

# CLS Legacy Programs

## BROCHURE

### **Brinker Capital Investments, LLC**

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This Brochure provides information about the qualifications and business practices of Brinker Capital Investments, LLC ("Brinker") relating to the CLS Legacy Programs (as defined herein). If you have any questions about the contents of this Brochure, please contact us at (888) 455-4244.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Brinker is a registered investment adviser. Investment adviser registration does not imply a certain level of skill or training. Additional information about Brinker is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about those individuals who are registered as investment adviser representatives of Brinker.

**March 31, 2021**

## Item 2      Material Changes

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On March 30, 2020, Brinker (formerly known as CLS Investments, LLC) filed its last annual update to its Form ADV, Part 2A (the "CLS Brochure"), which provided information related solely to investment programs and services offered by CLS Investments, LLC, prior to the Change of Control Transaction described below ("CLS Legacy Programs"). This summary of material changes is designed to make clients aware of information that has changed since the CLS Brochure's last annual update and that may be important to them.

### **Change of Ownership and Merger with Brinker Capital Inc.**

Prior to the transaction described below, Brinker operated as CLS Investments, LLC ("CLS") and was a subsidiary of Orion Advisor Solutions, LLC ("OAS"). CLS and its OAS affiliates were majority owned by an investment entity controlled and managed by TA Associates Management, L.P. and its affiliates ("TA Associates"). On September 24, 2020, CLS (and its OAS affiliates) and Brinker Capital, Inc. ("BCI") were acquired by Orion Advisor Solutions, Inc. ("Orion"), a newly formed company controlled by funds affiliated with Genstar Capital Partners LLC and TA Associates (the "Change of Control Transaction"). Prior to the Change of Control Transaction, BCI was an unaffiliated registered investment adviser, wholly-owned by Brinker Capital Holdings, Inc., whose principal owner was Irwin Charles Widger.

Immediately following the Change of Control Transaction, BCI merged into CLS, and the combined entity changed its name to Brinker Capital Investments, LLC, a Nebraska limited liability company. Brinker intends to integrate the BCI and CLS legacy businesses over time, but expects to operate them independently until such integration is complete. Until such integration is complete, Brinker intends to operate the BCI legacy business and CLS legacy business as separate divisions (respectively, the "Brinker Division" and the "CLS Division"). This Brochure includes information regarding the investment programs offered and operated by the CLS Division ("CLS Legacy Programs"). A separate brochure that describes the BCI Division is available on Brinker's website: [www.brinkercapitalinvestments.com](http://www.brinkercapitalinvestments.com). References to "CLS" in this Brochure refer to the CLS Legacy Programs, as operated through the CLS Division immediately following the Change of Control Transaction. References to "Brinker" in this Brochure include the legacy operations of BCI, as operated through the Brinker Division immediately following the Change of Control.

Additional material changes:

- Addition of the Destinations Funds as investments under the AdvisorOne Programs with accompanying fee schedules.
- Addition of Item 10 of two new affiliates: Focus Orion Solutions and Hidden Levers which will offer additional services to financial advisors.
- Updated Proxy Voting Policy under Item 17 to state that effective April 15, 2021 each client authorizes Brinker to appoint the various portfolio managers who have discretionary trading authority, to vote proxies for securities held in the client's account with such manager.
- Updated Trade Error Policy under Item 12 to reflect the error correction timeline and process.

### Item 3 – Table of Contents

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#### Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	8
Item 6 – Performance-Based Fees and Side-By-Side Management .....	15
Item 7 – Types of Clients .....	16
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	17
Item 9 – Disciplinary Information.....	31
Item 10 – Other Financial Industry Activities and Affiliations.....	32
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	34
Item 12 – Brokerage Practices .....	36
Item 13 – Review of Accounts .....	39
Item 14 – Client Referrals and Other Compensation.....	40
Item 15 – Custody .....	42
Item 16 – Investment Discretion.....	43
Item 17 – Voting Client Securities .....	44
Item 18 – Financial Information.....	45
APPENDIX I .....	46

#### Item 4      **Advisory Business**

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Brinker Capital Investments, LLC, ("Brinker"), a Nebraska limited liability company, was founded as CLS Investments, LLC ("CLS") in Omaha, Nebraska in 1989. Prior to September 24, 2020, CLS was a subsidiary of Orion Advisor Solutions, LLC ("OAS"), CLS and its OAS affiliates were majority owned by an investment entity controlled and managed by TA Associates Management, L.P and its affiliates ("TA Associates"). On September 24, 2020, CLS (and its OAS affiliates) and Brinker Capital, Inc. ("BCI") were acquired by Orion Advisor Solutions, Inc. ("Orion"), a newly formed company controlled by funds affiliated with Genstar Capital Partners LLC and TA Associates (the "Change of Control Transaction"). BCI was an unaffiliated registered investment adviser, wholly-owned by Brinker Capital Holdings, Inc., whose principal owner was Irwin Charles Widger.

Immediately following the Change of Control Transaction, BCI merged into CLS, and the combined entity changed its name to Brinker Capital Investments, LLC, a Nebraska limited liability company.

As a result of the merger with BCI, Brinker (as the surviving entity) succeeded to the business of BCI. Brinker intends to integrate the BCI and CLS legacy businesses over time, but expects to operate them independently as separate divisions until such integration is complete. This Brochure includes information regarding the programs and services offered by the CLS Division. A separate brochure that describes the BCI Division is available on Brinker's website: [www.brinkercapitalinvestments.com](http://www.brinkercapitalinvestments.com).

Throughout this brochure, "we," "us" or "our" refers to Brinker's CLS Division and "you" or "your" refers to the client or prospective client with whom we have entered into an agreement to provide our advisory services. CLS furnishes or arranges for investment management and supervisory services to meet the individual needs of its clients. A more detailed description of the services CLS provides to its clients can be found under the heading "**Advisory Services**" below.

As used in this brochure, "**Affiliated Funds**" refer to each 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. For more information regarding our **Affiliated Funds**, please refer to **Item 10**.

##### *Advisory Services*

We provide investment advice to individuals, pension, retirement, educational savings and profit sharing plans, endowments, other pooled investment vehicles, trusts, estates, charitable organizations, corporations or other business entities, and state or municipal government entities. Our investment management services are available directly at CLS through accounts maintained at a qualified custodian ("Direct Client"), through employer sponsored retirement plans, and on select platforms. We also serve as an investment adviser to mutual funds.

## Advisory Services for Direct Clients

### ***Investment Management***

We primarily provide investment management by partnering with unaffiliated investment advisers and working through their financial representatives ("Financial Advisors") to offer investment strategies for clients who wish to utilize our services. We also offer certain investment management services directly to certain clients. We tailor an investment portfolio designed for you based on the management strategy you select. The process begins when you work with your Financial Advisor to fill out a Client Profile and Investment Advisory Agreement and select your appropriate strategy. The Client Profile will help you to clarify your financial objectives and goals and establish your tolerance to risk. The Client Profile is used as the primary reference for managing your portfolio. You can also indicate any special instructions or limitations that you request us to follow in managing your assets.

Each investment strategy gives us discretion to provide continuous investment advice based on your individual objectives and needs. We utilize various security products including: exchange traded funds ("ETFs"), mutual funds, bonds, equities and/or other securities in association with the investment strategy selected by you. For a description of the management style and products utilized for each strategy, please see Item 8.

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 in accordance with your strategy and objectives by using the various investment choices available under the strategy selected by you.

