

Lattice Strategies LLC
Form ADV Part 2A
March 30, 2015

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This brochure provides information about the qualifications and business practices of Lattice Strategies LLC. If you have any questions about the contents of this brochure, please contact us via phone at 415-508-3400 or via email at info@latticestrategies.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Lattice Strategies LLC is an SEC registered investment adviser; registration alone does not imply a certain level of skill or training. Additional information about Lattice Strategies LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes for March 30, 2015

Lattice Strategies LLC is providing this information as part of our annual updating amendment. This section discusses only material changes since the last annual update which was made on March 30, 2014.

- A. Lattice began serving as investment adviser to exchange traded funds under the Lattice Strategies Trust ("Lattice ETFs") in 2015. Lattice develops the investment strategy in the form of indexes, and sponsors and oversees the management of these funds. However, the day to day index calculation is conducted by Solactive AG and the day to day investment management is done by Mellon Capital Management, acting as subadvisor.
- B. Lattice may use Lattice ETFs in its separately managed accounts when aligned with a client's objectives. In order to manage a potential conflict of interest inherent to having two layers of Lattice fees (account level and ETF level), Lattice does not apply account level fees for separately managed account services on separate account assets that are invested in Lattice ETFs. These assets are subtracted from total account AUM prior to fee calculation.

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Item 4: Advisory Business

Lattice Strategies LLC ("Lattice") is an SEC registered investment adviser. The firm was founded in 2003 by Theodore Lucas. The largest owners of the firm are Theodore Lucas, Live Oak Ventures LLC, and Radar Partners II LP, with no single owner holding more than 25%.

Lattice provides investment management services on a discretionary basis to separately managed accounts. These services consist of managing portfolios composed of securities, investment funds, and other financial instruments.

Lattice offers a range of investment portfolios that are designed to be resilient across a variety of market conditions. Each client, in collaboration with Lattice (and, in many cases, a client's designated financial adviser), can choose an appropriate investment portfolio based on the client's individual needs, risk preferences, and objectives. Clients typically cannot impose restrictions on investing in certain securities or types of securities within our standard portfolios.

Many of Lattice's investment portfolio models are also delivered to model management platforms (e.g., Envestnet) and applied to separately managed accounts on these platforms.

Lattice is also the investment adviser to exchange traded funds under the Lattice Strategies Trust ("Lattice ETFs"). Lattice develops the investment strategy in the form of indexes, and sponsors and oversees the management of these funds. However, the day to day index calculation is conducted by Solactive AG and the day to day investment management is done by Mellon Capital Management, acting as subadvisor.

Lattice may use Lattice ETFs in its separately managed account strategies when aligned with a client's objectives.

Lattice also provides investment management services where it provides advice on the development and maintenance of indices, which are used by third parties to manage exchange traded funds. Lattice has provided these services to Vident Financial, LLC, for the development and maintenance of the Vident International Equity Index, the Vident Core US Equity Index, and the Vident Core U.S. Bond Strategy Index. These indices were licensed by Vident in the creation of exchange traded funds.

As of February 28, 2015, Lattice managed approximately \$300 million in discretionary assets. With the addition of assets on the Envestnet model management platform using Lattice models and assets held in Exchange Traded Funds using indices co-developed by Lattice, \$1.8 billion used strategies developed by Lattice.

Item 5: Fees & Compensation

Lattice charges a management fee for separate accounts that it is engaged to manage, dependent on the strategy employed and the market value of assets under management in the account. The standard fee schedule for services on a discretionary basis is:

Investment Strategy	Account Level Annual Fee (bps)
<u>Lattice Liquid Endowment Series:</u> Lattice Endowment Strategy – Defensive Lattice Endowment Strategy – Balanced Lattice Endowment Strategy – Growth <u>Lattice Liquid Alternatives Series</u> Lattice Defensive Alternatives Strategy Lattice Directional Long/Short Strategy	75
<u>Lattice Income Series</u> Lattice Diversified Income Strategy Lattice Diversified Income + Growth Strategy Lattice Retirement Income Strategy	50 60 60

Lattice does not accept compensation for the sale of securities or other investment products (e.g., asset-based sales charges or services fees from the sale of mutual funds).

