GRADIENT SMID CAP SELECT PORTFOLIO

UNLOCKING OPPORTUNITY IN AMERICA'S GROWTH ENGINE

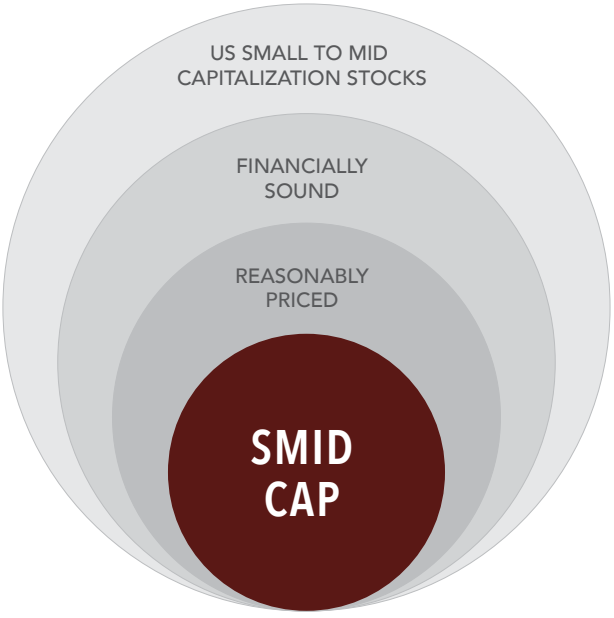
The Gradient Investments SMID Cap Select Portfolio captures the growth potential of small- and mid-sized U.S. companies—businesses that are often innovators, disruptors, and emerging market leaders. The portfolio is designed to provide long-term capital appreciation by capturing the growth potential of companies that are earlier in their business life cycles and positioned to expand revenues, earnings, and market share. Small and mid-cap companies represent a dynamic segment of the U.S. equity market, offering distinct advantages:

- **Higher Growth Potential:** SMID companies are typically in earlier expansion stages, reinvesting earnings to grow market share, launch innovative products, and scale operations.
- **Market Inefficiencies:** With less Wall Street coverage, these companies often present mispriced opportunities—ideal terrain for active, research-driven investment management.
- **Diversification Benefits:** Performance patterns frequently differ from large-cap stocks, providing valuable diversification within a comprehensive investment portfolio.

The portfolio is **a strategic complement to core and large-cap equity allocations** by providing exposure to differentiated growth drivers and return patterns. Companies are selected using a disciplined, fundamental investment process, with portfolio construction guided by both quantitative and qualitative risk management considerations.

INVESTMENT PROCESS

The Gradient SMID Cap Select Portfolio utilizes a comprehensive investment process to identify opportunities within a defined universe of small- and mid-cap U.S. companies. The selection process is grounded in bottom-up fundamental analysis and seeks to identify businesses with **durable competitive advantages, attractive growth prospects, sound financial characteristics, and exposure to durable long-term themes** including technology innovation, industrial reshoring, healthcare advancements, evolving consumer behaviors, and energy transition.



PORTFOLIO CONSTRUCTION

The SMID Cap Select Portfolio begins with a defined small- and mid-cap investment universe. Using a proprietary analytical framework, the portfolio will typically hold approximately 60 to 80 companies that meet our investment criteria and align with our risk-aware sector allocation guidelines. Position sizes are actively managed and not equally weighted, allowing for increased exposure to higher-conviction opportunities while maintaining diversification. Portfolio construction emphasizes liquidity considerations, sector balance, and individual position risk controls. Sector exposures are monitored to avoid excessive concentration while allowing flexibility to capitalize on attractive opportunities across industries.

GRADIENT SMID CAP SELECT INVESTMENT PROCESS

TRANSACTION DISCIPLINE

The Gradient Investments management team actively manages the SMID Cap Select Portfolio, making adjustments to position sizes and holdings as fundamentals, valuations, or risk considerations evolve. Ongoing reviews assess whether companies continue to meet our investment criteria and growth expectations. Positions may be reduced or exited when valuation becomes excessive, fundamentals deteriorate, or superior opportunities are identified elsewhere within the investable universe. This disciplined transaction process is designed to maintain portfolio integrity while adapting to changing market conditions.

SUMMARY

The Gradient SMID Cap Select Portfolio is a U.S. equity strategy designed to pursue long-term capital appreciation through investment in small- and mid-cap companies with compelling growth characteristics. The portfolio typically holds 60 to 80 holdings selected through a rigorous fundamental research process and constructed with an emphasis on risk-aware diversification and active position management. The SMID Cap Select is intended to complement core and large-cap equity allocations while providing exposure to differentiated growth opportunities within the U.S. equity market.

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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