

Form ADV Part 2A & 2B

April 25, 2012



0550-CLS-4/23/2012

This brochure provides information about the qualifications and business practices of CLS Investments, LLC ("CLS"). If you have any questions about the contents of this brochure, please contact us at 888-455-4244 or www.clsinvest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CLS is a registered investment adviser with the SEC. Registration as an investment adviser does not imply any certain level of skill or training. Additional information about CLS is also available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about anyone affiliated with CLS who is registered as an investment adviser representative of CLS.

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Currently, our brochure may be requested by contacting us at 888-455-4244 or at clsg1@clsinvest.com. Our brochure is also available on our website at www.clsinvest.com, free of charge.

Item 2 Material Changes

This summary of material changes discusses only material changes since the last annual update of our brochure dated March 31, 2011.

Effective November 1, 2011, we added two new strategies: ETF Managed Income Portfolio and Master Manager Managed Income. These two new strategies are more fully described in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss. We have also been named as adviser to the Milestone Treasury Obligations Fund, a new series of the AdvisorOne Funds trust.

This brochure is also materially different in that Item 8 has been rearranged to more effectively present the range of strategies that we offer. Also, we have re-named various strategies to more fully reflect how they are described in every-day business usage. While the names of these strategies have changed, the description and management style of each such strategy has remained the same.

Following is a chart showing how our strategies are currently named, the order in which they are found in our current brochure and how they correspond to names and locations in our *previous* brochure.

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

Current Strategy Number and Name	Previous Strategy Number and Name
1. AdvisorOne Funds Strategy	1. AdvisorOne Portfolio
2. AdvisorOne VA Strategy	3. AdvisorOne VA Portfolio
3. AdvisorOne Pre-Retirement Strategy	11. AdvisorOne Pre-Retirement Portfolio
4. AdvisorOne Protection Strategy	14. AdvisorOne Principal Guard
5. American Hybrid Strategy	6. American Hybrid Portfolio
6. American Hybrid Protection Strategy	16. American Hybrid Principal Guard
7. AdvisorOne Hybrid Strategy	10. Hybrid
8. AdvisorOne Hybrid - Core and Satellite Strategy	N/A. Customized Portfolio Management 3
9. Dual-Core and Satellite Strategy	17. Dual Core and Satellite
10. ETF Strategy	2. ETF Portfolio
11. ETF Managed Income Strategy	<i>New strategy</i>
12. ETF Protection Strategy	15. ETF Principal Guard
13. VA Managed Strategy	4. VA Managed Portfolio
14. American Funds Strategy	5. American Funds Portfolio
15. Master Manager Strategy	7. Master Manager
16. Master Manager Managed Income Strategy	<i>New strategy</i>
17. Individualized Account Management	8. Individualized Account Management
18. Sector Allocation Strategies	19. Sector Allocation Strategies
19. Vision Allocation Strategies	20. Vision Allocation Strategies
20. Multi-Selection Strategies	N/A. Multi-Selection Portfolios
21. Explore Strategy	N/A. Explore Strategy

The following strategies from our previous brochure have been discontinued or merged into current strategies:

- 9. Customized Portfolio Management (merged into AdvisorOne Hybrid Strategy)
- 12. AdvisorOne Lifetime Income (discontinued)
- 13. ETF Lifetime Income (discontinued)
- 18. Fund Allocation Investment Plan (discontinued)

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	4
Item 4	Advisory Business.....	5
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-by-Side Management.....	9
Item 7	Types of Clients	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information.....	30
Item 10	Other Financial Industry Activities and Affiliations.....	31
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	33
Item 12	Brokerage Practices	35
Item 13	Review of Accounts.....	36
Item 14	Client Referrals and Other Compensation	37
Item 15	Custody	38
Item 16	Investment Discretion	39
Item 17	Voting Client Securities	40
Item 18	Financial Information	41

Item 4 Advisory Business

CLS Investments, LLC ("CLS") was founded in Omaha, Nebraska in 1989 and is a wholly owned subsidiary of NorthStar Financial Services Group, LLC ("NorthStar"). NorthStar's voting units are owned 50 percent by W. Patrick Clarke and 50 percent by Michael Miola.

Throughout this brochure, "we," "us" or "our" refers to CLS and "you" or "your" refers to the client or prospective client. As used in this brochure, "**Affiliated Funds**" are funds that are advised or managed by us and/or affiliated persons and "**Sub-Advised Funds**" are funds that are sub-advised by us. For detailed information regarding **Affiliated Funds** please consult the applicable AdvisorOne Funds prospectus. For detailed information regarding **Sub-Advised Funds** please consult the applicable prospectus for **Sub-Advised Funds**. We may add or delete **Affiliated Funds** or **Sub-Advised Funds** at any time by providing advanced written notice to any affected clients.

We offer investment management strategies for clients who wish to utilize our services. Each investment service gives us discretion to provide continuous investment advice based on your individual objectives, needs, risk tolerance, and style of desired management. We utilize various security products including: registered investment companies (commonly referred to as "mutual funds"), variable annuities, exchange traded funds, Folios (Folios are baskets of individual securities), bonds, equities and/or other securities in association with the investment service selected by you. We also serve as an investment adviser to mutual funds and variable annuity funds for negotiated fees, which are paid pursuant to written advisory agreements.

We tailor an investment portfolio specifically designed for you based on the style of management you select. The process begins when you fill out a confidential, in-depth "Client Profile". The Client Profile will help you to clarify your financial objectives and goals, establish your tolerance to risk, and identify your most comfortable style of management. The Client Profile is used by our firm as the primary reference for managing your portfolio. You may also indicate any special instructions or limits that you request us to follow in managing your assets.

Based on our analysis of your Client Profile, we will provide you with an Investment Policy Statement ("IPS") that clarifies your specific circumstances and shows an initial asset allocation for your portfolio. The specific selections within the mutual funds, variable annuities, exchange traded funds, Folios, and/or other securities represent asset classes suited to your individual risk tolerance, goals, and management style. The specific percentages allocated to each asset class may vary due to the nature of asset performance and/or the strategy selected.

Through our daily monitoring of relative strength and asset class risk factors, we may change your portfolio asset mix in order to help you meet your objectives. It is our intent to maintain a risk exposure commensurate with your objectives by using the various investment choices available under the strategy selected by you.

To help us provide accurate and timely management of your invested assets, we may ask that you establish a custodial account with a designated custodian, including Constellation Trust Company ("CTC"), a custodian affiliated with us. However, assets may be held at a number of qualified custodians,

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

including a mutual fund company, a variable annuity insurance company, a broker/dealer or an independent custodian selected by you. Your custodian maintains the underlying records for the assets held in your account. We will not serve as the custodian for your managed assets. You will be solely responsible for paying all the fees and charges of the custodian as stated in your agreement with your custodian. In order to facilitate our management services and simplify required paperwork, we have entered into an agreement with CTC to waive some of their customary charges; however, you are under no obligation to select CTC as your custodian and you are free to select from dozens of custodians we are able to work with. You may, at any time, contact your custodian directly to obtain your account balance or take immediate action regarding your account; however, according to your investment advisory agreement with us, you must also provide us notice of your intentions so we do not take actions contrary to your objectives. For example, if you contact your custodian directly and instruct them to move your account to cash, you must provide us notice so we do not unknowingly reallocate your account against your wishes.

Securities or monies may be added to or withdrawn from your managed assets at any time; however, in order for us to maintain accurate information regarding your account you must provide us with written notice of any such additions or withdrawals. We are not responsible for accurate reporting if you fail to provide us accurate information. We strive to maintain your account data as accurately as possible; however, we rely on accurate reporting provided to us by you and your custodian through electronic or other means. We are not responsible for inaccurate data provided by your custodian. You must promptly submit to us in writing any changes to your Client Profile, or any changes to any information you have provided to us regarding the management of your assets.

Maintaining proper records and documentation regarding your account is important to us. As a new client of ours, you will be able to access our web site at www.clsinvest.com and view your account information. General information regarding how to obtain secured web access to your account is given to you after we accept your account. In addition, our customer service center is available to answer any questions regarding your account at (888) 455-4244.

In addition to the advisory business described above, we also participate in some wrap fee programs which are described in more detail in Item 8 below. Under the wrap fee programs, investment advice and costs of trade executions are provided to clients for an all-inclusive wrap fee. This means that under wrap fee programs, we pay the trading costs out of the advisory fee that we receive from you. The wrap fee programs are only available on select platforms as indicated in our current marketing materials and are typically only offered for accounts larger than \$150,000.

As indicated in our ADV Part 1 on file with the SEC, as of February 29, 2012, we managed approximately \$5,987,750,343 of client assets on a discretionary basis and approximately \$5,012,040,460 of client assets on a non-discretionary basis.

Item 5 Fees and Compensation

For our investment management services, we charge an advisory fee. Our advisory fee is billed either in advance or in arrears, on a quarterly or annual basis, as specified in your Investment Advisory Agreement that is included with your Client Profile. Advisory fees may be deducted directly from your account, or in some circumstances you may be billed directly for such fees. Advisory fees billed in advance are based on the market value of all your assets under management on the last trading day of each advisory fee period, unless otherwise specified. If your advisory fees are billed in advance, you may also be billed for additional monies added to your account during the advisory fee period; however, no adjustments to your advisory fee will be made for monies withdrawn during the advisory fee period. Advisory fees billed in arrears will generally be determined based on your account balance on a daily basis unless otherwise specified. Please refer to your Investment Advisory Agreement, including attached addendums and schedules, to determine the manner your advisory fees will be calculated and billed. In any partial advisory fee cycle, your advisory fee may be pro-rated based on the number of days your assets are under management for the applicable period.

The advisory fees paid to us represent fees for management of your account and are separate from any other fees and expenses charged by other parties, including brokerage, custodian, and other transaction costs; therefore, the advisory fees shown in this Form ADV represent only the fees paid to us and do not reflect operating expenses and other costs charged by the mutual funds, variable annuities or other products you may be invested in and it is important you understand that these expenses and costs are ultimately borne by you, as the shareholder. In addition, mutual funds or variable annuities may charge contingent deferred sales charges ("CDSC") on withdrawals. We are not responsible for any CDSC charges incurred through our management of your portfolio or for any transaction costs incurred while managing your assets, unless transaction costs are covered as part of our wrap fee program. A complete description of all fees and expenses of the securities in which you are invested are contained in the relevant prospectuses. We also advise you to carefully review your custody agreement with your custodian as there may be custodial fees, transaction fees and other service fees charged to you by your custodian.

You may request that related accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to waive the advisory fee for certain accounts such as employee accounts and personal accounts of solicitors who refer business to us. The standard fee schedules and minimum account sizes for our strategies described in more detail in Item 8 below are **negotiable** and as a result, clients with similar assets may have differing fee schedules and pay different fees. Clients who negotiate a flat fee schedule may or may not pay a higher fee than those who pay under a tiered schedule, depending on asset levels.

The same or similar investment advisory services may be available from other investment advisers for a lower fee.

You are advised that several of the strategies offered by us involve the use of **Affiliated Funds** or **Sub-Advised Funds** to implement our strategies. The use of the **Affiliated Funds** or **Sub-Advised Funds** may present a conflict of interest and is therefore disclosed in the applicable strategy descriptions. Several of the strategies utilize the **Affiliated Funds** or **Sub-Advised Funds** as an integral part of its strategy. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds** or

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

Sub-Advised Funds; however, in such event you will be required to select a different CLS strategy. You may select a different CLS strategy at any time by providing us written notice.

