Cash Positions.** Sierra Ocean continues to treat cash as an asset class. As such, unless determined to the contrary by Sierra Ocean, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Sierra Ocean's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Sierra Ocean may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Sierra Ocean's advisory fee could exceed the interest paid by the client's money market fund.

**Cybersecurity Risk.** The information technology systems and networks that Sierra Ocean and its third-party service providers use to provide services to Sierra Ocean's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Sierra Ocean's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Sierra Ocean are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Sierra Ocean has established its processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Sierra Ocean does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Pontera.** Sierra Ocean uses Pontera, a third party platform to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. Those clients who choose to engage Sierra Ocean to service their held away accounts will be provided a link to connect their outside accounts to the platform. Once the client's account(s) is connected to the platform, Sierra Ocean will review the client's current account allocations. Sierra Ocean will rebalance the connected outside accounts consistent with the client's investment goals and risk tolerance. Client account(s) will be reviewed at least quarterly. To facilitate use of the Pontera platform, the client securely logs into the Pontera site and entitles Sierra Ocean to manage the assets. Pontera charges Sierra Ocean 25 bps for each managed account. Clients do not pay any additional fee to Pontera or to Sierra Ocean in connection with platform participation. Sierra Ocean is not affiliated with the Pontera platform in any way and receives no compensation from them for using their platform.

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin**-The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan**- In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Sierra Ocean does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). Sierra Ocean does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client were to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Sierra Ocean:

- by taking the loan rather than liquidating assets in the client's account, Sierra Ocean continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by Sierra Ocean, Sierra Ocean will receive an advisory fee on the invested amount

**Please Note:** The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**Independent Managers.** As indicated above, Sierra Ocean may allocate a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Sierra Ocean shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that Sierra Ocean shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The client is under no obligation to engage an Independent Manager[s]. **ANY QUESTIONS:** Sierra Ocean's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the allocation of account assets to an Independent Manager(s), including the specific additional fee to be charged by such Independent Manager(s).

**Unaffiliated Private Investment Funds.** Sierra Ocean also provides investment advice regarding private investment funds. Sierra Ocean, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. Sierra Ocean's role

relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Sierra Ocean calculating its investment advisory fee. Sierra Ocean’s fee shall be in addition to the fund’s fees. **Sierra Ocean’s clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).**

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Sierra Ocean references private investment funds owned by the client on any supplemental account reports prepared by Sierra Ocean, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor’s fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Sierra Ocean shall calculate its fee based upon the latest value provided by the fund sponsor. **Nonetheless, Sierra Ocean periodically contacts the fund sponsor to verify current pricing of private funds in connection with its billing process.**

**Non-Discretionary Service Limitations.** Clients that determine to engage Sierra Ocean on a non-discretionary investment advisory basis must be willing to accept that Sierra Ocean cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Sierra Ocean will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s consent.

**Retirement Plan Rollovers–Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If Sierra Ocean recommends that a client roll over their retirement plan assets into an account to be managed by Sierra Ocean, such a recommendation creates a conflict of interest if Sierra Ocean will earn an advisory fee on the rolled over assets. If Sierra Ocean provides a recommendation as to whether a client



should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Sierra Ocean is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Sierra Ocean, whether it is from an employer's plan or an existing IRA.

**Trustee Directed Plans.** Sierra Ocean can be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Sierra Ocean will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Sierra Ocean will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Firm.

**Participant Directed Retirement Plans.** Sierra Ocean can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between Sierra Ocean and the plan. For such engagements, Sierra Ocean shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Sierra Ocean), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**Client Obligations.** In performing its services, Sierra Ocean shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Sierra Ocean if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Sierra Ocean's previous recommendations and/or services.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Sierra Ocean) will be profitable or equal any specific performance level(s).

**Disclosure Brochure:** A copy of Sierra Ocean's written Brochure as set forth on Part 2A of Form ADV, along with our Form CRS Relationship Summary, shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

- C. Sierra Ocean shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Sierra Ocean shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Sierra Ocean's services.
- D. Sierra Ocean does not participate in a wrap fee program.
- E. As of December 31, 2023, Sierra Ocean had \$223,103,603 in assets under management on

a discretionary basis and \$171,972,427 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

Sierra Ocean's annual investment advisory fee is based upon a percentage (%) of the market value of the client's assets placed under Sierra Ocean's management. Sierra Ocean's fee shall generally be between 0.50% and 1.25% of the client's assets under management. Alternatively, Sierra Ocean may agree to enter into a fixed annual retainer with clients for its services. In those cases, Sierra Ocean's fees will typically range from \$5,000 to \$35,000 per year. However, in exceptional cases, Sierra Ocean may charge more than \$35,000.

