

Gradient Investments Dual Directional Buffered Index Portfolio

Designed for upside participation with a pre-determined level of downside protection

Plus: the potential for profit even if markets are NEGATIVE

The information herein is for informational purposes only and should not be used as the sole basis for making an investment decision. Investing involves risk including the potential loss of principal. Please consult your independent investment advisor before making any investment decisions. Gradient Investments, LLC (GI) is a third-party money manager offering fee-only investment management through independent Registered Investment Advisory firms. For more information, please visit us at www.gradientinvestments.com or request a copy of Gradient Investments' ADV Part 2A. Please consult your independent investment advisor or GI regarding your specific goals and objectives before investing.



Portfolio Methodology

OBJECTIVE

Market Exposure With
Pre-Determined Level of
Downside Protection

EXECUTION

A Portfolio Containing
Structured Notes With
Defined Maturities



DUAL DIRECTIONAL
BUFFERED INDEX

What Is A Structured Note



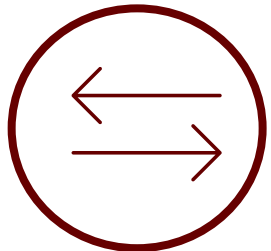
Issued by financial institutions
(backed by the credit of the underwriter)



Returns are “linked” to a specified asset or index



Fixed maturity date

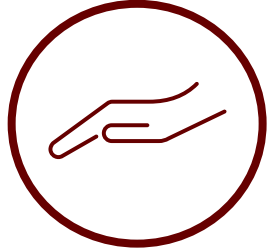


Not actively traded on public security exchanges

Why Invest In A Buffered Index Product



Benefit from an index's upside potential



Provide limited downside protection



Invest for shorter time horizons



Moderate growth investment objective

Dual Directional Differentiator

IF INDEX PERFORMANCE IS NEGATIVE
BUT WITHIN THE BUFFER RANGE

INVESTORS RECEIVE
THE INVERSE OR ABSOLUTE VALUE
OF THE DECLINE

EXAMPLE USING A 12% CAP AND 10% BUFFER AT MATURITY

Index Performance	Dual Directional Performance	Reason
-20%	-10%	Outside the Buffer Range
-9%	+9%	Within the Buffer Range
-5%	+5%	Within the Buffer Range
+5%	+5%	Positive Index Performance
+20%	+12%	Performance Capped

For illustration purposes only. Illustration returns are gross of all Advisor and Investment Management fees. Terms and outcomes subject to change

These numbers are not meant to predict your individual results which could be better or worse. Investing involves risk including the possible loss of principal, and past performance is no guarantee of future returns. This information should not be used as the sole basis for making an investment decision.