Lattice ETFs do not charge a sales fee; however, an investment in Lattice ETFs would be subject to the ongoing fund expense ratio. In order to manage a potential conflict of interest inherent to having two layers of Lattice fees, Lattice does not apply account level fees for separately managed account services on separate account assets that are invested in Lattice ETFs. These assets are subtracted from total account AUM prior to fee calculation.

Lattice may negotiate different fees with a particular client that reflect special circumstances relating to that client, including, but not limited to, the size of the client's account and the client's relationship with Lattice. Currently, Lattice has lower, negotiated fee agreements for advisers with significant assets, Lattice employees, and Lattice equity owners and their affiliated parties.

Lattice will bill either clients or clients' advisers for fees incurred. These fees are typically calculated and deducted from client assets quarterly in arrears.

Some clients have agreed to pay fees in advance, per their investment advisory agreement. If an advisory agreement is terminated before the end of a billing period, and a fee has been prepaid, Lattice will refund a portion of the prepaid fee, prorated for the time remaining in the billing period.

For client accounts receiving portfolio management advice where Lattice does not provide investment management services on a discretionary basis, Lattice charges a negotiated fee based on, among other things, the nature and scope of the services provided by Lattice.

Client accounts will incur and be responsible for brokerage and transaction fees in addition to the management fees paid to Lattice. These fees are incurred on a per transaction basis for most Lattice-managed accounts. Some mutual funds may have early withdrawal penalties if shares are not held for minimum holding periods. For more information on brokerage practices, please see Item 12.

For Lattice ETFs, the funds are charged expense ratios as stated in the table below. This fee is accrued daily by State Street, the fund's administrator, and paid to Lattice monthly. This is treated as a unitary fee, and so trust and fund operating expenses are included in this expense ratio.

Fund	Fund Expense Ratio (bps)
Lattice Equity Series	
Lattice Emerging Markets Strategy ETF	65
Lattice Developed Markets (ex-US) Strategy ETF	50
Lattice US Equity Strategy ETF	35
Lattice Global Small Cap Strategy ETF	60
<i>Lattice ETFs have a unitary fee structure. The expense ratio covers typical fund and trust operating costs, in addition to fees to Lattice for investment management.</i>	

Item 6: Performance Fees & Side-by-Side Management

Lattice does not charge any performance based fees.

Item 7: Types of Clients

Lattice provides investment advice primarily to investment advisers, trusts, foundations, individuals, and funds. Our clients include both US taxable and non-taxable entities.

Lattice serves as the investment adviser to Lattice Strategies Trust, which includes multiple exchange traded funds. These funds are investment companies organized under the Investment Company Act of 1940.

For Lattice's separate account strategies, the minimum asset size for new client and advisor relationships is \$5 million. Some advisor relationships may include individual accounts as low as \$500,000. Exceptions to these minimums are rarely made, and only in special circumstances.

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

Lattice utilizes proprietary investment analyses and allocation methodologies. Risk management methodologies are utilized to manage market risk, portfolio risk, tax risk, cost risk, liquidity risk, and structural risk.

Lattice portfolio managers create a variety of model portfolios in conjunction with the research team. The principal model portfolios include:

Lattice Liquid Endowment Series:

Lattice Endowment Strategy – Defensive
Lattice Endowment Strategy – Balanced
Lattice Endowment Strategy – Growth

Lattice Liquid Alternatives Series

Lattice Defensive Alternatives Strategy
Lattice Directional Long/Short Strategy

Lattice Income Series

Lattice Diversified Income Strategy
Lattice Diversified Income + Growth Strategy
Lattice Retirement Income Strategy

Lattice Endowment Series portfolios include investments from virtually every liquid asset class to provide broad diversification. Lattice Liquid Alternatives Series, and Lattice Income Series portfolios include investments from a diverse array of investments within each strategy's respective focus area.

Lattice reviews and adjusts the weights of these models at least quarterly.

