



# The Wright

## Investment Strategy

 **GRADIENT**  
INVESTMENTS, LLC  
An SEC Registered Investment Advisor

[www.gradientinvestments.com](http://www.gradientinvestments.com)





## ABOUT GRADIENT INVESTMENTS

Gradient Investments, LLC is an independent, privately-owned, fee-only, SEC registered investment advisor. We are a professional asset management firm committed to your long-term financial success.

We serve individuals, institutions, employer-sponsored pension plans, foundations and endowments. We primarily utilize exchange-traded funds (ETFs), stocks and structured notes through separately managed accounts. Whether your investment goal is preserving principal, maximizing income or growth of principal, our portfolios are designed to achieve your long-term investment goals.

We actively manage accounts through our proprietary Wright Investment Strategy, which is based on the principles of flight. Although the Wright brothers' first flight was more than 100 years ago, it remains one of history's greatest scientific and engineering accomplishments. The Wright brothers conquered this challenge by developing a scientific 3-Axis Control System that is still used today on fixed-wing aircraft.

At Gradient Investments, we address your investment challenges through a parallel 3-Axis Control System which actively manages risk exposure, investment strategy and investment performance. Founded on the principle of fiduciary responsibility, we provide tailored investment solutions based on your unique objectives.



# 1<sup>ST</sup> AXIS: RISK EXPOSURE

The 1st Axis in the control system actively manages risk exposure. Active risk management is the foundation of our investment process. Risk exposure is defined as the potential deviation from an expected outcome. Standard deviation is used to measure the volatility of an investment.

Higher standard deviation of an investment results in greater relative risk (and possible reward) due to uncertainty in the amount of return within the portfolio. Standard deviation in your portfolio parallels the uncertainties of flying because weather and turbulence are inevitable.

Our approach to risk exposure minimizes standard deviation, and our risk management strategy helps to ensure assets are actively monitored and balanced based on your desired risk profile.

Highlights of the risk factors we actively manage are: economic, market, valuation, liquidity, principal, inflation, interest rate, country and exchange rate.



## RISK AXIS

ECONOMIC:	Changes in the global business cycle can affect your investments
MARKET:	Likelihood that broad investment markets will appreciate or decline in value
VALUATION:	Possibility that an investment is overvalued
LIQUIDITY:	Possibility you won't be able to sell or convert an asset into cash at current market prices
PRINCIPAL:	Chance your original investment will decline in value or be lost entirely
INFLATION:	Likelihood the money you have invested will decline in real value due to inflation
INTEREST RATE:	Variability in an investment's return from a change in interest rates
COUNTRY:	Chance of loss due to stability and viability of a country's economy
EXCHANGE RATE:	Variability in investment returns caused by currency fluctuations

## 2<sup>ND</sup> AXIS: INVESTMENT STRATEGY

The 2nd Axis in the control system actively manages investment strategy. Investment strategy is defined as a set of rules, behaviors or procedures that guide an investor to select the appropriate investment portfolio. Establishing an appropriate asset mix is a dynamic process, and it plays a key role in determining your portfolio's overall risk and return. As such, your portfolio mix should reflect your goals at any point in time.

Our tailored investment strategy is designed around your personal risk tolerance. No two investors are alike. Some investors prefer to maximize expected returns by investing in equity assets, while others prefer to minimize risk with a strategy weighted in fixed income assets.

Our investment selection process within our proprietary model portfolios is client focused. Unlike other investment managers who offer the same portfolio to every potential client, we take a different approach. We don't force you into an arbitrary category; we build a portfolio tailored to your objectives, risk tolerance and time horizon.

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### OUR PORTFOLIO SOLUTIONS

#### INCORPORATE SEVERAL INVESTMENT

#### MANAGEMENT PHILOSOPHIES:

- TACTICAL
- STRATEGIC
- ALLOCATION
- PARAMETER SERIES

### TACTICAL PORTFOLIOS

#### GRADIENT TACTICAL ROTATION SERIES (GTR)

The GTR Series consists of three portfolio models each using a rules-based investment strategy designed to generate excess returns over global stock market indices. Equity markets around the globe often display wide dispersions of return over time. This creates the opportunity to make tactical investment decisions and rotate client funds to areas of strength around the globe. The tactical investment process identifies broad geographic investment markets (and their subsectors) where price momentum is greatest. The investment team utilizes a quantitative, two-factor approach in its tactical investment process and deploys a methodology that selects one ETF that corresponds to the subsector displaying the highest price momentum. The GTR Portfolio is actively managed to maximize risk-adjusted return over full market cycles.