Under some circumstances, our affiliated broker/dealer, Northern Lights Distributors, LLC may receive customary compensation from mutual fund companies and/or variable annuity companies, including 12b-1 fees, for performing certain administrative and/or shareholder servicing related tasks associated with our clients' investment in such securities. In these circumstances, a conflict of interest is present since our broker/dealer affiliate may receive compensation based on the product chosen; however, CLS is not involved in recommending the purchase of such products, but rather provides its strategies after the client has already purchased such products.

Client portfolios managed in a particular mutual fund family are typically managed utilizing the same share class as the client's existing portfolio.

Item 12 further describes the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

TERMINATION OF ADVISORY AGREEMENT

We may terminate our Investment Advisory Agreement with you at any time by providing you with written notice. Likewise, you may terminate the Investment Advisory Agreement at any time by providing us with written notice. If your Investment Advisory Agreement is terminated within (5) five business days from the date of inception, all fees paid by you in advance will be promptly refunded to you. Should your Investment Advisory Agreement be terminated at any other time, you will receive a pro-rata refund of any prepaid fees. If you are billed in arrears for our services, any outstanding amounts owed to us for the period of time your assets were under our management shall become immediately due and payable upon termination.

As of the effective date of termination of our investment management services, we will have no obligation or authority to recommend or take any action with regard to your previously managed assets. You will bear the sole responsibility to work with your custodian for proper liquidation and/or management of your assets upon termination. **Upon termination we advise you to immediately contact your custodian to ensure your account is allocated according to your wishes.**

Item 6 Performance-Based Fees and Side-by-Side Management

We do not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 Types of Clients

We provide investment advice to individuals, high net worth individuals, banking and/or thrift institutions, investment companies (including mutual funds), pension and profit sharing plans (other than plan participants), other pooled investment vehicles, trusts, estates, or charitable organizations, corporations or other business entities, and state or municipal government entities. We may also provide advice to other persons or entities including other investment advisers and broker/dealers. Please refer to Item 8 for our general minimum account sizes based on the strategy selected.

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

We offer you a number of different strategies to choose from which we classify into three broad categories: Affiliated Fund Strategies, Hybrid Strategies, and Partner Fund Strategies. We manage the strategies in each of these categories by utilizing one or more of the following investment methodologies: adaptive risk allocation, dynamic asset allocation, and/or tactical asset allocation.

Adaptive risk allocation is a unique combination of asset allocation and risk management that consists of four (4) elements: diversification, risk budgeting, relative strength and asset class risk analysis.

Diversification is the process of placing a percentage of your portfolio into different areas of the market. We use market risk and trend analysis in conjunction with your individual goals and risk budget to determine which sectors of the market are right for your portfolio.

Risk budgeting is the spending allowance with regard to risk that we allow for your portfolio. The risk associated with each investment is carefully considered before it is added to your portfolio. Under risk budgeting, you are assigned a risk budget and each security (fund) is assigned a risk value primarily based on volatility. The risk budget is expressed as a percentage of the risk relative to a diversified equity portfolio. For example, a risk budget of 100 would represent a portfolio with a risk similar to 100% of the risk of a diversified equity portfolio and a portfolio with a risk budget of 60 would represent a portfolio with a risk similar to 60% of the risk of a diversified equity portfolio. The diversified equity portfolio or "equity baseline" is determined by us and reflects a diversified equity allocation comprised of an allocation to large cap growth, large cap value, mid cap, small cap and developed and emerging international equities. Risk budgeting allows for investments of different types to be compared and is designed to align your allocations with your objectives.

Relative strength is the momentum and duration of a trend, either up or down. The relative strength of each asset is carefully considered on a risk-adjusted basis. We typically place the greatest emphasis on trend periods of about 4 to 5 months in length.

Asset class risk analysis determines when it is best to stay invested in a particular asset and when it is time to reallocate to an asset class with a better risk/reward potential.

Dynamic asset allocation is a methodology that involves periodic rebalancing of a portfolio to re-adjust the portfolio back to its long-term asset allocation targets. This methodology adjusts the mix of assets as markets rise and fall and the economy strengthens and weakens based on three main factors: (i) the current market price, (ii) the current level of interest rates, and (iii) the current level of market volatility. As prices decline, interest rates lower, or the overall market becomes more volatile, the more likely the allocations will adjust in response to these fluctuations.

Tactical asset allocation is an active management methodology that allows portfolio managers to seek extra value by rebalancing the percentages of assets held in various categories to take advantage of strong market sectors. Portfolio managers will typically return to the portfolio's original strategic asset mix when the strength of such market sectors is no longer present.

AFFILIATED FUND STRATEGIES

Our Affiliated Fund Strategies are described below. Please review the descriptions to ensure you are comfortable with the style of management you select under your Investment Advisory Agreement. “**Affiliated Funds**” are funds that we and/or affiliated persons advise or manage and “**Sub-Advised Funds**” are funds that we sub-advise. Most of our **Affiliated Funds** are funds of funds, meaning they pursue their investment objectives by investing primarily in other investment companies that are not affiliated. For clients electing one of the following strategies, one hundred percent (100%) of your assets will be invested in **Affiliated Funds** or **Sub-Advised Funds**. Assets placed in **Affiliated Funds** or **Sub-Advised Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds** or **Sub-Advised Funds**, including fund management fees paid to us. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** or **Sub-Advised Funds** may own. The standard fee schedule for each strategy reflects this reduction, resulting in a “net” advisory fee.

1. AdvisorOne Funds Strategy

The AdvisorOne Funds Strategy utilizes an adaptive risk allocation methodology. The strategy uses diversification, risk budgeting, relative strength and asset class risk analysis to diversify your portfolio solely among **Affiliated Funds** according to your risk budget. One hundred percent (100%) of the assets in this strategy will be invested in **Affiliated Funds**. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.50%

**The offset assumes a 100% investment in Affiliated Funds. (The offset is calculated as follows: 2.65% total advisory fee, less 1.15% Affiliated Fund offset equals a maximum 1.50% net advisory fee.)*

The minimum account size is \$50,000 per registration.

2. AdvisorOne VA Strategy

The AdvisorOne VA Strategy utilizes an adaptive risk allocation methodology. The strategy uses diversification, risk budgeting, relative strength and asset class risk analysis to diversify your portfolio in select annuity funds according to your risk budget. Up to one hundred percent (100%) of your assets in this strategy will be invested in annuity **Sub-Advised Funds**. Assets placed in **Sub-Advised Funds** will

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

receive a credit (offset) against sub-advisory fees that would otherwise be payable to us. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Sub-Advised Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Sub-Advised Funds** and any sub-advisory fees received by us from the **Sub-Advised Funds**, please consult the applicable Rydex Variable Trust prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.50%

**The offset assumes a 100% investment in Sub-Advised Funds. (The offset is calculated as follows: 1.90% total advisory fee, less 0.40% Sub-Advised Funds offset equals a maximum 1.50% net advisory fee.)*

The minimum account size is \$50,000 per fund family, per registration.

3. AdvisorOne Pre-Retirement Strategy

The AdvisorOne Pre-Retirement Strategy utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis designed for an investor in the pre-retirement stage who desires a portfolio which gradually becomes more conservative with a goal to ensure a certain level of savings is maintained while also providing an opportunity for growth. Under this strategy, 15 to 20 percent of your portfolio is initially placed into one or more **Affiliated Funds** that are designed to permit your portfolio to grow while providing protection from large equity market declines. The remaining portion of your portfolio is allocated solely among **Affiliated Funds** according to your risk budget. As you draw nearer to your retirement date, your risk budget gradually decreases and a larger portion of your portfolio is allocated to **Affiliated Funds** designed to provide protection against large equity market declines. One hundred percent (100%) of the assets in this strategy will be invested in **Affiliated Funds**. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.65%

**The offset assumes a 100% investment in Affiliated Funds. (The offset is calculated as follows: 2.80% total advisory fee, less 1.15% Affiliated Fund offset equals a maximum 1.65% net advisory fee.)*

The minimum account size is \$50,000 per registration.

4. AdvisorOne Protection Strategy

The AdvisorOne Protection Strategy utilizes a dynamic asset allocation methodology. One hundred percent (100%) of the assets in this strategy will be invested in **Affiliated Funds**. This strategy allows you to elect whether 30, 50, or 70 percent of your initial investment is placed into one or more **Affiliated Funds** designed to “guard” your portfolio from large equity market declines with the remaining portion of your portfolio allocated in accordance with your risk budget among available **Affiliated Funds**. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.65%

**The offset assumes a 100% investment in Affiliated Funds. (The offset is calculated as follows: 2.80% total advisory fee, less 1.15% Affiliated Fund offset equals a maximum 1.65% net advisory fee.)*

The minimum account size is \$50,000 per registration.

HYBRID STRATEGIES

Our Hybrid Strategies are described below. Please review the descriptions to ensure you are comfortable with the style of management you select under your Investment Advisory Agreement. Our Hybrid Strategies utilize a specified combination of funds that we and/or affiliated persons advise or manage (“**Affiliated Funds**”) and non-affiliated investment options. For clients electing one of the following strategies, up to seventy-five percent (75%) of your assets will be invested in **Affiliated Funds**. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule for each strategy reflects this reduction, resulting in a “net” advisory fee.

5. American Hybrid Strategy

The American Hybrid Strategy utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis and is offered utilizing a

combination of **Affiliated Funds** and American Funds class F shares. An initial allocation of thirty percent (30%) of the assets in this strategy will be invested in **Affiliated Funds** with the remaining balance invested among American Funds class F shares. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets (currently 35%) that can be invested in **Affiliated Funds**. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.80%

**The offset assumes a 35% investment in Affiliated Funds. (The offset is calculated as follows: 2.2025% total advisory fee, less 1.15% Affiliated Fund offset for 35% of the portfolio equals a maximum 1.80% net advisory fee.)*

The minimum account size is \$50,000 per registration.

6. American Hybrid Protection Strategy

The American Hybrid Protection Strategy utilizes a dynamic asset allocation methodology utilizing both American Fund F shares and **Affiliated Funds**. Under this strategy, approximately 70 percent of your portfolio is placed in American Funds according to your risk budget and the remaining 30 percent of your portfolio is allocated to **Affiliated Funds** that are designed to provide a protective mechanism in the case of a severe market decline. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets (currently 35%) that can be invested in **Affiliated Funds**. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedule below reflects this reduction, resulting in a “net” advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
1.95%

**The offset assumes a maximum 35% investment in Affiliated Funds. (The offset is calculated as follows: 2.3525% total advisory fee, less 1.15% Affiliated Fund offset for 35% of the portfolio equals a maximum 1.95% net advisory fee.)*

The minimum account size is \$50,000 per registration.

7. AdvisorOne Hybrid Strategy

The AdvisorOne Hybrid Strategy utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength, and asset class risk analysis and is offered utilizing a combination of **Affiliated Funds** and other investment options. Under this strategy you may select an initial allocation of thirty percent (30%), fifty percent (50%), or seventy-five percent (75%) of the assets in your account to be invested in **Affiliated Funds** with the remaining balance invested among other investment options. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets that can be invested in **Affiliated Funds** (the maximum allocation to **Affiliated Funds** is identified under the applicable fee schedule below). The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedules below reflect this reduction, resulting in a “net” advisory fee. At any time, you may instruct us in writing not to place any of your managed assets in **Affiliated Funds**; however, in such event, you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus. That portion of the AdvisorOne Hybrid Strategy not utilizing **Affiliated Funds** may be managed utilizing investment research and/or portfolio models provided by third parties; therefore, a portion of the advisory fee paid by you to us may be used to compensate these third party providers.

