



ADV II and Schedule F

Gradient Investments, LLC

Registered Investment Advisor
(888) 824-3525

4570 Churchill Street, Ste 200
Shoreview, Minnesota 55126

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

OMB Number: 3235-0049
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Name of Investment Adviser: Gradient investments, LLC						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	4570 Churchill Street, #200	Shoreview	MN	55126		888-824-3525

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any government authority.**

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

Applicant: Gradient investments, LLC

SEC File Number:

801-

Date:

2/1/2010

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|---|--|----|---|
| <input checked="" type="checkbox"/> (1) | Provides investment supervisory services | 90 | % |
| <input type="checkbox"/> (2) | Manages investment advisory accounts not involving investment supervisory services..... | | % |
| <input type="checkbox"/> (3) | Furnishes investment advice through consultations not included in either service described above... | | % |
| <input type="checkbox"/> (4) | Issues periodicals about securities by subscription | | % |
| <input type="checkbox"/> (5) | Issues special reports about securities not included in any service described above..... | | % |
| <input type="checkbox"/> (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | | % |
| <input type="checkbox"/> (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities... | | % |
| <input type="checkbox"/> (8) | Provides a timing service | | % |
| <input checked="" type="checkbox"/> (9) | Furnishes advice about securities in any manner not described above..... | 10 | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) Foreign issuers | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | Securities and Exchange Commission |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (7) <input checked="" type="checkbox"/> Company press releases |
| | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☒ Yes ☐ No

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☒ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input checked="" type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Investment Advisory Services: The securities in every client's account will be under continuous review. Client accounts will be reviewed quarterly. Accounts will be reviewed by the Chief Investment Officer. Reviews may be triggered by material market, economic or political events, or by changes in client's financial situation.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

The Custodian will furnish Client with quarterly reports. These reports will include a detailed statement of the securities and cash held in the Investment Account. Copies of transaction confirmations will be sent directly from the custodian. Gradient Investments, LLC may also provide Client quarterly performance reports, or will provide performance reports upon Client request. In addition, Gradient Investments, LLC will make an effort to respond promptly and fully to Client's inquiries at any time on any matter related to the account.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|-------------------------------------|-------------------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (4) commission rates paid? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| B. directly or indirectly compensates any person for client referrals? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... ☐ Yes ☒ No

**Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

SEC File Number:
801-

Date:
2/1/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form
(identify)

Answer

Gradient Investments, LLC Provides Investment Supervisory Services

Gradient Investments, LLC (hereinafter "GI") offers ongoing portfolio management services based on the individual goals, objectives, time horizon and risk tolerance of each client account. This information will be obtained through GI's risk tolerance analysis from which an investment proposal and investment advisory contract will be prepared and presented to the client. GI practices management of portfolios on a discretionary basis. Investment services include but are not limited to:

- Investment Strategy
- Personal Investment Policy
- Asset Allocation
- Asset Selection
- Regular and/or continuous portfolio monitoring

Managed Portfolio

All client portfolios are managed on a discretionary basis unless otherwise noted. GI offers a variety of managed model portfolios mainly utilizing mutual funds, exchange traded funds (ETFs), individual equities, covered calls, and money market funds. Based on unique client circumstances, GI may create, recommend, and manage custom portfolios that fall outside the scope of the Gradient managed model portfolios. The fee schedule and investment objectives for these custom portfolios will be noted in the investment proposal and contract.

Annual investment advisory fees for the **Fixed Income Program, Managed Mutual Fund Program, and ETF Program (Endowment Series)** are as follows:

<u>Assets Under Management</u>	<u>Client Fee</u>	<u>GI Retention</u>	<u>Solicitor Allowance</u>
\$50,000 to \$1,000,000	1.70%	.70%	1.00%
Next \$1,000,000	1.35%	.60%	.75%
Next \$1,000,000	1.00%	.50%	.50%
Over \$3,000,000	.80%	.40%	.40%

Annual investment advisory fees for the **Managed Stock Program** and the **Summit Series (Covered Call Program, TrenDesign Program, and Global Tactical Program)** are as follows:

<u>Assets Under Management</u>	<u>Client Fee</u>	<u>GI Retention</u>	<u>Solicitor Allowance</u>
\$100,000 - \$1,000,000	2.00%	1.00%	1.00%
Next \$1,000,000	1.65%	.80%	.85%
Next \$1,000,000	1.20%	.60%	.60%
Over \$3,000,000	.95%	.45%	.50%