### STRATEGIC PORTFOLIOS

#### CORE SELECT PORTFOLIO

The Core Select Portfolio invests in mid-to-large capitalization U.S. stocks. The portfolio is intended as a core U.S. equity market allocation and is designed to provide long term capital appreciation. Investments are selected based on fundamental analysis and are actively managed and actively weighted based on opportunity with a risk-managed sector allocation approach.



## GRADIENT 50 (G50) PORTFOLIO

The G50 Series consists of three portfolio models. They are actively managed and invest in U.S.-based, dividend-paying stocks. Investing in dividend-paying stocks is a strategy that provides investors the growth opportunities of the stock market along with a steady income stream. The investment process selects financially healthy companies that pay dividends and are exhibiting strong fundamental characteristics like earnings and cash flow growth. The investment team pays particular attention to a company's ability to pay and grow its dividends. Based on these criteria, the G50 invests in 50 equally weighted stocks that are diversified across industry sectors. The combination of stock selection, portfolio construction and active management delivers a portfolio that focuses on long-term growth and dividend income.

## GRADIENT 33 (G33) PORTFOLIO

The Gradient 33 (G33) Portfolio is a portfolio of 33 equally weighted growth stocks. Our rigorous selection process focuses on companies that are growing at a high rate and have demonstrated a sustainable competitive advantage to continue to grow in the future. We balance these 33 stock selections between the small, mid and large capitalization sectors of the market. Doing so gives the portfolio exposure to proven growth companies while participating in the emerging winners of tomorrow. Companies in the G33 Portfolio provide unique, high-demand products and services to the markets that propel this growth and can change the way business is done. Investors wishing to participate in this growth seek outsized gains while understanding the inherent risks that accompany this style of investing. The 33 securities are actively managed and continuously monitored by our investment team.

## CONTRARIAN CHOICE PORTFOLIO

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. The goal is to achieve 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 seeking long term capital appreciation who can tolerate a higher level of volatility.

## GRADIENT 40 INTERNATIONAL (G40i) PORTFOLIO

The G40i Portfolio holds 40 equally weighted, dividend-paying stocks domiciled outside the United States. Investing internationally provides enhanced diversification as non-U.S. geographies and companies within those regions have independent macroeconomic forces and sources of return. Finally, investing in dividend-paying stocks is a strategy that provides investors growth from stock market appreciation along with income.

## ENERGY SECTOR FOCUS PORTFOLIO

The Energy Sector Focus Portfolio provides investors with a specific avenue to invest in the energy sector. The strategy's objective is to provide investors with long-term capital growth by investing primarily in individual stocks in various sectors of the energy complex. The portfolio is actively managed to invest in companies that exhibit financial health and potential prosperity within the energy sector.

## ALLOCATION PORTFOLIOS

### PORTFOLIO TILT SERIES

The Portfolio Tilt Series consists of four portfolio models. They utilize an actively managed asset allocation strategy that uses Gradient portfolios as the underlying investments. The Tilt Series consists of four portfolio models, from Conservative to Growth, that correspond to an investor's risk tolerance. Then, each portfolio is allocated using "tilts" that select Gradient portfolios that are in-favor based upon the analysis of the investment management team. The Tilt Series is periodically rebalanced to maintain risk consistency but is also reallocated opportunistically based upon market conditions and the analysis of the investment team.

## ETF ENDOWMENT SERIES

The ETF Endowment Series consists of five portfolio models. These asset allocation portfolios satisfy a variety of risk and return objectives that follow a similar investment philosophy as large university endowment funds. Endowment funds invest in alternative assets like real estate and commodities as a complement to traditional stock and bond allocations. These investments provide greater diversification and are meant to provide a superior risk-adjusted return over a full market cycle. Gradient uses ETFs to provide individual investors lower-cost access to these asset classes.

