

CLS Investments, LLC  
Form ADV Part 2A  
17605 Wright Street, Omaha, Nebraska 68130  
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[www.clsinvest.com](http://www.clsinvest.com)  
March 31, 2014

### Nationwide Retirement Plans

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](http://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](http://www.adviserinfo.sec.gov). The SEC's website also provides information about anyone affiliated with CLS who is registered as an investment adviser representative of CLS.

Currently, our brochure may be requested by contacting us at 888-455-4244 or at [clssg1@clsinvest.com](mailto:clssg1@clsinvest.com). Our brochure is also available on our website at [www.clsinvest.com](http://www.clsinvest.com), free of charge.

## Item 2 Material Changes

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This brochure is dated March 31, 2014. The date of the last brochure was October 1, 2013.

- Language was removed in Item 10 – Other Financial Industry Activities and Affiliations of the brochure regarding the receipt of separate compensation by Northern Lights Distributors, LLC (“NLD”), CLS’s affiliated broker-dealer, as neither NLD nor its representatives receive any such compensation with respect to CLS’s clients.
- Language was removed in Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading of the brochure regarding the ability of CLS employees serving as registered representatives of NLD to effect securities transactions for separate compensation as CLS employees are not engaging in this practice for CLS clients.
- Language was revised in Item 12 – Brokerage Practices of the brochure to clarify the scope of NLD’s broker-dealer business activities, as well as to more fully describe CLS’s practices regarding best execution, affiliated fund trading, and soft dollar arrangements. The practices of CLS’s Best Execution Committee and Error Committee also were updated to reflect the current responsibilities of these committees.

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## Item 4      Advisory Business

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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 the late Patrick Clarke, co-founder of NorthStar.

Throughout this brochure, "we," "us" or "our" refers to CLS and "you" or "your" refers to the client or prospective client with whom we have entered into an agreement to provide our advisory services. As used in this brochure, "**Affiliated Funds**" refer to series of the AdvisorOne Funds trust, an open-end management investment company, commonly known as a "mutual fund", registered under the Investment Company Act of 1940 that are advised or managed by us and "**Sub-Advised Funds**" are mutual funds that are sub-advised by us. For more information regarding our **Affiliated Funds** and **Sub-Advised Funds**, please refer to Item 10.

We partner with unaffiliated investment advisers and work through their financial representatives to 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: 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 designed for you based on the management style selected by the Plan Sponsor of your qualified retirement plan. 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 limitations that you request us to follow in managing your assets.

Based on our analysis of your Client Profile, we will allocate your account based on 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 asset class segments return and 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 your Plan Sponsor.

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Your assets will be held at the qualified custodian selected by your Plan Sponsor. Your custodian maintains physical custody and the underlying records for the assets held in your account. We do 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.

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 deposit additional funds into your account, CLS may automatically invest these funds pursuant to your investment objectives unless you notify us otherwise. 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 to us by you or by your custodian. You must promptly submit to us in writing 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 client, you will be able to access our website at [www.clsinvest.com](http://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 available for strategies outside the Nationwide retirement platform. Under the wrap fee programs, investment advice and costs of trade executions are provided to clients for an all-inclusive wrap fee.

As of December 31, 2013, we managed approximately \$6,192,418,031 of client assets on a discretionary basis and no accounts were managed on a non-discretionary basis.

## Item 5 Fees and Compensation

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For our investment management services, we charge an advisory fee. As specified in your Investment Advisory Agreement, our advisory fee is determined on a daily basis and is billed in arrears on a quarterly basis, with adjustments made for partial quarters. Advisory fees will be deducted directly from your account.

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. 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

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custody agreement with your custodian as there may be custodial fees, transaction fees and other service fees charged to you by your custodian.

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. 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. 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. Additionally, upon our discontinuing the strategy you are invested in or a significant decrease in your account size and your inability to meet our account minimum for your current strategy, we reserve the right to re-assign your account, upon notice to you, to a more suitable CLS strategy provided that your account is still managed pursuant to your financial objectives, goals and risk tolerance.