These fees do not include brokerage (transaction) fees that may be assessed by the custodial broker dealer (custodian). GI does not share in brokerage fees/commissions charged by the custodian. Client is responsible for miscellaneous account fees that may be charged by the custodian which include but are not limited to: overnight fees, ACH fees, account closure fees, reorganization fees, check writing fees, etc. GI will exercise discretion in selecting securities and executing transactions. Risk tolerance will be documented in the risk tolerance analysis, investment proposal and investment contract. All fees paid to GI for investment advisory services are separate and distinct from the internal expenses charged by ETFs, mutual funds and closed end funds.

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of
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Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

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Date:
2/1/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
	<p>The above fees are negotiable and the final fee schedule will be attached in the investment advisory contract. Fees are assessed quarterly in arrears based on the amount of the assets to be managed as of the end of the previous quarter. All management fees are withdrawn from the clients account unless otherwise noted. GI will receive written authorization from the client to deduct advisory fees from an account held by a qualified custodian. GI will send the qualified custodian written notice of the amount of the fee to be deducted from the client's account. All management fees will be noted on the custodians monthly/quarterly account statements sent directly to the client. Clients may find comparable services for higher or lower fees from other sources. Clients may terminate their account within five days of signing the investment advisory contract with no penalty and a full refund. For terminations that end on other than the last day of the quarter, GI will be entitled to a pro rata fee for the days service was provided in the final quarter.</p> <p><u>Fixed Income Program</u></p> <p>The two fixed income portfolios utilize ETFs and Mutual Funds. The Total Return is the most conservative portfolio offered. Income focus offers clients the potential for higher yields. Both are invested in fixed income mutual funds and ETFs.</p> <p><u>Managed Mutual Fund Program or Endowment Series ETF Program</u></p> <p>The five Mutual Fund and five ETF portfolios utilize a combination of mutual funds, closed end funds and exchange traded funds (ETF). These portfolios will be managed in a brokerage account or a variable annuity. The Endowment Series ETF portfolios utilize exchange traded funds and at times may invest in Mutual Funds when conditions warrant or when a suitable ETF is not available. The Managed Mutual Fund portfolios utilize mutual funds and at times may invest in ETFs when conditions warrant or when a suitable Mutual Fund is not available. The ETF portfolios and Mutual Fund portfolios are separate and distinct.</p> <p><u>Managed Stock Program</u></p> <p>The five managed stock portfolios utilize primarily individual stocks with some closed end funds and exchange traded funds ("ETF") when necessary. Each stock portfolio holds approximately 50 dividend paying stocks and a percentage of bond funds or ETFs based on the Risk Tolerance Analysis.</p> <p><u>Covered Call</u></p> <p>The Covered Call portfolio is a unique strategy by which GI writes (sells) call options on some or all of the securities held within the client portfolio, mainly Exchange Traded Funds (ETF) and individual equities. This strategy is designed to enhance cash flow and achieve positive risk-adjusted returns through the call option premiums received. GI will make every effort to ensure that it never writes (sells) a call option on a security that it does not own (uncovered or "naked" call options). Options involve risk and are not appropriate for every investor. Covered call strategies can limit the upside potential in a bull market. The custodian will provide each client with a copy of the Characteristics and Risks of Standardized Options upon opening an account. A copy can also be obtained by contacting Gradient Investments, LLC.</p> <p><u>Global Tactical</u></p> <p>The Global Tactical Portfolio is an actively managed strategy utilizing behavioral, technical, and fundamental analysis. The objective is to maximize return through active allocation and superior security selection. This portfolio will mainly utilize Exchange Traded Funds (ETFs), individual stocks, and money market funds. Inverse ETF's may be used in this strategy. The portfolio, at Gradient's sole discretion, can hold as much as 100% in any asset class if market conditions dictate such an allocation.</p>	

(Complete amended pages in full, circle amended items and file with execution page (page 1)).