## FIXED INCOME SERIES

### - Fixed Income Total Return Portfolio

The main goal of the Fixed Income Total Return Portfolio is to provide investors with current income and relative price stability by building a diversified portfolio across multiple fixed income sectors. Our investment team utilizes a bottom-up, fundamental research approach to identify fixed income investment opportunities.

### - Laddered Income Series

The Laddered Income Series consists of four portfolio models with varying laddered maturities. The models are constructed by purchasing bond-based exchange traded funds (ETFs) that have fixed maturities of two to five years. After the nearest security matures, the proceeds are reinvested into a new year or they may be left in cash to cover client distributions. The fundamental investment theme behind a bond ladder is diversification by maturity. It also curbs reinvestment risk as the portfolio produces a steady stream of cash flow.

### - National Municipal Bond Portfolio

For clients seeking income with a focus on tax efficiency, Gradient Investments also provides a National Municipal Bond Portfolio that incorporates a diversified fixed income investment philosophy, but uses municipal bond ETFs as the primary investment vehicle.

### - Stable Value Portfolio

The Stable Value Portfolio provides a diversified set of liquid, ultra-short maturity investments that are actively selected based upon predetermined criteria. The goal is to provide a conservative asset allocation that exceeds the level of cash yield provided by traditional banks and investment custodians.

## ABSOLUTE YIELD PORTFOLIO

The Absolute Yield is a globally diversified portfolio with a primary objective of income maximization. The Absolute Yield invests in stocks, bonds, and alternative assets with the consistent theme of high-income production. These investments could incorporate such asset classes as high-yield bonds, dividend-paying stocks, real estate, preferred stocks, and senior bank loans. The Absolute Yield will primarily use exchange traded funds (ETFs) to invest in assets with a risk-managed approach but is actively managed to identify attractive opportunities and to optimize yield.

## SOCIALLY RESPONSIBLE SERIES

The Socially Responsible Series consists of three portfolio models that are actively managed and incorporates socially responsible investments as its primary investable universe. Socially responsible investing utilizes environmental, social, and corporate governance (ESG) criteria for selecting the investments within the portfolio. The Gradient Socially Responsible Portfolios uses exchange traded funds (ETFs) to achieve a diversified approach that aligns with clients' social values as well as their risk tolerance.

## PRECIOUS METALS PORTFOLIO

Owning a diversified portfolio of precious metals as a part of an overall investment strategy can act as a hedge against market turmoil and a potential source for enhanced return. The Precious Metals Portfolio uses exchange traded funds (ETFs) to provide exposure to several different metals, including gold, silver, platinum, and palladium. This portfolio is actively managed to identify and select opportunistic allocations within the investable universe.

## DIGITAL DISCOVERY PORTFOLIO

The Digital Discovery is designed to invest in companies that are involved in revolutionizing the way the world communicates, analyze and interprets data, and purchase goods and services. The portfolio will invest in exchange traded funds (ETFs) leveraged to areas such as: cryptocurrency, blockchain technology, metaverse and non-fungible tokens (NFTs). There will not be direct investment into cryptocurrencies or NFTs but the portfolio will benefit from the growth of the industry and companies leveraged to these revolutionary technologies.



## PARAMETER SERIES

The Parameter Series is a suite of investment portfolios that provide a defined outcome to the investor. It gives investors the opportunity to participate in the market's upside while also offering a pre-defined level of downside protection.

## BUFFERED INDEX PORTFOLIO

The objective of the Buffered Index Portfolio is to provide market participation with a pre-determined level of downside protection.

The pre-defined parameters of the Buffered Index include: the maturity, the index or indices used, the maximum upside participation (cap), the level of downside protection (buffer), and the participation rate. Notes used have a pre-determined maturity and proceeds will be paid in cash. Gradient Investments will provide offerings on a recurring basis to invest or roll proceeds from maturing notes.

## DUAL DIRECTIONAL BUFFERED INDEX PORTFOLIO

The objective of the Dual Directional Buffered Index Portfolio is to provide market participation with a pre-determined level of downside protection. The pre-defined parameters include the maximum upside participation (cap), the level of downside protection (buffer), and the participation rate. The Dual Directional differs from the Buffered Index due to the potential for profit even when markets are negative. If the final valuation is negative but within the buffer range, the investor receives the INVERSE of the index performance.