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

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. 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

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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

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We provide investment advice to individuals, high net worth individuals, investment companies (including mutual funds), pension, retirement, educational savings and profit sharing plans (other than plan participants), other pooled investment vehicles, trusts, estates, 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. Exceptions to these minimums may be made in certain cases in our discretion.

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

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The Nationwide Financial 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. Recordkeeping 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 recordkeeping functions in administering this service.

For Nationwide Retirement Plans, we offer three different investment strategies each of which utilizes our Risk Budgeting management style. 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 benchmark. 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. Within the constraints of the risk budget you select, we actively seek to identify attractive market opportunities.

Certain of our strategies use investment options that are affiliated with CLS. "Affiliated Funds" are funds that we advise or manage. 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 an Affiliated Funds Strategy, up to one hundred percent (100%) 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. The credit is determined by taking the highest amount of all direct operating expenses of the Affiliated Funds that may be held in your account, including management fees received by us from the 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 for each strategy reflects this reduction, resulting in a “net” advisory fee charged to you.

## 1. AdvisorOne Funds Strategy

The AdvisorOne Funds Strategy uses risk budgeting to allocate your portfolio solely among Affiliated Funds according to your risk budget. Up to 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. The credit is determined by taking the highest amount of all direct operating expenses of the Affiliated Funds that may be held in your account, including management fees received by us from the 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>
1.50%

*\*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.)*

## 2. Individualized Account Management

The Individualized Account Management Strategy uses risk budgeting to diversify your portfolio among several different asset classes solely within the mutual fund families available through your retirement plan, 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. Under the Individualized Account Management Strategy, part of your assets may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of your advisory fee may be used by us to compensate these third party providers.

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%

### 3. AdvisorOne Hybrid Strategy (Formerly known as CPM)<sup>†</sup>

The AdvisorOne Hybrid Strategy uses risk budgeting and is offered utilizing a combination of Affiliated Funds and other investment options. Under this strategy, approximately 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. Because markets fluctuate and the exact allocation to our Affiliated Funds will fluctuate along with the market, we have disclosed our fees assuming the maximum percentage of Affiliated Funds we will hold in the portfolio. Your account will be rebalanced if your allocation to Affiliated Funds exceeds the target by 5%. The credit is determined by taking the highest amount of all direct operating expenses of the Affiliated Funds that may be held in your account (80%), including management fees received by us from the 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. 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 this strategy is:

<u>Flat Rate Annual Percentage*</u>
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 advisory fees stated above are negotiable and as a result, clients with similar assets may have differing fee schedules and pay different fees. Please refer to your plan paperwork for specific fee information pertaining to your plan account.

#### **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. CLS recommends this option to participants in retirement plans as a way to gradually decrease the risk to their retirement accounts as they approach retirement age. Please read your Client Profile carefully to ensure you have appropriately selected or opted out of this option on your account.



2. "Pre-Retirement Option" - For investors who are in a strategy that utilizes Affiliated Funds and 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, the Level Option will maintain your Risk Budget at a consistent level over time.

#### **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 ETFs. Although investing in mutual funds and ETFs generally involves less risk than investing in the securities of one issuer, investing in any securities, including mutual funds and ETFs, 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.

#### **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**

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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**

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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

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subsidiaries: NorthStar Holdings, LLC, Northern Lights Distributors, LLC, Orion Advisor Services, LLC, Gemini Fund Services, LLC, Gemini Alternative Funds, LLC, Gemini Hedge 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:

In some circumstances, NLD, a registered broker-dealer and FINRA member, 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.

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

Related Persons: The Saratoga Advantage Trust

Relationships and Arrangements with Related Persons:

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We also serve as the sub-advisor to the U.S. Government Money Market Portfolio, a series 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'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

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##### 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 "Advisers Act"). 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**

We may recommend **Affiliated Funds** to you. You are advised of the possible use of **Affiliated 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**.

