



Firm Brochure (Form ADV Part 2A)

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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.

DATE March 15, 2019

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

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last update on March 15, 2018, the following changes have occurred:

- The cover page has been updated with the firm's new suite number
- Item 4 Client Assets Under Management (AUM) has been updated.
- In addition, other minor changes/updates were made.

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

Client engages with Gradient Advisors, LLC ("GA") for investment management, financial planning and consulting services. GA accepts appointment and a fiduciary duty of utmost good faith to act solely in the best interest of each client pursuant to the terms and conditions set forth in this Agreement and to comply with impartial conduct standards of: Charging no more than reasonable compensation for services provided; and Making no misleading statements regarding investments, compensation and conflicts of interest.

Financial Planning

A financial plan is designed to help the client with all aspects of their financial situation. The financial plan may have, 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 that have 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 may be 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 to manage client accounts. In such circumstances, advisor receives solicitor fees from the Third Party Money Manager (TPMM). Advisor acts as the liaison between the client and the TPMM in return for an ongoing portion of the advisor fees charged by the TPMM. Advisor helps the client complete the necessary paperwork of the TPMM, provides ongoing services to the client, and will provide the TPMM with any changes in client status as provided to advisor by the client. Advisor will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the TPMM. Clients placed with TPMMs will be billed in accordance with the TPMM'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.

Investment Accounts Not Involving Supervisory Services

GA will assist in the opening, closing and transferring of accounts. An administrative fee up to 0.60 percent 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

The risk tolerance, goals and objectives for each client are documented in our client relationship management system. The Color of Money Risk Analysis (COMRA) is completed by the client to assess their risk tolerance. The Client Account Form was created to reflect the stated goals and objectives.

Wrap Fee Programs

GA does not sponsor any wrap fee programs.

Client Assets Under Management

As of December 31, 2018, GA had approximately \$47,563,373.59 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

Gradient Advisors, LLC receives solicitor fees from third party money managers and fixed or hourly fees for financial planning. All fees paid to GA for investment advisory services are separate and distinct from the internal expenses charged by exchange traded funds (ETFs), mutual funds, closed-end funds and fee-based 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. Services are completed and delivered inside of ninety (90) days of the signed 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 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 \$50-300 per hour, dependent upon the services requested and the complexity of the plan. Advance hourly payments are refundable based on the pro-rata work completed.

Solicitor Fees

GA and associated persons may be paid a portion of the fees 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 registered investment advisor's Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure.

In addition, GA may be eligible for additional compensation from Third Party Money Managers for solicitation, shareholder support, advice, order placement, execution and other services rendered to clients. See "Other Financial Industry Activities and Affiliations" for more details regarding conflicts of interests.

Investment Accounts Involving Supervisory Services (Asset Management Services)

GA will charge a maximum annual fee of 2.00% 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. 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. Clients 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 advisor's 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 percent annually may be charged on a quarterly or monthly 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 or asset-based fees (if appropriate) 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.

Gradient Advisors, LLC 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

GA 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 advisor 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.

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 a Client Account Form and a Color of Money Risk Analysis that documents their objectives and their desired investment strategy.

The investment advisor representatives of GA may rely on third party

money managers for the recommendations and analysis based on the client's 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 risk of inflation, market risk 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

In May of 2016, the MN Department of Commerce entered a Consent Order alleging GA used advertising material with the capacity to be misleading. Without admitting or denying the allegations, GA agreed to the Consent Order and to pay a \$7500 civil penalty.

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, (GS) a broker-dealer.

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, (GI) a registered investment advisor. A conflict of interest occurs if investment advisor representatives of GA refer clients to GI for money management services. In that event, GI would receive compensation through assets under management. This conflict is mitigated or avoided because clients and Investment Advisor Representatives have the ability to choose the third-party money manager that meets the client's needs and are not obligated to use GI for money management.

