

GRADIENT LADDERED INCOME STRATEGY

CUSTOM CASH FLOW SOLUTION

WHAT IS A BOND LADDER?

A bond ladder is a strategy for managing fixed-income investments. The ladder is constructed using fixed-income instruments that mature at regular intervals. After the nearest bond matures, the proceeds are reinvested at the next time interval past the end of the current ladder or sent to your bank account to be used for planned expenses. The fundamental investment theme behind a bond ladder is income generation but within a consistent maturity framework.

THE LADDERED INCOME SOLUTION

Typically investors who are looking for yield will use individual bonds or bond mutual funds. Individual bonds can be effective because they provide defined maturities but are difficult to diversify, and liquidity can be an issue. Bond mutual funds provide great diversification but do not provide a maturity date, therefore bringing interest rate risk into the equation in a low rate environment. At Gradient Investments, LLC, we take a different approach. We combine the best of both worlds by utilizing diversified, liquid investment vehicles with a defined maturity.

THE GRADIENT LADDERED INCOME STRATEGY IS DESIGNED TO:

Deliver more consistent returns – If interest rates rise, the maturing bonds in the portfolio can be reinvested at higher rates. If interest rates fall, the laddered bond portfolio will produce more income than the current market.

Earn higher average yields – Generally, the yield curve is upward sloping (higher yields for longer maturities). That means the longer end of the ladder will produce higher yields, and the short end of the ladder will provide yield and liquidity.

Add diversification – In addition to diversifying maturities, the portfolio is constructed using multiple issuers with a variety of credit ratings.

Provide liquidity – In addition to using liquid investments, the portfolio is designed to provide maturities at regular intervals so you can always choose to reinvest the principal or redirect cash flow for daily expenses.

Lower expenses – Lower cost ETFs and other vehicles can lower overall expenses versus higher cost mutual funds.

GRADIENT BOND LADDER VS. TRADITIONAL BOND ETFs AND MUTUAL FUNDS

	MITIGATE INTEREST RATE RISK	CREDIT DIVERSIFICATION	EXCHANGE TRADED LIQUIDITY	CUSTOM STRATEGY	PROFESSIONAL PORTFOLIO MANAGEMENT
GRADIENT LADDERED INCOME STRATEGY	X	X	X	X	X
MUTUAL FUNDS AND ETFs		X	X		X
INDIVIDUAL BONDS	X			X	

CUSTOM CASH FLOW INVESTMENT PROCESS

- Bond ladders can be built between two and five-year maturities.
- We divide the principal sum of investable funds into equal amounts to be spread over each year of the ladder.
- We evaluate the risk/return trade-off between yield and credit quality across the yield curve. Because credit spreads widen and tighten over time, we look to balance the yield versus the risk of the portfolio.
- Active management will select bond asset classes opportunistically but within the risk bounds of the portfolio.

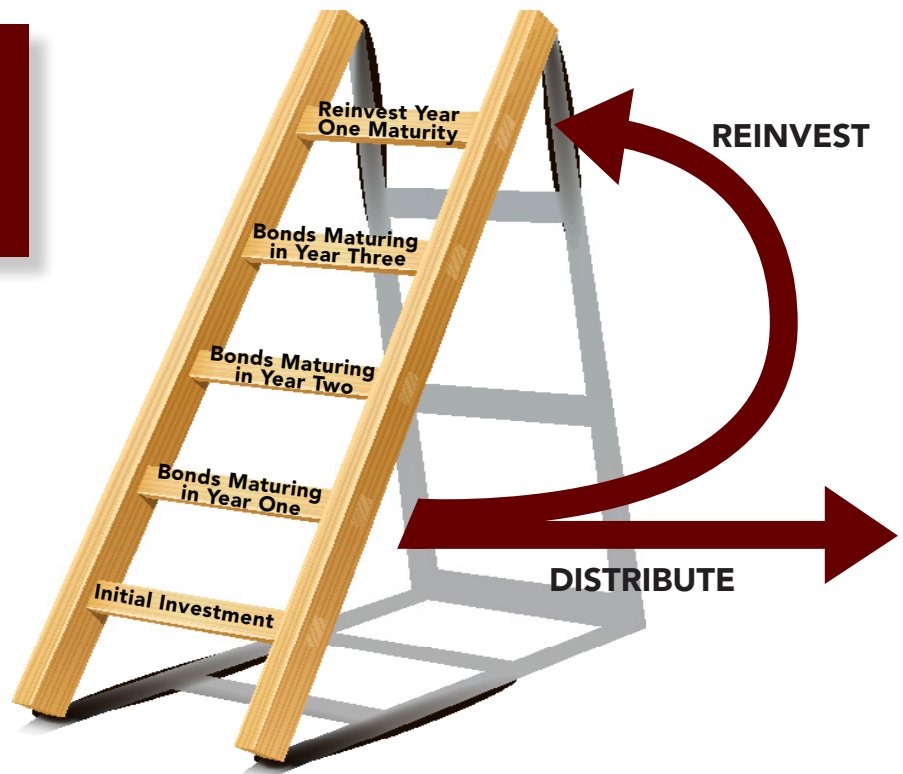
OPTIMIZING CASH FLOW DISTRIBUTIONS

In addition to the selection of ETFs that comprise the portfolio, the Gradient Investments Portfolio Management team will also optimize the time to “roll” the securities into the following maturity year ladder. This will be done based on the portfolio assessment of income received to risk of the portfolio.

The Gradient Laddered Income Strategy is ideal for those looking to preserve principal, generate yield and maintain flexibility each and every year when money matures.

A PORTFOLIO EXAMPLE OF BONDS MATURING EACH YEAR IN A THREE-YEAR LADDER

A PORTFOLIO EXAMPLE OF BONDS MATURING EACH YEAR IN A THREE YEAR LADDER



Please consult your independent investment advisor before making any investment decisions. 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. For more information, please request a copy of Gradient Investments' ADV Part 2A. Gradient Investments, LLC is an SEC Registered Investment Advisor.

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