



Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Gradient Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 877-885-0508, or by email at: info@gradientadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Gradient Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov

March 1, 2015

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The most recent Gradient Advisors, LLC Form ADV Part 2A was submitted on October 17, 2014. In addition, the ADV Part 2B was updated at that time. The current version of the ADV Part 2 represents the company's annual filing. The material changes to this version of Form ADV Part 2A were to update the client's Assets Under Management and update Other Financial Industry Activities. The following additional material changes were made to ADV Part 2B. The ownership was changed from Jeff Foley as 10% owner and Charles Lucius as 90% owner to Charles Lucius as 100% owner. The Chief Compliance Officer of Gradient Advisors, LLC was changed to Ms. Catherine Peters from Mr. Klaus Siepmann. Also, the Elected Manager and President was changed from Jeff Foley to Nathan Lucius.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (877) 885-0508 or by email at: info@gradientadvisors.com.

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Form ADV – Part 2A – Firm Brochure

Item 4: Advisory Business

Firm Description

Gradient Advisors, LLC, ("GA") was founded in 2009. Charles E. Lucius is 100% owner.

Types of Advisory Services

Financial Planning

A financial plan is designed to help the client with all aspects of their financial situation. The financial plan may include, but is not limited to: a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Investment Advisor Representatives of GA may charge clients for financial planning on an hourly or negotiable fixed fee basis described in detail in Item 5 of this brochure.

Solicitor Arrangements

Advisor solicits the services of Third Party Money Managers ("TPM") to manage client accounts. In such circumstances, Advisor receives solicitor fees from the Third Party Manager. Advisor acts as the liaison between the client and the TPM in return for an ongoing portion of the advisor fees charged by the TPM. Advisor helps the client complete the necessary paperwork of the TPM, provides ongoing services to the client, will provide the TPM with any changes in client status as provided to Advisor by the client and review the quarterly statements provided by the TPM. Advisor will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPM. Clients placed with TPMs will be billed in accordance with the TPM's Fee Schedule which will be disclosed to the client prior to signing an agreement. This is detailed in Item 10 of this brochure.

Investment Accounts Involving Supervisory Services (Asset Management Services)

In some cases GA offers discretionary direct asset management services to advisory clients. GA will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance.

Investment strategies investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize GA discretionary authority to execute selected investment program transactions as stated in the Investment Advisory Agreement.

When deemed appropriate for the client, GA may hire Sub-Advisors to manage all or a portion of the client assets. GA will have the discretion to hire and fire the individual sub-advisors.

Investment Accounts Not Involving Supervisory Services

GA will assist in the opening, closing and transferring of accounts. An administrative fee of 0.60% annually may be charged on a quarterly basis in arrears for all accounts that are maintained and held by GA. GA will not have discretion at any time on these accounts.

Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are

created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

Wrap Fee Programs

GA does not sponsor any wrap fee programs.

Client Assets under Management

As of December 31, 2014 GA had approximately \$21,921,000 assets under management on a discretionary basis; the majority of GA's assets are managed by third-party money managers.

Item 5: Fees and Compensation

Method of Compensation and Fee Schedule

GA receives solicitor fees from third party money managers and fixed or hourly fees for financial planning. All fees paid to Gradient Advisors for investment advisory services are separate and distinct from the internal expenses charged by ETFs, mutual funds, closed-end funds and variable annuities.

Financial Planning

Prior to the planning process the client will be provided an estimated plan fee. Services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. GA allows two options for the payment of financial planning fees, selection of which is at the discretion of the advisor: 1) Payments may be made in two installments; half at the commencement of the planning process and final payment due upon delivery of the completed plan. 2) Full payment may be made in advance. In the case of full payment, GA will deliver plans within six months of the date of the planning agreement. Client may cancel within five business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro-rata refund based on work completed.

Fixed Fee

The fee for a financial plan is based on a negotiated fixed fee basis based on complexity and unique client needs, geographic market differences and the experience of the advisor preparing the plan.

Hourly Fee

GA provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements ranges between \$50-200 per hour, dependent upon the services

Solicitor Fees

GA and its associated persons may be paid a portion of the fee charged and collected by the third-party money manager in the form of solicitor fees or consulting fees. GA's fees are negotiable depending on the size, complexity of the client's account(s), the experience and training of the Advisor and other business considerations. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third party investment advisor's Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure.