**Schedule F of
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Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form (identify)	Answer
	<p><u>TrenDesign</u></p> <p>The five TrenDesign Portfolios are actively managed utilizing Mutual Funds and Exchange Traded Funds (ETFs). The goal is to capture trends in the leading sectors and asset classes. Mutual Funds and ETFs are ranked twice per month based on proprietary scoring method mainly utilizing Standard Deviation (risk). Portfolio holdings are sold and replaced with the highest ranking funds and ETFs based on these rankings.</p> <p>*All portfolios managed by GI involve risk including the loss of principal. It is important that you work closely with your financial advisor in selecting the proper allocation. This helps to ensure that your investments are in line with your risk tolerance, time horizon, and overall financial objectives</p> <p>These fees do not include brokerage fees that may be assessed by the custodial broker dealer. All fees paid to GI for investment advisory services are separate and distinct from the internal expenses charged by ETFs, mutual funds and closed end funds. GI does not share in brokerage commissions. GI will exercise discretion in selecting securities and executing transactions. Risk tolerance will be documented in the risk tolerance analysis, investment proposal and investment advisory contract.</p> <p><u>Sub-manager Arrangement</u></p> <p>GI may from time to time enter into sub-manager agreements with other Registered Investment Advisory firms by which GI will pay a fee to that firm for investment consultation. GI believes these sub-manager arrangements will bolster its investment strategies and client portfolio offerings. The sub-manager will work directly with GI giving advice and recommendations on certain investment strategies. The sub-manager does not have trading access to the accounts. GI will always make the final portfolio decisions and will always trade the client accounts. This arrangement in no way alters the custodial relationship that is setup between Gradient and the custodian.</p> <p><u>Financial Planning</u></p> <p>A Financial Plan is developed through a series of meetings between the advisor and client. At these meetings the client will elect from the following topics for review and analysis:</p> <ul style="list-style-type: none"> • Financial goals and needs analysis • Analysis of current investments • Analysis of expenses (present & future) • Analysis of short/long term financial goals • Review of current tax status • Review of retirement goals • Asset allocation strategies • Risk tolerance analysis • Investment recommendations <p>The Financial Planning process covers approximately 7 hours of plan development and client meetings. There will be no performance-based fees. Financial Planning Services are offered to all clients based on a negotiable fixed fee. The fee will not exceed \$2500 and will be based on plan complexity. There will be no performance-based fees.</p> <p><u>Fees</u></p> <p>Client will pay a minimum of 50 percent upon plan commencement, and the balance due upon delivery of the completed plan. Services will be completed and delivered within six months. Client has five days to terminate this agreement for a full refund. Client may terminate at any time. client will receive a pro rata refund if applicable, or Gradient Investments, LLC will be entitled to a pro rata fee for services completed. Gradient Open Architecture 401K Platform.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1)).

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Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

