

## **Supplement to Form ADV Part 2A**

### **(Effective December 20, 2012)**

This insert serves to supplement and should be reviewed in conjunction with CLS Investments, LLC's ("CLS") Form ADV Part 2A dated April 25, 2012. Should you have any questions, please contact a CLS client service representative at (888) 455-4244.

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#### **Part 2A, Cover Page – Page 1**

CLS's street address found on the cover page of its Form ADV Part 2A is deleted and replaced with the following street address: 17605 Wright Street, Omaha, Nebraska 68130.

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#### **Part 2A, Item 4 – Page 5**

The description of CLS's "Advisory Business" found on page 5 of its Form ADV Part 2A is amended by deleting the first paragraph under Item 4 and replacing it with the following:

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 controlled 50 percent by Michael Miola and 50 percent by members of the family of Patrick Clarke, co-founder of NorthStar.

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#### **Part 2A, Item 8 – Page 11**

The discussion of "Methods of Analysis, Investments Strategies and Risk of Loss" found on page 11 of CLS's Form ADV Part 2A is amended such that the last paragraph on the page is deleted and replaced in its entirety with the following:

Tactical asset allocation is an active management methodology that seeks to add value by actively adjusting the percentage of assets held in various categories to take advantage of attractive market segments and underweight unattractive market segments.

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#### **Part 2A, Item 8 – Page 26**

Prior to the discussion of "Retirement Solutions" found on page 26 of CLS's Form ADV Part 2A, the following section is inserted:

##### **CLS GALEX STRATEGIES**

CLS Galex Strategies are a family of separately managed account strategies available through investment platforms. Each strategy consists of a "Quad" that targets a particular objective or

market segment and actively adjusts a portfolio of ETFs to create the desired allocation exposure. Each Quad is limited to four non-cash asset classes, referred to as quadrants, and invests in eight or fewer ETFs. The primary value drivers for each Quad are the ETFs selected for each quadrant and the allocations among the quadrants. Quads utilize a tactical asset allocation methodology that includes a quantitative element in their process. By limiting the number of ETFs and using a tactical strategy, the allocation within each Quad may be more concentrated than a broadly diversified portfolio. Quads may be best suited for clients wishing to invest (a) portion(s) of their portfolio in strategies targeting particular market segments. While client allocations will vary, Quads are designed to be a satellite allocation and should be used for a portion of a diversified portfolio.

The standard fee schedule for this strategy is:

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

This fee does not include any fees charged by the platform on which the strategy is utilized. Additionally, under the CLS Galex Strategies, part of your assets 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 minimum account size varies based on the rules and procedures of each platform.

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## **Part 2A, Item 8 – Page 28**

The discussion of “Notice to Clients” found on page 28 of CLS’s Form ADV Part 2A is deleted and replaced with the following:

### **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.

In addition, strategies utilizing a tactical asset allocation methodology, including the CLS Galex Strategies, may hold more concentrated portfolios than portfolios managed using an adaptive risk allocation methodology. Increased concentration may lead to a wider range of performance over time. Moreover, portfolios holding concentrated investments in a particular market

segment or sector make the portfolio more susceptible to any single economic, market, political or regulatory occurrence affecting that particular segment or sector than a more diversified portfolio.

Should you wish to change strategies, you must notify us in writing.