Investment Accounts Involving Supervisory Services (Asset Management Services)

GA will charge a maximum annual fee of 2.00% in addition to the fee charged by the money manager. The fee is based on the assets under management. The fee is negotiable and is based on the money manager selected, the investment advisor representative providing services, the value of the assets in the account, including cash holdings, and is payable either monthly or quarterly in advance or arrears based on the money manager and will be disclosed to the client in the Investment Advisory Agreement.

For purposes of calculating account fees in advance, the period begins on the first day the account is accepted by the money manager selected. The initial account fee is due at the beginning of the billing period following execution of the Client Agreement and includes a prorated fee for the initial period in addition to the standard monthly or quarterly fee for the upcoming period. Subsequent account fee payments are due and assessed at the beginning of each period based on the value of the assets under management as of the close of business on the last business day of the preceding period.

For purposes of calculating account fees in arrears, the period begins on the first day the account is accepted by the money manager selected by GA. The initial account fee is due at the end of the billing period following execution of the Client Agreement based on the account balance at the end of the billing cycle. Subsequent account fee payments are due and assessed at the end of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding period.

Advisory fees will be deducted from the clients' account by the custodian. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata refund for the days service was not provided in the final month or quarter. Clients billed in arrears will only be billed for the portion of the period prior to the termination date for which advisory services were provided. If GA is unable to deduct fees from the clients' account the firm may bill the client directly for the charges due.

Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

The investment management fees charged by sub-advisors are exclusive of, and in addition to, GA's investment advisory fee set forth above. In addition to the GA's written disclosure statement, the client shall also receive the written disclosure statement of the sub-advisor or outside money manager. Clients should review each advisors ADV Part 2 or Terms of Use for additional details regarding services.

Investment Accounts Not Involving Supervisory Services (Asset Management Services)

GA will assist in the opening, closing and transferring of accounts. An administrative fee up to 0.60% annually may be charged on a quarterly basis in arrears for all accounts that are maintained and held by GA. The administrative fee may be either deducted directly from the customer's account or by requesting a check from the customer. GA will not have discretion at any time on these accounts.

Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

GA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

Prepayment of Client Fees

In the case of prepayment of planning fees, the client may cancel within five business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro-rata refund based on work completed.

External Compensation for the Sale of Securities and Non-Securities Products to Clients

Gradient Advisors does not receive any external compensation for the sale of securities to clients. However the investment advisor representatives of GA may also be an independent insurance agent and receive commission payments directly from the insurance carriers. The aforementioned relationships create a conflict of interest because investment advisor representatives may receive separate compensation that is normally associated with the sale of securities or non-securities products. In addition, the sale of

securities or non-securities products can generate higher compensation over the traditional investments offered through the advisor. This conflict is moderated by the fact that clients are not required to purchase any product and may also purchase these products through any independent insurance agent of their choosing.

Item 6: Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

GA does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation can create an incentive for the adviser to recommend an investment that can carry a higher degree of risk to the client.

Item 7: Types of Clients

Description

GA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and business entities.

Client relationships vary in scope and length of service.

Account Minimums

GA does not require a minimum to open an account. Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

When creating a financial plan, GA utilizes fundamental analysis to provide a review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

In developing a financial plan for a client, GA's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement and Risk Tolerance Questionnaire that documents their objectives and their desired investment strategy.

The investment advisor representatives of GA rely on Third Party Money Managers for the recommendations and analysis based on the clients goals and investment objectives.

Security-Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate, market, business and financial risks. Risks involved in technical analysis are inflation, reinvestment and market risk. Cyclical analysis involves inflation, market and currency risk. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9: Disciplinary Information

Criminal or Civil Actions

The firm and its management do not have any criminal or civil actions to report.

Administrative Enforcement Proceedings

The firm and its management have not been involved in any reportable administrative enforcement proceedings.

Self-Regulatory Organization Enforcement

Proceedings The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

The Chief Compliance Officer and certain staff of GA are registered persons with Gradient Securities, LLC, a broker-dealer. In addition, certain IARs of GA may also be registered representatives of Gradient Securities, LLC.

Futures or Commodity Registration

Neither GA nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Charles E. Lucius is founder and CEO of Gradient Investments, LLC, a registered investment advisor. Advisors of GA may also have an outside affiliation with Gradient Insurance Brokerage (GIB) through a separate agency (or individually as an agent) for the placement of insurance products. The agency or individual is licensed as an independent contractor of the insurance company and places insurance products directly with the insurance company of their choice. In the event an independent agent elects to partner with GIB, GIB will be compensated direct from the insurance company. Charles Lucius receives consulting compensation from GIB and therefore a conflict of interest occurs. This conflict is mitigated as independent agents may work with any insurance company and any IMO of their choosing, one of which may be GIB. Furthermore, the client has no obligation to do business with the advisor/agent.