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 30% is:

Flat Rate Annual Percentage*
1.80%

The offset assumes a maximum 35% investment in **Affiliated Funds. (The offset is calculated as follows: 2.2025% total advisory fee, less 1.15% **Affiliated Funds** offset for 35% of the portfolio equals a maximum 1.80% net advisory fee.)*

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 50% is:

Flat Rate Annual Percentage*
1.65%

The offset assumes a maximum 55% investment in **Affiliated Funds. (The offset is calculated as follows: 2.2825% total advisory fee, less 1.15% **Affiliated Funds** offset for 55% of the portfolio equals a maximum 1.65% net advisory fee.)*

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 75% is:

Flat Rate Annual Percentage*

1.50%

The offset assumes a maximum 80% investment in **Affiliated Funds. (The offset is calculated as follows: 2.42% total advisory fee, less 1.15% **Affiliated Funds** offset for 80% of the portfolio equals a maximum 1.50% net advisory fee.)*

The minimum account size is \$50,000 per registration.

8. AdvisorOne Hybrid – Core and Satellite Strategy

The AdvisorOne Hybrid – Core and Satellite Strategy utilizes a "core" and "satellite" approach to investing. The core portion is managed utilizing an adaptive risk allocation methodology using risk diversification, risk budgeting, relative strength and asset class risk analysis. Generally, the core portion of this portfolio will be invested in **Affiliated Funds** or **Sub-Advised Funds**. The satellite portion is managed utilizing a tactical asset allocation methodology and will be invested in non-**Affiliated Funds** and/or other securities designed to take advantage of various industry sectors with a goal to capitalize on growing market segments. This strategy is available on select mutual fund platforms or within select variable annuities. Under the AdvisorOne Hybrid – Core and Satellite Strategy, part of your assets may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of the advisory fee paid by you to us may be used by us to compensate these third party providers.

This strategy may be best suited for clients seeking to diversify their assets while taking advantage of industry sectors. Currently, seventy-five percent (75%) of the assets in this strategy will be invested in **Affiliated Funds**, or invested in **Sub-Advised Funds**, with automatic rebalancing if **Affiliated Funds** or **Sub-Advised Funds** reach eighty percent (80%) of your overall portfolio. For assets placed in **Affiliated Funds**, you will receive a credit (offset) against advisory fees that would otherwise be payable to us, for all operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets (currently 80%) that can be invested in **Affiliated Funds**. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. For assets placed in **Sub-Advised Funds**, you will receive a credit (offset) against advisory fees that would otherwise be payable to us, based on the highest percentage of account assets (currently 80%) that can be invested in the **Sub-Advised Funds**. The standard fee schedule below reflects these reductions, resulting in a "net" advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds** or **Sub-Advised Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** or **Sub-Advised Funds** and any management fees received by us from the **Affiliated Funds** or **Sub-Advised Funds**, please consult the applicable prospectus.

The standard (**net**) fee schedule for this strategy is:

Flat Rate Annual Percentage*

1.50%

**The offset assumes a maximum 80% investment in Affiliated Funds or Sub-Advised Funds. (The offset for the Affiliated Funds is calculated as follows: 2.42% total advisory fee, less 1.15% Affiliated Fund offset for 80% of the portfolio equals a maximum 1.50% net advisory fee. The offset for the Sub-Advised Funds is calculated as follows: 1.82% total advisory fee, less 0.40% Affiliated Fund offset for 80% of the portfolio equals a maximum 1.50% net advisory fee.)*

The minimum account size is \$50,000 per registration.

9. Dual-Core and Satellite Strategy

The assets in the Dual-Core and Satellite Strategy are managed under a sub-advisory arrangement with Sound Asset Management Group, LLC ("SAM") utilizing a combination of adaptive risk allocation and tactical asset allocation. Under adaptive risk allocation your assets are diversified according to your risk. Tactical asset allocation attempts to place your allocations in the funds and sectors of the market performing the best. For additional information about SAM, please consult SAM's Form ADV Part 2 brochure.

The Dual-Core and Satellite Strategy utilizes a core and satellite methodology and is sub-advised by SAM. SAM will have responsibility for selecting the overall portfolio mixture within the limits discussed below based on a combination of fundamental and technical factors. A portion of the advisory fee paid by you to us will be used by us to compensate SAM. The core allocation is divided into two parts utilizing modern portfolio theory and the satellite portion is managed using a dynamic tactical allocation. The Dual-Core and Satellite Strategy is available on select mutual fund platforms, within the Security Benefit Advisor Designs and the Nationwide Americas MarketFLEX variable annuities.

An initial allocation target of thirty to thirty-five percent (30-35%) of the assets in the Dual-Core and Satellite Strategy will be invested in **Affiliated Funds** or **Sub-Advised Funds** with automatic rebalancing if **Affiliated Funds** or **Sub-Advised Funds** reach forty percent (40%) of your overall portfolio. For assets placed in **Affiliated Funds**, you will receive a credit (offset) against advisory fees that would otherwise be payable to us, for all operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets (currently 40%) that can be invested in **Affiliated Funds**. The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. For assets placed in **Sub-Advised Funds**, you will receive a credit (offset) against advisory fees that would otherwise be payable to us, based on the highest percentage of account assets (currently 40%) that can be invested in the **Sub-Advised Funds**. The standard fee schedule below reflects these reductions, resulting in a "net" advisory fee. You may, at any time instruct us in writing, not to place any of your managed assets in **Affiliated Funds** or **Sub-Advised Funds**; however, in such event you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** or **Sub-Advised Funds**, and any management fees received by us from the **Affiliated Funds** or **Sub-Advised Funds**, please consult the applicable prospectus.

The second part of the core allocation will be based on achieving a risk target for each client portfolio. The funds in this portion of the allocation will generally be actively managed and chosen as being representative of the asset classes used to establish a diversified portfolio. Allocations will be fairly concentrated and use between three and six funds.

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

The satellite portion will be tactical in nature and mostly utilize funds friendly to active management (such as Rydex and ProFunds). Some of these funds will be based on asset classes and sectors while others will pursue asset strategies historically shown to have low correlations with equity markets. This portion of the portfolio will be used to overweight specific sectors of the economy, long or short specific indices, fixed income or currencies.

The standard (**net**) fee schedule for this strategy is:

<u>Flat Rate Annual Percentage*</u>
2.00%

**The offset assumes a maximum 40% investment in Affiliated Funds or Sub-Advised Funds. (The offset for the Affiliated Funds is calculated as follows: 2.46% total advisory fee, less 1.15% Affiliated Fund offset for 40% of the portfolio equals a maximum 2.00% net advisory fee. The offset for the Sub-Advised Funds is calculated as follows: 2.16% total advisory fee, less 0.40% Affiliated Fund offset for 40% of the portfolio equals a maximum 2.00% net advisory fee.)*

The minimum account size is \$50,000 per registration.

PARTNER FUND STRATEGIES

Our Partner Fund Strategies are described below. Please review the descriptions to ensure you are comfortable with the style of management you select under your Investment Advisory Agreement. Our Partner Fund Strategies utilize multiple mutual funds, exchange traded funds ("ETFs"), and/or other securities through investment platforms at designated custodians, according to your objectives determined from your Client Profile. These strategies may be sub-advised by third parties selected by us as indicated in your Investment Advisory Agreement or managed utilizing investment research and portfolio models provided by third parties. These strategies do not utilize **Affiliated Funds**.

10. ETF Strategy

The ETF Strategy utilizes an adaptive risk allocation methodology. The strategy uses diversification, risk budgeting, relative strength and asset class risk analysis to diversify your portfolio primarily among exchange traded funds ("ETFs") through investment platforms at designated custodians, according to your objectives determined from your Client Profile. This strategy may be best suited for clients wishing to invest across multiple ETFs. This strategy may also use mutual funds for certain asset classes not readily accessible in ETF products. The ETF Strategy is considered a "wrap fee program" where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

The standard fee schedule for this strategy is:

<u>Flat Rate Annual Percentage</u>
1.65%

The minimum account size is \$150,000 per registration.

11. ETF Managed Income Strategy

The ETF Managed Income Strategy utilizes an adaptive risk allocation methodology to manage an account for clients seeking income from a diversified portfolio of income-producing assets. The strategy seeks to help clients with a desire for regular income meet their short and long-term income needs by dividing the account into three separate investment portfolios: immediate, short-term, and long-term.

If you enroll in this strategy you may elect to designate a specific amount of assets needed to satisfy your immediate income needs. These assets will be set aside in a low-risk cash account and available for immediate, systematic withdrawals. The default amount is three months' worth of desired withdrawals; however, the strategy allows you to specify your desired amount. You may then designate a specific amount of assets needed to satisfy your short-term income needs. These assets will be invested in a low-risk reserve portfolio that will seek to generate returns in excess of the average money market fund with risk less than or equal to low duration investment bonds. CLS recommends one to two years' worth of withdrawals; however, the strategy allows for you to specify your desired amount (including zero assets in the low-risk reserve portfolio). The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The proceeds from this portfolio will be used to replenish the reserve portfolio which, in turn, is used to replenish the cash account. If the client has elected not to establish a reserve portfolio or cash account, income generated from these investments will be distributed directly to the client or reinvested.

The strategy uses diversification, risk budgeting, relative strength, and asset class risk analysis to diversify your long-term portfolio generally among exchange traded funds ("ETFs") through investment platforms at designated custodians, according to your objectives determined from your Client Profile. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income. The ETF Managed Income Strategy is considered a "wrap fee program" where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this strategy.

The standard fee schedule for this strategy is:

<u>Flat Rate Annual Percentage</u>
1.65%

The minimum account size is \$250,000 per registration.

12. ETF Protection Strategy

The ETF Protection Strategy utilizes a dynamic asset allocation methodology to create a portfolio for clients who desire some principal protection while being allowed the flexibility of being invested in ETFs. We will utilize a dynamic asset allocation methodology to determine what portion of the portfolio should be invested in ETFs for growth of capital and what portion of the portfolio should be "guarded" by investing in U.S. Government zero coupon bonds in order to reduce the impact of large equity market declines. The portion of the portfolio invested for growth will be managed utilizing our adaptive risk allocation investment methodology. The ETF Protection Strategy is considered a "wrap fee program"

where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this strategy.

The standard fee schedule for this strategy is:

<u>Flat Rate Annual Percentage</u>
1.80%

The minimum account size is \$250,000 per registration.

13. VA Managed Strategy

The VA Managed Strategy utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis to diversify your portfolio according to your risk budget solely within the variable annuities specified by you, according to your objectives determined from your Client Profile. The strategy provides investment management of available sub-accounts in a diversified, risk-budgeted framework through multiple variable annuity providers to produce a risk-budgeted portfolio.

The standard fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
Less than \$250,000	2.30%
\$250,000 but less than \$500,000	2.05%
\$500,000 but less than \$750,000	1.80%
\$750,000 but less than \$1,000,000	1.55%
\$1,000,000 or more	1.30%

The minimum account size is \$50,000 per registration.

