

Gradient Investments Private Wealth Series

Alternative Investment strategies:
diversification, growth, and income

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.



What is an Alternative Investment

- **Traditional Investments**

- Stocks,
- Bonds, and
- Cash

- **Alternative Investments**

- Private Equity,
- Hedge Funds,
- Private Real Estate,
- Private Credit / Private Debt,
- Infrastructure,
- Real Assets & Commodities,
- Collectibles & Other niche assets

- **Key Characteristics**

- Lower liquidity
- Less transparency
- Higher complexity
- Lower correlation with stocks & bonds
- Higher fees
- Often require accredited or institutional investor status

Portfolio Methodology

OBJECTIVE

Alternative
Investment solutions
providing
diversification,
growth, and income

MANDATE

Create diversified
portfolio models
investing in private
market assets

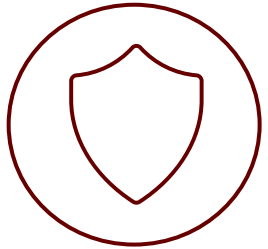
EXECUTION

Actively managed
fund-of-fund
solutions with a
disciplined
investment process

Why Invest in Alternatives



Access to Private Markets



Diversify Market Risks (non-correlated assets)



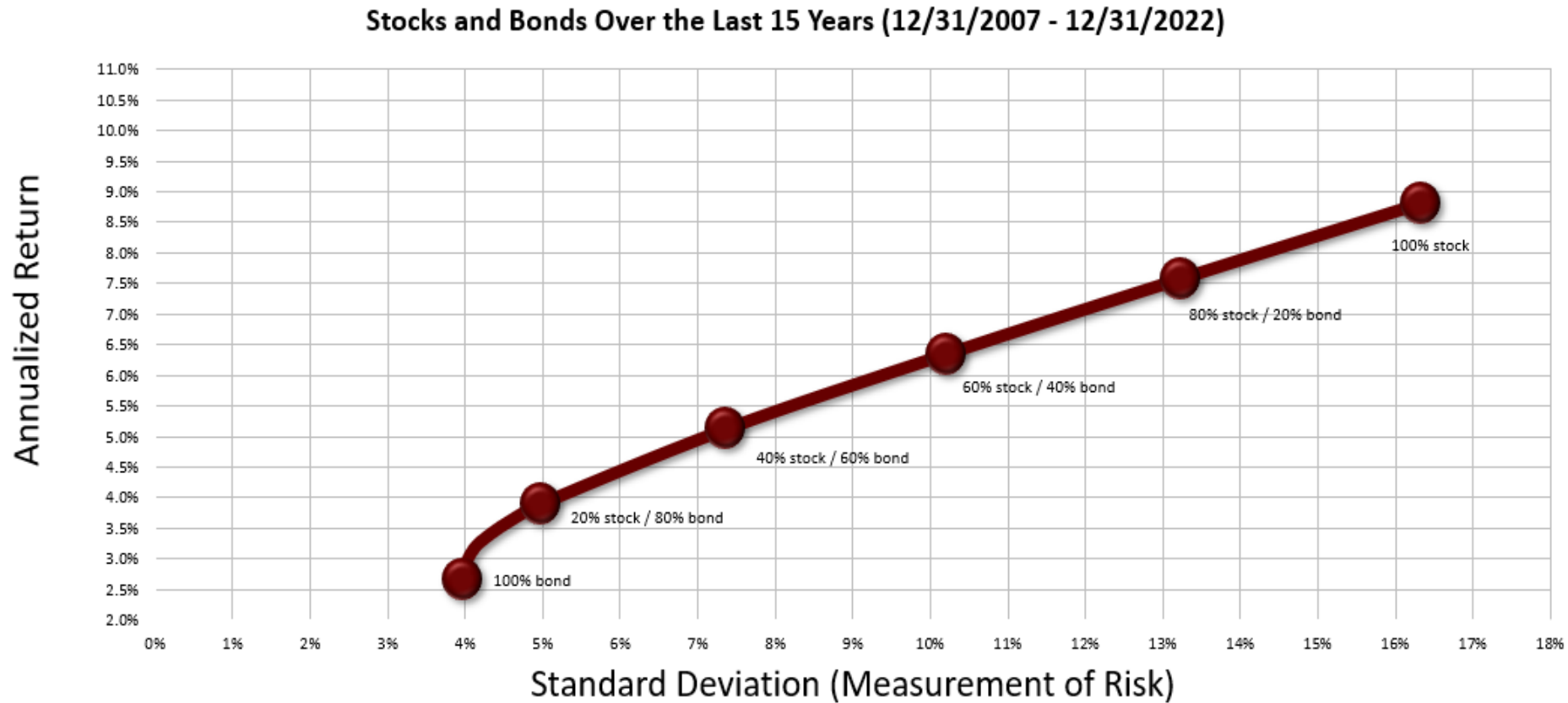
Generate Income



Long Term Price Appreciation

Portfolio Allocations

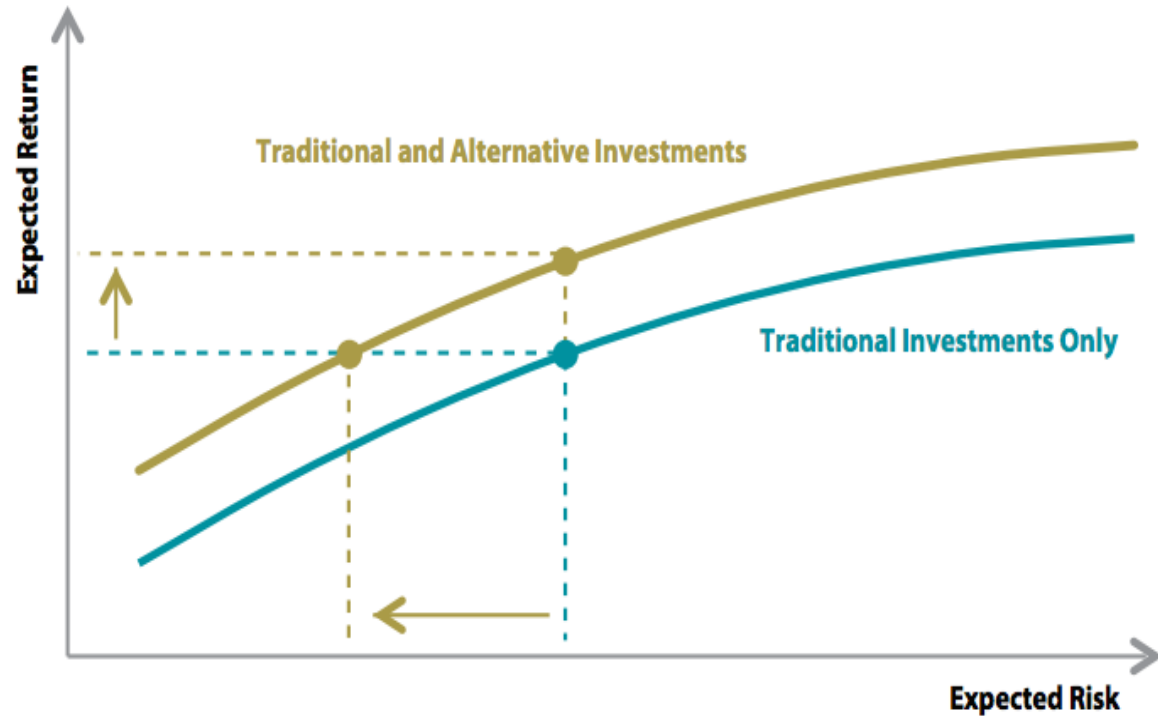
Traditionally, client portfolios were only allocated to stocks and bonds



Source: Data from Morningstar. The portfolios labeled are weighted averages of the performance of indices used to present each asset class and are rebalanced annually. The indices representing each asset class are the S&P 500 Index (Stocks) and the Barclay's U.S. Intermediate-Term Government Bond Index (Bonds). Returns are from the 15-year time-period 12/31/2007 - 12/31/2022 and assume reinvestment of dividends and interest. Indices are unmanaged, do not incur fees or expenses, and cannot be invested directly. Past performance is no indication of future results.