Nathan Lucius is the Managing Director and Chief Compliance Officer of Gradient Investments, LLC, a SEC Registered Investment Advisor. Associated persons of GA may refer clients to Gradient Investments for money management services.

A conflict of interest occurs if investment advisor representatives of GA refer clients to Gradient Investments for money management services. In that event, Gradient Investments would receive compensation through assets under management. This conflict is mitigated or avoided because clients have the ability to choose the third-party money manager that meets their needs and are not obligated to use Gradient Investments for money management.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

GA and its associated persons will utilize the services of a third-party money manager to manage clients' investment portfolios. These arrangements allow the investment advisor to provide specific expertise to a client. In some cases, GA will act as a Solicitor for the third-party advisor or we may hire a third-party advisor as a sub-advisor. Specific arrangements will be detailed in the advisory agreement offered to the client. When clients are referred to third party money managers, advisors will be registered or notice filed where the clients reside.

GA and its associated persons may be paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3.

Clients are advised that investment advisor representatives have a conflict of interest by only offering a third-party investment advisor that has agreed to pay a portion of its advisory fee to advisor. Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that the client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

When hiring a third party money manager, the money manager will maintain the models or investment strategies agreed upon between Third party money manager and GA. Third party money manager execute all trades on behalf of GA in client accounts. GA will be responsible for the overall direct relationship with the client. GA retains the authority to terminate the third party investment advisor relationship at its discretion. Specific arrangements will be detailed in the advisory agreement offered to the client. All required disclosure will be provided to the client in the third-party advisor's applicable brochures.

GA performs a due diligence review on all third-party money management firms to ensure that they are properly registered in the states where GA conducts business.

Cash and Non-cash Compensation by Unaffiliated Third Parties

Gradient Advisors and Associated person will receive a percentage of the advisory fees paid by advisory clients to compensate them for solicitation, support, advice, order placement, execution, and other services rendered to clients.

In addition, advisors and the RIA firm may be eligible for cash and non-cash compensation including incentives, recognition trips and other benefits from custodians and third party money managers. Some of these programs may be financed in whole or in part by unaffiliated third parties, including third party money managers, which may influence some representatives to favor those managers. See the prior sections entitled "Fees and Compensation" and Other Financial Industry Activities and Affiliations" for more details regarding compensation and conflicts of interests.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics Description

The employees of Gradient Advisors have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Gradient Advisors employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Gradient Advisors. The Code reflects Gradient Advisors and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the interests of our clients.

Gradient Advisors' policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Gradient Advisors may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Gradient Advisors' Code is based on the guiding principle that the interests of the client are our top priority. Gradient Advisors' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When the potential for conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

GA and its employees do not recommend to clients securities in which we have a material financial interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

GA and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as

front running of client trades, employees are required to disclose all reportable securities transactions as well as provide GA with copies of their brokerage statements.

The Chief Compliance Officer of GA is Catherine Peters. She reviews all employee trades each quarter. Her trades are reviewed by Nathan Lucius. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

GA does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

Item 12: Brokerage Practices

However, GA relies on Third Party Money Managers for execution of such trades.

Factors Used to Select Broker-Dealers for Client Transactions

GA does not have any affiliation with securities product sales firms used for custodial services. Specific custodian recommendations are made to Clients based on their need for such services. GA recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

GA may recommend discount brokerage firms and trust companies (qualified custodians), such as Pershing, and TD Ameritrade. GA does not receive fees or commissions from any of these arrangements.

- Directed Brokerage: GA does not take direction from clients as to what broker-dealer to use.
- Best Execution: Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

Soft Dollar Arrangements: The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by Advisor from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Advisor receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of Advisor. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when Advisor receives soft dollars. This conflict is mitigated by the fact that Advisor has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

Advisor utilizes the services of custodial broker dealers. Economic benefits are received by Advisor which would not be received if Advisor 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 Advisor'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.

A conflict of interest exists when Advisor receives soft dollars. This conflict is mitigated by the fact that the Advisor has a fiduciary responsibility to act in the best interest of his clients and the services received are beneficial to all clients.

Aggregating Securities Transactions for Client Accounts

GA is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of GA.