To help us provide accurate and timely management of your invested assets, we ask that you establish a custodial account with a designated custodian. Your custodian maintains physical custody and the underlying records for the assets held in your account. Your assets can be held at a number of qualified custodians, including a bank or savings association, a broker/dealer or an independent custodian selected by you. You will be solely responsible for paying all the fees and charges of the custodian as stated in your agreement with your custodian. We do not serve as the custodian for your managed assets; however, we do have an affiliated custodian, Constellation Trust Company ("CTC"). In order to facilitate our management services, we have entered into an agreement with CTC to waive some of their customary charges; however, you are under no obligation to select CTC as your custodian and you are free to select any of the custodians we are able to work with.

You can, 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 might 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 also promptly submit to us in writing any changes to your Client Profile, or any changes to any information you have provided to us regarding the management of your assets. Alternatively, upon providing evidence of a validly executed limited power of attorney, your Financial Advisor can submit non-material changes on your behalf.

Maintaining proper records and documentation regarding your account is important to us. As a client, you are able to access our website at [www.clsinvest.com](http://www.clsinvest.com) and view your account information. General information for 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.

#### **B.A. AutoPilot**

AutoPilot is an online automated asset management platform that utilizes CLS's Investment Management service. Through a partnership with Riskalyze, Inc. ("Riskalyze"), CLS offers AutoPilot to utilize our services through your Financial Advisor. To begin, your Financial Advisor will direct you to a website where you can complete a risk tolerance questionnaire through Riskalyze. CLS then relies on your responses to the Riskalyze questionnaire to invest your account in a CLS strategy in accordance with your risk tolerance and financial objectives.

#### **Advisory Services for Retirement Plans**

Through our (k)Star Retirement Solutions program we provide investment management services to retirement plan sponsors for the benefit of individual participants in retirement plans. By partnering with unaffiliated investment advisers and various third-party administrators and record keepers, we provide investment management services designed for retirement plans that are trustee directed and/or permit plan participants the ability to self-direct their own investments and select customized professional investment management of their individual plan assets. Through this program, CLS works with both defined contribution plans and defined benefit plans.

#### **Other Advisory Services**

CLS also provides discretionary and non-discretionary investment advisory services, which are tailored to your individual needs. Pursuant to written agreements, CLS provides recommendations and investment advice regarding investment strategies to educational savings plans and to individual clients through brokerage platforms, model portfolio holdings and/or weighting and other information regarding the construction and maintenance of portfolios, and advice concerning the submission of trades on behalf of certain client portfolios pursuant to written agreements with other investment management firms, clients, or others.

#### **Wrap Fee Program**

In addition to the advisory business described above, we also participate in wrap fee programs that are described in more detail in **Item 8** below. Under the wrap fee programs, investment advice and costs of trade executions are provided to clients for an all-inclusive wrap fee. This means that under wrap fee programs, we pay the trading costs out of the advisory fee that we receive from you. The wrap fee program is limited to specific strategies and is only available at select custodians.

#### **Model Portfolios through Investment Platforms**

CLS makes model portfolios available through investment platforms where CLS does not always enter into an advisory agreement with the investor (however, under some arrangements, the client enters into an agreement with CLS). Certain model portfolios and strategies are available through a wrap fee program sponsored by the investment platform provider.

For certain models, CLS utilizes ETFs that are unaffiliated with CLS and does not charge a strategist fee to the individuals who invest in the model portfolios. For these model portfolios, the ETFs utilized within the models are limited to certain ETF providers. The providers whose ETFs are utilized in these models pay CLS a fee in exchange for inclusion in these models. There is a potential conflict because the ETFs utilized by CLS in these models are limited to the providers who pay CLS for inclusion in the

program and the fees received by CLS vary based upon the ETFs utilized within the models. Additionally, each ETF provider may expect that a portion of the total assets in the model portfolios be allocated to their ETFs. To mitigate the conflicts, CLS selects funds from the ETF providers that participate in the program based upon the model's investment objectives and our Risk Budgeting methodology and not based upon any other factor. Please note, this program is limited to certain third-party platforms and is separate from CLS's other services described herein.

#### **DESTINATIONS PROGRAM**

Brinker serves as the investment adviser for each series of the Brinker Capital Destinations Trust, a registered investment company currently comprising ten separate mutual funds "Destinations Large Cap Equity Fund," "Destinations Multi Strategy Alternatives Fund," "Destinations Small-Mid Cap Equity Fund," "Destinations International Equity Fund," "Destinations Equity Income Fund," "Destinations Real Assets Fund," "Destinations Core Fixed Income Fund," "Destinations Low Duration Fixed Income Fund," "Destinations Global Fixed Income Opportunities Fund" and "Destinations Municipal Fixed Income Fund" (each, a "Destinations Fund" and collectively, the "Destinations Funds"). Each Destinations Fund employs a manager-of-managers structure, whereby Brinker selects and oversees professional third-party investment managers (each, a "sub-adviser"), who are responsible for investing the assets allocated to them. Brinker may also allocate a portion of a Destinations Fund's assets to ETF and mutual fund investment strategies. Each Destinations Fund is offered by its prospectus only. The prospectus for each Destinations Fund includes investment objectives, risks, fees, expenses, and other information that prospective investors should read and consider carefully before investing.

#### *Assets Under Management*

As of December 31, 2020, Brinker managed \$24,789,439,718 of client assets on a discretionary basis and \$14,297,517,720 of client assets on a non-discretionary. CLS Legacy Program managed \$7,252,036,052 of client assets on a discretionary basis and \$3,285,696,103 of client assets on a non-discretionary basis. As of December 31, 2020, there was \$741 million invested in CLS's model portfolios through third-party platforms. Since CLS does not have investment or trading discretion for client accounts invested in these model portfolios, they are not included in Brinker's or CLS's assets under management.

## Item 5 Fees and Compensation

For our services, we charge an advisory fee based on a percentage of the value of your assets managed by CLS. Our advisory fee is billed either in advance or in arrears, typically on a monthly or quarterly basis, as specified in your Investment Advisory Agreement. A portion of the advisory fee we charge is paid out to your Financial Advisor (the "Financial Advisor Retained Portion") and the remainder of the fee is retained by CLS (the "CLS Retained Portion").

### Advisory Fees for Direct Clients

#### **A. Investment Management**

The majority of CLS's investment strategies are classified as either a wrap fee strategy or a non-wrap fee strategy. Wrap fee strategies are included as part of our wrap fee program and primarily utilize ETFs. Under the wrap fee programs, investment advice and costs of trade executions are provided to you for an all-inclusive wrap fee. At certain custodians, the ETFs we utilize may participate in the custodian's non-transaction fee program, and as a result, CLS will not pay a fee for purchasing these ETFs. We took these programs into account when setting the fee for our wrap fee schedule. Non-wrap fee strategies primarily utilize mutual funds. Since these strategies are not included as part of CLS's wrap fee program, you are responsible for costs of trade execution in addition to the fee you pay to CLS. However, to the extent available, CLS utilizes mutual funds that do not charge trade execution fees. In certain instances, we utilize mutual fund share classes that are slightly more expensive than the cheapest available share class, in order to utilize funds that do not charge you trade execution fees. We only do this when we believe it is cheaper for you to invest in a more expensive share class and not pay transaction fees. For additional information about which strategies are included as part of our wrap fee program, please see **Item 8** of this Brochure.