14. American Funds Strategy

The American Funds Strategy utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis that provides professionally managed portfolios solely comprised of American Funds in a diversified, risk budgeted framework, according to your objectives determined from your Client Profile. Under most circumstances and unless otherwise specified by you, your portfolio will be managed utilizing the same share class as your existing portfolio (generally American Funds class A or F shares).

The standard fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
Less than \$250,000	2.30%
\$250,000 but less than \$500,000	2.05%
\$500,000 but less than \$750,000	1.80%

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

\$750,000 but less than \$1,000,000	1.55%
\$1,000,000 or more	1.30%

The minimum account size is \$50,000 per registration.

15. Master Manager Strategy

The Master Manager Strategy utilizes an adaptive risk allocation methodology in which you will be invested in exchange traded funds ("ETFs"), bonds, individual securities and/or mutual funds with us acting as the asset allocation overlay manager. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis, to determine the proper allocation of your portfolio among the various investment vehicles. Based on your individual investment objectives, we may honor special requests regarding available mutual funds, ETFs and/or other securities to be utilized as well as investment research and sub-advisers.

This strategy will primarily utilize ETFs, individual taxable or non-taxable bonds and/or equities and may be sub-advised by third parties selected by us as indicated in your Investment Advisory Agreement or managed utilizing investment research and portfolio models provided by third parties. A portion of the advisory fee paid by you to us may be used by us to compensate these third party providers. Your portfolio allocation will be based on your individual characteristics as determined from your Client Profile. This strategy may be best suited for clients wishing to have greater control over portfolio transactions, cash flow streams and/or greater visibility to the actual holdings of the portfolio. The Master Manager Strategy is considered a "wrap fee program" where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

Depending on a client's objectives, portfolios under the Master Manager Strategy may be adjusted for clients seeking current or growing income, clients desiring socially conscious considerations and clients interested in tailoring their portfolio due to tax concerns. As applicable, the stock portion of an income portfolio may use an enhanced index strategy designed to track many characteristics of the S&P 500 Index by utilizing high dividend yielding stocks. The bond portion of each income portfolio will focus on open and closed end bond funds offering a superior yield. The bond portion of a portfolio may be highly concentrated in high yield bonds or long-term government bonds due to their historically high yields, but the goal will be to diversify the bond portfolio while maintaining focus on the primary objective of high or growing yield.

The standard (tiered) fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
\$500,000 but less than \$1,000,000	1.95%
Next \$500,000	1.90%
Next \$500,000	1.85%
Next \$1,500,000	1.80%
Next \$1,500,000	1.75%
\$5,000,000 or more	1.65%

The minimum account size is \$500,000 per registration.

16. Master Manager Managed Income Strategy

The Master Manager Managed Income Strategy utilizes an adaptive risk allocation methodology to manage an account for clients seeking consistent income from a diversified portfolio of income-producing assets. The strategy seeks to help clients with a desire for regular income to meet their short and long-term income needs by dividing the account into three separate investment portfolios: immediate, short-term, and long-term.

If you enroll in this strategy you may elect to designate a specific amount of assets needed to satisfy your immediate income needs. These assets will be set aside in a low-risk cash account and available for immediate, systematic withdrawals. The default amount is three months' worth of withdrawals; however, the strategy allows you to specify your desired amount. You may then designate a specific amount of assets needed to satisfy your short-term income needs. These assets will be invested in a low-risk reserve portfolio that will seek to generate returns in excess of the average money market fund with risk less than or equal to low duration investment bonds. CLS recommends one to two years' worth of withdrawals; however, the strategy allows for you to specify your desired amount (including zero assets in the low-risk reserve portfolio). The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The proceeds from this portfolio will be used to replenish the reserve portfolio which, in turn, is used to replenish the cash account. If the client has elected not to establish a reserve portfolio or cash account, income generated from these investments will be distributed directly to the client or reinvested.

The long-term portfolio will be invested in exchange traded funds ("ETFs"), bonds, individual securities, covered calls and/or mutual funds with CLS acting as the asset allocation overlay manager. This strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis, to determine the proper allocation of your portfolio among the various investment vehicles, according to your objectives determined from your Client Profile. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income. The Master Manager Managed Income strategy is considered a "wrap fee program" where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

The standard fee schedule for this strategy is:

<u>Flat Rate Annual Percentage</u>
1.95%

The minimum account size is \$500,000 per registration.

17. Individualized Account Management

Individualized Account Management ("IAM") utilizes an adaptive risk allocation methodology. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis to diversify your IAM portfolio among several different asset classes solely within the mutual fund families or variable annuities specified by you, according to your objectives determined from your Client Profile.

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

Under most circumstances and unless otherwise specified by you, your portfolio will be managed utilizing the same share class as your existing portfolio. This strategy may be best suited for clients with existing assets in either load or no-load mutual funds or variable annuities.

The standard fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
Less than \$250,000	2.30%
\$250,000 but less than \$500,000	2.05%
\$500,000 but less than \$750,000	1.80%
\$750,000 but less than \$1,000,000	1.55%
\$1,000,000 or more	1.30%

The minimum account size is \$30,000 per fund family, per registration.

18. Sector Allocation Strategies

The Sector Allocation Strategies ("Sector") utilize a tactical asset allocation methodology based upon investment research and models provided by Capital Cities Asset Management, Inc. This strategy applies a relative strength analysis to the universe of available Rydex Series Funds on designated investment platforms. Sector is an aggressive strategy that seeks to rotate the assets among the various sector, industry, style and international funds that demonstrate strong relative strength. This strategy may exhibit a higher degree of price volatility because it involves investing in sector funds that can be more volatile than diversified equity funds. This strategy may be fully invested in equity funds, including leverage and inverse funds, but may take up to a one hundred percent (100%) defensive position (which may include up to a 100% position in the money market). The Sector strategy is also available within the Security Benefit Advisor Designs variable annuity or the Nationwide Americas MarketFLEX variable annuity. This strategy is most appropriate for clients with a higher tolerance for risk.

The standard fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
Portion under \$500,000	2.50%
Portion over \$500,000	2.00%

The minimum account size is \$30,000 per registration.

19. Vision Allocation Strategies

The Vision Allocation Strategies ("Vision") utilize a tactical asset allocation methodology based upon investment research provided by Capital Cities Asset Management, Inc. Under Vision your assets are rotated among the available funds offered on a platform provided by Ceros Financial Services, Inc. Vision may be fully invested in equity funds, including leverage and inverse funds, but can take up to a one hundred percent (100%) defensive position (which may include up to a 100% position in the money market). This strategy may be best suited for clients wishing to invest across multiple fund families, utilizing tactical asset allocation. Two options of this strategy are available as follows:

Vision Country Total Return Strategy. This strategy is an active global allocation strategy, and the investment of the assets can rotate among approximately 500 no-load, no transaction fee funds. This strategy attempts to target the strongest performing mutual funds according to relative strength analysis. This global allocation strategy strives to keep clients invested in at least three asset classes which may include: International, Emerging Markets, Real Estate, Currency and Hard Assets, Commodities, Domestic Securities, and Money Market as well as Sectors and Market Capitalizations. The objective of this strategy is to seek to outperform the average growth fund over the short term (1 to 5 years) and ninety percent (90%) of all growth funds over the long term (more than 5 years).

Vision Total Return Strategy. This strategy attempts to target the strongest performing mutual funds across several asset classes; including, domestic equity funds, domestic bond funds, global bond funds, hard asset funds, industry funds, sector funds, and money market funds. The objective of this strategy is to seek to outperform the average growth fund over the short term (1 to 5 years) and ninety percent (90%) of all growth funds over the long term (more than 5 years) for the equity portion of the portfolio. This strategy is offered at select mutual fund companies and variable annuities. The equity assets are typically invested in a minimum of four asset classes.

The standard fee schedule for this strategy is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
Portion under \$500,000	2.50%
Portion over \$500,000	2.00%

The minimum account size is \$30,000 per registration.

20. Multi-Selection Strategies

The Multi-Selection Strategies invest in multiple mutual funds, exchange traded funds ("ETFs"), and/or other securities through investment platforms at designated custodians. The strategy utilizes an adaptive risk allocation methodology and uses risk diversification, risk budgeting, relative strength and asset class risk analysis of multiple fund families of no-load and load mutual funds available at Net Asset Value ("NAV"), ETFs and/or other securities. You may impose restrictions limiting or specifying the available selection of mutual funds, ETFs, and/or other securities to be used by this service. This strategy may be best suited for clients wishing to invest across multiple fund families or wishing to impose certain restrictions on the types of security products to be used in their portfolio. Investment decisions will then be made according to your objectives determined from your Client Profile. Clients in this strategy are generally interested in socially responsible investing. The Forum for Sustainable and Responsible Investment describes socially responsible investing as the practice of evaluating investment portfolios based on social, environmental and good corporate governance criteria. These socially responsible portfolios may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of the advisory fee paid by you to us may be used by us to compensate these third party providers.

The standard fee schedule for this strategy is:

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

<u>Assets under Management</u>	<u>Annual Percentage</u>
Less than \$250,000	1.65%
\$250,000 but less than \$500,000	1.50%
\$500,000 but less than \$750,000	1.35%
\$750,000 but less than \$1,000,000	1.20%
\$1,000,000 or more	1.00%

The minimum account size is \$50,000 per registration.

We may serve as sub-adviser to other registered investment advisers offering its services described above on a private labeled basis.

21. Explore Strategy

The Explore Strategy ("Explore") is available on the Nationwide MarketFLEX platform and utilizes a core and satellite methodology. The core portion of the portfolio is invested in various mutual funds managed by utilizing our adaptive risk allocation investment methodology using risk diversification, risk budgeting, relative strength and asset class risk analysis. The satellite portion will be invested primarily utilizing Rydex Funds designed to take advantage of various industry sectors with a goal to capitalize on growing market segments. Under Explore, part of your assets may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of the advisory fee paid by you to us may be used by us to compensate these third party providers. This strategy may be best suited for clients seeking to diversify their assets while taking advantage of industry sectors.

The standard fee schedule for this strategy is:

<u>Flat Rate Annual Percentage</u>
2.00%

Minimum investment of \$50,000 with a minimum account size of \$25,000 per third party research provider utilized.

Assets in our Explore Strategy and certain assets in our Individualized Account Management, AdvisorOne Hybrid – Core and Satellite Strategy and Master Manager services are managed using asset allocation research advice and models provided by various third parties. In addition, a portion of the assets in these strategies may be sub-advised by third parties.

RETIREMENT SOLUTIONS

We make various strategies available through selected investment platform providers designed for qualified plans that are trustee directed and/or permit plan participants the ability to self direct their own investments and select customized professional investment management of their individual plan assets. Under our Retirement Solutions strategies, we offer many of our strategies to plan sponsors and/or their plan participants for negotiated fees on select platforms.

The Retirement Solutions strategies are currently offered on several different platforms including: the Nationwide Financial and The Best of America Retirement Resource trading platform; MG Advisory Services, L.L.C., MG Trust Company, LLC and Matrix Settlement & Clearance Services, L.L.C.; Security Financial Resources, Inc. and Security Distributors, Inc.; North American KTRADE Alliance, LLC on a platform provided by SunGard Institutional Brokerage, Inc.; Employee Incentive Plans, Inc. on a platform provided by SunGard Institutional Brokerage, Inc.; Principal Life Insurance Company; and various third party administrators ("TPA's") or other platforms as indicated in our current marketing materials. All such platform arrangements are intended to facilitate the management of retirement plan assets and payments made by us to such parties are disclosed to the plan sponsors pursuant to written plan sponsor agreements.