SEC File Number:
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Date:
2/1/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form (identify)	Answer																														
1A(1) & 2D	<p>GI will provide investment portfolios to all participants primarily made up of Mutual Funds and Exchange Traded Funds (ETF). GI will work with the employer, third party administrator, and custodian to ensure the objectives of the plan participants are achieved.</p> <p><u>Investment Services for Registered Investment Advisors</u> <i>Investment Services: Investment Review and Analysis / Open Architecture Investment Recommendations</i></p> <table border="1"> <thead> <tr> <th>Plan Assets</th><th>Annual Fees</th></tr> </thead> <tbody> <tr> <td>\$0 - \$3,000,000</td><td>.25%</td></tr> <tr> <td>\$3,000,001 - \$5,000,000</td><td>.20%</td></tr> <tr> <td>Over \$5,000,000</td><td>.15%</td></tr> </tbody> </table> <p><u>Investment and Plan Advisory Services for Investment Advisor Representatives (IAR) of GI</u> <i>Investment Services: Investment Review and Analysis / Open Architecture Investment Recommendations</i> <i>Plan Services: Plan Administration Review and Analysis / Open Architecture Plan Recommendations (record keeping / administration)</i></p> <table border="1"> <thead> <tr> <th>Plan Assets</th><th>Employer Fee</th><th>GI Retention</th><th>IAR Retention</th></tr> </thead> <tbody> <tr> <td>\$500,000 - \$3,000,000</td><td>.80%</td><td>.40%</td><td>.40%</td></tr> <tr> <td>Next \$2,000,000</td><td>.60%</td><td>.30%</td><td>.30%</td></tr> <tr> <td>Over \$5,000,000</td><td>.40%</td><td>.20%</td><td>.20%</td></tr> </tbody> </table> <p>The above fees do not include any fees charged by the Third Party Administrator, Custodian, or any other RIA Firm or entity. All internal fees charged by ETFs, mutual funds and closed end funds are separate and distinct from the fee schedule listed above. GI does not share in any brokerage commissions. The above fees are negotiable, and the final fee schedule will be attached in the investment advisory agreement. GI does not at anytime act as the Custodian or Third Party Administrator on any employer sponsored plans it renders advice on. Fees are deducted quarterly in arrears and are based on the total asset value as of the last business day of the quarter.</p> <p><u>401K Investment Analysis & Plan Design</u></p> <table border="1"> <thead> <tr> <th>Employer Fee</th><th>GI Retention</th><th>IAR Retention</th></tr> </thead> <tbody> <tr> <td>\$2,000</td><td>\$500</td><td>\$1,500</td></tr> </tbody> </table> <p>The above fees are negotiable, and the final fee schedule will be attached in the Service Agreement. Client will pay 50% upon commencement and the balance due upon analysis and design completion. GI reserves the right to postpone or waive fees. Services will be completed and delivered within 6 months. Client will have 10 days to terminate this agreement. For cancellations after 10 days, client will be due a pro-rata refund, or GI will be entitled to a pro-rata share of work completed.</p>	Plan Assets	Annual Fees	\$0 - \$3,000,000	.25%	\$3,000,001 - \$5,000,000	.20%	Over \$5,000,000	.15%	Plan Assets	Employer Fee	GI Retention	IAR Retention	\$500,000 - \$3,000,000	.80%	.40%	.40%	Next \$2,000,000	.60%	.30%	.30%	Over \$5,000,000	.40%	.20%	.20%	Employer Fee	GI Retention	IAR Retention	\$2,000	\$500	\$1,500
Plan Assets	Annual Fees																														
\$0 - \$3,000,000	.25%																														
\$3,000,001 - \$5,000,000	.20%																														
Over \$5,000,000	.15%																														
Plan Assets	Employer Fee	GI Retention	IAR Retention																												
\$500,000 - \$3,000,000	.80%	.40%	.40%																												
Next \$2,000,000	.60%	.30%	.30%																												
Over \$5,000,000	.40%	.20%	.20%																												
Employer Fee	GI Retention	IAR Retention																													
\$2,000	\$500	\$1,500																													
5	GI requires that the person providing investment advice be a Registered Advisor in their applicable state.																														