Charles Lucius receives consulting compensation from Gradient Insurance Brokerage Inc. (GIB). In the event an independent agent elects to partner with the IMO Gradient Insurance Brokerage Inc. GIB will be compensated directly from the insurance company and therefore a conflict of interest exists. 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. 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. Furthermore, the client has no obligation to do business with the advisor/agent.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

GA and its investment advisor representatives may utilize the services of a third-party advisor 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 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 investment advisor representatives 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 because GA is paid a fee for recommending the third-party money managers and has an incentive to recommend a third-party money manager based on the fee GA is to receive. This conflict is mitigated by the fact that GA and its investment advisor representatives have a fiduciary responsibility to act in the best interest of their clients. Clients are not required to accept any recommendation of the third party money managers given by GA and have the option to receive investment advice through other money managers of their choosing. 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 managers execute all trades on behalf of GA in client accounts. GA will be responsible for the overall direct relationship with the client. 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 the platforms available fit the needs of GA clients.

The following is a list of third party advisors currently utilized by GA and the maximum annual advisory fee that GA may receive:

American Retirement Trust 2.00%
ADP, LLC; 2.00%
CLS Investments, LLC; 1.85%
Empower 1.00%
Envestnet Asset Management, Inc.; 2.00%
EQIS Capital Management, Inc.; 1.00%
Folio Investments, Inc.; 1.00%
FTJ FundChoice, LLC; 2.00%
Gradient Investments, LLC; 1.00%
Hanlon Investment Management, Inc.; 1.10%
John Hancock; 1.00%
Lindner Capital Advisors; FEES 1.00%
Nationwide Advisory-formerly Jefferson National Life Insurance Company; 2.00%
Saratoga Capital Management, LLC; 2.00%
SEI Investments Management Corporation; 2.00%
Wealthcare Capital Management; 1.55%
Weatherstone Capital Management; 1.00%

The investment management fees charged by the third-party advisor are exclusive of, and in addition to, GA's maximum investment advisory fee set forth above. In addition to 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.

Incentive Program – Gradient Investments, LLC (“GI”)
In addition to the regular advisory fee, GI has instituted a long-term incentive arrangement where GA can share in GI's portion of the management fee. This does not change the cost to the client; it is a sharing arrangement paid from GI's portion of the advisory fee. GI will pay GA a percentage of the net billing, which is calculated on a quarterly basis. The incentive arrangement will be paid annually according to the following table:

GA quarterly AUMGA with GI	Participation rate in GI's fee
\$10,000,000	3.00%
\$25,000,000	10.00%
\$50,000,000	12.50%
\$75,000,000	15.00%

Once GA reaches and maintains the thresholds listed above, the participation rate applies to all of the AUM for the quarter. To receive the incentive award, GA needs to meet two qualifications. First, the quarter end billable AUM must be above the threshold amounts specified. Second, Advisor must be an advisor “in good standing” with GI at the time the annual checks are issued. “In good standing” means the advisor is proactively placing assets with GI.

A conflict of interest occurs if investment advisor representatives of GWM refer clients to GI for money management services. This situation creates a conflict of interest because GA would receive additional compensation for referring clients to GI for third party asset management services. 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 GI for third-party money management. When referring clients to a third-party money manager, the client's best interest will be the main determining factor of investment advisor representatives of GA.

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

Code of Ethics Description

The employees of GA have committed to a Code of Ethics (Code). The purpose of our Code is to set forth standards of conduct expected of GA employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of GA. The Code reflects GA 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. GA does 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 clients.

GA's 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 GA 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.

GA's Code is based on the guiding principle that the interests of the client are our top priority. GA's 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 clients' 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 securities to clients 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 or her designee reviews all employee trades each quarter. Her trades are reviewed by Adam Estall. 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

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 TD Ameritrade and Pershing. 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.

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 advisor has a fiduciary responsibility to act in the best interest of its 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. However, GA relies on third party money managers for execution of such trades.

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 IAR's and the management staff of GA. Account reviews are performed more frequently when market conditions dictate. 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 may make available performance reports to clients and IAR's.

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

GA 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 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

Investment Advisor Representative are not permitted to have trading discretion on client's accounts. However, we do realize some third party money managers deem the firm and IAR's to have discretion based on our contract with them. Any/all changes to client investment portfolios require the written or verbal authorization of the client to execute.

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.