The Nationwide Financial and The Best of America Retirement Resource trading platform includes a selection of hundreds of mutual funds offered by different fund families, as approved by Nationwide. Nationwide Life Insurance Company or Nationwide Trust Company, FSB serves as the custodian of the client assets. Record keeping is performed by Nationwide and their third party administrator partners and enables participants to access their accounts through a specially designed internet web site. We have entered into an arrangement and compensate Registered Investment Advisor Services, Inc. to perform certain back office services and perform certain record keeping functions in administering this service.

We also offer a service to plan sponsors marketed as "KStar". Under KStar, we make various services available including fund selection, fund monitoring and development of investment policy statements, as well as portfolio management for plan participants. The KStar services are provided under contractual arrangements with the plan sponsor and the fees are negotiated on a plan by plan basis and vary depending on the services selected.

We also provide portfolio models and mutual fund line-up analysis on various platforms pursuant to written agreements with plan sponsors for negotiated fees.

ADJUSTMENT OF PORTFOLIO RISK

Select strategies offer options with regard to the ability to automatically adjust the Risk Budget of your portfolio. The following options are available:

1. "Lifestyle Option" - For investors who desire their portfolio to gradually become more conservative over time, the Lifestyle Option will automatically decrease your Risk Budget by one point each year gradually causing your portfolio to become more conservative over time. Clients selecting this option will automatically have their risk budget reduced by one point each year; however, a client's risk budget will not decrease below a risk budget of 57 (on a scale of 1 to 100) absent specific client direction.
2. "Pre-Retirement Option" - For investors who plan to retire in the next 10 years, the Pre-Retirement Option will decrease your Risk Budget each year based on your current Risk Budget and the number of years projected until retirement AND will allocate a portion of your portfolio to a fund designed to offer some protection in the event of a severe market downturn. Clients electing this option must designate their projected retirement year. Absent a client designation, the projected retirement year will be designated as the year the client will attain the age of 65.

3. "Level Option" - For investors who wish their Risk Budget to remain fixed at its current level.

NOTICE TO CLIENTS

You should know that it is impossible to predict the future and investing in securities involves risks and uncertainties. There is no assurance that we will attain your objectives, that any investment recommendation will be profitable, or a particular rate of return will be achieved. Each of our significant investment strategies contemplates investing some portion or all of a portfolio in mutual funds or exchange traded funds. Although investing in mutual funds and exchange traded funds generally involves less risk than investing in the securities of one issuer, investing in any securities, including mutual funds and exchange traded funds, involves risk of loss that you should be prepared to bear. Selecting one of the strategies described above may result in different performance results than what otherwise might have been achieved had you selected one of the other strategies. In addition, clients in the same strategy may have differing performance depending upon the individual investment objectives and risk tolerance of each client. Should you wish to change strategies, you must notify us in writing.

INVESTMENT ADVICE THROUGH CONSULTATION

We offer investment model allocations based on adaptive risk allocation, dynamic asset allocation, or tactical asset allocation. Allocations are based on risk tolerance, risk budgeting and/or stock-to-bond ratios. A portion of the model allocations may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of the advisory fee paid to us may be used by us to compensate these third party providers. These services are available to other persons or entities for a negotiable fee. Fees typically start at 40 basis points (.40%) but may be negotiated higher or lower depending on specific services and levels of assets under management. Under some circumstances, an annual charge applies for set up and maintenance. In addition, we may offer portfolio design, allocations and sub-advisory services utilizing **Affiliated Funds** or **Sub-Advised Funds** for little or no cost to other investment advisers and broker/dealers.

TYPES OF INVESTMENTS

We advise individual clients regarding mutual funds, variable annuities, variable life products, and exchange traded funds. Under some circumstances we may advise clients regarding other securities, such as individual stocks, bonds and Folios. We also advise mutual funds regarding all indicated types of investments, as well as repurchase agreements, foreign securities, master demand notes, and other securities permitted for investment by the fund's registration statement. Investment strategies and policies as well as risks are included and described in the relevant prospectus and registration statement(s).

ERROR COMMITTEE

We have established an error committee led by our Chief Compliance Officer that generally meets on a weekly basis to review reported errors. Possible errors may be identified by us, our clients, financial representatives and others. The error committee will review the facts surrounding each circumstance to determine whether an error has occurred. If the error committee determines an error has occurred, it will consider (i) the nature and cause of the error, (ii) whether you have been disadvantaged by the

error, and (iii) suitability of the allocations resulting from an error. Unsuitable trades by us will always be resolved in your favor. If necessary, we will perform calculations to determine whether you have experienced a loss resulting from our error and we will offset any losses against gains resulting from the same error. Generally, we will credit your next advisory fee invoice for the amount of the loss determined by the error committee to be our responsibility. In cases where we determine it is not appropriate to credit advisory fees, we may issue a check to the your custodian for the amount of the loss to be deposited into your account, or under some circumstances a check may be sent directly to you. We will notify you of errors caused by us that resulted in a loss of more than \$10. Errors that result in a loss of less than \$10 will be corrected in your account but no notification will be sent to you. Our policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

PRIVACY POLICY

We have a privacy policy designed to protect and safeguard your confidential information. A copy of our privacy policy is provided on an annual basis to all of our clients.

BUSINESS CONTINUITY PLAN

We along with our parent company have a business continuity plan which provides a course of action for the assessment of a significant business disruption and for the continuation of its business following such an event. The business continuity plan consists of policies and procedures outlining the responsibilities of key personnel in the event of a significant business disruption.

Item 9 Disciplinary Information

We have no disciplinary events that we are required by SEC rules to disclose to you under this Item.

Item 10 Other Financial Industry Activities and Affiliations

Some of our executive officers perform services for other companies affiliated with us. CLS is a subsidiary of NorthStar Financial Services Group, LLC ("NorthStar"). NorthStar also has the following subsidiaries: Northern Lights Distributors, LLC, Orion Advisor Services, LLC, Gemini Fund Services, LLC, Gemcom, LLC and Northern Lights Compliance Services, LLC. In addition, NorthStar is affiliated with Constellation Trust Company, a Nebraska chartered trust company.

BROKER-DEALER

Related Persons: Northern Lights Distributors, LLC ("NLD")

Relationships and Arrangements with Related Persons:

Our principal executive officers and other related employees are officers, managers, and/or registered representatives of NLD, a registered broker-dealer and FINRA member. These individuals will be able to effect limited securities transactions for advisory clients, and NLD may receive separate and customary compensation for this activity and may pay a portion of the compensation to these individuals. In some circumstances, NLD may receive customary compensation from mutual fund companies and/or variable annuity companies, including 12b-1 fees, for performing certain administrative and/or shareholder servicing related tasks associated with our clients' investments in such securities. NLD's securities business is primarily limited to mutual fund shares and variable insurance contracts. NLD also acts as underwriter to various investment companies including the AdvisorOne Funds. Both CLS and NLD are wholly owned subsidiaries of NorthStar Financial Services Group, LLC.

INVESTMENT COMPANIES

Related Persons: AdvisorOne Funds & Rydex Variable Trust

Relationships and Arrangements with Related Persons:

We serve as the investment adviser to the following AdvisorOne Funds: Amerigo Fund, Clermont Fund, Select Allocation Fund, Descartes Fund, Liahona Fund, Enhanced Income Fund, Flexible Income Fund, Select Appreciation Fund, Shelter Fund, and Milestone Treasury Obligations Fund which are part of the AdvisorOne Funds trust (collectively these funds are referred to as "**Affiliated Funds**"). We receive a management fee from the **Affiliated Funds** we advise. A specified amount of your assets may be invested in **Affiliated Funds** as an integral part of some of our strategies. At any time, you have the right to prohibit us from investing any of your managed assets in **Affiliated Funds**. We receive a management fee calculated at the annual rate of 1.00% from each of the **Affiliated Funds**, except the annual rate is 0.90% from the Enhanced Income Fund, 0.65% from the Flexible Income Fund and 0.10% from the Milestone Treasury Obligations Fund. We also serve as sub-adviser to the CLS AdvisorOne Funds (the Amerigo Fund, Clermont Fund and Select Allocation Fund) each a series of the Rydex Variable Trust (the "**Sub-Advised Funds**"). We receive an annual sub-advisory fee of 40 basis points (0.40%) for providing sub-advisory services to the **Sub-Advised Funds**. In addition, our affiliated broker-dealer, NLD, may receive a portion of any shareholder servicing and/or 12b-1 fees paid by the **Affiliated Funds** or the **Sub-Advised Funds**. Please consult the AdvisorOne Funds prospectus for additional information about the

CLS Investments, LLC
Form ADV Part 2A
April 25, 2012

Affiliated Funds and the Rydex Variable Trust prospectus for additional information about the **Sub-Advised Funds**.

Related Persons: Advanced Series Trust & The Saratoga Advantage Trust

Relationships and Arrangements with Related Persons:

We serve as the sub-adviser to two portfolios in the Advanced Series Trust, the AST CLS Moderate Asset Allocation Portfolio and the AST CLS Growth Asset Allocation Portfolio. Under this arrangement, we serve as sub-adviser to the co-managers of these portfolios, Prudential Investments, LLC and AST Investment Services, Inc. For providing sub-advisory services, we receive a fee that is based on the combined assets in both portfolios ranging from 10 to 20 basis points (0.10% to 0.20%).

We also serve as the sub-advisor to the U.S. Government Money Market Portfolio of The Saratoga Advantage Trust. Under this arrangement we serve as sub-adviser to Saratoga Capital Management, LLC, the manager of The Saratoga Advantage Trust. For providing sub-advisory services, we receive a fee that is based on the net assets managed ranging from 5 to 10 basis points (0.05% to 0.10%), reduced in the same percentage as the manager when the manager reduces its fees, but subject to a \$10,000 annual minimum.

TRUST COMPANY

Related Persons: Constellation Trust Company ("CTC")

Relationships and Arrangements with Related Persons:

CTC is a Nebraska chartered trust company and an affiliate of ours. Some of our executive officers also serve as officers and Directors of CTC. CTC serves as custodian for many of our clients and has developed a joint application with us to facilitate the client application process. CTC's custodial services facilitate clients who desire a third party investment adviser such as us to manage their account(s). We may recommend CTC to our clients. CTC has established electronic interfaces and capabilities necessary to maintain and aggregate custodial records and reporting for clients invested across various investment platforms. We have entered into an arrangement with CTC to waive the annual custodial fee for our clients. All other custodial fees and charges of CTC are set forth in the CTC custodial agreement. Trades for client accounts custodied at CTC are affected via the National Securities Clearing Corporation through arrangements with third parties including Matrix Settlement and Clearance Services, LLC ("Matrix"), TD Ameritrade, Inc. and Rydex Distributors, Inc. Some of the mutual funds held by our clients with assets custodied at CTC may pay shareholder servicing and/or 12b-1 fees to CTC, Matrix and/or our affiliated broker/dealer, Northern Lights Distributors, LLC, for distribution and/or shareholder servicing related assistance associated with making a client's investments in such funds.