Sierra Ocean's investment advisory fee is negotiable at Sierra Ocean's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with Sierra Ocean and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by Sierra Ocean to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Sierra Ocean provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Sierra Ocean may be engaged on either a project or ongoing basis.

Sierra Ocean's planning and consulting fees are negotiable, or on a project-basis ranging from \$5,000 up to \$35,000.

- B. Clients may elect to have Sierra Ocean's advisory fees deducted from their custodial account. Both Sierra Ocean's Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Sierra Ocean's investment advisory fee and to directly remit that advisory fee to Sierra Ocean in compliance with regulatory procedures. In the limited event that Sierra Ocean bills the client directly, payment is due upon receipt of Sierra Ocean's invoice. Sierra Ocean shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous month. With respect to ERISA plan accounts, advisory fee billing is conducted quarterly, in arrears, based upon the market value of the assets on the last business day of the previous month. The Firm's policy is to not adjust for intra-quarter account additions and withdrawals unless indicated to the contrary on the Firm's Investment Advisory Agreement executed by the client.

- C. As discussed below, unless the client directs otherwise or an individual client's

circumstances require, Sierra Ocean shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge transaction fees for effecting certain securities transactions. Clients may also incur, to the extent applicable, fees charged by independent managers and platform providers. Please see Item 12 for additional information on Sierra Ocean's brokerage practices.

- D. Sierra Ocean's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter as applicable. If the client selects a flat fee agreement, one quarter of the annual fee will be debited in the first month of each calendar quarter. Upon termination, Sierra Ocean shall refund the pro-rated portion of any advanced advisory fee paid to Sierra Ocean based upon the number of days remaining in the billing quarter.
- E. Neither Sierra Ocean, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Sierra Ocean nor any supervised person of Sierra Ocean accepts performance-based fees.

## **Item 7            Types of Clients**

Sierra Ocean's clients shall generally include individuals, business entities, non-profit organizations and trusts/estates. Sierra Ocean generally requires a minimum annual fee of \$2,500 for investment advisory services. However Sierra Ocean, in its sole discretion, may waive or reduce its minimum annual fee requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

**Please Also Note:** If you are subject to a minimum fee, then depending on your asset level and the fee imposed, the sum of your quarterly fees may be a higher percentage fee than the 1.25% referenced in the fee paragraphs at Item 5.

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

- A. Sierra Ocean may utilize the following methods of security analysis:
  - **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)

Sierra Ocean may utilize the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** (securities held at least a year)
- **Short Term Purchases** (securities sold within a year)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it

should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Sierra Ocean) will be profitable or equal any specific performance level(s).

Investors generally face the following types of investment risks:

- 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- 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.
- 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 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.

- B. Sierra Ocean's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Sierra Ocean must have access to current/new market information. Sierra Ocean has no control over the dissemination rate of market information; therefore, unbeknownst to Sierra Ocean, certain analyses may be compiled with outdated market information, severely limiting the value of Sierra Ocean's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Sierra Ocean's primary investment strategies - Long Term Purchases and Short Term Purchases are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Sierra Ocean may also allocate investment management assets of its client accounts, on a

discretionary basis, among one or more of its asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative) as designated on the Investment Advisory Agreement. Sierra Ocean's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Sierra Ocean's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company.

In accordance with Rule 3a-4, the following disclosure is applicable to Sierra Ocean's management of client assets:

1. Initial Interview – at the opening of the account, Sierra Ocean, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
  2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives; Quarterly Notice – at least quarterly, Sierra Ocean shall notify the client to advise the Sierra Ocean whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
  3. Annual Contact – at least annually, Sierra Ocean shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
  4. Consultation Available – Sierra Ocean shall be reasonably available to consult with the client relative to the status of the account;
  5. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
  6. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Sierra Ocean not to purchase certain securities;
  7. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
  8. Separate Account - a separate account is maintained for the client with the Custodian;
  9. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).
- C. Currently, Sierra Ocean primarily recommends individual equities (stocks), fixed income securities (bonds), mutual funds and exchange traded funds ("ETFs"). Sierra Ocean may also recommend alternative investments, including real estate and hedge funds, private credit and private equity. However, Sierra Ocean may from time to time recommend other types of securities depending on the needs and desires of the client.

## **Item 9           Disciplinary Information**

Sierra Ocean has not been the subject of any disciplinary actions.