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

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Some of our employees are licensed registered representatives of our affiliated broker-dealer, Northern Lights Distributors, LLC ("NLD"). As discussed in Item 10, NLD's securities business is primarily limited to mutual fund shares and variable insurance contracts; NLD does not serve as an introducing broker-dealer. Those licensed individuals may recommend NLD in this limited capacity 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.

To the extent that we are responsible for selecting the broker-dealer to effect transactions for your account, we seek to achieve best execution for client transactions such that the net proceeds to the client and the overall qualitative execution are the most favorable under the circumstances. In selecting a broker-dealer, we consider the full range and quality of the services offered by the broker-dealer, including, but not limited to, execution capabilities, the commission rate charged, the value of research provided, the ability to obtain volume discounts, the broker-dealer's financial responsibility and their responsiveness to us and our clients.

Whenever possible, client trades are aggregated or block traded. The process of aggregating client trades is done in order to achieve better execution, to negotiate more favorable commission rates and to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when trades are placed independently. Aggregated orders are allocated to clients according to the average price of the order. Under this procedure, we calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated

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transaction executed for the client's account. Additionally, CLS has established a trade rotation policy for trade instructions submitted to platform service providers.

Pursuant to your Plan documents, all custodial services and trading services for your account are provided through the Nationwide platform.

#### **TRADING FOR AFFILIATED FUNDS**

When placing trades for our Affiliated Funds, we are responsible for selecting the broker-dealers to effect portfolio transactions, the negotiation of commissions and the allocation of principal business and portfolio brokerage. CLS seeks to obtain quality execution at the most favorable prices through responsible broker-dealers. However, under certain conditions, an Affiliated Fund may pay higher brokerage commissions in return for brokerage and research services as discussed below. In selecting broker-dealers to execute an Affiliated Fund's portfolio transactions, consideration is given to such factors as the price of the security, the rate of the commission, the size and difficulty of the order, the reliability, integrity, financial condition, general execution and operational capabilities of competing brokers and dealers, their expertise in particular markets and the brokerage and research services they provide to CLS or the Affiliated Funds. It is not the policy of CLS to seek the lowest available commission rate where it is believed that a broker or dealer charging a higher commission rate would offer greater reliability or provide better price or execution. The trading practices and execution quality for the Affiliated Funds are reviewed by the Affiliated Funds' board of trustees on at least an annual basis.

#### **SOFT DOLLAR ARRANGEMENTS**

Consistent with Section 28(e) of the Securities Exchange Act of 1934 and subject at all times to our duty to seek to achieve best execution, some brokerage firms that we use to execute transactions may provide us with certain brokerage and research services. Brokerage services include various communication services related to the execution, clearing and settlement of transactions, such as access to client account data (trade confirmations and account statements); the ability to allocate aggregated trade orders for multiple client accounts; and research, pricing information and other market data. 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. We may have an incentive to select or recommend broker-dealers based on our interest in receiving the services or products which could differ from a client's interest in receiving most favorable execution. However, the products and services that we currently receive are not based on the amount of transactions directed or assets managed through a specific brokerage firm. Products and services received from brokerage firms are reviewed periodically to determine if the products or services are needed, whether such products or services provide legitimate assistance in the investment decision making process, and the reasonableness of the commissions paid in relation to the value of the products or services.

#### **BEST EXECUTION COMMITTEE**

We have a Best Execution Committee that meets on a quarterly basis to review our trade execution practices and to evaluate the full range and quality of broker-dealers used to execute transactions in

order to ensure our trading practices are appropriate. The Best Execution Committee is responsible for monitoring CLS's trading practices, gathering relevant information, periodically reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates, and overall brokerage relationships, among other things. The committee is comprised of our Chief Compliance Officer, Chief Investment Officer, President, and Director of Trading.