Dual Directional Example

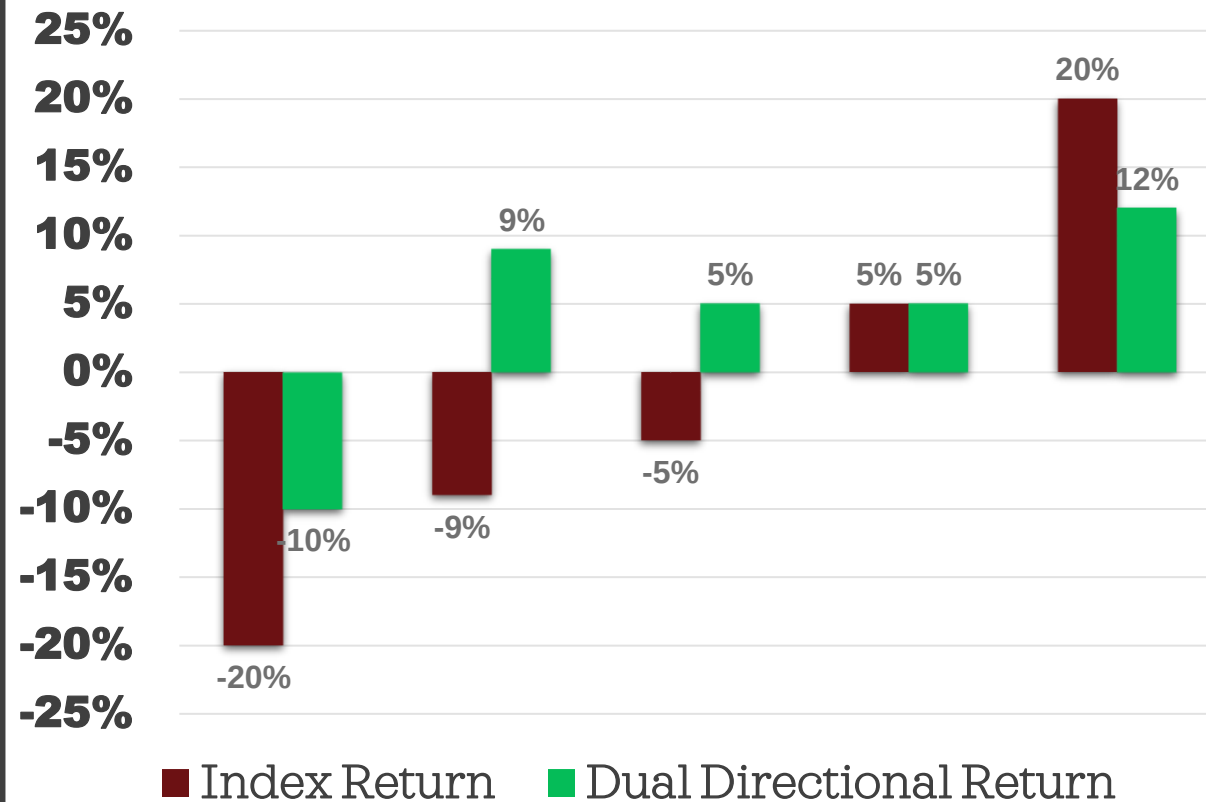
Scenario

Cap	12%
Buffer	10%
Type	Dual
Maturity	366 days

Outcome Examples

Index Price Return	Cap/Buffer Return
-20%	-10%
-9%	9%
-5%	5%
5%	5%
20%	12%

Dual Directional Return Example at Maturity



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**DUAL DIRECTIONAL
BUFFERED INDEX**

Buffered Index Structure

Terminology	Purpose
Market Exposure	Return is based on the <u>price return</u> of a specific index
Buffer	Pre-determined level of downside protection
Cap	Pre-determined level of maximum return
Participation Rate	Extent of participation in the underlying asset's gain
Outcome Period	Defined period of time for the maturity of the note

Setting the Parameters

Gradient Investments sets the initial terms of the note

- Market index exposure (i.e. S&P 500)
- Buffer level
- Index participation rate
- Outcome period (maturity date)

Underwriter calculates the cap level

- Will vary based on note terms and current market conditions

Gradient Investments selects underwriter via competitive bid

- Bids solicited from multiple underwriters
- Must be an investment grade financial institution

Structured Notes Offer Liquidity

Structured notes are priced daily:

- Daily pricing at Net Asset Value (NAV) by the underwriter

Intra-period NAV prices:

- May not directly correlate with the price return of the index
- Tend to lag index returns on the upside
- Tend to directionally match the index on the downside
- The closer to maturity, the more index and note returns will match

Intra-period liquidations are completed at NAV minus a custodial fee of \$1 per unit (\$10 minimum, \$250 maximum)

Points to consider

Structured notes have a fixed maturity date

- Structured notes are designed to be held point to point
- Investors are encouraged to stay invested to maturity
- Intra-period pricing may not directly correlate with index price return

Structured notes can lose money

- A buffer offers a pre-determined level of downside protection
- If Index returns are below the buffer, the investment is subject to a loss

At maturity:

- Structured note matures and client account goes to cash
- Gains will be taxed at long term rates if held to maturity

Individual Note Offerings

Each structured note offering will have a dollar limit:

- Gradient will set the dollar limit
- Dollar limits are subject to change with each offering

If client demand exceeds the offering dollar limit:

- Subsequent requests WILL NOT BE INVESTED
- Advisors will be notified
- Investment in a new offering will require a NEW SIGNED ADDENDUM

If demand for the offering size is not met, the offering is subject to cancellation

Market Conditions That Affect Caps

Index Used

Different indices/sectors will affect cap levels

Volatility of the Index

Greater volatility generally leads to higher caps

Current Interest Rates

Higher rates generally lead to higher caps

Index Dividend Yield

Higher dividend yields generally lead to higher caps

Maturity Length

Longer maturities generally lead to higher caps

Offering Size

Amount of assets invested can affect cap levels



DUAL DIRECTIONAL
BUFFERED INDEX

What Happens At Maturity

- Gradient Investments will notify advisors of the upcoming note maturity
- The structured note pays out cash proceeds
- Clients can use proceeds for the next Gradient Investments structured offering when available

NOTE

Investors will not be automatically reinvested in the next Gradient Investments Structured Note offering. Clients must determine the appropriate action.

SUMMARY

Dual Directional Buffered Index Series

- Pre-determined protection (buffer) and upside participation max rate (cap)
- Defined maturity date
- Based on the price return and participation rate of a specific index
- **Dual Directional offers potential profit even when markets are negative**

Structured Notes

- Built as a “point-to-point” solution with a fixed maturity date
- Backed by the credit of investment grade financial institutions
- Not traded on public security exchanges
- May be taxed at long term gain if held to maturity

Portfolio Model

- 98% note /2% cash (based on 1-year maturity)
- Longer maturities may require higher initial cash balances

Account Minimum: \$25,000

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