

GRADIENT INVESTMENTS DIGITAL NOTE OFFERINGS

CUSTOMIZED OFFERINGS FOR STRUCTURED INCOME

The objective of the Gradient Investments Digital Note Offerings is to create income for investors through a one-time cash coupon payment. The coupon payment is subject to a pre-defined set of parameters. These are intended to provide a stated income objective and set a pre-defined level of principal protection at maturity.

STRUCTURED NOTES

The Gradient Investments Digital Note Offerings invest clients in structured notes to provide a pre-determined and defined set of outcomes. Structured notes are:

Issued by financial institutions	Linked to the performance of a reference asset/index(es)
Backed by the credit of the underwriter	Typically issued with a fixed maturity date
Subject to potential investment loss	Not actively traded on security exchanges

Source: SEC.gov

The Gradient Investments Digital Note Offerings utilize structured notes to design and customize offerings that provide a stated coupon yield. The coupon payment is dependent on several parameters, including:

Index or indices used	Length to maturity
Level and type of protection	Coupon contingencies

The Gradient Investments Digital Note Offerings are designed for investors who seek income based on a pre-defined set of parameters. They typically provide premium income compared to traditional bonds but carry incremental risks including a potential loss of the coupon payment and the principal at maturity. The one-time coupon payment will be contingent on the performance of the pre-determined index or indices used. Gradient Investments will offer notes that state the coupon yield while clearly defining the contingencies around this coupon payment and principal protection levels at maturity.

EXAMPLE OF A DIGITAL NOTE OFFERING

Below is a hypothetical scenario of parameters for a Gradient Investments Digital Note Offering:

Index/Indices	Lesser of S&P 500, Nasdaq & Russell 2000	Principal Barrier	60% of initial value
Maturity	13 months	Coupon Barrier	60% of initial value
Call Provision	Non-callable	Underwriter	Competitive bid
Coupon Frequency	Once at maturity	Coupon	9% fixed

Determination of coupon payment:

- The coupon is paid in cash once at maturity.
- The coupon payment is made if the specified index or indices are at or above the coupon barrier level on the maturity date.
- The coupon payment is forfeited if the value of the index or indices are below the coupon barrier level on the maturity date.

Determination of return of principal at maturity:

- If the value of the index or indices is at or above the buffer or barrier level, full principal is returned to the investor.
- If the value of the index or indices ends below the buffer or barrier level:
 - Buffer offering: The investor participates one for one in loss beyond the buffer level.
 - Barrier offering: The investor experiences the full amount of performance loss of the index.

Upon maturity, proceeds will go to cash and be placed in the investor account. Proceeds will NOT be automatically reinvested as market conditions are subject to change.

KEY DIFFERENCES TO THE MONTHLY AND QUARTERLY PAYMENT DESIGNED INCOME PORTFOLIO:

The Gradient Investments Digital Note Offerings carry multiple differences to the monthly and quarterly payment Designed Income Portfolio:

- The coupon is paid ONCE at maturity and does not offer a recurring income stream as with our monthly and quarterly payment Designed Income Portfolio.
- The offerings differ in tax treatment. The coupon payment in the Gradient Investments Digital Note Offerings is usually taxed as long-term capital gains (if certain conditions are met, such as the term length and the protection levels), while the coupon payments in the monthly and quarterly payment Designed Income Portfolio are usually taxed as ordinary income.

RISKS

The Gradient Investments Digital Note Offerings carry three types of risk to the investor:

- Coupon payment risk: At maturity only, the risk of coupon payment loss may occur due to index or indices values falling below pre-determined levels.
- Principal return risk: At maturity only, the risk of principal loss may occur due to index or indices values falling below pre-determined levels.
- Underwriter credit risk: Offerings are backed by the credit of the issuing financial institution. Failure to satisfy contractual obligations could lead to loss of principal.

SUMMARY

The Gradient Investments Digital Note Offerings are customized and intended to deliver income. They are issued by investment grade underwriters who are some of the world's largest financial institutions. The cash coupon is paid once at maturity based upon pre-determined parameters and usually taxed at long-term capital gain rates in taxable accounts. Portfolio offerings are constructed as a point-to-point solution but can be liquidated intra-period if necessary. Offerings that mature will return principal based on pre-determined criteria and will be paid in cash and placed in the investor account.

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.