

FIXED INCOME SERIES

UNDERSTANDING THE FIXED INCOME MARKETS

The proprietary Fixed Income Series consists of three well-diversified portfolios: the Gradient Laddered Income Portfolio, the Total Return Portfolio and the National Municipal Bond Portfolio. These portfolios are carefully designed for fixed income investors seeking taxable or tax-free current income through a disciplined investment approach.

OUR PROPRIETARY FIXED INCOME SERIES IS DESIGNED TO HELP YOU

- **Generate income**
- **Reduce overall portfolio risk**
- **Provide principal stability**

These diversified bond portfolios use a combination of top performing mutual funds and exchange traded funds (ETFs). The Laddered Income Strategy is an ETF-based portfolio combining the best of individual bonds and mutual funds into a maturity specific bond ladder with higher yields and shorter durations. The Total Return Portfolio offers a balanced approach to credit, yield and price stability, while the National Municipal Bond Portfolio is designed to provide tax-advantaged income to investors, particularly those in a higher tax bracket.

REACH YOUR FIXED INCOME INVESTMENT OBJECTIVES THROUGH DIVERSIFICATION

Buying and selling individual bonds is best left to large institutional investors with billions of dollars to manage. Individual bonds held in small portfolios may lose significant value due to their illiquid nature or potential credit problems can arise from just one or two companies. You need appropriate diversification within the fixed income asset class to properly achieve your long-term investment goals. Modern day ETFs, mutual funds and closed-end bond funds provide the individual investor with the tools to compete against the multi-billion dollar institutional money manager. The portfolios are constructed to achieve high levels of current income with moderate price stability.

We screen the universe of fixed income mutual funds to identify bond funds that have excellent performance over multiple time periods, consistent performance with

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904071 2019-09-13 GI

lower volatility, continuity of portfolio management, and lower than average management fees. Next, we scan the universe of bond ETFs and compare them to the top performing mutual funds. We then select a combination of investment vehicles to provide diversified exposure to the various sectors of the bond market offering the best risk return profile.

FIXED INCOME OFFERINGS

- **Gradient Laddered Income** – This portfolio is ideal for those bond investors looking to preserve principal, generate yield and maintain a short duration for financial flexibility as an equal portion of the portfolio matures each year. Our universe of investable assets is fixed income securities with a known maturity date. Our preference is target maturity ETFs to provide diversification, yield and a defined maturity.
- **Total Return** – A balanced bond portfolio strategically positioned to maximize performance within the taxable bond universe. On average, the portfolio will have a single A-rated credit quality and will opportunistically employ some modest high yield exposure up to 25 percent. This portfolio is for the investor looking for income and relative price stability over time.
- **National Municipal** – The same diversified balanced bond approach using ETFs and mutual funds applied to the municipal bond sector. This is a tax-advantaged portfolio designed to benefit those clients in a higher tax bracket. As the name implies, the portfolio is exposed to issuers from numerous states. For the states with a broad municipal bond market we can customize state-specific bond portfolios.

TAXABLE EQUIVALENT YIELDS					
MUNI YIELDS	3%	15%	25%	33%	35%
	3%	3.53%	4.00%	4.48%	4.61%
	4%	4.70%	5.33%	5.97%	6.15%
	5%	5.88%	6.67%	7.47%	7.69%
	6%	7.06%	7.99%	8.96%	9.23%