**Wrap Fee Schedule.** For accounts that utilize strategies that are included in our wrap fee program, you will be charged the following annual fee based upon the total amount of assets enrolled in our wrap fee strategies:

	<b>Total Advisory Fee</b>	<b>CLS Retained Portion</b>	<b>Financial Advisor Retained Portion</b>
First \$50,000	2.00%	0.75%	1.25%
Next \$450,000	1.85%	0.60%	1.25%
Next \$500,000	1.80%	0.55%	1.25%
Assets over \$1,000,000	1.75%	0.50%	1.25%



**Non-Wrap Fee Schedule.** For accounts that utilize non-wrap strategies, you will be charged the following annual fee based upon the total amount of assets enrolled in our non-wrap fee strategies:

	<b>Total Advisory Fee</b>	<b>CLS Retained Portion</b>	<b>Financial Advisor Retained Portion</b>
First \$50,000	1.85%	0.60%	1.25%
Next \$450,000	1.70%	0.45%	1.25%
Next \$500,000	1.65%	0.40%	1.25%
Assets over \$1,000,000	1.60%	0.35%	1.25%

As further discussed in the Affiliated Funds section below, certain strategies invest in "Affiliated Funds" which are funds that we advise or manage. For assets placed in Affiliated Funds, CLS earns fees directly from the Affiliated Funds for serving as the investment adviser to the Affiliated Funds. As described in the AdvisorOne Funds prospectus, the management fee paid to CLS by the Affiliated Funds is up to 0.75%. Because CLS receives fees for services provided to the Affiliated Funds, the Total Advisory Fee paid by you as disclosed in the Non-Wrap Fee Schedule above will not include the CLS Retained Portion of the advisory fee to the extent you are invested in the Affiliated Funds as part of your selected strategy. For example, if one hundred percent (100%) of your assets will be invested in Affiliated Funds, the CLS Retained Portion would be zero percent (0%) and the maximum Total Advisory Fee you would pay for your managed account would be the 1.25% Financial Advisor Retained Portion, which would all be paid by CLS to your Financial Advisor. CLS would receive its compensation from the Affiliated Funds in which your assets are invested and CLS receives up to a maximum of 0.75% from the Affiliated Funds.

**Destinations Fee Schedule.** The following fee schedule will apply to assets invested in the Destinations Funds.

The following table reflects the Brinker Retained Portion of the Total Advisory Fee for assets invested in Destinations Funds, after giving effect to the fee schedule, and the Brinker Fund Fee Offset described below:

Asset Tier	Brinker Base Fee	Brinker Fund Fee Offset <sup>^</sup>	Brinker Retained Portion
Up to \$100,000	0.64%	0.39%	0.25%
\$100,000 to \$1 million	0.50%	0.39%	0.11%
Next \$1 million	0.45%	0.39%	0.06%
Next \$1 million	0.40%	0.39%	0.01%
Over \$3 million	Negotiable		

<sup>^</sup>Brinker Fund Fee Offset: Advisory fees paid to Brinker or a Brinker affiliate by any Brinker Fund(s) with respect to a Client's Brinker Fund investment are credited to, or offset and reduced, dollar-for-dollar the Brinker Fee Component otherwise payable to Brinker. The Brinker Base Fee in the above table is gross of such offset. The Brinker Retained Portion in the table above reflects the Brinker Fee Component net of the current offset and is the amount you will see deducted from your Account. The amount of the offset may change based on changes to the advisory fees paid to Brinker or a Brinker affiliate by Brinker Fund(s).

**CLS Risk Managed Fee Schedule.** For accounts that utilize CLS's Risk Managed Strategy, you will be charged the following annual fee based upon the total amount of assets managed:

<b>Total Advisory Fee</b>	<b>CLS Retained Portion</b>	<b>Financial Advisor Retained Portion</b>
1.25%	0.25%	1.00%

CLS primarily utilizes mutual funds and ETFs for accounts enrolled in the CLS Risk Managed strategy. When executing ETF transactions, you are responsible for costs of trade execution in addition to the fee you pay to CLS. However, to the extent available, CLS utilizes ETFs that do not charge trade execution fees. Custodians may require a minimum holding period for securities purchased commission-free through this strategy. Consequently, you would be charged a short-term trading fee if the minimum holding period is not met. Please contact your custodian for more information regarding these fees.

**Variable Annuities.** For variable annuities managed by CLS utilizing our VA Managed strategy, you will be charged the following annual fee based upon the total amount of assets enrolled in the strategy:

<b>Assets</b>	<b>Total Advisory Fee</b>	<b>CLS Retained Portion</b>	<b>Financial Advisor Retained Portion</b>
Less than \$250,000	2.30%	1.15%	1.15%
\$250,000 but less than \$500,000	2.05%	1.025%	1.025%
\$500,000 but less than \$750,000	1.80%	0.90%	0.90%
\$750,000 but less than \$1,000,000	1.55%	0.775%	0.775%
\$1,000,000 or more	1.30%	0.65%	0.65%

CLS's investment management of the assets contained within a variable annuity are separate and distinct services from the purchase of a variable annuity. As an investment adviser, CLS does not receive a fee from the sale of an annuity product. If the advisory fee charged by CLS is withdrawn directly from your annuity, it may impact any riders under your variable annuity contract. Please contact your variable annuity provider to determine the impact CLS's advisory fees will have on your variable annuity.

**Dual Core and Satellite.** For accounts managed by CLS utilizing our Dual Core and Satellite Strategy, you will be charged the following (**net**) annual fee based upon the total amount of assets enrolled in the strategy:

<b>Assets</b>	<b>Total Advisory Fee</b>	<b>CLS Retained Portion</b>	<b>Financial Advisor Retained Portion</b>
Less than \$200,000	1.75%	0.50%*	1.25
\$200,000 but less than \$500,000	1.75%	0.65%**	1.10
\$500,000 but less than \$1,000,000	1.50%	0.75%	0.75
\$1,000,000 or more	1.25%	0.65%	0.60

*\*The Flat Rate Annual Percentage represents a net fee paid by your account and assumes a maximum 100% investment in Affiliated Funds. (The fee is calculated as follows: 2.50% total advisory fee, less 0.75% Affiliated Fund offset for 100% of the portfolio equals a maximum 1.75% net advisory fee.)*

**\*\* The Flat Rate Annual Percentage represents a net fee paid by your account and assumes a maximum 55% investment in Affiliated Funds. (The fee is calculated as follows: 2.17% total advisory fee, less 0.75% Affiliated Fund offset for 55% of the portfolio equals a maximum 1.75% net advisory fee.)**

For the Dual Core and Satellite strategy, 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 management fee paid to CLS by the Affiliated Funds that may be held in your account (based on a 100% maximum allocation to Affiliated Funds). 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 AdvisorOne Funds prospectus. A portion of the advisory fee paid by you to us will be used by us to compensate SAM.

## **B. AutoPilot**

For the Autopilot program, CLS utilizes our Investment Management fee schedules.

### Advisory Fees for Retirement Plans

For investment management services provided through CLS's (k)Star Retirement Solutions, you will be charged an annual fee based upon the total amount of assets managed by CLS. CLS's fee will be based upon the size of the plan assets, the complexity of the plan, the services provided by CLS, and the potential for additional deposits.

If you are invested in the Affiliated Funds as part of your selected strategy through a (k)Star Retirement Solution, please to the fee schedule and the Affiliated Fund Disclosure included in your plan sponsor agreement with CLS for additional information about the use of Affiliated Funds.

### Fees for Other Advisory Services

Investment advice and recommendations and non-discretionary advisory services provided to educational savings plans and to individual clients are done pursuant to written agreements. The fees for these services are negotiated based upon the services provided by CLS and/or the levels of assets under management. When CLS provides model portfolio allocations, a portion of the model allocations may be managed utilizing investment research and portfolio models provided by third parties; therefore, a portion of the advisory fee paid to us is used to compensate these third-party providers. Under some circumstances, an annual charge applies for set up and maintenance. In addition, we offer portfolio design, allocations and sub-advisory services utilizing Affiliated Funds for little or no cost to other investment advisers and broker/dealers. As discussed further in **Item 6**, CLS charges a performance based fee to certain clients. The fees for providing advice concerning the submission of trades on behalf of certain client portfolios are negotiated based upon the services provided.