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

- A. Neither Sierra Ocean, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Sierra Ocean, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agency/Agents.** Certain of Sierra Ocean's representatives are licensed insurance agents. They may recommend the purchase of certain insurance-related products on a commission basis. The recommendation by representatives of Sierra Ocean that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a client's need. No client is under any obligation to purchase any commission products from representatives of Sierra Ocean. Clients are reminded that they may purchase insurance products recommended by Sierra Ocean through other, non-affiliated insurance agencies and/or agents.
- D. Sierra Ocean does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Sierra Ocean maintains an investment policy relative to personal securities transactions. This investment policy is part of Sierra Ocean's overall Code of Ethics, which serves to establish a standard of business conduct for all of Sierra Ocean's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.  
  
In accordance with Section 204A of the Investment Advisers Act of 1940, Sierra Ocean also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Sierra Ocean or any person associated with Sierra Ocean.
- B. Neither Sierra Ocean nor any related person of Sierra Ocean recommends, buys, or sells for client accounts, securities in which Sierra Ocean or any related person of Sierra Ocean has a material financial interest.
- C. Sierra Ocean and/or representatives of Sierra Ocean *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Sierra Ocean and/or representatives of Sierra Ocean are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the

market price which follows the recommendation) could take place if Sierra Ocean did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Sierra Ocean’s clients) and other potentially abusive practices.

Sierra Ocean has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Sierra Ocean’s “Access Persons”. Sierra Ocean’s securities transaction policy requires that an Access Person of Sierra Ocean must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Sierra Ocean selects; provided, however that at any time that Sierra Ocean has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Sierra Ocean and/or representatives of Sierra Ocean buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Sierra Ocean and/or representatives of Sierra Ocean are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11 C, Sierra Ocean has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Sierra Ocean’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Sierra Ocean recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Sierra Ocean to use a specific broker-dealer/custodian), Sierra Ocean generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Sierra Ocean to provide investment management services, the client will be required to enter into a formal advisory agreement with Sierra Ocean setting forth the terms and conditions under which Sierra Ocean shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Sierra Ocean considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Sierra Ocean, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Sierra Ocean’s clients shall comply with Sierra Ocean’s duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Sierra Ocean determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Sierra Ocean will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Sierra Ocean’s investment management fee. Sierra Ocean’s best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

## 1. Research and Additional Benefits

Sierra Ocean does not participate in a soft dollar arrangement. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Sierra Ocean receives from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Sierra Ocean to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Sierra Ocean may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer software and/or other products used by Sierra Ocean in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist Sierra Ocean in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Sierra Ocean to manage and further develop its business enterprise.

There is no corresponding commitment made by Sierra Ocean to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. Sierra Ocean does not receive referrals from broker-dealers.
3. Sierra Ocean does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Sierra Ocean will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Sierra Ocean. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Sierra Ocean to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Sierra Ocean. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that Sierra Ocean provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Sierra Ocean decides to purchase or sell the same securities for several clients at approximately the same time. Sierra Ocean may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate



equitably among Sierra Ocean's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Sierra Ocean shall not receive any additional compensation or remuneration as a result of such aggregation

### **Item 13 Review of Accounts**

- A. For those clients to whom Sierra Ocean provides investment supervisory services, account reviews are conducted on an ongoing basis by Sierra Ocean's Member. All investment advisory clients are advised that it remains their responsibility to advise Sierra Ocean of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Sierra Ocean on an annual basis.
- B. Sierra Ocean may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Sierra Ocean may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Sierra Ocean receives an economic benefit from broker-dealers. Sierra Ocean, without cost (and/or at a discount), receives support services and/or products from broker-dealers.

There is no corresponding commitment made by Sierra Ocean to a broker-dealer or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. Neither Sierra Ocean nor any of its representatives compensates any person other than its supervised persons for client referrals.

### **Item 15 Custody**

Sierra Ocean shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Sierra Ocean may also provide a written periodic report summarizing account activity and performance.

To the extent that Sierra Ocean provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Sierra Ocean with the account statements received from the account custodian. The account custodian does not

verify the accuracy of Sierra Ocean's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Sierra Ocean to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## **Item 16 Investment Discretion**

The client can determine to engage Sierra Ocean to provide investment advisory services on a discretionary basis. Prior to Sierra Ocean assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Sierra Ocean as the client's attorney and agent in fact, granting Sierra Ocean full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Sierra Ocean on a discretionary basis may, at any time, impose restrictions, in writing, on Sierra Ocean's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Sierra Ocean's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. Sierra Ocean does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Sierra Ocean to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. Sierra Ocean does not require clients to pay fees of more than \$1,200, per client, six months or more in advance.
- B. Sierra Ocean is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Sierra Ocean has not been the subject of a bankruptcy petition.