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

CODE OF ETHICS

We have adopted a joint code of ethics along with our parent holding company, NorthStar Financial Services Group, LLC and Northern Lights Distributors, LLC, the distributor for the **Affiliated Funds** (the "Code") in compliance with Rule 17j-1 under the Investment Company Act of 1940 and with Rule 204A-1 of the Investment Advisers Act of 1940. The Code establishes rules of conduct for all of our employees and is designed to, among other things, govern personal securities trading activities in the accounts of our employees. The Code contains general ethical principles and personal securities reporting provisions for our employees. In summary, the Code prohibits our employees from taking inappropriate advantage of their positions and the access to information concerning the investments or our investment intentions for our clients, or our ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of our clients. Rule 17j-1 and Rule 204A-1 make it unlawful for our employees to engage in conduct which is deceitful, fraudulent, or manipulative, or which involves false or misleading statements, in connection with the purchase or sale of securities. The Code acknowledges the general principles that us and/or our employees: (1) owe a fiduciary obligation to our clients; (2) have the duty at all times to place the interests of our clients first; (3) must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility; (4) should not take inappropriate advantage of their positions in relation to client accounts; (5) must comply with the federal securities laws; and (6) must safeguard nonpublic information.

A copy of the Code is available to clients or prospective clients upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Our executive officers and other employees, as licensed registered representatives of a broker/dealer, are able to effect securities transactions for separate and typical compensation. Those licensed individuals may recommend their broker/dealer to our advisory clients; however, clients are under no obligation to effect transactions through any recommended broker or dealer. We advise you, the client, that you are not under any obligation to engage these individuals when considering implementation of any advisory recommendations made by us. Where possible, we will recommend no-load mutual funds or load mutual funds available at Net Asset Value ("NAV").

We may recommend **Affiliated Funds** and **Sub-Advised Funds** to you. You are advised of the possible use of **Affiliated Funds** and/or **Sub-Advised Funds** in your agreement with us and in the applicable strategy descriptions, and have the right, at any time, to prohibit us from investing any of your managed assets in **Affiliated Funds** or **Sub-Advised Funds**.

We and our employees may buy or sell securities identical to those recommended to you. It is our express policy that any person employed by us is prohibited from profiting at the expense of our clients and from competing with our clients.

PROCEDURES AND DISCLOSURES

The Code and other procedures adopted by us contain the following provisions to handle conflicts of interest:

- 1) We maintain records of all securities holdings for our clients, our self, our employees and affiliated parties. These holdings are reviewed on a regular basis by our compliance personnel.
- 2) No individual shall cause or attempt to cause any of our clients to purchase, sell or hold any interest in a security in a manner calculated to create any personal benefit or benefit any employee account. None of our officers or employees shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry.
- 3) Each of our employees submits quarterly reports and acknowledges the firm's policies and procedures with respect to the Code on an annual basis.
- 4) Each employee's personal trading accounts are reviewed on a regular basis by compliance personnel.
- 5) Any employee not in observance of the above may be subject to disciplinary action, and possible termination.
- 6) Clients are advised in their agreements with us and in the applicable strategy descriptions of the possible use of **Affiliated Funds** and/or **Sub-Advised Funds** in which we have a financial interest. Clients may at any time, instruct us not to use **Affiliated Funds** or **Sub-Advised Funds** in their accounts.

Item 12 Brokerage Practices

Some of our employees are licensed registered representatives of a broker-dealer, including our affiliated broker-dealer, Northern Lights Distributors, LLC. Those licensed individuals may recommend this broker/dealer to our advisory clients. However, clients are under no obligation to effect transactions through any recommended broker or dealer.

You are responsible for selecting the custodian of your accounts. Trades resulting from our management are submitted either directly to your selected custodian or in coordination with your selected custodian. In limited situations we may establish accounts with various nonaffiliated third party broker-dealers as requested by you through the strategy selected. In these situations, we will only establish accounts that provide timely service and a fair price. We will attempt to find the lowest cost where possible. Establishment of an account with a third party broker dealer will not increase the advisory fees payable by you; however, you will be responsible for any fees and/or expenses, including transaction costs, for the establishment and use of your account.

If you direct us to manage assets with a specific broker-dealer or custodian, including broker-dealers and custodians that have been pre-approved by us, you have the sole responsibility for negotiating commission rates and other transaction costs. If you select a specific broker, we will not be required to effect any transaction through the specified broker if we reasonably believe that to do so may result in a breach of our fiduciary duties. You are advised that by instructing us to execute all transactions on behalf of your account through the specified broker, a disparity may exist between the commissions borne by your account and the commissions borne by our other clients that do not direct us to use a specified broker. You may also not necessarily obtain commission rates and execution as favorable as those that would be obtained if we were able to place transactions with other broker-dealers. You also may forego benefits that we may be able to obtain for our clients through negotiating volume discounts or block trades.

Some brokerage firms may make other products and services available that benefit us but may not directly benefit our clients' accounts. Some of these other products and services assist us in managing and administering our client accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of advisory fees from clients' accounts; and assist with back-office functions, record keeping and reporting. Some of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the brokerage firm providing the service. In addition, some brokerage firms provide us access to their institutional trading and custody services which are typically not available to retail investors. Such services may be available contingent upon us maintaining certain client asset levels.

BEST EXECUTION COMMITTEE

We have a Best Execution Committee that meets on a quarterly basis to review our trade execution practices in order to ensure our trading practices are appropriate. The committee is comprised of the Chief Compliance Officer, Chief Operations Officer, Senior Portfolio Manager, Trading Manager, and data analysts.

Item 13 Review of Accounts

A designated portfolio manager or portfolio administrator and a new account specialist review information submitted by each new prospective client prior to initial trading for the appropriateness and suitability of our recommendations. Our portfolio managers monitor the account positions for asset performance and analyze market risk factors on a daily basis. The relative strength, momentum and price movement of each asset class is reviewed and your allocations are weighted to best meet individual risk tolerances and objectives based on your selected investment management service. We have an Investment Committee that meets formally on a quarterly basis that sets the overall direction of our management. During the daily analysis of economic indicators, should it determine major allocation movements may be necessary, our Investment Committee will be consulted to review recommendations for approval. Our portfolio managers are responsible for monitoring the investment company allocations on a daily basis.

Your financial representative has agreed to make periodic contact with you, at least annually. Together, you and your representative determine whether a change in your objectives warrants a change in the criteria used to manage your assets. We also make quarterly performance evaluations available to you that describe your current personal and investment information. We use this information as the primary reference for managing your account. If the information is current, no further action is required. If any information has changed, you are instructed to promptly advise us of any changes.

For all investment services, factors that may affect portfolio weightings include changes in relative strength of the assets, economic changes, changes in client asset levels, or changes indicated by trend analysis as determined by the Chief Investment Officer and portfolio managers.

Account review is facilitated through an arrangement with Orion Advisor Services, LLC ("Orion"), one of our affiliates. We have engaged Orion to provide a "back office" system which enables us to gather and aggregate client data from multiple platforms and providers, maintain portfolio models, review models and accounts for variances, analyze account performance, generate quarterly statements and other reports, facilitate the trading of client accounts and make information available on-line via the internet, in a secure manner, to clients, their financial representatives and their supervising broker/dealers or soliciting investment advisory firms.

Item 14 Client Referrals and Other Compensation

Certain mutual funds and variable annuities in which you may be invested may pay marketing fees, service fees, including shareholder service fees, 12b-1 fees, or bonus commissions to us or Northern Lights Distributors, LLC, our affiliated broker-dealer or to Constellation Trust Company, our affiliated trust company, for marketing assistance or for the performance of certain administrative tasks associated with making an investment in such fund or annuity. Any such fees received by us will not be credited against the fees otherwise payable by you to us. Our employees or associated persons may also be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

Some of our associated personnel, who are also registered representatives of a broker/dealer, may receive, from time to time, 12b-1 distribution fees from mutual funds in which they have placed clients' funds.

We enter into marketing arrangements with broker-dealer firms pursuant to which representatives of their firms ("Solicitors") offer our services to the public. These Solicitors refer us the majority of our clients. Through these arrangements, we pay a cash referral fee to the Solicitor and/or their firm based upon a percentage of our advisory fee. The amount of the referral fee may vary depending on the strategy selected and the custodial platform utilized.

Because accounts maintained with certain custodians are more efficient for us to manage, we may offer increased referral fee payouts for client assets maintained with these custodians, including client assets maintained with Constellation Trust Company, one of our affiliates. Under each of the investment services offered by us, **the amount of the referral fee we pay to the Solicitor may be up to one hundred percent (100%) of the amount of the advisory fee we receive from you.** In connection with these arrangements, we will comply with Rule 206(4)-3 under the Advisers Act. The referral fee is paid pursuant to a written agreement, which is retained by both your representative (Solicitor) and us. This information is disclosed to you prior to or at the time of entering into an investment advisory agreement with us. We also may offer these firms and Solicitors reimbursement of certain expenses approved by us.

We may pay a portion of the advisory fee to other affiliated or non-affiliated parties who assist with certain administrative tasks associated with the management of your account. Such tasks may include account maintenance, data reconciliation, statement printing, investment research, sub-advisory services or other administrative tasks.

We may reimburse unaffiliated third parties for the costs of attending training seminars for the purpose of learning about our advisory business. We also may pay for costs associated with client seminars done for the purpose of acquiring or retaining clients for us. We may pay territorial/regional wholesaler compensation based in whole or in part on revenues generated from a wholesaler's territory or region. Such compensation is separately negotiated and is not based on individual clients. Our parent company has entered into a promissory note with Brad Lankford, the principal owner of Niles Lankford Group, Inc. ("NLG"), a third party administration firm. Under the terms of the promissory note, due February 2013, certain amounts may be forgiven based on new business maintained with us after February 15, 2008, through NLG or other entities affiliated with Brad Lankford.

Item 15 Custody

We do not maintain custody of your funds or securities, a qualified custodian selected by you maintains custody of your assets.

Your custodian will provide you a statement (at least quarterly) identifying the amount of funds and of each security in your account at the end of the reporting period and setting forth all transactions in your account during the reporting period. Individual trade confirmations and reports of account activity may also be provided by your custodian. We also make various reports and quarterly performance evaluations accessible to you via secure internet access. Upon your request, we may also provide you with a mailed copy of your quarterly statements and reports. As stated in our Investment Advisory Agreement, you agree to carefully review any statements and reports we provide to you and notify us within 30 days of your receipt should you have any concerns regarding such statements or reports or note any discrepancies. You should also compare the account statements you receive from your qualified custodian with the information you receive from us to ensure its accuracy.

In addition to your statements, you have access to your account information at all times via our web site at www.clsinvest.com where you can view your investment objectives, investment policy statement and other important information regarding the management of your account. You are advised to periodically review all your account information to ensure it remains accurate in our records.

We will generally communicate with you via letters, market up-dates and other literature. Under circumstances where you have expressly consented, correspondence and notifications may be sent via electronic means (such as e-mail), or posted to a secure web site for your access.

The board of trustees of our investment company clients is provided quarterly sales, investment, performance and other related reports as requested.