## DESIGNED INCOME PORTFOLIO

The objective of the Designed Income Portfolio is to provide a recurring income stream with a pre-determined level of downside protection. The pre-determined parameters include the annual yield, the maturity, the level and type of protections, the index or indices used, coupon frequency, coupon contingencies and call features. Cash coupons are paid periodically and level of income and return of principal are based on the index performance from valuation date to maturity.

## BUFFERED OUTCOMES ETF PORTFOLIO

The Buffered Outcomes ETF Portfolio offers an alternative investment strategy for investors looking to differentiate from traditional asset allocation portfolios incorporating stocks for growth and bonds for protection. The portfolio's objective is to provide an ongoing level of downside protection from volatile markets combined with the opportunity to participate in the markets upside. The Buffered Outcomes ETF is actively managed and invests in defined outcome exchange traded funds (ETFs).



# 3<sup>RD</sup> AXIS: INVESTMENT PERFORMANCE

The 3rd Axis in the control system actively manages investment performance. Investment performance is defined as the rate of return on your investment portfolio (given your unique risk profile).

At Gradient Investments, we measure investment performance against your goals and objectives. Our disciplined investment approach is shaped by a long-term investment focus, thorough due diligence, and a belief that broad diversification across and within asset classes is essential for long-term success. Our portfolios are designed to generate excess return for a given level of risk.

Our investment performance axis uses sophisticated performance reporting along with our proprietary analytical tools, the Portfolio Pilot and Allocation Roadmap™. These tools allow you the opportunity to visualize the relationship between risk (standard deviation) and potential reward (return). Our proprietary reports provide an analysis of your current portfolio along with a comparison of a proposed investment portfolio that is aligned with your desired risk profile and overall investment goals.

## PORTFOLIO PILOT

Charting your desired flight plan with the proprietary Portfolio Pilot report is a process of thoroughly analyzing your current investments and desired risk tolerance, and making appropriate recommendations in a simple, easy-to-read format. The report is designed to illustrate your current portfolio risk/reward ratio relative to the risk/reward ratio within the selected portfolio.

The report is based on personalized information and backed by independent, third-party data from Morningstar.

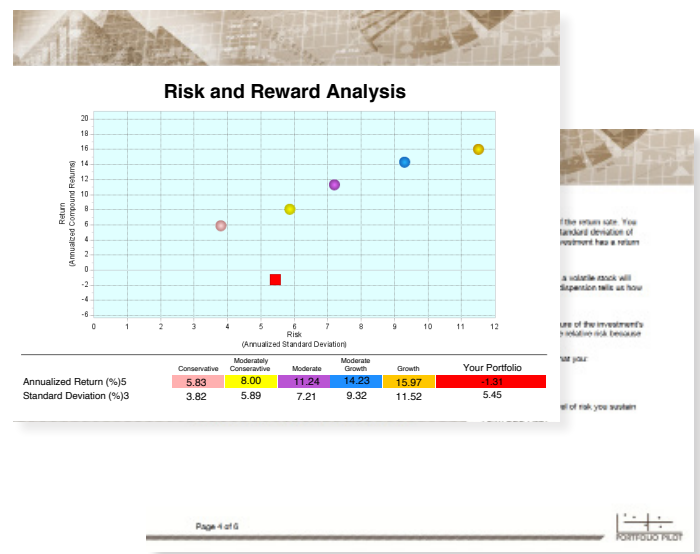
Navigating through retirement is similar to flying in inclement weather. Charting an investment flight plan with the Portfolio Pilot can enable you to avoid turbulence by plotting your desired flight plan and seeking the greatest return for the least amount of risk.