## **BILLING METHOD**

Advisory fees are typically deducted directly from your account, or in some circumstances, you may be billed directly for such fees. Advisory fees billed in advance are based on the market value of all your assets under management on the last trading day of each advisory fee period, unless otherwise specified. If your advisory fees are billed in advance, you may also be billed for additional monies added to your account during the advisory fee period. No adjustments to your advisory fee will be made for monies withdrawn during the advisory fee period. Upon termination, CLS will issue you a prorated refund of all unearned advisory fees that were paid in advance.

Advisory fees billed in arrears will generally be determined based on your account balance on a daily basis unless otherwise specified. Please refer to your Investment Advisory Agreement, including

attached addendums and schedules, to determine the manner your advisory fees will be calculated and billed. In any partial advisory fee cycle, your advisory fee will be pro-rated based on the number of days your assets are under management for the applicable period.

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

The advisory fee schedules listed above are our standard rates. Actual fees, and/or the portion of the advisory fee retained by CLS and your Financial Advisor, may vary. Please refer to your Investment Advisory Agreement, including attached addendums and schedules, to determine your advisory fee. The standard fee schedules listed above and minimum account sizes for our strategies described in more detail in **Item 8** below are **negotiable** based upon the services provided and your circumstances and financial situation. For certain Financial Advisor we offer some or all of their clients discounted fees based on the amount of assets an individual client or the Financial Advisor has with CLS, the efficiencies gained by managing multiple clients for the same Financial Advisor, and our relationship with the Financial Advisor. As a result, clients with similar assets may have differing fee schedules and pay different fees. You can request that related accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to waive or reduce the advisory fee for certain accounts such as employee accounts and personal accounts of Financial Advisors 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. Accounts enrolled in a CLS strategy prior to April 1, 2015 may be billed under a different fee structure than the one described above. These accounts are grandfathered into our prior billing arrangements. However, you can contact CLS to transition your account to the bill structure described above at any time. 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.

#### AFFILIATED FUNDS

Certain of our strategies use investment options that are affiliated with CLS. "Affiliated Funds" are funds that we advise. Most of our Affiliated Funds are funds of funds, meaning they pursue their investment objectives by investing primarily in other investment companies that are not affiliated. For clients electing an Affiliated Funds Strategy, up to one hundred percent (100%) of your assets will be invested in Affiliated Funds. Our Hybrid Strategies utilize a specified combination of Affiliated Funds and non-affiliated investment options. For clients electing a Hybrid Strategy, up to seventy-

**Commented [SN1]:** This language below is in the wrap brochure. Should it also be included in 2A?

The advisory fee (which includes transaction costs) may be more or less costly than paying for the services separately, depending upon the investment advisory fees charged, the number of transactions for the account, and the level of brokerage and other fees that would be payable if the client obtained the services available under the program individually.

Your investments in our wrap fee programs may also be subject to other fees and charges imposed by other third parties, such as: in the case of mutual fund investments, mutual fund investment management fees, 12b-1 distribution fees, administrative servicing fees, and CDSCs upon redemption of previously purchased mutual funds; in the case of purchases made in connection with an individual retirement account or other qualified plan, various IRA and qualified retirement plan fees; and, in the case of all investments, clearing, custody, and other charges and service fees. Other parties may receive a portion of these third-party fees.

**Commented [8F2R1]:** I think we can leave as is.

five percent (75%) of your assets will be invested in Affiliated Funds. Each of the Hybrid Strategies recites an initial percentage allocation to our Affiliated Funds.

For assets placed in Affiliated Funds, CLS will earn fees directly from the Affiliated Funds for providing separate services to the Affiliated Funds. As described in the AdvisorOne Funds prospectus, the management fee paid to CLS by the Affiliated Funds is up to 0.75%. Because CLS receives fees for services provided to the Affiliated Funds, the Total Advisory Fee paid by you as disclosed in the Non-Wrap Fee Schedule will not include the CLS Retained Portion of the advisory fee. CLS receives its compensation from the Affiliated Funds in which your assets are invested and CLS receives up to a maximum of 0.75% from the Affiliated Funds. Because markets fluctuate and the exact allocation to our Affiliated Funds in Hybrid Strategies will fluctuate along with the market, we use the maximum allocation to Affiliated Funds for purposes of calculating the amount of assets excluded from the CLS Retained Portion of the advisory fee. The table below lists the CLS Retained Portion of the advisory fee for strategies that utilize Affiliated Funds:

<i>Strategy</i>	<i>Allocation to Affiliated Funds</i>	<i>First \$50,000</i>	<i>Next \$450,000</i>	<i>Next \$500,000</i>	<i>Assets above \$1,000,000</i>
AdvisorOne Funds	100%	0.00%	0.00%	0.00%	0.00%
AdvisorOne Protection	100%	0.00%	0.00%	0.00%	0.00%
AdvisorOne Hybrid 75	75%	0.12%	0.09%	0.08%	0.07%
AdvisorOne Hybrid 50	50%	0.27%	0.20%	0.18%	0.16%
AdvisorOne Hybrid 30	30%	0.39%	0.29%	0.26%	0.23%
American Hybrid	30%	0.39%	0.29%	0.26%	0.23%
American Hybrid Protection	30%	0.39%	0.29%	0.26%	0.23%

You can 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.

#### **MINIMUM FEE**

Accounts enrolled in our Wrap Fee Program that utilize certain Focused strategies will be assessed a minimum annual fee of \$400. CLS's Focused strategies may have higher turnover than our Risk Budgeted strategies and the minimum fee is necessary to offset the increased trading costs incurred by CLS. For purposes of calculating the minimum fee, CLS will only look at the CLS Retained Portion of the fee. The fee will be calculated at the household level, so if you have multiple accounts, fees paid for those accounts will be credited toward the calculation of the minimum annual fee. Please see **Item 8** for additional information about which strategies are subject to this minimum fee.

#### **TERMINATION OF ADVISORY AGREEMENT**

We can terminate our Investment Advisory Agreement with you at any time by providing you with written notice. Likewise, you can terminate the Investment Advisory Agreement at any time by providing us with written notice. If your Investment Advisory Agreement is terminated within (5) five business days from the date of inception, all fees paid by you in advance will be promptly refunded to you and you will not be charged a termination fee. Should your Investment Advisory Agreement be terminated at any other time,

you will receive a pro-rata refund of any prepaid fees. To cover administrative costs associated with terminating an account, CLS imposes an administrative fee of \$75 at the time of termination. The termination fee will be deducted from any advisory fee refunds owed by CLS to you. If your refund is less than \$75, CLS will deduct the remaining portion of the termination fee from your account. CLS reserves the right to waive the administrative fee, or any portion thereof, at its discretion. 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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CLS charges certain clients a performance fee, which is based upon a share of capital gains or capital appreciation of the assets of such client. Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 ("Advisers Act") and/or applicable state regulations. In addition, it is CLS's policy not to retain any performance-based fees charged and to pass through any collected performance-based fees to third parties that provide investment research and/or advisory services to CLS in connection with our management of a client's account, as directed by the client. In order for CLS to be eligible for a performance-based fee, the account's performance must exceed a designated benchmark. If the account outperforms the designated benchmark, CLS receives a performance fee of up to 20% of the return in excess of the benchmark. The complete terms of CLS's advisory fee are disclosed in the Investment Advisory Agreement between you and CLS. The performance fees charged by CLS may be higher than the performance fees charged by other investment advisers for the same or similar services.