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

**Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

SEC File Number:
801-

Date:
2/1/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form (identify)	Answer																														
6	<p>Wayne Schmidt, CFA®, MBA Chief Investment Officer</p> <p>In October 2008, Wayne Schmidt joined Gradient Investments, LLC and serves as Chief Investment Officer. With 26 years of investment experience, Schmidt brings decades of institutional experience and in-depth knowledge of the private client market to Gradient Investments, and offers a global investment management perspective. Schmidt is an invaluable and direct resource for affiliated investment advisors and their clients. He provides vast wisdom, knowledge, experience and tools to help investment advisors grow their practice, while also growing clients' assets.</p> <p>In a nationwide search that included acquisition considerations, AXA Investment Managers, a subsidiary of the European insurance giant AXA Group, handpicked Schmidt to build their U.S investment grade fixed income capabilities and to lead a seasoned portfolio team located in St. Paul, Minnesota. During his tenure at AXA Investment Managers, Schmidt served as senior portfolio manager for the U.S. Investment Grade Fixed Income Team. As the lead portfolio manager, he managed \$9.5 billion of fixed income assets with a variety of mandates ranging from aggregate, corporate and government bond portfolios.</p> <p>Before joining AXA Investment Managers, Schmidt dedicated over 20 years to Minnesota Life and its \$14 billion investment arm, Advantus Capital Management. As portfolio manager, he managed a variety of high-grade funds as part of Advantus's \$1.8 billion Total Return Product for institutional and retail clients. He also served as the lead portfolio manager of the Advantus Bond Fund and the co-portfolio manager of the Advantus Spectrum Fund.</p> <p>Schmidt earned his Master of Business Administration in Finance from the University of Minnesota and a Bachelor of Science from Cornell University. He is a Chartered Financial Analyst® and a member of The Chartered Financial Analyst Institute and the Twin Cities Society of Security Analysts.</p> <p>Over the years, Wayne has been quoted on the global economy in numerous nationally and internationally recognized investment publications such as Bloomberg, Pension & Investments, Reuters, The Los Angeles Times, Financial Week (2008 Neal Award Winner), Asia Times, InvestorVillage, Safehaven, SFO, Credit Investment News and RGE Monitor (Nouriel Roubini's Global EconoMonitorinvestment). He has also provided market insights on Bloomberg radio and television.</p> <p>Schmidt's love of Minnesota is Gradient Investments' great fortune, as he declined to relocate with AXA Investment Managers following their strategic decision to consolidate function into the high-yield operation in Greenwich, Connecticut. Schmidt resides in Lakeville, Minnesota with his wife Sue. Wayne and Sue have two children, Heidi and Brian.</p> <p>Born: 1955</p> <p><u>Education</u></p> <table border="0"> <tr> <td>Cornell University</td> <td>Bachelor of Science</td> <td>1977</td> </tr> <tr> <td>University of Minnesota</td> <td>MBA Finance</td> <td>1991</td> </tr> </table> <p><u>Business Background</u></p> <table border="0"> <tr> <td>Gradient Investments, LLC</td> <td>Chief Investment Officer</td> <td>2008 - Present</td> </tr> <tr> <td>Gradient Insurance Brokerage, Inc.</td> <td>Senior Vice President</td> <td>2008 - 2009</td> </tr> <tr> <td>AXA - Investment Managers, Inc.</td> <td>Portfolio Manager</td> <td>2003 - 2008</td> </tr> <tr> <td>Mimlic Imperial Corp.</td> <td>VP/Secretary</td> <td>1984-2003</td> </tr> <tr> <td>Securian Financial Services, Inc.</td> <td>Registered Rep</td> <td>1984-2003</td> </tr> <tr> <td>Advantus Capital Management Co.</td> <td>Assistant Secretary</td> <td>1984-2003</td> </tr> <tr> <td>Minnesota Life Insurance</td> <td>Assistant Treasurer</td> <td>1979-2003</td> </tr> <tr> <td>Dataplan Securities, Inc.</td> <td>Registered Rep</td> <td>1986-1992</td> </tr> </table>	Cornell University	Bachelor of Science	1977	University of Minnesota	MBA Finance	1991	Gradient Investments, LLC	Chief Investment Officer	2008 - Present	Gradient Insurance Brokerage, Inc.	Senior Vice President	2008 - 2009	AXA - Investment Managers, Inc.	Portfolio Manager	2003 - 2008	Mimlic Imperial Corp.	VP/Secretary	1984-2003	Securian Financial Services, Inc.	Registered Rep	1984-2003	Advantus Capital Management Co.	Assistant Secretary	1984-2003	Minnesota Life Insurance	Assistant Treasurer	1979-2003	Dataplan Securities, Inc.	Registered Rep	1986-1992
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FORM ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Gradient investments, LLC