Goal: Enhance Long Term Risk-Adjusted Return

Markowitz Efficient Frontier



For illustrative purposes only – not drawn to scale.

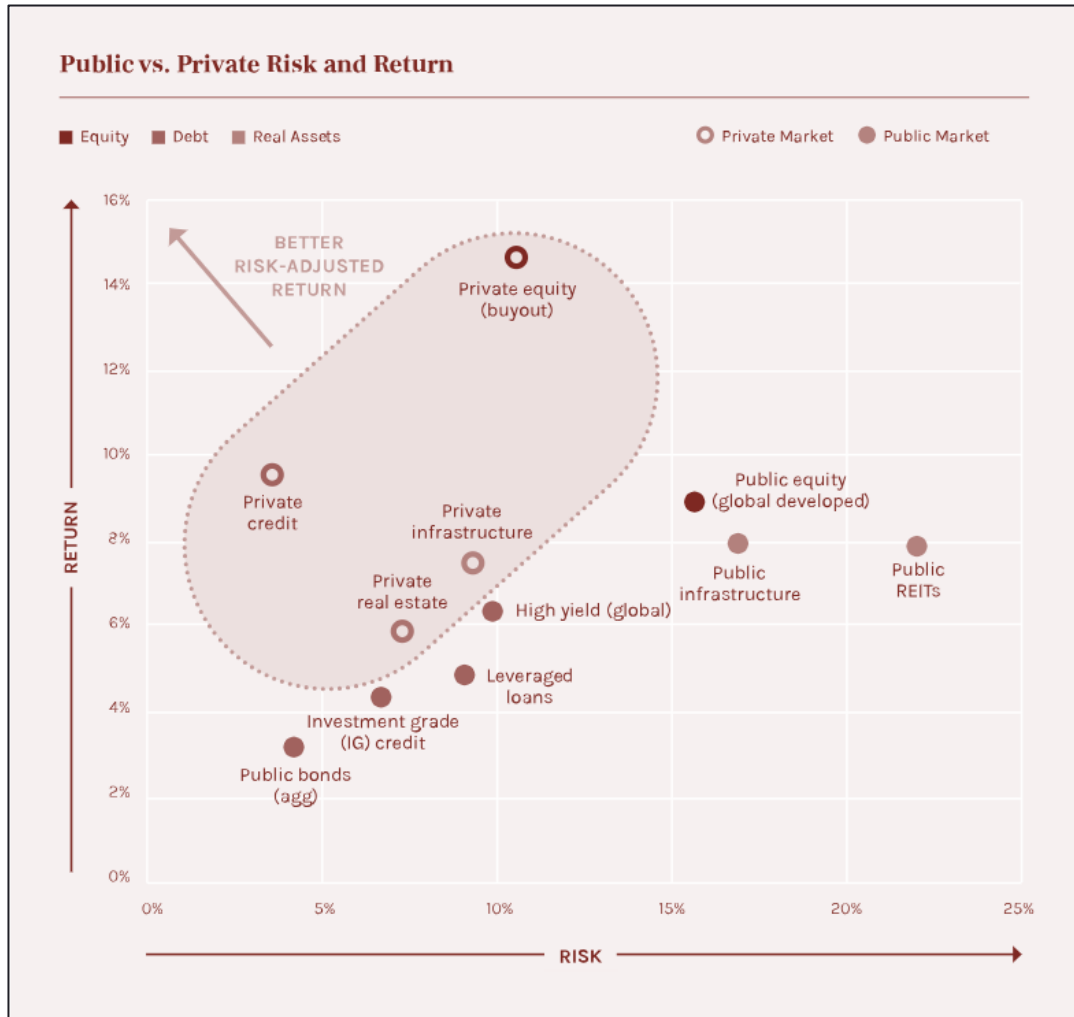
¹Harry Markowitz was an economist renowned for his research on Modern Portfolio Theory. He received the Nobel Prize in Economics in 1990 for his work in this area.