CLS's portfolio managers are responsible for managing performance-based fee accounts and accounts that are charged another type of fee. There are potential conflicts of interest CLS faces by managing performance based accounts at the same time as managing asset based, non-performance based accounts. For example, the nature of a performance fee poses an opportunity for CLS to earn more compensation than under a stand-alone asset based fee. Consequently, CLS may favor performance fee accounts over those accounts where we receive only an asset based fee. One way CLS may favor performance fee accounts is that we could devote more time and attention to performance fee accounts than to accounts under an asset based fee arrangement. Additionally, performance-based fees create an incentive for an adviser such as CLS to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Since we endeavor at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to investors and prospective clients the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some clients than others.
2. We have implemented written policies and procedures for fair and consistent allocation of investment opportunities among all clients.
3. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment.
4. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.
5. Only clients that are able to assume additional risk are solicited to engage in a performance fee arrangement.

**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, 529 educational savings and profit sharing plans (other than plan participants), endowments, other pooled investment vehicles, trusts, estates, charitable organizations, corporations or other business entities, and state or municipal government entities. We also provide advisory services 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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We offer investment strategies that span multiple investment styles and are designed to serve clients with varying degrees of active management. Active management, briefly, is the practice of making proactive changes in a portfolio due to changes in market valuations or outlook. The investment strategies can be classified into two main management styles, Risk Budgeted or Focused, and can be used for clients who have one or more of the following investment objectives (which change over their investing lifetime): Accumulation, Income, Protection and Tax Management.

*Accumulation:* Portfolios are focused on total return, meaning growth of value through interest, capital gains, and dividends.

*Income:* Portfolios seek consistent, reliable distributions from a variety of traditional and non- traditional income-producing assets.

*Protection:* Portfolios pursue capital growth during sustained market uptrends, yet seek protection of assets during catastrophic market downturns.

*Tax Management:* Portfolios seek capital appreciation while seeking to minimize annual net taxable gains.

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. CLS's Risk Budgeting Methodology is flexible enough to be applied to a broad variety of client risk comfort levels, from aggressive to conservative. Risk Budgeted portfolios utilize exchange traded funds (ETFs), mutual funds, and/or individual stocks and bonds.

CLS's Focused strategies employ an active allocation approach using mutual funds, ETFs, and closed end funds (CEFs) to target specific investment objectives or themes. Focused strategies will seek to add value by actively adjusting a portfolio by overweighting attractive market exposures and underweighting unattractive market exposures utilizing one or more themes. Strategies utilizing an active allocation methodology may hold more concentrated portfolios than portfolios managed using a risk-budgeted methodology. Increased concentration can lead to a wider range of performance over time. Additionally, portfolios holding concentrated investments in a particular market segment or sector make the portfolio more susceptible to any single economic, market, political or regulatory occurrence affecting that particular segment or sector than a more diversified portfolio. Focused strategies will still be risk-managed, but given their active mandates, may change their risk profiles as market conditions change. Consequently, Focused strategies are designed to be a part of, or supplement to, and not a substitute for, an overall well-diversified investment portfolio.

Please see below for an overview of strategies included in each of the four main investment objectives. As discussed further above in **Item 5**, accounts that utilize certain Focused strategies will be assessed a minimum annual fee. *The Focused strategies subject to the minimum annual fee are identified in this section with an asterisk(\*) after the strategy name.* Following the strategy descriptions, you will find a chart that lists the available custodians and account minimums for each strategy.

## **4. ACCUMULATION STRATEGIES**

### **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. Beginning in second quarter 2021 we will also utilize the Destinations Funds in the AdvisorOne Funds strategy. 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 see **Item 5** above and the applicable AdvisorOne Funds prospectus.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

### **2. AdvisorOne Hybrid Strategy (Formerly Known as CPM Strategy)**

The AdvisorOne Hybrid Strategy uses Risk Budgeting and is offered utilizing a combination of Affiliated Funds and other investment options. Under this strategy you may select an initial allocation of thirty percent (30%), fifty percent (50%), or seventy-five percent (75%) of the assets in your account to be invested in Affiliated Funds with the remaining balance invested among other investment options. Your account will be rebalanced if your allocation to Affiliated Funds exceeds the target by 5% (i.e., 35%, 55% and 80%, respectively). 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 see **Item 5** above and the applicable AdvisorOne Funds prospectus.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

### **3. American Funds Strategy**

The American Funds Strategy uses Risk Budgeting to provide professionally managed portfolios solely comprised of American Funds class F shares in a diversified, risk budgeted framework, according to your objectives determined from your Client Profile.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

### **4. American Hybrid Strategy**

The American Hybrid Strategy uses Risk Budgeting and is offered utilizing a combination of Affiliated Funds and American Funds class F shares. An initial allocation of thirty percent (30%) of the assets in this strategy will be invested in Affiliated Funds with the remaining balance invested among American Funds. Your account will be rebalanced if your allocation to Affiliated Funds exceeds the target by 5%. 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 see **Item 5** above and the applicable AdvisorOne Funds prospectus.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

### **5. Core Plus ETF Strategy**

The Core Plus ETF Strategy uses Risk Budgeting to diversify your portfolio primarily among ETFs according to your objectives determined from your Client Profile. The strategy is focused on total return and seeks allocation to core asset class ETFs, as well as some targeted satellite ETF positions. This strategy takes a more granular approach, allocating portfolios among 10 to 20 ETFs that home in on specific sectors, countries, and alternative assets.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### *6. Dual Core and Satellite Strategy*

The assets in the Dual Core and Satellite Strategy are managed under a sub-advisory arrangement with Sound Asset Management Group, LLC ("SAM") utilizing Risk Budgeting. For additional information about SAM, please consult SAM's Form ADV Part 2 brochure.

The Dual Core and Satellite Strategy uses Risk Budgeting to diversify your portfolio among Affiliated Funds and ETFs through investment platforms at designated custodians, according to your objectives determined from your Client Profile. As your account grows in size, the portion of your account allocated to ETFs will increase and the portion allocated to Affiliated Funds will decrease. Accounts below \$200,000 will be allocated entirely to Affiliated Funds. Accounts between \$200,000 and \$500,000 will be allocated 50% to Affiliated Funds and 50% to ETFs. Accounts above \$500,000 will be allocated to ETFs and in some cases, bonds and individual securities.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Please refer to our Wrap Fee Program Brochure for additional details regarding this service. Assets placed in this strategy will be billed in accordance with CLS's Dual Core and Satellite Fee Schedule.

#### *7. Individualized Account Management*

The Individualized Account Management Strategy uses Risk Budgeting to diversify your portfolio among several different asset classes utilizing the mutual fund families available on your platform or through your custodian, according to your objectives determined from your Client Profile.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

#### *8. Master Manager Strategy*

The Master Manager Strategy uses Risk Budgeting to determine the proper allocation of your portfolio among various investment ETFs, bonds, individual securities and/or mutual funds with us acting as the asset allocation overlay manager. Based on your individual investment objectives, we may honor special requests regarding available mutual funds, ETFs and/or other securities to be utilized as well as investment research and sub-advisers.

This strategy will primarily utilize ETFs, individual taxable or non-taxable bonds and/or equities and may be sub-advised by third parties selected by us as indicated in your Investment Advisory Agreement or managed utilizing investment research and portfolio models provided by third parties. A portion of the advisory fee you pay to us may be used by us to compensate these third party providers. Your portfolio allocation will be based on your individual characteristics as determined from your Client Profile. This strategy may be best suited for clients wishing to have greater control

over portfolio transactions, cash flow streams and/or greater visibility to the actual holdings of the portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### **9. Risk Budgeted ESG Strategy**

The Risk Budgeted ESG Strategy uses Risk Budgeting in accordance with your objectives determined from your Client Profile and invests in mutual funds, ETFs, and/or other securities that are deemed to be environmental, social, and governance (ESG) companies. ESG investing focuses on inclusion of companies which benefit the natural environment, maintain healthy relationships with employees and communities, and have strong support for shareholder rights.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

#### **10. Risk Managed ETF Strategy**

The Risk Managed ETF Strategy uses Risk Budgeting to allocate your portfolio among up to six ETFs according to your objectives determined from your Client Profile. The strategy is designed to actively seek intermediate- and long-term capital appreciation appropriate for your risk tolerance by investing in global ETFs.

