

CONTROLLED VOLATILITY

A DYNAMIC ASSET ALLOCATION STRATEGY

The Controlled Volatility Portfolio (CVP) by Gradient Investments is designed to achieve long-term market returns while actively controlling volatility. Recent financial market events have increased uncertainty the investors' minds. Economic upheaval and geopolitical risks create extremely volatile markets which can lead to poorly timed investment decisions. The CVP can be a solution for investors who are not able to endure the gut-wrenching peaks and valleys of market swings but need to realize long-term investment goals.

TRADITIONAL RISK MANAGEMENT

Traditionally, if clients want to increase returns over the long term, the solution is to increase the risk of their investment portfolios. The problem is many investors cannot tolerate market lows during volatile periods as they begin to question their investment strategies. This often leads to investors pulling out of the markets altogether during large market downswings and reentering at higher prices. This "sell-low, buy-high" behavioral finance impulse is extremely disruptive to long-term financial plans and can actually lead to permanent loss of capital.

ACTIVE VOLATILITY MANAGEMENT

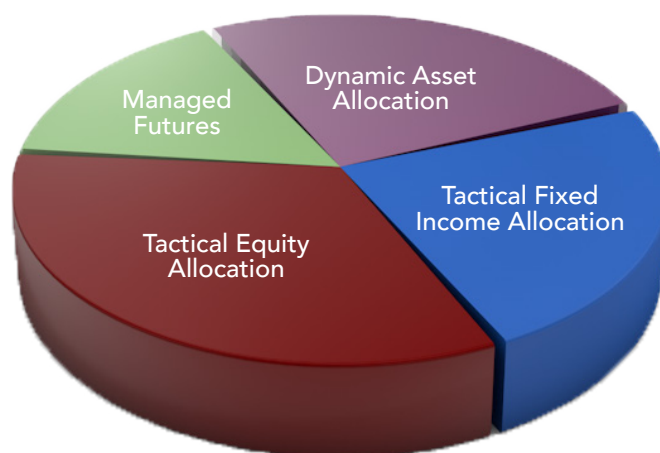
A solution to counteract this phenomenon is the CVP. We have partnered with a world-class Portfolio Strategy Group of one of the largest global investment firms. Our research shows a portfolio of dynamically allocated securities and asset classes can achieve market returns at a much lower volatility level over time. With a targeted three-plus-year time horizon, our goal is to give you a portfolio with half the volatility, yet the full return of the broad market. This is a powerful tool to smooth the ride for you and keep you on target for your long-term financial plan.

Our investment team uses a combination of dynamic asset allocation, managed future strategies and tactical fixed income/equity allocations. We seek to curb the portfolio's overall volatility while actively pursuing profitable investment opportunities over multiple economic cycles.

Our rigorous investment process employs multiple volatility management tools:

- **Dynamic asset allocation** is an active management strategy that adjusts a portfolio's various asset class allocations based upon changing market forecasts.
- Rules-based **managed future strategies** are designed to profit from rising and falling price trends by taking both long and short positions. This strategy uses a transparent methodology designed to provide consistent performance while moderating volatility.
- **A tactical equity/fixed income allocation process** incrementally adjusts the holdings within the fixed income and equity asset classes as volatility dictates.

We use these tools to flexibly allocate weightings among a global set of non-correlated asset classes throughout changing market conditions. The CVP can help preserve capital during market declines and create wealth over multiple market cycles.



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Please consult your 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. For more information, please request a copy of Gradient Investments' ADV Part 2A.

Our asset allocation process segregates the portfolio into return-generating and risk-mitigating components.

- **Intelligent offense** seeks attractive market returns in multiple global asset classes. We utilize fixed income, equity and alternative investments to profit in rising markets.
- **Dynamic defense** mitigates risk, lowers volatility and preserves wealth during extreme market downturns. We utilize securities that can profit in rising and falling markets. This enables a smoother ride in unpredictable markets.

This disciplined investment process helps you navigate through fickle markets while keeping your investment strategy intact.

We acknowledge that market volatility is inevitable. Markets move swiftly higher and lower over the short-term. How we deal with these moves is critical to creating a successful long-term investment plan. The CVP uses intelligent offense combined with dynamic defense to build wealth.