## ALLOCATION ROADMAP™

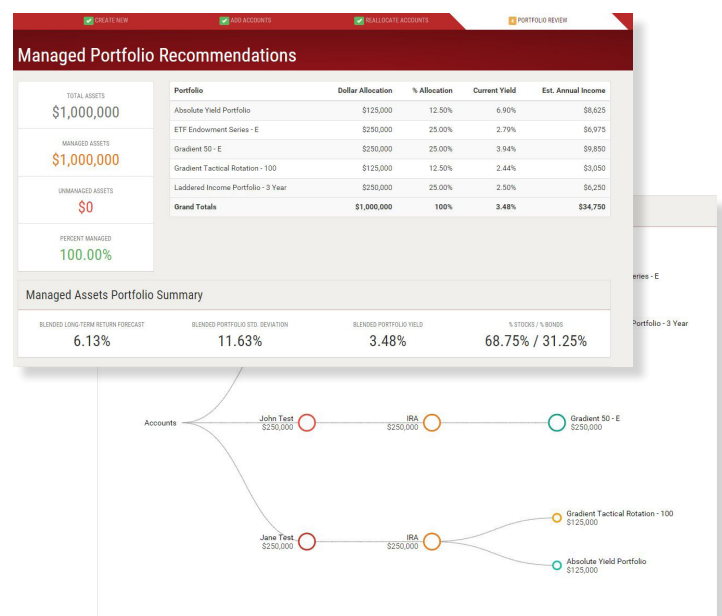
The interactive Allocation Roadmap™ provides a unique overview of your current and proposed asset allocation. The goal is to customize an overall strategy tailored to your risk tolerance, investment objectives and time horizon. This powerful tool is meant to give you a general idea of what you may expect long-term from a risk and reward standpoint. This proprietary tool allows you to analyze multiple investment strategies tailored to your risk tolerance, time horizon, investment objectives and income needs.

The above Portfolio Pilot Report and Allocation Roadmap™ are samples. The numbers do not reflect actual results and are for illustrative purposes only. These numbers are not meant to predict your individual results or relate to specific investment strategies. Past performance is no guarantee of future returns. Investing involves risk including the potential loss of principal.

### Portfolio Pilot



### Allocation Roadmap™



## NAVIGATOR SYSTEM

At Gradient Investments, you have access to our sophisticated Navigator reporting system, which monitors the execution of your “financial flight plan.” This web-based account management tool allows you to view your account activity, investment values, up-to-date portfolio performance and quarterly statements at your convenience.

While you will receive account statements from a third-party custodian, those reports do not track your progress.

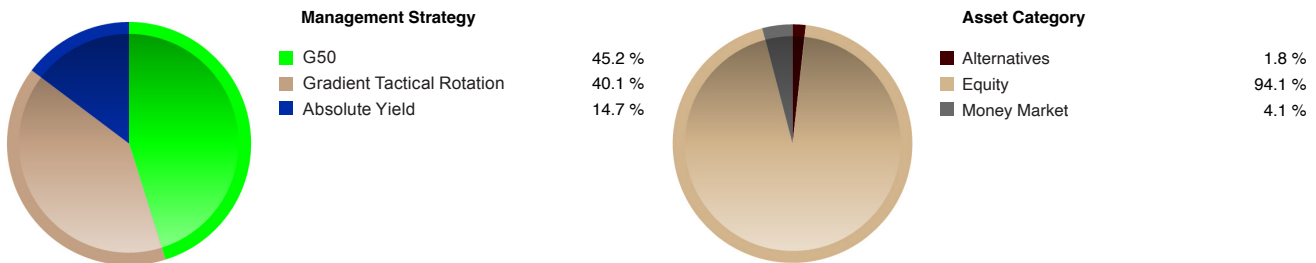
The Navigator reporting system provides daily values, performance reports, quarterly statements, market commentary and much more. It organizes your accounts and portfolio strategies, allows for summary reports, and serves as a guide for you to review with your advisor.

Importantly, the Navigator also allows you to observe the execution of our Wright Investment Strategy.