SEC File Number:
801-

Date:
2/1/2010

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

Item of Form (identify)	Answer																																	
6 cont.	<p>Charles E. Lucius Founder and CEO</p> <p>With a deep passion for knowledge, Charles E. "Chuck" Lucius has earned many degrees and designations, but it was serving as a pilot in the United States Air Force that he found a deeper passion for freedom and the boundless opportunity it affords. Over the course of his career, Chuck has attained the following designations: Series 7, 24, 63, 65 as well as CLU, CHFC, CFP and a Masters in Financial Sciences (MSFS).</p> <p>In 1975, Chuck began his career in the insurance industry with Prudential Life Insurance Company. He successfully served in the field and in numerous leadership roles to include Estate Planning Specialist, Director of Advanced Marketing, and Director of Fee-Based Financial Planning. Chuck also served as Managing Director overseeing the leading Prudential Agency in Minnesota earning Prudential's highest honors as the recipient of The President's Citation.</p> <p>In 2001, Chuck began his tenure as President and Principal of Personalized Brokerage Services, LLC / USAllianz Securities. Under his leadership, the organization grew to become an industry leader from a group of 15 professionals to a team of over 150 professionals and 200+ Registered Representatives. Annual premium soared under his leadership, and a wealth management business model was created which included fixed annuities, securities, long-term care and life insurance divisions as well as a top-tier practice management program. He earned a reputation for operational excellence.</p> <p>Currently, Chuck is founder and CEO of Gradient Insurance Brokerage, Inc., Registered Independent Advisors and Gradient Investments, LLC. His organizations provide a cutting edge platform which emphasizes his passion for maintaining independence for agents within the financial services industry. Chuck also serves on numerous Insurance Company Leadership Councils.</p> <p>Chuck resides in North Oaks, Minnesota with his wife Tami and enjoys spending time with his children, Megan, Brian, Nate, Chaz and Cruz. He enjoys spending family time at his second home on Gull Lake in Brainerd, Minnesota. He also enjoys personal aviation and furthering his industry knowledge.</p> <p>Born: 1948</p> <p><u>Education</u></p> <table border="0"> <tr> <td>The American College</td> <td>Masters of Science in Financial Services</td> <td>1988</td> </tr> <tr> <td>North Dakota State University</td> <td>BS Psychology</td> <td>1970</td> </tr> <tr> <td>U.S. Air Force Pilot</td> <td></td> <td>1970-1975</td> </tr> </table> <p><u>Business Background</u></p> <table border="0"> <tr> <td>Gradient Investments, LLC</td> <td>Owner</td> <td>2006 - Present</td> </tr> <tr> <td>Gradient Home Mortgage, LLC</td> <td>Owner</td> <td>2009 - Present</td> </tr> <tr> <td>BZ Inc.</td> <td>Owner</td> <td>2009 - Present</td> </tr> <tr> <td>Registered Independent Advisors</td> <td>Owner</td> <td>2006 - Present</td> </tr> <tr> <td>Gradient Insurance Brokerage, Inc.</td> <td>Owner</td> <td>2005 - Present</td> </tr> <tr> <td>RIA Registrar, LLC</td> <td>Owner</td> <td>2006 - Present</td> </tr> <tr> <td>Personalized Brokerage Services, LLC</td> <td>President</td> <td>2000 - 2005</td> </tr> <tr> <td>USAllianz Securities</td> <td>Principal</td> <td>2000 - 2005</td> </tr> </table>	The American College	Masters of Science in Financial Services	1988	North Dakota State University	BS Psychology	1970	U.S. Air Force Pilot		1970-1975	Gradient Investments, LLC	Owner	2006 - Present	Gradient Home Mortgage, LLC	Owner	2009 - Present	BZ Inc.	Owner	2009 - Present	Registered Independent Advisors	Owner	2006 - Present	Gradient Insurance Brokerage, Inc.	Owner	2005 - Present	RIA Registrar, LLC	Owner	2006 - Present	Personalized Brokerage Services, LLC	President	2000 - 2005	USAllianz Securities	Principal	2000 - 2005
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FORM ADV
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Applicant:
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Date:
2/1/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