The portfolio managers and research team also develop methodologies for model portfolio application, including trading. Lattice investment strategies typically do not involve frequent trading. In more volatile periods, trading frequency may increase in order to rebalance portfolios and harvest tax losses. In these cases, Lattice will assess the benefit of each trade, net of transaction costs, prior to the trade. In addition, frequent client-directed changes in strategy, including frequent account inflows and outflows, may result in more frequent trading that may affect investment performance, particularly through increased brokerage costs, other transaction costs, and tax impact.

Lattice also uses its proprietary investment, allocation, and risk management methodologies to create indexes that are applied to Lattice sponsored ETFs. At this time, Lattice ETFs have diverse underlying investments in different segments of equities. The ETFs are listed below.

Lattice Equity Series

Lattice Emerging Markets Strategy ETF
Lattice Developed Markets (ex-US) Strategy ETF
Lattice US Equity Strategy ETF
Lattice Global Small Cap Strategy ETF

The indexes are composed of underlying equities that reconstitute the index annually and rebalance the index semi-annually.

Investing in exchange traded funds (“ETFs”) and mutual funds, as with all securities, involves the risk of loss, and clients should be prepared to bear these losses. Like stocks, they generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of an ETF or mutual fund may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry. Perhaps the most significant risk associated with these instruments is market risk. This risk is defined by the day to day fluctuations associated with any portfolio and defined by the perception of investors. Market risks include, but are not limited to: fiscal and monetary policy decisions, general economic conditions, geopolitical uncertainty, inflation or deflation concerns, commodity price fluctuations, and currency valuations.

The ETFs and mutual funds in Lattice portfolios may also hold bonds. Bonds have two main sources of risk: Interest rate risk and credit risk. Interest rate risk is the risk that a rise in interest rates will cause the price of a debt security held by the fund to fall. Securities with longer maturities typically suffer greater declines than those with shorter maturities. Mortgage-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments and rising rates can lead to decreased prepayments and greater volatility. Credit risk is the risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing income distributions and market values. This risk is increased when a security is downgraded or the perceived creditworthiness of the issuer deteriorates.

Lattice believes that many of these risks, while certainly not eliminated, are reduced by the diversification found in the ETFs and mutual funds in which it invests, as well as its overall asset allocation.

Item 9: Disciplinary Information

Lattice is not aware of any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Certain Lattice employees are currently registered representatives of ALPS Distributors, Inc., a broker-dealer, for the sole purpose of the distribution of Lattice ETFs. None of these individuals receive commissions, bonuses, or other compensation based on the sales of securities or other investment products. See Form ADV Part 2B for more detail on these employees.

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

All Lattice employees must follow a written Code of Ethics. This Code of Ethics addresses:

- Personal securities transactions
- Client confidentiality (See Item 20 for more information)
- Compliance with federal securities laws and other laws and regulations

Information on our Code of Ethics is available upon request.

Lattice's principals, directors, officers, and employees ("Access Persons") may buy, sell or hold, for their own personal trading accounts, securities that Lattice also may buy, sell or hold for clients. Lattice has established a personal account trading policy and procedures to monitor personal trading. In certain circumstances, Lattice may restrict trading by its Access Persons if either (i) Lattice is or may be in possession of material nonpublic information or (ii) if such trading may affect client transactions. In order to mitigate a conflict, Lattice maintains a restricted list. Employees are to refrain from trading names on this list, and exceptions must be pre-cleared by the Chief Compliance Officer. Pre-clearance is also required for all initial public offering and private investment transactions.

All Access Persons must file initial and annual holdings reports and quarterly transaction reports with respect to all "reportable securities" to which they have or acquire any beneficial interest. "Reportable securities" include all equity and debt securities other than certain mutual fund securities, government obligations and cash equivalents.

Item 12: Brokerage Practices

Lattice has the authority to choose the broker-dealers for execution of, and the commissions paid in connection with client securities transactions. Lattice attempts to obtain best execution for its clients' trades. "Best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker-dealer will provide best execution, Lattice considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker-dealer's willingness to commit capital; the broker-dealer's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; and the market for the security.