ALTERNATIVE INVESTMENTS

- Increase diversification
- Reduce correlation
- Reduce long term volatility
- Potential to enhance long term returns

For illustrative purposes only. The numbers herein are not meant to predict your individual results which could be better or worse. Past performance is no guarantee of future returns. Gradient Investments, LLC is an SEC Registered Investment Advisor.

Goal: Enhance Long Term Risk-Adjusted Return

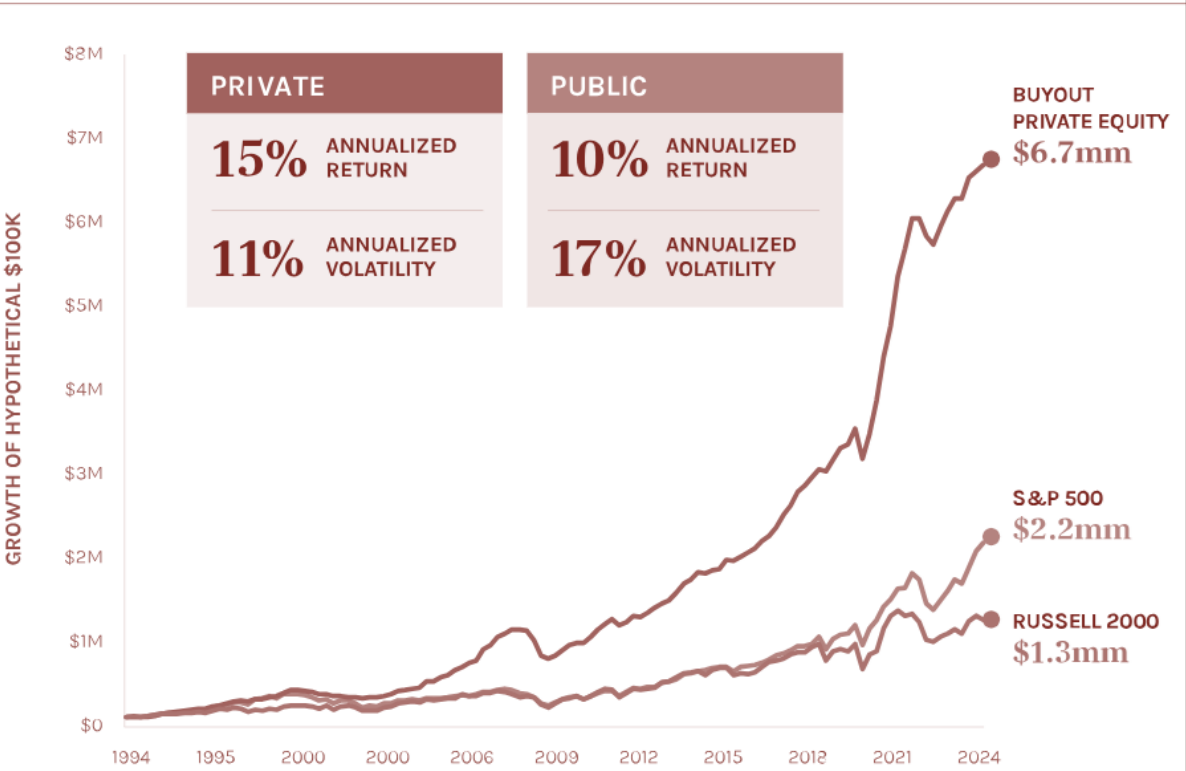


- Private equity, private credit and private real assets have historically and consistently shown better risk-adjusted returns than their public counterparts
- Private infrastructure and private real estate have historically outperformed public infrastructure and public REITs on a risk-adjusted basis