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Item of Form (identify)	Answer																					
6 cont.	<p>Nathan Lucius Managing Director and Chief Compliance Officer</p> <p>Nathan Lucius currently serves as the Managing Director and Chief Compliance Officer of Gradient Investments, LLC. He oversees the day-to-day business operations, staff development, marketing and the overall revenue growth of the firm. As Chief Compliance Officer, Nathan oversees the compliance and supervisory responsibilities for Gradient Investments, LLC. In addition, he is responsible for ensuring that all Gradient investments, LLC internal policies, procedures, standards of conduct and ethical principals are adhered to by all associated individuals. He has held various leadership roles within GI which include New Advisor Development, Investment Consultant and Assistant Portfolio Manager.</p> <p>Nathan boasts a broad knowledge of the financial services industry. His knowledge spans across the insurance and securities spectrum. He has held key roles at State Farm, Morgan Stanley, American Financial Marketing and Registered independent Advisors.</p> <p>Nathan is dedicated to providing affiliated advisors and their clients with a money management platform that is results oriented, progressive and sustainable long term. He holds his Series 65 and is currently a Level 1 Chartered Financial Analyst (CFA) candidate. Nathan earned his undergraduate degree in business from the University of Colorado.</p> <p>Born: 1983</p> <p><u>Education</u> University of Colorado BS Business Marketing 2006</p> <p><u>Business Background</u></p> <table border="0"> <tr> <td>Gradient Investments, LLC</td> <td>Managing Director</td> <td>2008 - Present</td> </tr> <tr> <td>Gradient Insurance Brokerage, Inc.</td> <td>VP of Marketing</td> <td>2006 - 2009</td> </tr> <tr> <td>Registered Independent Advisors</td> <td>VP of Marketing</td> <td>2006 - Present</td> </tr> <tr> <td>American Financial</td> <td>Business Consultant</td> <td>2006-2006</td> </tr> <tr> <td>Morgan Stanley</td> <td>Intern</td> <td>2006-2006</td> </tr> <tr> <td>State Farm Insurance</td> <td>Intern</td> <td>2006-2006</td> </tr> <tr> <td>University of Colorado</td> <td>Student</td> <td>2002-2006</td> </tr> </table>	Gradient Investments, LLC	Managing Director	2008 - Present	Gradient Insurance Brokerage, Inc.	VP of Marketing	2006 - 2009	Registered Independent Advisors	VP of Marketing	2006 - Present	American Financial	Business Consultant	2006-2006	Morgan Stanley	Intern	2006-2006	State Farm Insurance	Intern	2006-2006	University of Colorado	Student	2002-2006
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6 cont.	<p>Nick Stovall, CPA, MBA Chief Financial Officer</p> <p>Nick Stovall CPA, MBA boasts an extensive background in accounting, finance and investments. With over 20 years of experience, he brings decades of private industry accounting, public accounting, business taxation, IRA taxation, technical taxation, tax law and tax policy knowledge to the organization. Nick also hold his series 7 and 66 as well as his life and health license. With an in-depth knowledge of the financial services industry and solid understanding of the complex demands of diverse business settings, his experience provides an invaluable perspective on the intricate relationships between tax and business issues.</p> <p>During his tenure in the private industry sector, Nick served as the chief financial officer for Glenn Corporation and E Energy Adams. He has also consulted in the public sector serving individuals and businesses in the areas of financial and tax planning. Nick was an instructor with National American University, teaching upper division accounting courses.</p> <p>Nick earned the masters of Business Administration in Accounting from the University of Saint Thomas and a Bachelor of Science in Finance where he graduated with distinction. He is currently pursuing a Masters of Business Taxation for the Carlson School of Management at the University of Minnesota.</p> <p>Nick remains active in the accounting industry and is a member of the American Institute of Certified Public Accountants (AICPA), Minnesota Society of Certified Public Accountants (MnCPA) and the Institute of Management Accountants (IMA).</p> <p>Born: 1970</p> <p><u>Education</u></p> <table border="0"> <tr> <td>University of Minnesota</td> <td>Masters of Business Taxation Program</td> <td>2007</td> </tr> <tr> <td>University of St. Thomas</td> <td>M.B.A. Accounting</td> <td>2004</td> </tr> <tr> <td>Metropolitan State University</td> <td>BS Finance</td> <td>2000</td> </tr> <tr> <td>Inver Hills Community College</td> <td>AS Accounting</td> <td>1998</td> </tr> </table> <p><u>Business Background</u></p> <table border="0"> <tr> <td>Gradient Investments, LLC</td> <td>Chief Financial Officer</td> <td>2009 - Present</td> </tr> <tr> <td>Gradient Insurance Brokerage, Inc.</td> <td>Chief Financial Officer</td> <td>2009 - Present</td> </tr> <tr> <td>Gradient Securities, LLC</td> <td>Chief Financial Officer</td> <td>2009 - Present</td> </tr> <tr> <td>Edward Jones Investments</td> <td>Financial Advisor</td> <td>2008-2009</td> </tr> <tr> <td>E Energy Adams</td> <td>Chief Financial Officer</td> <td>2007-2008</td> </tr> <tr> <td>Glenn Corporation</td> <td>Chief Financial Officer</td> <td>1997-2007</td> </tr> <tr> <td>Illnc Consulting</td> <td>Managing Partner</td> <td>1995-1997</td> </tr> <tr> <td>AAA Fuel Oil/Rollins Oil Co.,</td> <td>Staff Accountant</td> <td>1994-1996</td> </tr> </table>	University of Minnesota	Masters of Business Taxation Program	2007	University of St. Thomas	M.B.A. Accounting	2004	Metropolitan State University	BS Finance	2000	Inver Hills Community College	AS Accounting	1998	Gradient Investments, LLC	Chief Financial Officer	2009 - Present	Gradient Insurance Brokerage, Inc.	Chief Financial Officer	2009 - Present	Gradient Securities, LLC	Chief Financial Officer	2009 - Present	Edward Jones Investments	Financial Advisor	2008-2009	E Energy Adams	Chief Financial Officer	2007-2008	Glenn Corporation	Chief Financial Officer	1997-2007	Illnc Consulting	Managing Partner	1995-1997	AAA Fuel Oil/Rollins Oil Co.,	Staff Accountant	1994-1996