Lattice will use its best efforts to obtain the most favorable rates for the client's account based on the size and anticipated trading activity in the account. Lattice is not required to select the broker-dealer that charges the lowest transaction cost, even if that broker-dealer provides execution quality comparable to other broker-dealers. Lattice expects at times to pay more than the lowest transaction cost available in order to obtain for itself and/or its clients services and products other than securities transaction execution. Lattice will periodically evaluate and prioritize each of these factors, to assess broker-dealers' performance and to determine broker-dealer selection. Lattice creates and maintains a list of approved brokers who meet its threshold criteria for eligibility. Lattice does not allow clients to direct brokerage.

At present, Lattice does not participate in any soft dollar programs. We do not receive any research or client referrals in exchange for brokerage commissions (or markups on brokerage commissions).

Lattice will aggregate brokerage orders for its clients rather than execute individual transactions for each account. We will then allocate the securities purchased or sold among the accounts, so long as all accounts participating are treated fairly. For purposes of this policy, "treated fairly" means that the clients receive the best execution under the circumstances and that no client is intentionally favored over another. This aggregation typically takes place on a daily basis, and aggregations typically occur across each custodian or platform. Discretionary separate accounts are not aggregated with model management accounts. We make changes to each investment model concurrently across discretionary separate accounts and model management accounts, but model management trading is executed by the model management platform. We have assessed that neither account type is favored over another during this process.

To resolve potential conflicts of interest, Lattice will allocate transactions and opportunities among its various clients in a manner it believes to be as equitable as possible. In doing so, Lattice will consider each client's objectives, programs, limitations, and capital available for investment. However, all clients may not necessarily invest in the same securities. These transactions may differ in substance, timing, and amount, due to differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities or to limitations on the availability of particular investment or transactional opportunities.

Item 13: Review of Accounts

Lattice's Portfolio Management Team applies pre-determined model portfolios to client accounts, based on a client's individual needs, risk preferences and objectives. The Director of Portfolio Management and the Managing Director review all client accounts at least monthly, but such reviews may occur more frequently depending on market conditions.

The Portfolio Management Team downloads and reconciles positions from custodians daily. The team periodically creates reports from these position summaries. The Director of the team is responsible for preparing and reviewing these reports. The Director may recommend action based on pre-determined methodologies for model portfolio application. A sampling of these reports are reviewed by the Managing Partner or a Managing Director for subsequent review. The models and methods used by the Portfolio Management Team are developed and monitored by Lattice's Investment Committee.

Lattice provides written reports to all direct separate account clients and most adviser separate account clients on a quarterly basis. These reports include information on asset allocation, account value and performance.

For certain relationships, Lattice works with model-management platforms. Lattice provides investment strategy models (securities, weights, drift tolerances, etc.) to the platform on at least a quarterly, if not more frequent basis. The platform is then responsible for monitoring and trading the underlying accounts, including making adjustments for cash flows. In between model updates, Lattice's Portfolio Management Team periodically monitors a sampling of

accounts for adherence to the investment strategy, and would intervene as necessary. This configuration only applies to clients who have a direct, contractual relationship with the model-management platform.

Where Lattice is the adviser to exchange traded funds, Lattice has appointed a subadvisor to manage the day to day portfolio management of the funds. Lattice develops and provides the index to the subadvisor. The Lattice Index Committee and other Lattice research staff are responsible for monitoring the activity of the subadvisor. Lattice provides written reports to the Board of Trustees of the ETFs on a quarterly basis.

Item 14: Client Referrals and Other Compensation

Lattice does not have any referral agreements with other entities.

Item 15: Custody

Clients receive account statements directly from qualified custodians (e.g., Schwab, Fidelity) at least quarterly. Most clients also receive a report directly from Lattice at least quarterly. Lattice urges its clients to compare the Lattice generated account statements with those from the qualified custodian.

Item 16: Investment Discretion

Lattice accepts discretionary authority to manage securities accounts on behalf of clients. Clients must sign an investment advisory agreement, as well as complete relevant documentation with a qualified custodian. This agreement gives Lattice the authority, without obtaining specific client consent, to determine the types and amounts of securities to be bought or sold. Lattice is also permitted to deduct its advisory fees directly from client accounts.