When assistance on voting proxies is requested, GA and its advisors may provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

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 (6) 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 15, 2019

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, and 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.

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 that included 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 and 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 / US Allianz 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 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; B.S. Psychology; 1970
- U.S. Air Force Pilot; 1970-1975

Business Experience:

- Gradient Financial Direct, LLC, Owner, 2017-Present
- Gradient Assurance Series, LLC; Owner, 2014- Present
- Integrated Risk Strategies, LLC, Owner; 2014-Present
- Case Central, LLC; Owner, 2014-Present
- Luson Capital, LLC; Owner, 2013-Present
- Nextek, LLC Owner, 2013-Present
- Gradient Insurance Management, LLC Owner, 2013-Present
- KonnexMe, LLC, Owner; 2012-Present
- Gradient Advisors, LLC; Owner/CEO, 2009-Present
- Gradient Financial Group, LLC; Owner, 2008-Present
- Gradient Investments, LLC; Owner/CEO, 2006-Present
- RIA Registrar, LLC; Owner, 2006-Present
- A Street, LLC; 2005-Present
- Gradient Insurance Brokerage, Inc.; Consultant, 2005-Present
- Gradient Wealth Management, LLC; Owner, 2013-2014
- BZ Inc.; Owner, 2009-2013
- J Street, LLC; Owner, 2005-2013

Disciplinary Information: None to report.

Other Business Activities: Chuck is a consultant to Gradient Insurance Brokerage Inc. (GIB), an insurance wholesaling company and owner of Gradient Investments, LLC (GI), 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 GIB, GIB will be compensated direct from the insurance company. Chuck 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 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 GIB. A conflict of interest occurs if an associated person of GA refers a client to an independent insurance organization, like GIB. In that event, GIB would receive compensation through non-securities (insurance) products sold under these circumstances. This conflict is mitigated as clients are not obligated to use GIB for insurance product purchases. A conflict of interest occurs if an investment advisor of GA refers a client to GI for money management. In that event, GI would receive compensation through assets under management. This conflict is mitigated as clients are not obligated to use GI for money management.

Adam Estall, CFP® - Elected Manager and President



Adam Estall 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.

Adam boasts a broad knowledge of the financial services industry including investment, Social Security, and retirement income planning. He has held key roles at

Case Central, LLC; Raymond James; and Linsco Private Ledger.

Over the course of his career, Adam has attained his Series 7 and 63. Adam is a CERTIFIED FINANCIAL PLANNER™ professional and earned his undergraduate degree in economics from the University of Minnesota.

Year of Birth: 1974

Educational Background:

- University of Minnesota, B.S. in Economics; 1998

Professional Certifications:

Certified Financial Planner (CFP): The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To use the CFP® marks, an individual must fulfill the following requirements:

- Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics** – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education**– Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

Business Experience:

- Gradient Advisors, LLC; Elected Manager/President, 2017-Present
- Case Central, LLC; Manager, 2012-2017
- Birch Cove Group, Ltd., Raymond James, Registered Representative, 2008-2011
- McNellis & Asato, Ltd., Raymond James, Registered Representative, 2004-2008
- Stevens Foster Financial Advisors, Linsco Private Ledger, Registered Representative, 1999-2003

Disciplinary Information: None to report.

Other Business Activities: None to report.

Additional Compensation: None to report.

Supervision: Adam Estall is supervised by Charles E. "Chuck" Lucius. He reviews Adam's work through frequent office interactions. He also reviews Adam's activities through our client relationship management system. Chuck's contact information:

Phone: (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, Catherine has gained a wide range of knowledge and experience. She has held various positions in the financial services industry including Licensing/Registration, Customer Service, and Back Office Audit Support. She has also 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 and conducting compliance audits of advisors' practices as well as providing supervision of advisory business. In addition to an insurance license, Catherine has attained her Series 6, 7, 63, 65, and 24. Prior to joining the financial services industry, Catherine gained business management experience as a Restaurant Manager for five 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 Adam Estall, Elected Manager. He reviews Catherine's work through frequent office interactions and through our client relationship management system. Adam's contact information:

Phone: (877) 885-0508

Email: aestall@gradientadvisors.com