#### **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. If necessary, we will perform calculations to determine whether you have experienced a loss resulting from our error and we will reimburse you for any losses suffered. If you benefitted from the error, you will keep any resulting gains. If the same error results in both losses and gains to your account, we will offset the losses with the gains and will reimburse you in the event the losses exceed the gains. For losses suffered as a result of our error, generally, we will issue a check to you or your custodian or otherwise credit your account for the amount of loss. In certain circumstances, we may credit your next advisory fee invoice for the amount of the loss. 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.

#### **Item 13      Review of Accounts**

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A designated new account specialist reviews information submitted by each new prospective client prior to initial trading and clients are assigned a suitable risk budget based on their age or the responses submitted in their respective Client Profile. Our portfolio managers monitor the account positions for asset performance and analyze market return and risk factors on a daily basis. 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 investment management. Our portfolio managers are responsible for monitoring the investment company allocations on a daily basis.

For all investment services, factors that may affect portfolio weightings include changes in economic, fundamental, statistical, technical, or valuation factors as determined by the Chief Investment Officer and portfolio managers.

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. 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. We use this information as the primary reference for managing your account. You also have access to your account information at all times via our web site at [www.clsinvest.com](http://www.clsinvest.com) where you can view your investment objectives, investment policy statement and other important information regarding the management of your account.

Account reviews are 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

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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 other registered investment advisers and broker-dealers 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. Certain Solicitors may be invited to attend seminars and meetings hosted by CLS in which we will bear the full costs associated with Solicitor's attendance of such meetings. The purpose of these meetings will be to provide general market and industry information as well as information about CLS's advisory services.

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.** The referral fee paid by CLS may vary based on custodian and investment strategy so there may be an incentive for Solicitors to recommend one strategy or custodian over another. 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.

## Item 15      Custody

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We do not maintain physical 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. 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 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](http://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

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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, ETFs, 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, and 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

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### **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, in accordance with our policy, we or our designee will 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 or our designee 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.

CLS Investments, LLC  
Form ADV Part 2A  
March 31, 2014

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**

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Balance sheet for CLS as of December 31, 2013 is attached.

# CLS Investments, LLC

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

Balance Sheet as of December 31, 2013, 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, 2013 and the related notes to the balance sheet.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on this 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of CLS Investments, LLC as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

March 20, 2014

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

**BALANCE SHEET**  
**AS OF DECEMBER 31, 2013**

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**ASSETS**

ASSETS:

Cash	\$ 98,262
Receivables	3,240,822
Due from affiliate	1,252,044
Prepaid advisory fees expense	202,197
Fixed assets — net of accumulated depreciation of \$1,717,285	160,291
Goodwill	794,395
Other assets	<u>217,664</u>

TOTAL	<u>\$5,965,675</u>
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**LIABILITIES AND MEMBER'S EQUITY**

LIABILITIES:

Accounts payable and accrued expenses	\$3,182,986
Advisory fees payable	1,636,462
Unearned advisory fee revenue	287,737
Due to affiliate	<u>9,049</u>

Total liabilities	5,116,234
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COMMITMENTS AND CONTINGENCIES (See Note 4)

MEMBER'S EQUITY	<u>849,441</u>
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TOTAL	<u>\$5,965,675</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, 2013**

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**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 statement in accordance with accounting principles generally accepted in the United States of America.

**Estimates** — The preparation of the balance sheet 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 throughout the 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, 2013.

**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

**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.

## 2. FIXED ASSETS

Fixed assets at December 31, 2013, consisted of the following:

Computer equipment	\$ 1,539,162
Telephone equipment	14,949
Furniture and fixtures	<u>323,465</u>
	1,877,576
Less accumulated depreciation	<u>(1,717,285)</u>
	<u>\$ 160,291</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, 2013, and determined no impairment loss was required to be recognized in 2013.

## 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. There was not an outstanding balance at December 31, 2013.

The Company, along with NorthStar, Orion, and Gemini are named guarantors on a series of equipment financing notes, which are collateralized by assets of all the companies. The outstanding balance of \$6,038,329 is included on NorthStar’s consolidated balance sheet at December 31, 2013.

