

GRADIENT CONTRARIAN CHOICE PORTFOLIO

WHERE PRICE DISLOCATION AND OPPORTUNITY MEET

The Gradient Contrarian Choice Portfolio is an actively managed strategy designed to deliver long-term capital appreciation. It employs a contrarian strategy, seeking to invest in companies whose prices are temporarily dislocated due to macro or external factors that are out of their control. The goal is outsized returns in the form of price appreciation when these price dislocations revert, or normalize. Investing in contrarian securities can be an ideal investment vehicle to create long-term wealth for investors who have high return expectations and can tolerate a higher level of volatility.

ATTRIBUTES OF CONTRARIAN INVESTING

Contrarian investors seek to invest in securities others are ignoring. The philosophy is based on the belief that viable companies can fall out of favor with the investing public due to extraneous forces. They are investing against the proverbial herd mentality of the markets when they believe the dislocated price is unjustified.

The portfolio will look for opportunities to invest in these out-of-favor stocks where we have conviction that there is a mismatch in the stock price and the inherent value of the company. One of the most famous contrarian investors is Warren Buffet, who coined the phrase:

“Be fearful when others are greedy, and greedy when others are fearful.”

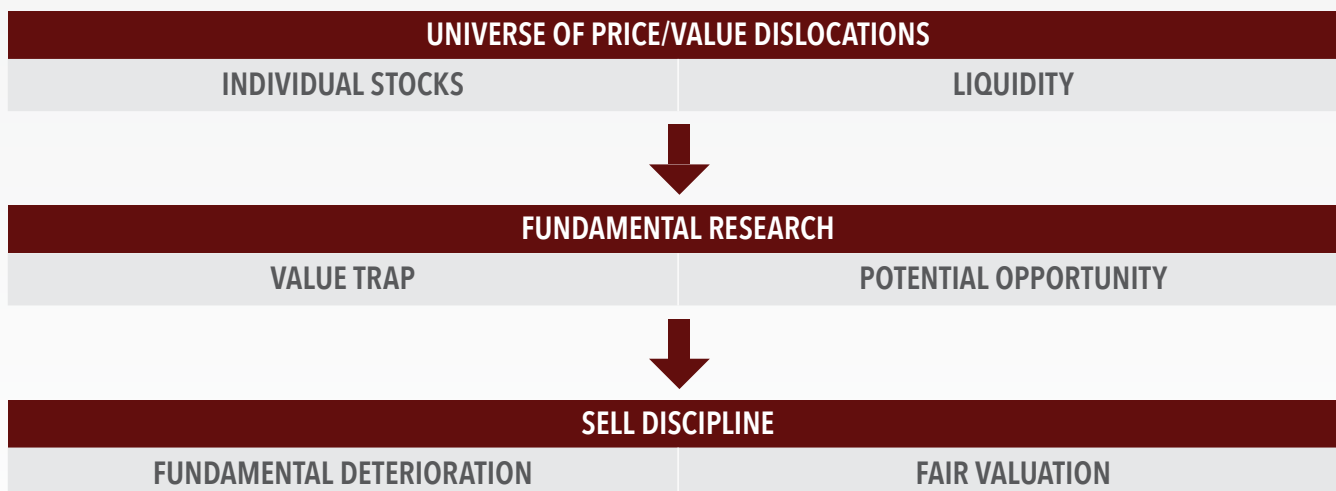
The key to contrarian investing is determining if the reason these stocks have fallen out of favor is temporary or structural in nature.

PORTFOLIO CONSTRUCTION

The portfolio will select up to 20 individual stocks where the investment team has conviction that the fundamentals will recover and prices will rebound over time. The strategy is concentrated and will not be constrained by position size or cash levels, but will be driven by fundamental conviction and perceived opportunity. Key themes in constructing the strategy include:

- In-depth analysis of individual company fundamentals
- An assessment of intrinsic value versus current price
- Length of time the normalization/recovery process entails

Our investment team will use a rigorous process in selecting individual stocks. This active approach looks to capitalize on these price/value opportunities. Selecting portfolio holdings will incorporate both fundamental and qualitative criteria that must be met to gain inclusion in the portfolio.



RISKS OF CONTRARIAN INVESTING

Contrarian investing is not without risk. Simply because a stock's price has fallen dramatically does not necessarily make it a good opportunity. Risks when investing in out of favor stocks include:

- Investing in a value trap; fundamental trends are permanently impaired
- Undervalued securities continue to fall further in price
- Price normalization of the security takes longer than expected

Our expectations are that this strategy has the potential to be more concentrated and volatile than the broader stock markets.

SUMMARY

Contrarian investors have historically made their best investments during times of market turmoil. In most markets there tend to be out-of-favor securities or sectors that investors are avoiding at any given time. Often times this creates price dislocations that can produce attractive long term returns when they recover. The Gradient Contrarian Choice Portfolio will deploy an active approach to exploit these opportunities through diligent research in determining if a company's stock price dislocation is temporary or structural in nature and investing accordingly.

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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