Assets placed in this strategy will be billed in accordance with the CLS Risk Managed Fee Schedule.

#### **11. VA Managed Strategy**

The VA Managed Strategy uses Risk Budgeting to diversify your portfolio according to your Risk Budget solely within the variable annuities specified by you, according to your objectives determined from your Client Profile. The strategy provides investment management of available sub-accounts in a diversified, Risk Budgeted framework through multiple variable annuity providers to produce a Risk Budgeted portfolio. The investment options ordinarily available to CLS in managing your account pursuant to this strategy may be limited if your variable annuity is subject to riders or other restrictions from the variable annuity provider.

Assets placed in this strategy will be billed in accordance with CLS's Variable Annuity Fee Schedule.

#### **12. Active High-Quality Growth Strategy\***

The Active High-Quality Growth Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests in high-quality equities and tilts toward growth. High-quality equity securities are typically considered to be those companies with higher and more consistent profitability, stronger balance sheets, and higher dividend growth. These attributes are generally exhibited in higher growth companies. The long-term risk target of the strategy is 100% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to

you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *13. Alternatives Strategy\**

The Alternatives Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests in alternative asset classes. The strategy will primarily utilize ETFs specializing in private equity, merger arbitrage, managed futures, active hedging, currencies, relative fixed income, technical and momentum analysis, and rules based quantitative analysis, among others. The strategy primarily invests in equities, but also may include commodities, currencies, and fixed income in some segments of the portfolio. The long-term risk target of the strategy is 40% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *14. Domestic Equities Strategy\**

The Domestic Equities Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests entirely in domestic equities. The long-term risk target of the strategy is 95% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *15. Enhanced Fixed Income Strategy\**

The Enhanced Fixed Income Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that primarily utilizes ETFs to invest in fixed income asset classes and secondarily alternative asset classes. The long-term risk target of the strategy is 20% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *16. Focused ESG Strategy\**

CLS's Focused ESG Strategy offers actively managed, globally diversified exposure to environmental, social, and governance (ESG) companies through ETFs and mutual funds. CLS's Focused ESG Strategy invests in globally diversified ETFs that have been screened by Morningstar to be "Socially Conscious." The ETFs that are utilized must also have above-average or high ESG

scores versus their peer category utilizing data provided by Sustainalytics, a global leader in ESG research and ratings. The long-term risk target of the strategy is 100% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### *17. International Rotation Strategy\**

The International Rotation Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests in international equities. The long-term risk target of the strategy is 105% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### *18. Real Assets Strategy\**

The Real Assets Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests in real asset classes. The strategy will primarily utilize ETFs specializing in natural resource companies, commodities, and real estate. The strategy primarily invests in a combination of commodity ETFs and equity ETFs. The long-term risk target of the strategy is 90% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### *19. Thematic Growth\**

The Thematic Growth Strategy is designed for clients who prefer an active, ETF and mutual fund based strategy that invests in accordance with CLS's Investment Themes. CLS's Investment Themes, which are established by CLS's Investment Committee, represent CLS's strongest investment convictions. The long-term risk target of the strategy is 100% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to

you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

## ***B. INCOME STRATEGIES***

### ***20. ETF Managed Income Strategy***

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

If you enroll in this strategy, you can designate a specific amount of assets needed to satisfy your short-term income needs. These assets will be invested in a low-risk reserve portfolio that will seek to generate returns in excess of the average money market fund with risk less than or equal to low duration investment bonds. CLS recommends one to two years' worth of withdrawals; however, the strategy allows for you to specify your desired amount. If you elect systematic withdrawals on your account, assets will also be set aside in a low-risk cash account for those immediate, systematic withdrawals. The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The long-term portfolio will be invested primarily in ETFs. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### ***21. Master Manager Managed Income Strategy***

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

If you enroll in this strategy, you can elect to designate a specific amount of assets needed to satisfy your short-term income needs. These assets will be invested in a low-risk reserve portfolio that will seek to generate returns in excess of the average money market fund with risk less than or equal to low duration investment bonds. CLS recommends one to two years' worth of withdrawals; however, the strategy allows for you to specify your desired amount. If you elect systematic withdrawals on your account, assets will also be set aside in a low-risk cash account for those immediate, systematic withdrawals. The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The long-term portfolio will be invested in ETFs, bonds, individual securities, covered calls and/or mutual funds with CLS acting as the asset allocation overlay manager. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### ***22. Active Income X Strategy\****

The Active Income X Strategy is designed for clients who prefer an active strategy that seeks a specific percentage yield by investing in income producing asset classes. When selecting the strategy, you will select the percentage yield you would like CLS to target for your account. The strategy invests in ETFs and CEFs that specialize in income-producing assets. In addition to traditional dividend-oriented equities and investment grade bonds, the strategy generates income using non-traditional asset classes, such as master limited partnerships, real estate, convertibles, senior bank loans, high-yield bonds, and international debt.

A CEF is a publicly traded investment, like an open-ended mutual fund or ETF. Like an ETF, CEFs trade intra-day on an exchange. Unlike an ETF or mutual fund, a CEF has a fixed number of shares. In addition, share prices for a CEF may substantially deviate from the fund's net asset value ("NAV"). When demand for shares exceeds the supply, the share prices may trade at a premium (above NAV). When supply exceeds demand, share prices may trade at a discount (below NAV).

The CEFs and ETFs utilized in this strategy may invest in non-investment grade bonds and some CEFs provide access to leverage. Generally, securities with lower debt ratings, including non-investment grade bonds, have speculative characteristics and have greater risk the issuer will default on its obligation. Changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of issuers of non-investment grade bonds to make principal or interest payments, as compared to issuers of more highly rated securities. The CEFs' use of leveraged positions may cause these funds to be more volatile than if the fund had not been leveraged. This is because leveraging tends to exaggerate the effect of any increase or decrease in the value of the fund's portfolio securities.

This portfolio will be risk-managed, but will generally be more volatile than an investment grade bond portfolio. The long-term risk target of the strategy ranges from 50-100% of the risk of a diversified equity portfolio depending upon the target yield you select. As the target yield increases, the long-term risk target of the strategy increases. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### **23. American Income X Strategy\***

The American Income X Strategy is designed for clients who prefer an active strategy that seeks a specific yield by investing in American Funds class F Shares and income producing asset classes. When selecting the strategy, you will select the yield you would like CLS to target for your account. This strategy will be risk-managed, but risk levels will fluctuate with changing income conditions. Overall portfolio volatility is also expected to be higher than an investment grade bond portfolio.

The strategy will primarily utilize American Funds and ETFs that specialize in domestic and international equities, master limited partnerships, real estate, convertibles, senior bank loans, high yield bonds, international debt and active hedging, among others. The strategy will invest in a combination of traditional and nontraditional equity and fixed income securities. This portfolio will be risk-managed, but will generally be more volatile than an investment grade bond portfolio. The long-term risk target of the strategy ranges from 50-85% of the risk of a diversified global equity portfolio depending upon the target yield you select. As the target yield increases, the long-term risk target of the strategy increases. However, the risk of the strategy may change based upon current market conditions.