Item 16 Investment Discretion

In order for us to actively manage your assets, we require that you appoint us as attorney-in-fact with full discretionary trading authority under our investment advisory agreement. This will allow us to buy or sell securities, as well as specify the amount of securities to invest, without first obtaining your specific consent. This authority is limited to the transfer or exchange of your funds between asset classes within mutual fund families, variable insurance product sub-accounts, exchange traded funds, and/or other securities agreed to by you in accordance with the strategy selected by you. For assets held by a designated custodian, our discretion extends to the transfer or exchange from one fund family to another so long as it is done at net asset value ("NAV") and no commissions are generated; however, such exchanges may be performed by a broker/dealer engaged by us. You are responsible for any transaction costs associated with the management of your assets unless otherwise agreed to by us as part of a wrap fee program. In cases where we determine the broker or dealer to be used, we will seek to obtain the best execution possible under the circumstances. This discretionary authority in no way restricts you, from establishing special limitations on the types of investments we may recommend or make on your behalf. You may send us specific written instruction at any time regarding securities you may wish to purchase or sell and you may instruct us not to purchase specific securities or types of securities. If we are unable to accommodate your request for any reason, we will notify you immediately.

Upon termination of our investment services, we will have no obligation or authority to recommend or take any action with regard to the previously managed assets.

Item 17 Voting Client Securities

PROXY POLICY

We do not receive proxies for securities held in your account(s). Unless otherwise agreed in writing, it is our policy not to vote, nor give any advice how to vote, proxies for securities held in your accounts. Proxies for securities held in your account(s) will be received by you directly from the custodian of your assets, or will be handled as otherwise agreed to between you and the custodian.

Proxies for the AdvisorOne Funds and Rydex Variable Trust

We serve as investment adviser to certain investment companies under the AdvisorOne Funds trust and sub-adviser to certain investment companies under the Rydex Variable Trust (each a “Fund”). Each Fund is a fund of funds, meaning these Funds pursue their investment goals by investing primarily in other investment companies that are not affiliated (“Underlying Funds”). As a fund of funds, the Funds are required by the Investment Company Act of 1940 to handle proxies received from Underlying Funds in a certain manner. In particular, it is our policy to vote all proxies received from the Underlying Funds in the same proportion that all shares of the Underlying Funds are voted, or in accordance with instructions received from Fund shareholders, pursuant to Section 12(d)(1)(F) of the Investment Company Act of 1940. Proxies received on behalf of the Funds that represent securities that are not investment companies will be voted according to our proxy voting policies. In general, we will vote in favor of routine proposals which do not change the structure, bylaws, or operations of a company to the detriment of the shareholders and will vote against proposals that clearly have the effect of restricting the ability of shareholders to realize the full potential value of their investment. A copy of our proxy voting policy may be provided to you upon your request.

All proxies received from the Funds will be reviewed with our Chief Compliance Officer or appropriate legal counsel to ensure proper voting. After properly voted, the proxy materials are placed in a file maintained by the Chief Compliance Officer for future reference.

Item 18 Financial Information

Balance sheet for CLS as of December 31, 2011 is attached.

CLS Investments, LLC

(A Wholly Owned Subsidiary of
NorthStar Financial Services Group, LLC)

Balance Sheet
as of December 31, 2011, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Managers
CLS Investments, LLC
Omaha, Nebraska

We have audited the accompanying balance sheet of CLS Investments, LLC (a wholly owned subsidiary of NorthStar Financial Services Group, LLC) (the "Company") as of December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of the Company as of December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 28, 2012

CLS INVESTMENTS, LLC
(A Wholly Owned Subsidiary of NorthStar Financial Services Group, LLC)

BALANCE SHEET
AS OF DECEMBER 31, 2011

ASSETS

ASSETS:

Cash	\$ 92,388
Receivables	3,430,039
Due from affiliate	1,656,781
Prepaid advisory fees expense	249,410
Fixed assets — net of accumulated depreciation of \$1,835,554	127,456
Goodwill	794,395
Other assets	<u>160,663</u>

TOTAL	<u>\$6,511,132</u>
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LIABILITIES AND MEMBER'S EQUITY

LIABILITIES:

Accounts payable and accrued expenses	\$2,809,591
Advisory fees payable	1,612,645
Unearned advisory fee revenue	364,064
Due to affiliate	<u>7,230</u>

Total liabilities	4,793,530
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COMMITMENTS AND CONTINGENCIES (See Note 4)

MEMBER'S EQUITY	<u>1,717,602</u>
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TOTAL	<u>\$6,511,132</u>
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See notes to balance sheet.

CLS INVESTMENTS, LLC

(A Wholly Owned Subsidiary of NorthStar Financial Services Group, LLC)

NOTES TO BALANCE SHEET AS OF DECEMBER 31, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CLS Investments, LLC (the “Company”) is an Omaha, Nebraska based registered investment advisor providing investment advice and portfolio management services to individuals, corporations, and retirement plans through a network of independent representatives. The Company derives substantially all of its revenue from fee-based asset management support arrangements for clients of its solicitors. The Company’s clients are located throughout the United States.

The Company is a wholly owned subsidiary of NorthStar Financial Services Group, LLC (“NorthStar” or “Parent”).

Basis of Accounting — The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Receivables — The Company evaluates the collectibility of receivables at the end of the fiscal year and establishes an allowance for bad debts for all accounts or portions thereof considered uncollectible. No allowance was recorded against receivables at December 31, 2011.

Fixed Assets — Fixed assets are recorded at cost. Depreciation and amortization are computed using straight-line and accelerated methods over the following ranges of estimated useful lives:

Computer equipment	3–7 years
Telephone equipment	5 years
Furniture and fixtures	5–7 years
Leasehold improvements	7–10 years
Equipment under capital leases	5–10 years

Goodwill — In accordance with FASB ASC 350-20, *Goodwill*, goodwill is assessed for impairment at least annually. Any excess of carrying value over fair value is recognized as an impairment loss. During this assessment, management relies on a number of factors, including operating results, business plans, and anticipated future cash flows.

Income Taxes — The Company, as a wholly owned subsidiary of NorthStar, is a disregarded entity for income tax purposes under the provisions of the Internal Revenue Code. Accordingly, income from the Company is reported and respective income taxes are paid by the members of the Parent and, as a result, no provision for federal income taxes is provided as it relates to the taxable income of the Company.

Also, no provision has been made for any amounts which may be advanced or paid as draws to the members of the Parent to assist them in paying taxes on the Company’s income.

Revenue Recognition — Fee income from investment advisory and asset management services is recognized ratably on a straight-line basis over the contract period. Customers are billed an advisory fee computed as a percentage of assets under management. Advisory fees billed in advance are recorded as unearned revenue and are amortized ratably on a straight-line basis into income over the remaining unexpired contract term.

Solicitor expense is for services performed by third parties related to the investment advisory services performed by the Company and is recognized ratably over the same period as the related revenues. Advisory fee expense related to revenues not yet earned is deferred and amortized ratably on a straight-line method over the unexpired term of the related contract for advisory services.

Advertising — The Company expenses its advertising costs as incurred the first time the advertising takes place.

2. FIXED ASSETS

Fixed assets at December 31, 2011, consisted of the following:

Computer equipment	\$ 1,433,218
Telephone equipment	14,949
Furniture and fixtures	320,179
Leasehold improvements	<u>194,664</u>
	1,963,010
Less accumulated depreciation and amortization	<u>(1,835,554)</u>
	<u>\$ 127,456</u>

3. GOODWILL

Goodwill was tested for impairment at the reporting unit level and must be tested annually thereafter utilizing a two-step methodology. The initial step requires the Company to determine the fair value of each reporting unit. If the fair value exceeds the carrying value, no impairment is to be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of this unit may be impaired. The amount of the impairment, if any, is then measured in the second step.

In connection with NorthStar's purchase of the Company, effective January 1, 2003, all previously existing goodwill of the acquired companies was eliminated. At that time, NorthStar determined the carrying value of its assets and liabilities was less than the fair value and the final allocation of the purchase price resulted in the Company recording goodwill in the amount of \$794,395.

The Company performed its annual impairment testing of goodwill as of December 31, 2011.

4. COMMITMENTS AND CONTINGENCIES

The Company entered into an Investment Research Agreement and an Asset Purchase Agreement, each dated December 16, 2003, with Schield Management Company ("Schield"). Beginning with the quarterly period ended March 31, 2004, and ending with the quarterly period ending December 31, 2013, the terms of the Asset Purchase Agreement provides for forty quarterly payments of \$125,000 to be adjusted upward or downward based on the aggregate value of assets under Company management that transferred from Schield. The terms of the Investment Research Agreement provide for payments

based on the value of assets under Company management in designated programs. In August 2006, Schield assigned the Investment Research Agreement to Capital Cities Asset Management, Inc. (CCAM) and the Company now pays both Schield and CCAM their respective portions.

The Company, along with NorthStar, Orion Advisor Services, LLC (“Orion”) (a wholly owned subsidiary of NorthStar), Gemini Fund Services, LLC (“Gemini”) (a wholly owned subsidiary of NorthStar), GemCom, LLC (a wholly owned subsidiary of NorthStar), and Northern Lights Compliance Services, LLC (“NLC”) (a wholly owned subsidiary of NorthStar) are named borrowers on a \$3,000,000 line of credit, which is collateralized by assets of all the companies. The outstanding balance, which is included on Northstar’s balance sheet at December 31, 2011 was \$1,164,168.

The Company, along with NorthStar, Orion, and Gemini are named guarantors on a \$679,087 equipment financing note, which is collateralized by assets of all the companies. The outstanding balance, which is included on NorthStar’s balance sheet at December 31, 2011 was \$619,036.

5. RELATED PARTY TRANSACTIONS

NorthStar assesses each of its subsidiaries that subsidiary’s ratable share of certain overhead and payroll expenses. Additionally, in the ordinary course of business, the Company may advance funds to NorthStar. The Company had a due from affiliate of \$1,656,781 at December 31, 2011, related to NorthStar.

The Parent’s two members own 99.9% of the shares outstanding of Constellation Trust Company (“Constellation”). The Company entered into a service agreement with Constellation, whereby Constellation will provide custody-related services for the Company’s clients. The Company had an accrued liability in the amount of \$434,096 to Constellation at December 31, 2011, included in the accompanying balance sheets under the caption of accounts payable and accrued expenses.

The Company pays Northern Lights Distributors, LLC (“NLD”) (a wholly owned subsidiary of NorthStar) for service fees. The Company provides investment advisor services for certain accounts for which NLD receives marketing and shareholder servicing fees. The Company had a payable to NLD of \$7,230, at December 31, 2011, included in due to affiliate.

Transactions with related parties are not necessarily indicative of revenues and expenses which would have occurred had the parties not been related.

6. EMPLOYEE BENEFIT PLANS

NorthStar sponsors a 401(k) defined contribution plan to assist the Company’s eligible employees in providing for retirement or other future financial needs. Participants may contribute up to 75% of their salary, subject to certain limitations. NorthStar contributes an amount determined annually by the Board of Managers.

7. SUBSEQUENT EVENTS

The subsequent events for the Company have been evaluated by management through March 28, 2012, the date the balance sheet was available to be issued. It was determined that there were no subsequent events to recognize or disclose in the balance sheet presented herein.

* * * * *

Form ADV Part 2B: Brochure Supplement

April 25, 2012

This Brochure Supplement is a required document for all investment advisers and provides information about the Portfolio Managers of CLS Investments, LLC. The Portfolio Managers work in a team environment performing daily market reviews and allocation reviews within each fund and investment management service that we administer. Following is a professional biography of each Portfolio Manager who is a member of the portfolio management team and who may formulate investment advice on your behalf.

