

Introduction

Our firm, Gradient Capital Advisors, LLC, is an investment adviser registered with the Securities and Exchange Commission. We feel that it is important for you to understand how advisory and brokerage services and fees differ in order to determine which type of account is right for you. There are free and simple tools available to research firms and financial professionals at www.investor.gov/CRS, which also provides educational materials about investment advisers, broker-dealers, and investing.

What investment services and advice can you provide me?

We are a registered investment adviser that offers investment advisory services, including Wrap Asset Management, Wrap Comprehensive Portfolio Management, and Financial Planning & Consulting to clients. If you open an advisory account with our firm, we'll meet with you to understand your current financial situation, existing resources, objectives, and risk tolerance. Based on what we learn, we'll recommend a portfolio of investments that is monitored at least quarterly, and if necessary, rebalanced to meet your changing needs and goals. We'll offer you advice on a regular basis and contact you at least quarterly to discuss your portfolio.

You can select in our agreement whether we are allowed to buy and sell investments in your account without asking you in advance ("discretion") or only after receiving your permission ("non-discretion"). If you select non-discretion, you make the ultimate decision regarding the purchase or sale of investments. Any limitations will be described in the signed advisory agreement. We will have discretion or non-discretion until the advisory agreement is terminated by you or our firm.

We do not restrict our advice to limited types of products or investments. Nor does our firm impose requirements for opening and maintaining accounts or otherwise engaging us.

Financial Planning & Consulting is included in our Wrap Comprehensive Portfolio Management service for no additional fee. However, Financial Planning & Consulting is also offered as a separate service for a flat or hourly fee to clients that have previously engaged us only for Wrap Asset Management Services. We do not monitor your investments for the Financial Planning & Consulting service unless you have executed a Wrap Asset Management Agreement with us.

Additional information about our advisory services is in Item 4 of our Firm Brochure and Item 4 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/168912>.

What fees will I pay?

You will be charged an ongoing quarterly fee based on the value of the assets in your account. Our maximum Wrap Asset Management Service annual fee is 1.40%. Our maximum Wrap Comprehensive Portfolio Management Service annual fee is 1.50%. The more assets you have in your advisory account, the more you will pay us. We therefore have an incentive to increase the assets in your advisory account in order to increase our fees. Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. Our firm's fees will be automatically deducted from your advisory account, which will reduce the value of your advisory account. In rare cases, we will agree to send you invoices rather than automatically deduct our fees from your advisory account.

Our maximum flat fee is \$10,000 and/or maximum hourly rate is \$350 for our Financial Planning & Consulting service. The financial planning and consulting fee will be due upon completion of the project or as otherwise indicated in the execute Financial Planning and Consulting Agreement.

The custodian that holds your assets charges you a transaction fee when we buy or sell an investment for you. The broker-dealer's transaction fees are in addition to our firm's fees for our Comprehensive Portfolio Management service. We pay the broker-dealer's transaction fees charged to you for our Wrap Comprehensive Portfolio Management service. The fees for wrap fee programs are therefore higher than a typical asset-based advisory fee.

You may also pay charges imposed by the custodian holding your accounts for certain investments and maintaining your account. Some investments, such as mutual funds, index funds, exchange traded funds, and variable annuities, charge additional fees that will reduce the value of your investments over time.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional information about our fees is in Item 5 of our Firm Brochure and Item 4 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/168912>.

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice, we provide you. Here are some examples to help you understand what this means:

For our wrap service, we pay the broker-dealer's transaction fees charged to you except for U.S. listed equities and exchange traded funds, which do not have transaction fees. As a result, we have an incentive to recommend these asset types without transaction fees in order to reduce the amount of the broker-dealer's transaction fees that we will have to pay on your behalf.

The amount you pay for our firm's advisory services varies based on the type of investments that we select on your behalf. We charge a reduced advisory fee for accounts with managed cash positions primarily consisting of short-term CD's, T-Bills, and Bonds.

Additional information about our conflicts of interest is in Item 10 of our Firm Brochure and Item 9 of our Wrap Brochure, which are available online at <https://adviserinfo.sec.gov/firm/brochure/168912>.

How do your financial professionals make money?

Our financial professionals are compensated based on the revenue our firm earns from their advisory services or recommendations, the amount of client assets they service, and the time and complexity required to meet a client's needs.

Do you or your financial professionals have legal or disciplinary history?

No, our firm and financial professionals do not have any legal and disciplinary history to disclose. Visit Investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Additional Information

You can find additional information about our firm's investment advisory services on the SEC's website at www.adviserinfo.sec.gov by searching CRD #168912. You may also contact our firm at (619) 255-0700 to request a copy of this relationship summary and other up-to-date information.

Questions to Ask Us:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
 - How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications?
 - What do those qualifications mean?
- Help me understand how these fees and costs may affect my investments.
 - If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?
- How might your conflicts of interest affect me, and how will you address them?
- As a financial professional, do you have any disciplinary history?
 - For what type of conduct?
- Who is my primary contact person?
 - Is he or she a representative of an investment adviser or a broker-dealer?
 - Who can I talk to if I have concerns about how this person is treating me?