The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### C. PROTECTION STRATEGIES

#### 24. AdvisorOne Protection Strategy

**Commented [MF3]:** This strategy will also use Destinations.

The AdvisorOne Protection Strategy utilizes Risk Budgeting and an active asset allocation methodology. Up to one hundred percent (100%) of the assets in this strategy will be invested in Affiliated Funds. Beginning in second quarter 2021 we will also utilize the Destinations Funds in the AdvisorOne Funds strategy. This strategy allows you to elect to have a specified portion of your account placed into one or more Affiliated Funds that seek to "guard" your portfolio from large equity market declines with the remaining portion of your portfolio allocated in accordance with your risk budget among available Affiliated Funds. 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 see **Item 5** above and the applicable AdvisorOne Funds prospectus.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

#### 25. American Hybrid Protection Strategy

The American Hybrid Protection Strategy utilizes Risk Budgeting and an active asset allocation methodology utilizing both American Funds class F shares and Affiliated Funds. Under this strategy, approximately seventy percent (70%) of your portfolio is placed in American Funds according to your Risk Budget and the remaining thirty percent (30%) of your portfolio is allocated to Affiliated Funds that seek to provide a protective mechanism in the case of a severe market decline. 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 see **Item 5** above and the applicable AdvisorOne Funds prospectus.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

#### 26. Protected Equities Strategy\*

The Protected Equities Strategy is designed for clients who prefer an active, ETF-based strategy that seeks to protect account principal against large market downturns, while also pursuing account growth. Clients who may be well-suited for this strategy often display the following characteristics: (i) are particularly sensitive to market declines due to a shortened investment time horizon or an extreme fear of decreasing account value, (ii) understand the strategy seeks to protect accounts against large, but not all, market declines, and (iii) recognize that, in this strategy, investment returns may lag when the market is significantly increasing. The long-term risk target of the strategy is 85% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to

you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

#### ***D. TAXMANAGEMENT STRATEGIES***

##### ***27. American Tax-Aware Strategy***

CLS's American Tax Aware Strategy primarily seeks capital appreciation in accordance with your Risk Budget, with a secondary emphasis on tax awareness designed to increase the potential for after tax returns. The strategy invests in American Funds class F shares that are in line with your individual Risk Budget, in addition to tax exempt fixed income funds.

Assets placed in this strategy will be billed in accordance with CLS's Non-Wrap Fee Schedule.

##### ***28. Master Manager Tax-Managed Strategy***

The Master Manager Tax-Managed Strategy uses Risk Budgeting to determine the proper allocation of your portfolio among various investment ETFs, bonds, individual securities and/or mutual funds with us acting as the asset allocation overlay manager. The primary emphasis of this strategy is performance, followed by diligence to tax liability. Tax consequences are taken into consideration for each transaction and generally, short-term gains are avoided, unless a portfolio transaction makes sense to avoid excessive loss in the security. Based on your individual investment objectives, we may honor special requests regarding available mutual funds, ETFs and/or other securities to be utilized as well as investment research and sub-advisers.

This strategy will primarily utilize ETFs, individual bonds and/or equities. Whenever possible, tax-free bonds are utilized. This strategy may be sub-advised by third parties selected by us as indicated in your Investment Advisory Agreement or managed utilizing investment research and portfolio models provided by third parties. A portion of the advisory fee paid by you to us may be used by us to compensate these third-party providers. Your portfolio allocation will be based on your individual characteristics as determined from your Client Profile. This strategy may be best suited for clients wishing to have greater control over portfolio transactions, cash flow streams and/or greater visibility to the actual holdings of the portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

##### ***29. Tax Transition Strategy***

The Tax Transition Strategy allows you to transfer assets into CLS's management and spread out the taxable gains from the sale of those assets. CLS will sell the assets transferred into the strategy over multiple tax years and transition the proceeds into CLS's management. Capital gains incurred from positions transferred into the strategy will be spread out over time for up to three tax years. CLS will set a net capital gain target for your account and will seek to limit capital gains for each tax year to that net capital gain target. CLS will regularly monitor the potential capital gains or losses of the assets held within the strategy. As assets are sold, CLS will transfer the proceeds into the CLS strategy selected by you.

Accounts must be non-qualified in order to be eligible for this strategy. CLS will rely upon the cost basis information provided by the custodian. If the custodian does not have the cost basis, it is your responsibility to provide this information to CLS. CLS will maintain cost basis information on a position by position basis; multiple tax lots will be combined into one capital gain/loss amount. Assets will

be sold solely based upon the tax consequences of the transaction and entire positions will be liquidated in a single transaction. The Tax Transition Strategy is not Risk Budgeted and CLS will not monitor the risk of the assets transferred into the strategy.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *30. Tax-Aware Bond Strategy\**

The Tax-Aware Bond Strategy is designed for clients who prefer an active, ETF-based strategy that primarily invests in ETFs specializing in municipal bond securities. The long-term risk target of the strategy is 10% of the risk of a diversified equity portfolio. However, the risk of the strategy may change based upon current market conditions. The strategy is designed to function as a complement and overlay to a traditional asset allocation and should be used only for a portion of an overall diversified investment portfolio.

The strategy is included in CLS's wrap fee program, where available, which means trade execution costs are paid by CLS out of the advisory fee that we receive from you and are not billed separately to you. Assets placed in this strategy will be billed in accordance with CLS's Wrap Fee Schedule. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

### *31. Tax-Managed Direct Indexed Models*

The Tax-Managed Direct Indexed Models are managed through an optimization tool that helps CLS select a portfolio of individual stocks that target the performance of a particular equity index while customizing the portfolio for each account. With the assistance of the optimization tool, CLS seeks to track the risk and returns of the designated index while identifying opportunities for tax management in a particular account.

The strategy is not available to Direct clients, it is only available through select Platforms. CLS receives a strategist fee of 0.25%, which is typically collected by the Platform and paid to CLS.

**Custodian Guide** - The following table indicates where the strategies listed above that are available to Direct clients are available and the account minimum for each strategy at the available custodians. If an account minimum is not listed, the strategy is not available at that custodian.

	CTC	TD Ameritrade	Schwab	Fidelity IWS	Fidelity Brokerage Link
<b>Accumulation Strategies</b>					
1. AdvisorOne Funds	\$10,000	\$10,000	\$10,000	\$10,000	\$20,000
2. AdvisorOne Hybrid	\$10,000				\$20,000
3. American Funds	\$10,000	\$10,000	\$10,000	\$10,000	\$20,000
4. American Hybrid	\$10,000				\$20,000
5. Core Plus ETF	\$10,000	\$150,000	\$150,000	\$150,000	
6. Dual Core and Satellite	\$10,000				
7. Individualized Account Management (IAM)					\$20,000
8. Master Manager		\$500,000	\$500,000	\$500,000	
9. Risk Budgeted ESG	\$10,000	\$10,000	\$10,000	\$10,000	
10. Risk Managed ETF		\$5,000			
11. VA Managed	\$10,000				
12. Active High-Quality	\$10,000	\$50,000	\$50,000	\$50,000	
13. Alternatives	\$10,000	\$50,000	\$50,000	\$50,000	
14. Domestic Equities	\$10,000	\$50,000	\$50,000	\$50,000	
15. Enhanced Fixed Income	\$10,000	\$50,000	\$50,000	\$50,000	
16. Focused ESG	\$10,000	\$50,000	\$50,000	\$50,000	
17. International Rotation	\$10,000	\$50,000	\$50,000	\$50,000	
18. Real Assets	\$10,000	\$50,000	\$50,000	\$50,000	
19. Thematic Growth	\$10,000	\$50,000	\$50,000	\$50,000	
<b>Income Strategies</b>					
20. ETF Managed Income	\$10,000	\$150,000	\$150,000	\$150,000	
21. Master Manager Managed Income		\$500,000	\$500,000	\$500,000	
22. Active Income X		\$50,000	\$50,000	\$50,000	
23. American Income X	\$10,000				

	CTC	TD Ameritrade	Schwab	Fidelity IWS	Fidelity Brokerage Link
<b>Protection Strategies</b>					
24. AdvisorOne Protection	\$10,000	\$10,000	\$10,000	\$10,000	\$20,000
25. American Hybrid Protection	\$10,000				\$20,000
26. Protected Equities	\$10,000	\$50,000	\$50,000	\$50,000	
<b>Tax Management Strategies</b>					
27. American Tax-Aware	\$10,000	\$10,000	\$10,000	\$10,000	
28. Master Manager Tax-Managed		\$750,000	\$750,000	\$750,000	
29. Tax Transition		\$150,000	\$150,000	\$150,000	
30. Tax-Aware Bond	\$10,000	\$50,000	\$50,000	\$50,000	

\*Accounts can also be held directly at the annuity company.