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8C	<p><u>Other Industry Affiliations</u></p> <p>Charles E. Lucius is an owner of Gradient Insurance Brokerage, an insurance wholesaling company. A conflict of interest occurs if a Solicitor firm of GI refers a client to their affiliated insurance organization who may in turn do business with Gradient Insurance Brokerage, Inc. In that event, Gradient Insurance Brokerage would receive compensation through non-securities (insurance) products sold under these circumstances. This conflict is mitigated as clients are not obligated to use Gradient Insurance Brokerage for insurance product purchases. Solicitor firms of GI are independent contractors and have no obligation to do business with any of Lucius' companies. Adam Netland is a registered representative of a broker dealer. Adam Netland is the only related person for his firm serving in this capacity. As a registered representative, he may receive separate, yet typical compensation in the form of commissions for the purchase of securities products through his affiliated broker-dealer. Clients are not required to purchase any products.</p>	
9	<p><u>Code of Ethics</u></p> <p>GI has a written code of ethics that requires the firm to place the client's interest above the firm or any employee's interests. Investment advisory representatives are required to maintain proficiency in their work through continuing professional development and education. The firm is required to comply with the spirit and intent of the laws governing the investment advisory profession. The firm shall provide the same level of service to each client as it would expect in the same circumstances. A complete copy of the firm's code of ethics is available upon request.</p>	
9(E)	<p>From time to time, representatives of GI may buy or sell securities for themselves that they also recommend to clients. This represents a conflict of interest. This conflict is mitigated as GI will place the interests of its clients ahead of its own.</p>	
10	<p><u>Conditions for Managing Accounts</u></p> <p>GI has a minimum account value, per client or household, of \$50,000 for Fixed Income Program, ETF Program, Mutual Fund Program. GI has minimum account value, per client or household, of \$100,000 for Managed Stock Program and Summit Series Program. GI at its sole discretion may accept account of a lesser value.</p>	
12 (A,B)	<p><u>Investment or Brokerage Discretion</u></p> <p>GI's client services agreement grants GI discretionary direct asset management services to advisory clients. GI may recommend the use of a particular custodian broker/dealer based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Client may select another broker/dealer, but that may prohibit Gradient's ability to provide its services. Fees may be higher or lower elsewhere. GI relies on the custodian to provide their execution services at competitive prices.</p> <p>For client accounts where GI provides ongoing account management or provides investment advice with ongoing supervision, GI will have the discretion to determine securities to be bought or sold and the amount of securities to be bought or sold for the client's account. GI will never charge a premium or commission on transactions beyond the actual cost imposed by the custodial broker dealer.</p>	
13A	<p>GI utilizes the services of several custodial broker dealers. Economic benefits are received by GI which would not be received if GI did not give investment advice to clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to GI's accounts, ability to conduct "block" client trades, electronic download of trades, balances and positions, duplicate and batched client statements, and the ability to have advisory fees directly deducted from client accounts.</p>	
13B	<p>GI may enter into "Solicitor/Finder" relationships. These individual "Solicitors" offer our services to the public. GI will pay a referral fee to the Solicitor or Finder based on its advisory fee and written agreement. Solicitors/Finders will also be appropriately licensed under federal and state securities laws. Client receives all related agreements and disclosures prior to or at the time of entering into an Investment Advisory Agreement.</p>	

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	<p style="text-align: center;"><u>Gradient Investments, LLC Privacy Policy Notice</u></p> <p>As a client of Gradient Investments, LLC, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.</p> <p><u>Information Provided by Clients</u></p> <p>In the normal course of doing business, we typically obtain the following non-public personal information about our clients:</p> <ol style="list-style-type: none">1. Personal information regarding our clients' identity such as name, address and social security number;2. Information regarding securities transactions effected by us; and3. Client financial information such as net-worth, assets, income, bank account information and account balances. <p><u>How We Manage and Protect Your Personal Information</u></p> <p>We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat your information as confidential.</p> <p>In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.</p> <p><u>Client Notifications</u></p> <p>We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. If you wish to opt out of any information sharing arrangement with Gradient, please email us at info@gradientinvestments.com. A confirmation email will be sent within 3 business days of receipt. Please do not hesitate to contact us with questions about this notice.</p>

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