Item 13: Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Account reviews are performed on an ongoing basis by the IARs and a minimum of annually by Supervisory and Compliance personnel. Account reviews are performed more frequently when market conditions dictate and the money managers have an obligation to review and manage the accounts per their mandate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

Content of Client Provided Reports and Frequency

GA does not issue regular reports. Account statements are issued by the custodian. Client receives confirmations of each transaction in accounts from the Custodian and an additional statement during any month in which a transaction occurs. Third party money managers make available performance reports.

Item 14: Client Referrals and Other Compensation

Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

GA may receive referral fees for referring clients to third-party money managers that could create a conflict of interest. This conflict is mitigated by the fact that clients may use another money manager of their choosing. When referring clients to third-party advisors, the client's best interest will be the main determining factor of GA.

Advisory Firm Payments for Client Referrals

GA does not pay for client referrals.

Item 15: Custody

Account Statements

Gradient Advisors does not custody any client assets. All assets are held at qualified custodians which means the custodians provide account statements directly to clients at their address of record (or electronically) at least quarterly. Clients are urged to compare their account statements received directly from their custodians to the performance report statements prepared by the third-party money manager.

GA is deemed to have indirect custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of GA.

Item 16: Investment Discretion

Discretionary Authority for Trading

In some cases Gradient Advisors has discretion of clients accounts. GA accepts discretionary authority to manage securities accounts on behalf of clients. GA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client will authorize GA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

Item 17: Voting Client Securities

Proxy Votes

GA does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

Item 18: Financial Information

Balance Sheet

A balance sheet is not required to be provided because GA does not serve as a custodian for client funds or securities and GA does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

GA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Bankruptcy Petitions during the Past Ten Years

Neither GA nor its management has had any bankruptcy petitions in the last ten years.



Brochure Supplement (Part 2B of Form ADV)

March 1, 2014

Executive Officers and Management Brochure

This brochure supplement provides information about the Executive Officers and Management that supplements the Gradient Advisors, LLC brochure. You should have received a copy of that brochure. Please contact us at the above address, if you did not receive Gradient Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Executive Officers and Management may be available on the SEC's website at www.adviserinfo.sec.gov.

Education and Business Standards

GA requires each investment advisory agent who renders investment and financial planning to clients to be an investment advisor representative meeting the registration requirements in their applicable state.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Charles E. Lucius, CLU®/ ChFC®/ MSFS - Founder and CEO



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 licenses and/or designations: Series 7, 24, 63, 65 as well as CLU®, ChFC, CFP and a Masters in Financial Sciences.

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.

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.

Currently, Chuck is founder and CEO of Gradient Financial Group and founded Gradient Investments in 2006. 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.

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 lake home as well as personal aviation and furthering his industry knowledge.

Year of birth: 1948

Educational Background:

- The American College; Masters of Science in Financial Services; 1988
- North Dakota State University; BS Psychology; 1970
- U.S. Air Force Pilot; 1970-1975

Professional Certifications:

Chartered Life Underwriter (CLU): Chartered Life Underwriters are licensed by the American College to use the CLU mark. CLU certification requirements:

- Complete successfully CLU coursework 5 required and 3 elective
- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CLU designation, you must earn 30 hours of continuing education credit every two years.

Chartered Financial Consultant (ChFC): Chartered Financial Consultants are licensed by the American College to use the ChFC mark. ChFC certification requirements:

- Complete ChFC coursework within five years from the date of initial enrollment
- Pass the exams for all required elective courses. You must achieve a minimum score of 70% to pass.
- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your ChFC designation, you must earn your recertification every two years.

Business Experience:

- Gradient Assurance, LLC, Owner, 2014- Present
- Integrated Risk Strategies, LLC, Owner, 2014-Present
- Luson Capital, LLC; Owner; 2013-Present
- Gradient Advisors, LLC; Owner/CEO; 2009-Present
- Gradient Investments, LLC; Owner/CEO; 2006-Present
- BZ Inc.; Owner; 2009-Present
- Gradient Insurance Brokerage, Inc.; Consultant; 2005-Present
- RIA Registrar, LLC; Owner; 2006-Present
- Personalized Brokerage Services, LLC; 2000-2005
- US Allianz Securities; Principal; 2000-2005

Disciplinary Information: None to report

Other Business Activities: Chuck is a consultant to Gradient Insurance Brokerage Inc., an insurance wholesaling company and owner of Gradient Investments, LLC, an SEC registered investment advisor. Advisors of GA may also have an outside affiliation through a separate agency (or individually as an agent) for the placement of insurance products. The agency or individual is licensed as an independent contractor of the insurance company and places insurance products directly with the insurance company of their choice. Insurance Marketing Organizations (IMO) exists within this independent structure to provide a distribution channel on behalf of the insurance companies. In the event an independent agent elects to partner with the IMO Gradient Insurance Brokerage Inc. (GIB), GIB will be compensated direct from the insurance company. Charles Lucius receives consulting compensation from GIB and therefore a conflict of interest occurs. This conflict is mitigated as independent agents may work with any insurance company and any IMO of their choosing, one of which may be GIB. The commission structure built into insurance

Gradient Advisors, LLC

products is predetermined by the insurance companies and is not altered by the IMO. The product purchased by the client is issued by the insurance company and is no way altered by the IMO or the insurance agent. Furthermore, the client has no obligation to do business with the advisor/agent.