Each data point represents an index. All data points use index returns Jun 2004 – Jun 2024 except for private credit which starts Oct 2004 (earliest available). Appraisal-based valuations may be subject to smoothing bias, in which case appraisal-based volatility may be understated. Private equity refers to Burgiss All Buyout Index. Private real estate refers to NFI-ODCE Index. Private credit refers to Cliffwater Direct Lending Index. Private Infrastructure refers to Burgiss All Infrastructure Index. Indexes are unmanaged and do not take into account fees or expenses. **Past trends do not imply, predict or guarantee future results.**

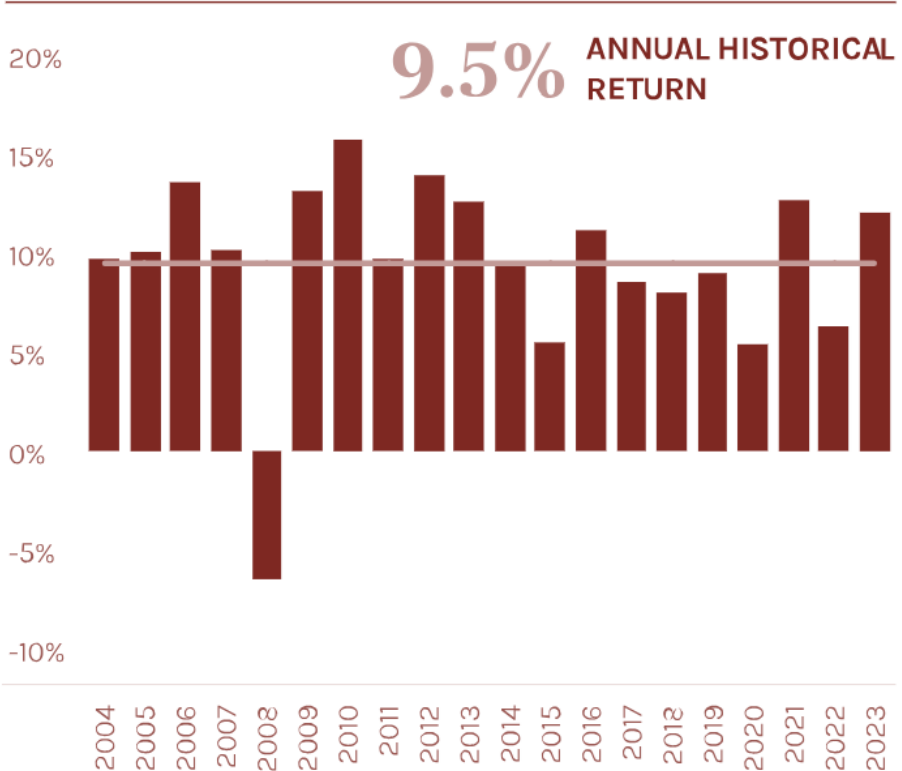
Goal: Enhance Long Term Risk-Adjusted Return

Historical Return of Private vs Public Equity



Source: Burgiss, Bloomberg, as of June 30th, 2024. This graph represents the growth of a hypothetical investment of \$100,000. It assumes net returns with reinvestment of dividends and capital gains, but does not reflect sales loads, redemption fees or the effects of taxes on any capital gains and/or distributions. Indexes are not available for direct investment. Past trends do not imply, predict or guarantee future results.

Private Credit Annual Returns



Private credit represented by Cliffwater Direct Lending Index (CDLI). High Yield represented by Bloomberg High Yield Bond Index. Leveraged Loans represented by Credit Suisse Leveraged Loan Index. Aggregate Bond represented by Bloomberg US Aggregate Bond Index. Dark blue highlights to the right show the best performing of the four indexes for a given year. All returns are gross total returns. Red lettering denotes negative returns for the year. Since inception is based on the latest common inception of all relative indices – Q3 2004 to Q4 2023. Indexes are unmanaged and do not take into account fees or expenses. Past performance does not guarantee future results.