## **5. RELATED PARTY TRANSACTIONS**

NorthStar assesses each of its subsidiaries’ ratable share of certain overhead expenses. In addition, the Company is billed for time and products of the NorthStar marketing and internal audit divisions.

In the ordinary course of business, the Company may advance funds to NorthStar. The Company had a due from affiliate of \$1,252,044 at December 31, 2013, related to NorthStar.

NorthStar’s 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 \$525,857 to Constellation at December 31, 2013, included in the accompanying balance sheet under the caption of accounts payable and accrued expenses.

The Company pays Orion for operational support services.

The Company pays Northern Lights Distributors, LLC (NLD) (a wholly owned subsidiary of NorthStar) for service fees. The Company had a payable to NLD of \$9,049, at December 31, 2013, 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 PLAN**

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 20, 2014, 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.

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## Form ADV Part 2B: Brochure Supplement

March 31, 2014

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](http://www.adviserinfo.sec.gov).

### Item 1 Cover Page

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**Stephen A. Donahoe**

CLS Investments, LLC

17605 Wright Street, Omaha, Nebraska 68130

402-493-3313

March 31, 2014

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](http://www.adviserinfo.sec.gov).

### Item 2 Educational Background and Business Experience

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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

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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

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Currently, Mr. Donahoe is not involved in any other business activities that pertain to another investment-related business, or provide him with a substantial secondary income.

### Item 5 Additional Compensation

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In addition to his regular annual salary, Mr. Donahoe is also eligible to earn a target bonus percentage of his regular annual salary based on firm wide profitability goals, individual investment performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. 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

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Mr. Donahoe is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

### Item 1 Cover Page

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**Scott R. Kubie**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
402-493-3313  
March 31, 2014

This Brochure Supplement provides information about Scott R. Kubie 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. Kubie is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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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); Portfolio Manager and Investment Committee member with CLS (since (3/2001); Adjunct Professor, University of Nebraska at Omaha (2006-2012).

## Item 3 Disciplinary Information

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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

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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.

## Item 5 Additional Compensation

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In addition to his regular annual salary, Mr. Kubie is also eligible to earn a target bonus percentage of his regular annual salary based on firm wide profitability goals, individual investment performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. 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

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Mr. Kubie is supervised by Rusty Vanneman, Chief Investment Officer CLS, who may be reached at 402-493-3313.

## Item 1 Cover Page

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**Jennifer J. Schenkelberg**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
402-493-3313  
March 31, 2014

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](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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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

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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

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Currently, Ms. Schenkelberg is not involved in any other business activities that pertain to another investment-related business, or provide him with a substantial secondary income.

## Item 5 Additional Compensation

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In addition to her regular annual salary, Ms. Schenkelberg is also eligible to earn a target bonus percentage of his regular annual salary based on firm wide profitability goals, individual investment

performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. 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

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Ms. Schenkelberg is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

## Item 1 Cover Page

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**Paula Wieck**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
402-493-3313  
March 31, 2014

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](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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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

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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

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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

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In addition to her regular annual salary, Ms. Wieck is also eligible to earn a target bonus percentage of her regular annual salary based on firm wide profitability goals, individual investment performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. 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

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Ms. Wieck is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

### Item 1 Cover Page

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**Marc Pfeffer**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
866-811-0225  
March 31, 2014

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](http://www.adviserinfo.sec.gov).



## Item 2 Educational Background and Business Experience

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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).

## Item 3 Disciplinary Information

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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

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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

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In addition to his regular annual salary, Mr. Pfeffer is also eligible to earn a target bonus percentage of his regular annual salary based on individual investment performance and team investment performance. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Pfeffer does not receive additional compensation from any other source outside of CLS.

## Item 6 Supervision

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Mr. Pfeffer is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

## Item 1 Cover Page

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**Matt Santini**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
866-811-0225  
March 31, 2014

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](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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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).