Additional information about CLS Investments, LLC or any of the Portfolio Managers is available on the SEC's website at www.adviserinfo.sec.gov.

Item 1 Cover Page

Stephen A. Donahoe
CLS Investments, LLC
4020 South 147th Street, Omaha, Nebraska 68137
402-493-3313
April 25, 2012

This Brochure Supplement provides information about Stephen A. Donahoe that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Donahoe is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Mr. Donahoe was born in 1963. After high school, Mr. Donahoe received his Bachelor of Science degree in Business Administration with a major in accounting from the University of Nebraska at Omaha in 1994. In 2004, Mr. Donahoe earned the Chartered Financial Analyst Designation ("CFA") from the CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. For additional information regarding the CFA designation, please see the attached explanation.

Business Background for the preceding five years: Senior Portfolio Manager and Investment Committee member with CLS (since 3/2008). Prior to joining CLS, Mr. Donahoe served as a Portfolio Manager for Wells Fargo Bank Private Asset Management (from 2001 to 2008).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Mr. Donahoe.

Item 4 Other Business Activities

Mr. Donahoe is not engaged in any other business activities.

Item 5 Additional Compensation

In addition to his regular annual salary, Mr. Donahoe is also eligible to earn a target bonus percentage of his regular annual salary if certain firm wide profitability goals are attained. CLS management sets a quarterly net income target for CLS and the bonus is determined by multiplying the Portfolio Manager's target bonus percentage by the percentage of the profitability target achieved. The bonus is

determined and payable, if applicable, on a quarterly basis. Mr. Donahoe does not receive additional compensation from any other source outside of CLS.

Item 6 Supervision

Mr. Donahoe is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Dennis R. Guenther
CLS Investments, LLC
4020 South 147th Street, Omaha, Nebraska 68137
402-493-3313
April 25, 2012

This Brochure Supplement provides information about Dennis R. Guenther that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Guenther is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Mr. Guenther was born in 1973. After high school, Mr. Guenther received his Bachelor of Science degree in Finance from Wayne State College. In 2006, Mr. Guenther earned the Chartered Financial Analyst Designation ("CFA") from the CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. For additional information regarding the CFA designation, please see the attached explanation.

Business Background for the preceding five years: Senior Portfolio Manager and Investment Committee member with CLS (since 5/2004); Registered Representative of Northern Lights Distributors, LLC and its predecessor (since 11/2003).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Mr. Guenther.

Item 4 Other Business Activities

Mr. Guenther is currently licensed as a registered representative of Northern Lights Distributors, LLC ("NLD"). NLD is a statutory broker dealer affiliated with CLS and a distributor to mutual funds associated with CLS's business. Mr. Guenther receives no additional compensation from NLD.

Item 5 Additional Compensation

In addition to his regular annual salary, Mr. Guenther is also eligible to earn a target bonus percentage of his regular annual salary if certain firm wide profitability goals are attained by CLS. CLS management sets a quarterly net income target for CLS and the bonus is determined by multiplying the Portfolio

Manager's target bonus percentage by the percentage of the profitability target achieved. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Guenther does not receive additional compensation from any other source outside of CLS.

Item 6 Supervision

Mr. Guenther is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Scott R. Kubie
CLS Investments, LLC
4020 South 147th Street, Omaha, Nebraska 68137
402-493-3313
April 25, 2012

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Additional information about Mr. Kubie is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Mr. Kubie was born in 1967. After high school, Mr. Kubie received his Bachelor of Arts degree in Economics from Trinity University and then received a Master of Arts degree in Business Administration from the University of Nebraska at Omaha. In 1999, Mr. Kubie earned the Chartered Financial Analyst Designation ("CFA") from the CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. For additional information regarding the CFA designation, please see the attached explanation.

Business Background for the preceding five years: Executive Vice President and Chief Strategist (since 6/2005); Director of Research for CLS (since 3/2002); Portfolio Manager and Investment Committee member with CLS (since 3/2001); Registered Representative of Northern Lights Distributors, LLC and its predecessor (since 11/2003); Adjunct Professor, University of Nebraska at Omaha (since 1/2006).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Mr. Kubie.

Item 4 Other Business Activities

Mr. Kubie is currently licensed as a registered representative of Northern Lights Distributors, LLC ("NLD"). NLD is a statutory broker dealer affiliated with CLS and a distributor to mutual funds associated with CLS's business. Mr. Kubie receives no additional compensation from NLD. As mentioned previously, Mr. Kubie also works as an adjunct professor at the University of Nebraska at Omaha.

Item 5 Additional Compensation

In addition to his regular annual salary, Mr. Kubie is also eligible to earn a target bonus percentage of his regular annual salary if certain firm wide profitability goals are attained. CLS management sets a quarterly net income target for CLS and the bonus is determined by multiplying the Portfolio Manager's target bonus percentage by the percentage of the profitability target achieved. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Kubie does not receive additional compensation from any other source outside of CLS.

Item 6 Supervision

Mr. Kubie is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Jennifer J. Schenkelberg
CLS Investments, LLC
4020 South 147th Street, Omaha, Nebraska 68137
402-493-3313
April 25, 2012

This Brochure Supplement provides information about Jennifer J. Schenkelberg that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Ms. Schenkelberg is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Ms. Schenkelberg was born in 1974. After high school, Ms. Schenkelberg received her Bachelor of Science degree in Business Administration with an emphasis in Accounting and Finance from Kansas State University. In 2002, Ms. Schenkelberg earned the Chartered Financial Analyst Designation ("CFA") from the CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. For additional information regarding the CFA designation, please see the attached explanation.

Business Background for the preceding five years: Senior Portfolio Manager and Investment Committee member with CLS (since 12/2004). Prior to joining CLS, Ms. Schenkelberg served as Senior Financial Analyst for First National Bank of Omaha Wealth Management Group (from 1998 to 2004).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Ms. Schenkelberg.

Item 4 Other Business Activities

Ms. Schenkelberg is not engaged in any other business activities.

Item 5 Additional Compensation

In addition to her regular annual salary, Ms. Schenkelberg is also eligible to earn a target bonus percentage of her regular annual salary if certain firm wide profitability goals are attained by CLS. CLS management sets a quarterly net income target for CLS and the bonus is determined by multiplying the Portfolio Manager's target bonus percentage by the percentage of the profitability target achieved. The

bonus is determined and payable, if applicable, on a quarterly basis. Ms. Schenkelberg does not receive additional compensation from any other source outside of CLS.

Item 6 Supervision

Ms. Schenkelberg is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Paula Wieck
CLS Investments, LLC
4020 South 147th Street, Omaha, Nebraska 68137
402-493-3313
April 25, 2012

This Brochure Supplement provides information about Paula Wieck that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Ms. Wieck is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Ms. Wieck was born in 1979. After high school, Ms. Wieck received her Bachelor of Science degree in Business Administration with an emphasis in Finance from the University of Nebraska at Omaha. Ms. Wieck is currently pursuing the Chartered Financial Analyst Designation ("CFA") from the CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. For additional information regarding the CFA designation, please see the attached explanation.

Business Background for the preceding five years: Portfolio Manager with CLS (since 7/2010); Project Manager with CLS (from 12/2007 to 7/2010); Portfolio Administrator with CLS (from 11/2006 to 12/2007). Prior to joining CLS, Ms. Wieck served as a Conversion Specialist with Orion Advisor Services, LLC (from 6/2005 to 11/2006).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Ms. Wieck.

Item 4 Other Business Activities

Ms. Wieck is currently licensed as a registered representative of Northern Lights Distributors, LLC ("NLD"). NLD is a statutory broker dealer affiliated with CLS and a distributor to mutual funds associated with CLS's business. Ms. Wieck receives no additional compensation from NLD.

Item 5 Additional Compensation

In addition to her regular annual salary, Ms. Wieck is also eligible to earn a target bonus percentage of her regular annual salary if certain firm wide profitability goals are attained. CLS management sets a

quarterly net income target for CLS and the bonus is determined by multiplying the Portfolio Manager's target bonus percentage by the percentage of the profitability target attained by CLS. The bonus is determined and payable, if applicable, on a quarterly basis. Ms. Wieck does not receive additional compensation from any other source outside of CLS.

Item 6 Supervision

Ms. Wieck is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Marc Pfeffer
CLS Investments, LLC
115 East Putnam, Greenwich, Connecticut 06830
866-811-0225
April 25, 2012

This Brochure Supplement provides information about Marc Pfeffer that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Pfeffer is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Mr. Pfeffer was born in 1964. After high school, Mr. Pfeffer received his Bachelor of Science degree in Finance from the State University at Buffalo and then received a Master of Business Administration from Fordham University. Mr. Pfeffer has over 25 years of investment management experience having worked previously with Goldman Sachs Asset Management and Bear Stearns.

Business Background for the preceding five years: Portfolio Manager with CLS (since 8/2011); Chief Investment Officer with Milestone Capital Management, LLC (from 6/2004 to 8/2011). Registered Representative of Northern Lights Distributors, LLC (since 8/2011).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Mr. Pfeffer.

Item 4 Other Business Activities

Mr. Pfeffer is currently licensed as a registered representative of Northern Lights Distributors, LLC ("NLD"). NLD is a statutory broker dealer affiliated with CLS and a distributor to mutual funds associated with CLS's business. Mr. Pfeffer receives no additional compensation from NLD.

Item 5 Additional Compensation

Outside of his regular annual salary, Mr. Pfeffer receives no other additional compensation from any other source outside of CLS.

Item 6 Supervision

Mr. Pfeffer is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

Item 1 Cover Page

Matt Santini
CLS Investments, LLC
115 East Putnam, Greenwich, Connecticut 06830
866-811-0225
April 25, 2012

This Brochure Supplement provides information about Matt Santini that supplements the CLS Investments, LLC ("CLS") Brochure. You should have received a copy of that Brochure. Please contact the CLS Inside Sales Team at 888-455-4244 if you did not receive CLS's Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Santini is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Educational Background and Business Experience

Mr. Santini was born in 1981. After high school, Mr. Santini received his Bachelor of Arts degree in Economics from Rollins College. Mr. Santini began his career at Citigroup, helping clients evaluate proprietary offerings. His current responsibilities include the investment strategy and trading of various products with the Milestone Treasury Obligations Fund as well as any sub-adviser mandates. He also assists liquidity managers with their underlying strategies outside of a traditional fund structure.

Business Background for the preceding five years: Portfolio Manager with CLS (since 8/2011); Portfolio Manager with Milestone Capital Management, LLC (from 6/2006 to 8/2011). Registered Representative of Northern Lights Distributors, LLC (since 8/2011).

Item 3 Disciplinary Information

CLS is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for Mr. Santini.

Item 4 Other Business Activities

Mr. Santini is currently licensed as a registered representative of Northern Lights Distributors, LLC ("NLD"). NLD is a statutory broker dealer affiliated with CLS and a distributor to mutual funds associated with CLS's business. Mr. Santini receives no additional compensation from NLD.

Item 5 Additional Compensation

Outside of his regular annual salary, Mr. Santini receives no other additional compensation from any other source outside of CLS.

Item 6 Supervision

Mr. Santini is supervised by Todd Clarke, President of CLS who may be reached at 402-493-3313.

The CLS personnel listed above have attained or are pursuing the Chartered Financial Analyst (“CFA”) charter. CFA is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients’ interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today’s quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org.