Strategies for Growth and Income

HORIZON FUND

- Private Equity, Private Real Assets, Private Debt
- Enhance returns
- Reduce long term volatility
- Capture illiquidity premiums
- Designed for patient capital

INCOME EDGE FUND

- Private Real Estate, Private Credit, and Private Infrastructure
- Enhanced income
- Diversify risk
- Capture illiquidity premiums
- Designed for patient capital

Horizon

VEHICLE ALLOCATION

- Hamilton Lane Private Assets
- AMG Pantheon
- Hamilton Lane Private Infrastructure
- Apollo Debt Solutions BDC
- Carlyle Tactical Private Credit

- Primary Objective: Enhance Returns
- Minimum Investor Level: Qualified Client*
- Model Initial Investment Minimum: \$250k
- Model Add'l Investment Minimum: \$75k
- Structure: Perpetual
- Underlying Tax Reporting: 1099
- Liquidity Terms –
- Minimum Investor Level: Qualified Client
 - Redemptions: 2% Redemption Fee
 - Lockup Period: 1 Year Soft Lock-Up

A Qualified Client is an investor who, at the time of investment, has $\geq$ \$2.7 million net worth (joint with spouse, excluding primary residence and related debt), is investing $\geq$ \$1.4 million with the adviser (bringing total AUM to that level immediately after), or is a knowledgeable employee of the adviser.



Income Edge

VEHICLE ALLOCATION

- Apollo Debt Solutions BDC
- Carlyle Tactical Private Credit
- Ares Strategic Income
- J.P. Morgan Real Estate Income Trust
- Blackstone Real Estate Income Trust

- Primary Objective: Supplement Income
- Minimum Investor Level: Non-Accredited*
- Model Initial Investment Minimum: \$100k
- Model Add'l Investment Minimum: \$50k
- Structure: Perpetual
- Underlying Tax Reporting: 1099
- Liquidity Terms –
- Minimum Investor Level: Non-Accredited Investor
 - Redemptions: 2% Redemption Fee
 - Lockup Period: 1 Year Soft Lock-Up

A non-accredited investor is anyone who does not meet the SEC's "accredited investor" requirements; e.g. clients under \$200K individual (or \$300K joint) income for the last two years with the same expected this year, and under \$1M net worth (excluding primary home and mortgage).



Additional Considerations

- **Long-term investment with limited liquidity:** Vehicles are structured for investors with a multi-year horizon. Shares are illiquid, with no public trading market; exits are available through the Fund's periodic, discretionary repurchase program.
- **Quarterly repurchases are discretionary:** Vehicles generally expect to offer to repurchase up to 5% of net assets each quarter but are not obligated to do so. Offers may be reduced, skipped entirely, or discontinued at the Vehicles sole discretion.
- **Limited capacity and pro-rata allocation:** If repurchase requests exceed the amount offered (i.e. stressed markets), tenders are accepted on a pro-rata basis; you may receive significantly less than requested.
- **Early-repurchase fee:** A 2% fee applies to shares repurchased within the first year of purchase (waived for reinvested dividends and certain programs; otherwise applied on a FIFO basis).
- **Limited secondary market:** Currently, there is no established secondary market for Vehicle shares. The underlying repurchase program is the primary source of liquidity for each Vehicle; while a secondary market could potentially develop in the future, it is not expected.
- **Rare mandatory redemption risk:** The Vehicle reserves the right to compulsorily redeem your shares (without your consent) if continued ownership would cause legal, regulatory, or material adverse tax consequences for the Vehicle or other shareholders.

This structure is intended for investors who do not require near-term liquidity and are comfortable with potentially multi-year holding periods. We recommend allocations for long-term patient capital.



SUMMARY

Gradient Investments Private Wealth Series

- Alternative Investment Strategies for Diversification, Growth, and Income
 - **Horizon** - Private Equity, Private Real Assets, Private Debt
 - **Income Edge** - Private Real Estate, Private Credit, and Private Infrastructure
- Access to private market investments
 - Uncorrelated, diverse sources of return relative to public markets alone
 - Sophisticated strategies for Qualified Client and Non-Accredited Investors
- Active management
- Streamlined tax reporting with 1099 forms
 - No K-1 / K-3
- Long-term vision, patient capital
 - For investors who do not require near-term liquidity and are comfortable with potentially multi-year holding periods.