## Item 3 Disciplinary Information

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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

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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

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In addition to his regular annual salary, Mr. Santini is also eligible to earn a target bonus percentage of his regular annual salary based on individual investment performance and team investment performance. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Santini does not receive additional compensation from any other source outside of CLS.

## Item 6 Supervision

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Mr. Santini is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

## Item 1 Cover Page

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**Rusty Vanneman**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
402-493-3313  
March 31, 2014

This Brochure Supplement provides information about Rusty Vanneman 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. Vanneman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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Mr. Vanneman was born in 1965. Mr. Vanneman received his Bachelor of Science degree in Management from Babson College in Wellesley, MA. Mr. Vanneman has over 20 years of investment research and management experience having worked previously with Kobren Insight Management, E\*TRADE Financial, Fidelity Management and Research's Strategic Advisors, and Thomson Financial.

Business Background for the preceding five years: Chief Investment Officer with CLS (since 9/2012); Chief Investment Officer with Kobren Insight Management (from 9/2008 to 3/2012); Director of Research/Portfolio Manager with Kobren Insight Management (1/2001 to 9/2008).

## Item 3 Disciplinary Information

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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. Vanneman.

## Item 4 Other Business Activities

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Mr. Vanneman 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. Vanneman receives no additional compensation from NLD. Mr. Vanneman is also a member of the Nebraska Angels and NMotion organizations. Both organizations are charitable investment organizations which connect investors with entrepreneurs. Mr. Vanneman does not receive compensation from either of these activities.

## Item 5 Additional Compensation

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In addition to his regular annual salary, Mr. Vanneman is also eligible to earn a target bonus percentage of his regular annual salary based on firm wide profitability goals, individual investment performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Vanneman does not receive additional compensation from any other source outside of CLS.

## Item 6 Supervision

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Mr. Vanneman is supervised by Todd Clarke, Chief Executive Officer of CLS, who may be reached at 402-493-3313.

## Item 1 Cover Page

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**Grant Engelbart**  
CLS Investments, LLC  
17605 Wright Street, Omaha, Nebraska 68130  
402-493-3313  
March 31, 2014

This Brochure Supplement provides information about Grant Engelbart 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. Engelbart is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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Mr. Engelbart was born in 1987. After high school, Mr. Engelbart received his Bachelor of Science degree in Business Administration with an emphasis in Finance from the University of Nebraska at Lincoln. Mr. Engelbart 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 12/2013); Research/Portfolio Analyst with CLS (from 6/2012 to 12/2013); Project Manager with CLS (5/2011 to 6/2012); Portfolio Administrator with CLS (from 7/2010 to 5/2011); Trading Specialist with CLS (from 11/2009 to 7/2010). Prior to joining CLS, Mr. Engelbart served as a Mutual Fund Accountant for State Street Corporation (7/2009 to 11/2009).

### Item 3 Disciplinary Information

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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. Engelbart.

### Item 4 Other Business Activities

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

### Item 5 Additional Compensation

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In addition to his regular annual salary, Mr. Engelbart is also eligible to earn a target bonus percentage of his regular annual salary based on firm wide profitability goals, individual investment performance, and team investment performance. Regarding firm wide profitability goals, CLS management sets a quarterly net income target for CLS and a quarterly target bonus percentage for each Portfolio Manager that would be received if the quarterly net income target is achieved. To the extent the quarterly net income target falls below the targeted level, the Portfolio Manager's target bonus percentage would be reduced proportionately. Regarding investment performance, the bonus is determined by how well the Portfolio Manager and the team perform versus risk-budgeted benchmarks. The bonus is determined and payable, if applicable, on a quarterly basis. Mr. Engelbart does not receive additional compensation from any other source outside of CLS.

### Item 6 Supervision

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Mr. Engelbart is supervised by Rusty Vanneman, Chief Investment Officer of CLS, who may be reached at 402-493-3313.

The CLS personnel listed above (with the exception of Marc Pfeffer and Matt Santini) 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](http://www.cfainstitute.org).