

GRADIENT STABLE VALUE PORTFOLIO

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In times of volatility and stress in the markets, stable assets can provide a safe haven for investors seeking stability. Stable value assets, as a component of a diversified portfolio, can be valuable not only for relative stability, but also as a temporary asset class for near-term distribution needs or as “dry powder” for future investment opportunities. The Gradient Stable Value Portfolio provides a diversified set of liquid, ultra-short maturity investments that are actively selected based upon pre-determined criteria.

STABLE VALUE IN AN INVESTMENT PORTFOLIO

An allocation to stable value within an investment portfolio can serve multiple purposes including:

- A shield against higher market volatility
- A holding for pre-defined near to intermediate term distribution needs
- A holding for a future opportunistic asset class allocations

A stable value asset class can be a valuable component to a strategic long-term investment plan as well as a tactical holding for shorter timeframes. While stable value is generally not considered a long term, high return strategy, it can be a source of stability in times of higher market volatility. Further, stable value provides less risk to meet upcoming expenses or distributions. Finally, stable value provides “dry powder” for future opportunities at more attractive prices in other asset classes.

INVESTMENT PROCESS

The goal of the Gradient Stable Value Portfolio is to provide a conservative asset allocation that exceeds the level of cash yield provided by traditional banks and investment custodians. In that regard, the Gradient Investment Management Team will consider liquidity and stability as the primary investment criteria. This portfolio is not expected to ebb and flow with the market, but rather act as a ballast during times of higher volatility. Therefore, the investment selections will primarily be in the areas of:

- Money market mutual funds
- Ultra-short duration treasuries
- Additional asset classes designed for relative stability and income

The yield generated for the Gradient Stable Value will primarily be affected by interest rate changes made by the U.S. Federal Reserve Bank and less by market sentiment towards risk assets.

This portfolio will likely be a low turnover strategy and designed to provide liquidity for distribution needs or future investment opportunities. However, as market conditions change, or short-dated income assets fluctuate, the Gradient Investment Team may make changes to take advantage of opportunities within the defined investable universe.

SUMMARY

The Gradient Stable Value Portfolio is a conservative mix of investment holdings designed for price stability and liquidity. Stable value assets provide flexibility for both strategic and tactical asset allocations. The Gradient Stable Value Portfolio is actively managed and selects assets that provide price stability combined with some measure of income generation.

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