Additional Compensation: Chuck receives compensation from Gradient Insurance Brokerage, Inc. A conflict of interest occurs if an associated person of GA refers a client to an independent insurance organization, like 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. A conflict of interest occurs if an investment advisor of GA refers a client to Gradient Investments for money management. In that event, Gradient Investments would receive compensation through assets under management. This conflict is mitigated as clients are not obligated to use Gradient Investments for money management.

Nathan Lucius, MBA – Elected Manager/President



Nathan Lucius currently serves as the Elected Manager and President of Gradient Advisors, LLC. He is accountable to plan and execute the firm's internal and external operational infrastructure leveraging overall growth opportunities for the firm and its affiliated advisors.

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 Gradient Investments LLC, State Farm, Morgan Stanley, and American Financial Marketing.

Nathan holds his Series 65 and earned his undergraduate degree in business from the University of Colorado and an MBA from the University of St. Thomas in Minneapolis, MN.

Year of birth: 1983

Educational Background:

- University of St. Thomas; MBA; 2013
- University of Colorado; BS Major in Marketing; 2006

Business Experience:

- Gradient Advisors, LLC, Elected Manager/President, 2015-Present
- Gradient Investments, LLC; Managing Director/Chief Compliance Officer; 2008-Present
- Luson Capital, LLC; Owner; 2013-Present
- Integrated Risk Strategies, LLC; Owner; 2014-Present
- Gradient Insurance Brokerage, Inc.; Vice President of Marketing; 2006-2009
- Registered Independent Advisors; Vice President of Marketing; 2006-2009
- Morgan Stanley; Business Consultant, 2006-2006
- American Financial; Business Consultant; 2005-2006

- State Farm Insurance; Intern; 2005-2005
- University of Colorado; Student; 2002-2006

Disciplinary Information: None to report

Other Business Activities: None to report

Additional Compensation: None to report

Supervision: Nathan Lucius is supervised by Charles Lucius. He reviews Nathan Lucius's work through frequent office interactions. He also reviews Nathan Lucius's activities through our client relationship management system. Charles Lucius's contact information: Tele: (888) 824-3525, Email: clucius@gradientinvestments.com.

Catherine Peters- Chief Compliance Officer



Catherine Peters joined Gradient Advisors in December 2014 to serve as Chief Compliance Officer. During her more than 25 years in the financial services industry Cathy has gained a wide range of knowledge and experience. She has held various positions in the financial services industry including Licensing/Registration, Customer service, Back Office Audit Support and has served as a Compliance Officer for nearly a decade.

As a Compliance Officer she has been responsible for developing and maintaining the continuing education training of independent advisors, conducting compliance audits of advisors' practices as well as providing supervision of advisory business. In addition to an insurance license Cathy has attained her Series 6, 7, 63, 65 and 24. Prior to joining the financial services industry Cathy gained business management experience as a Restaurant Manager for 5 years.

Year of birth: 1962

Educational Background:

- New Ulm High School: General Education

Business Experience:

- Gradient Advisors, LLC; Chief Compliance Officer; 2014-Present
- Focus Financial Network Inc., Compliance Officer; 2012-2014
- Royal Alliance, Delegate of OSJ Manager; 2012-2014
- Allied Beacon Partners, Inc. Compliance Officer; 2011-2012
- Workman Securities Corporation; Compliance Officer; 2007 – 2011
- Askar Corp.; Compliance/Licensing; 1998-2007
- Prudential Insurance Company; Field Office Support Coordinator; 1995-1998

Disciplinary Information: None to report

Other Business Activities: None to report

Additional Compensation: None to report

Supervision: Catherine Peters is supervised by Nathan Lucius, Elected Manager. He reviews Catherine's work through frequent office interactions and through our client relationship management system. Nathan Lucius contact information: Tele: (888) 824-3525, Email: nlucius@gradientinvestments.com.