### Gradient Performance Report

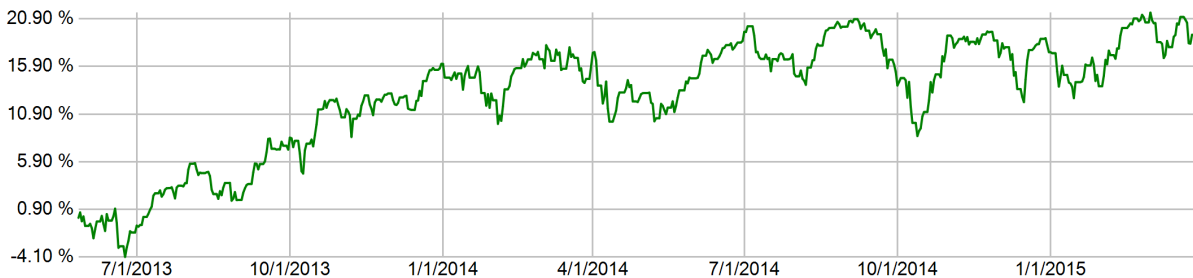
Household: John and Jane Smith  
 Period: Custom Date Range  
 Financial Advisor: Financial Advisor Name

#### Portfolio Composition (Including bond accrual)



#### Unannualized Performance Chart for the period 5/27/20\*\* to 3/30/20\*\* (Including bond accrual)

Returns are Net of Fees



#### Quick Summary for the period 5/27/20\*\* to 3/30/20\*\*

Returns are Net of Fees

\*\* The first 12 month returns are not annualized

Beginning Value: (Including bond accrual)	\$945,891.66	Period Contributions:	\$0.00	Internal Rate of Return:	11.02 %
Ending Value: (Including bond accrual)	\$1,016,017.03	Period Distributions:	(\$114,392.11)		
		Transfers In/Out:	\$2,257.57		

The above Navigator Report is a sample. The numbers do not reflect actual results and are for illustrative purposes only. These numbers are not meant to predict your individual results or relate to specific investment strategies. Past performance is no guarantee of future returns. Investing involves risk including the potential loss of principal.

# EXPERIENCE ON YOUR SIDE



## **MICHAEL BINGER, CFA®**

PRESIDENT

Mr. Binger is the President for Gradient Investments. He has been with Gradient Investments since 2012 and has more than 30 years of total investment management experience. Mr. Binger's prior roles include managing multi-billion dollar investment products for a large institutional asset manager. He graduated with a bachelor's degree from the University of Minnesota and is a CFA® charterholder. He brings a depth of market experience that is rare within the industry and has been a featured contributor with several media outlets such as CNBC, Fox Business, Barron's, and The Wall Street Journal.



## **KEITH GANGL, CFA®**

SENIOR PORTFOLIO MANAGER

Mr. Gangl is a Portfolio Manager for Gradient Investments. He joined Gradient Investments in 2018 and has more than 20 years of total investment management experience. Prior roles include portfolio management for a large institutional equity firm, where he managed several billion dollars of assets. Mr. Gangl has been featured in media publications such as Investor's Business Daily, Bloomberg, and Yahoo!. He graduated with a bachelor's degree from St. John's University, MBA from the University of St. Thomas, and is a CFA® charterholder.



## **KYLE BERGACKER, CFA®**

PORTFOLIO MANAGER

Kyle Bergacker joined Gradient Investments in 2025 and has more than 15 years of financial services experience. He began his career as a financial advisor for Thrivent Financial. His background also includes roles in investment research and portfolio management of multi-billion-dollar portfolios with large institutional asset management firms. Kyle earned a degree in applied economics from the University of Minnesota. He's also a CFA® charter holder, has been awarded the CFA Institute's Sustainable Investing Certificate, and holds his Series 7 and 66.





**LISA SCHREIBER**

ASSOCIATE PORTFOLIO MANAGER

Lisa Schreiber serves as an Investment Analyst for Gradient Investments, LLC. Prior to joining Gradient, Lisa worked as a Private Client Advisor for a regional bank in Linz/Austria, where her main responsibility was investment management for high-net-worth clients. Lisa graduated with a Bachelor's Degree in Financial Management from the University of Applied Sciences Upper Austria and is currently a candidate in the CFA® program.



**JOHN INGHAM**

INVESTMENT ANALYST

John Ingham joined Gradient Investments in 2025. Prior to joining Gradient Investments, John worked with Gradient on the Case Central team, where he assisted advisors in creating detailed financial plans for clients. John graduated from the University of Minnesota, Duluth with a Bachelor of Business Administration degree in Finance. He is currently a CFA level II candidate, and he holds his Series 65.

**Bloomberg**

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Businessweek**



**THE WALL STREET JOURNAL.**





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