Item 17: Voting Client Securities

Lattice treats voting rights of securities held in its clients' portfolios in a manner consistent with what it believes to be in its clients' best interests. In the case of Lattice's separate account business, Lattice first determines whether it is in the Clients' best interest for Lattice to exercise the clients' voting rights with respect to specific securities. If Lattice determines that it is appropriate to exercise voting rights in a particular instance, the matters on which a vote is solicited will be evaluated in light of the clients' investment objectives for the security. Since Lattice invests primarily in exchange traded funds and mutual funds rather than individual securities, it is likely to exercise voting rights only in rare instances when material to the overall account.

In the rare event Lattice is voting proxies and a material conflict is present, Lattice may take the following approaches to mitigate such conflicts:

- Have an independent third party vote;
- Obtain client recommendation; or
- Refrain from voting altogether.

In the case of Lattice's ETF business, proxy voting has been delegated to the subadvisor, Mellon Capital Management.

Lattice's proxy voting policy and procedures, together with information concerning Lattice's proxy votes on their behalf, are available to clients, without charge, upon request.

Item 18: Financial Information

Lattice is not required to disclose financial statements in this Brochure. At present, Lattice is not aware of any financial condition that would likely impair our ability to meet contractual commitments to our clients.

Lattice has not been the subject of a bankruptcy petition at any time during the past 10 years.

Item 19: Business Continuity Plan

Lattice has a business continuity plan in place. The firm periodically tests critical aspects of its plan, and also regularly looks to make improvements. Please contact a firm representative if you would like more information on the plan.

Item 20: Privacy Policy

Lattice is committed to protecting your privacy and maintaining the confidentiality and security of your personal information. This Privacy Policy explains the manner in which Lattice collects, utilizes and maintains nonpublic personal information about its clients, as required under U.S. federal law. This Privacy Policy applies only to products and services provided by Lattice to individuals (including regarding investments in funds) and which are used for personal, family, or household purposes (not business purposes). The same Privacy Policy applies to former clients.

Collection of Client Information

Lattice collects personal information about its clients from the following sources:

1. Investment management agreements and other information provided by the Investor in writing, in person, by telephone, electronically or by any other means. This information includes name, address, employment information, and financial and investment qualifications
2. Transactions including account balances, investments, withdrawals/redemptions and fees
3. Other interactions with Lattice (for example, discussions with our staff)
4. Verification services and consumer reporting agencies, including an client's creditworthiness or credit history (Lattice generally does not use these services)

Disclosure of Nonpublic Personal Information

Lattice may share nonpublic personal information about its clients or potential investors with affiliates, as permitted by law. Lattice does not disclose nonpublic personal information about its clients or potential clients to nonaffiliated third parties, except as permitted by law (for example, to service providers who provide services to the client or the client's account).

Lattice may share nonpublic personal information, without a client's consent, with affiliated and nonaffiliated parties in the following situations, among others:

1. To respond to a subpoena or court order, judicial process or regulatory inquiry
2. In connection with a proposed or actual sale, merger, or transfer of all or a portion of its business
3. To protect or defend against fraud, unauthorized transactions (such as money laundering), law suits, claims or other liabilities
4. To service providers of Lattice in connection with the administration and operations of Lattice and other Lattice products and services, which may include brokers, attorneys, accountants, auditors, administrators, technology providers or other professionals
5. To assist Lattice in offering Lattice affiliated products and services to its clients
6. To process or complete transactions requested by a client

Protection of Investor Information

Lattice maintains physical, electronic and procedural safeguards that comply with federal standards to protect customer information. Lattice restricts access to the personal and account information of clients to those employees who need to know that information in the course of their job responsibilities.

Lattice reserves the right to change this Privacy Policy at any time. The examples contained within this Policy are illustrations and are not intended to be exclusive. This Policy complies with U.S. federal law regarding its subject matter. You may have additional rights under other foreign or domestic laws that may apply to you. If you have any questions about this Privacy Policy, please call us at 415-508-3400.