

GRADIENT 50 STOCK PORTFOLIO

INVESTING IN DOMESTIC, BLUE CHIP, DIVIDEND PAYING STOCKS

Investing in dividend-paying stocks is a time-tested strategy that provides investors with steady income and blue chip stock market exposure. Dividend-paying stocks satisfy many investment objectives by providing:

- An attractive income in a low-yield environment
- An income stream that can outpace inflation
- Volatility defense in turbulent markets
- A dual source of total return (growth and income)

The Gradient 50 Stock Portfolio (G50) investment process selects 50 U.S.-based, high-quality, dividend-paying stocks. This disciplined process deploys a three-step selection methodology that identifies financially strong companies that return cash flow to shareholders in the form of generous dividends.

First, we take the universe of stocks and identify companies that have strong balance sheets and a history of profitability. We also identify companies that generate strong cash flow and whose earnings consistently exceed analysts' expectations. This combination of impressive financial metrics yields a sub-universe of companies that are financially sound, highly profitable and beating market expectations.

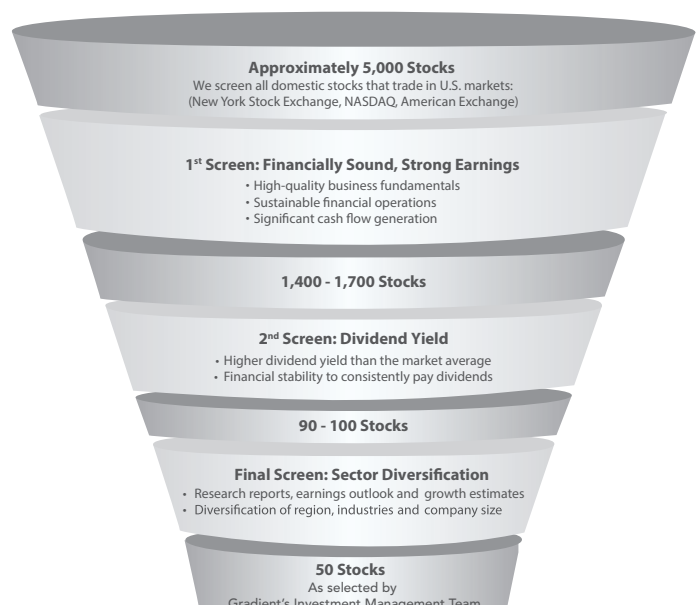
Second, we take this sub-universe of high-quality, financially-strong companies and select those that pay attractive dividends. We are careful to screen for stocks that are not paying too low (not enough income) or too high (a sign of a company in distress) of a dividend as that can potentially signal too much volatility. Our investment team pays particular attention to the dividend payout ratio as a measure of a company's ability to not only pay the dividend, but also grow that dividend over time. Companies that consistently pay, and grow, their dividends on an annual basis have historically rewarded investors with strong returns.

Third, our investment team selects the final 50 stocks that are diversified across multiple industry sectors within our economy. We also weigh each of the 50 names within the portfolio equally. This thoughtful portfolio construction aims to collect the top group of stocks within the dividend investing strategy while eliminating single security and industry concentration risk.

DISCIPLINED SCREENING PROCESS

This rigorous screening process allows us to build a portfolio of blue chip companies whose future profits are expected to grow, while simultaneously adding income through generous dividend payments.

- **Strong balance sheets**
- **Steady, consistent earnings**
- **Strong cash flow generation**
- **Generous dividend yield**
- **Conservative dividend payout ratio**
- **Ability to increase annual dividend**
- **Actively managed stock portfolio**
- **Screened and rebalanced quarterly**



G50 is an actively-managed portfolio solution for the growth and income investor. Each quarter, our investment team rescreens the portfolio, along with the universe of stocks, to ensure that financial and dividend income hurdles are intact. This periodic investment process serves two purposes:

- Confirms financial expectations of each portfolio holding are currently being met
- Harvests profits when stock price appreciation drives a particular stock's dividend yield below our minimum threshold

If a portfolio holding experiences deteriorating fundamentals, or its dividend yield falls below our minimums, our investment team will sell the position and replace it with a more appropriate holding. This active investment process maintains optimal portfolio integrity.

G50 embraces the positive attributes of the dividend investment strategy. Our rigorous stock selection and portfolio construction parameters deliver a unique solution for growth and income investors. Active management maintains both fundamental and dividend objectives.

G50's combination of stock selection, portfolio construction and active management delivers a high-quality stock portfolio that focuses on long-term growth and generous dividend income.

G50 STOCK SELECTION PROCESS



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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