#### *(k)Star RETIREMENT SOLUTIONS*

We make various strategies available through selected investment platform providers designed for retirement plans that are trustee directed and/or permit plan participants the ability to self-direct their own investments and select customized professional investment management of their individual plan assets. Under our (k)Star Retirement Solutions strategies, we offer many of our strategies to plan sponsors and/or their plan participants for negotiated fees on select platforms. All platform arrangements are intended to facilitate the management of retirement plan assets and payments made by us to such platform service providers are disclosed to the plan sponsors pursuant to written plan sponsor agreements.

CLS also offers Target Date ETF models to certain retirement plans. CLS utilizes our Core Plus ETF strategy to manage ETF models that target a specific retirement year. Through this strategy, the retirement plan participants are responsible for selecting the appropriate model.

#### *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 clients 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 for 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. "*Level Option*" - For clients 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 upon request.

#### *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**

As discussed above, CLS is a division of Brinker Capital Investments, LLC ("Brinker"), which is the survivor of the merger of CLS Investments, LLC and Brinker Capital, LLC (the successor to Brinker Capital, Inc. referred to herein as "BCI"). Brinker also offers investment programs previously offered by BCI ("Brinker Legacy Programs"), which employ different investment strategies, have different custody arrangements and have different fee structures. The Brinker Legacy Programs are described in a separate brochure available on Brinker's website: [www.brinkercapitalinvestments.com](http://www.brinkercapitalinvestments.com).

Brinker is a subsidiary of Orion Advisor Solutions, Inc. ("Orion"). Orion also has the following affiliates: Advizr, Inc., Orion Advisor Technology, LLC ("OAT"), Orion Portfolio Solutions, LLC ("OPS"), Constellation Trust Company ("CTC"), Destinations Funds Trust ("Destinations Funds"), Brinker Capital Securities, LLC. ("BCS"), and GXWorks, LLC d/b/a HiddenLevers. Certain of our executive officers also serve as officers and directors of the other Orion affiliates.

### Orion Portfolio Solutions, LLC ("OPS")

OPS is an investment advisor registered with the SEC. OPS provides a fee-based investment platform that allows investment advisors the ability to develop their own model portfolios or utilize models provided by institutional portfolio strategists. CLS makes certain strategies and model portfolios available through OPS. CLS's services are available through other fee-based platforms, so you are not obligated to utilize OPS to access CLS's investment management. Additionally, certain operational services for your account, such as trading and fee billing, are performed by employees of OPS. A portion of your advisory fee is used to compensate OPS for these services; you are not charged a separate fee by OPS. OPS services are described in its own Form ADV, Part 2A, which can be obtained at: [www.orionportfoliosolutions.com](http://www.orionportfoliosolutions.com).

### Constellation Trust Company ("CTC")

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 recommend CTC, among other custodians, to our CLS Legacy Program 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 effected via the National Securities Clearing Corporation through arrangements with third parties including Matrix Settlement and Clearance Services, LLC ("Matrix") and TD Ameritrade, Inc. The Affiliated Funds and other mutual funds held by our clients with assets custodied at CTC pay shareholder servicing fees to CTC for distribution and/or shareholder servicing related assistance associated with making a client's investments in such funds. As discussed above in **Item 5**, when selecting share classes for accounts held at CTC or any other custodian, CLS selects the most appropriate share class for you and does not take into consideration any fees paid by the mutual fund to CTC or any other custodian.

### Orion Advisor Technology, LLC ("OAT"), Advizr Inc., and HiddenLevers

CLS utilizes the back-office system provided by OAT for trade processing, account management, and performance reporting for CLS Legacy Program accounts. We also make available to you financial planning tools from Advizr and risk analytics tools from HiddenLevers. CLS believes that the utilization of OAT, Advizr, and HiddenLevers do not create a conflict of interest.



#### AdvisorOne Funds

We serve as the investment adviser to the AdvisorOne Funds (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 0.75% from each of the Affiliated Funds, except the annual rate is 0.40% from the CLS Flexible Income Fund Please consult the AdvisorOne Funds prospectus for additional information about the Affiliated Funds. For current information regarding our Affiliated Funds, please refer to [www.advisoronefunds.com](http://www.advisoronefunds.com).

#### Destinations Funds Trust

Brinker serves as the investment adviser to the Destinations Funds Trust (collectively the "Destinations Funds"). Each Destinations Fund employs a manager-of-managers structure, whereby Brinker selects and oversees professional third-party investment managers (each, a "sub-adviser"), who are responsible for investing the assets allocated to them. Brinker may also allocate a portion of a Destinations Fund's assets to ETF and mutual fund investment strategies. Brinker receives advisory fees from the Destinations Funds it advises. Advisory fees paid to Brinker by any fund advised by Brinker with respect to a client's investment in such fund are credited to, or offset and reduce, dollar-for-dollar the Brinker Fee Component otherwise payable to Brinker. Currently, the Brinker Fund Fee Offset for assets invested in Destinations Funds is 0.39%. The advisory fee paid by Destinations Funds may change in the future and, accordingly, the amount of such offset may increase or decrease. If the fee offset exceeds the Brinker Fee Component calculated under the current fee schedule, Brinker will reduce the total fee by such excess amount. Beginning in second quarter 2021 we will also utilize the Destinations Funds in the AdvisorOne Funds strategy.

#### Brinker Capital Securities, LLC ("BCS")

BCS is a registered broker-dealer that acts solely as the introducing broker under a clearing agreement with National Financial Services, LLC ("NFS") for all Brinker Legacy Program accounts custodied at NFS. BCS does not have retail brokerage accounts and does not effect trades for CLS Legacy Program accounts. Brinker includes the NFS clearing and custody charges (the "Custody and Clearing Fee Component") in the wrap fee it charges clients who are invested in the Brinker Legacy Programs, without mark-up. Brinker pays this Custody and Clearing Fee Component to BCS and BCS, in turn, pays it to NFS. Brinker also pays BCS an administrative fee for serving as introducing broker for Brinker Legacy Program accounts custodied at NFS. BCS does not provide brokerage services to CLS Legacy Program clients and receives no compensation with respect to such client accounts.

#### Focus Orion Solutions

Focus Orion Solutions, LLC is a joint venture between OAT and Focus Financial Partners Inc., which offers an array of cash and credit solutions and related services developed by Focus Client Solutions ("FCS") through the OAT WealthTech platform. OAT will receive a fee for referring clients to FCS. Financial advisors that utilize CLS have access to FCS's financial institution partners that offer the lending- and deposit-related products listed below (collectively, the "Financial Products"). In each case, access to the Financial Products is made available to a financial advisor so that the financial advisor may identify one or more selected banking institutions that can offer to financial advisor's clients certain Financial Products desired by those clients. Such Financial Products currently consist of the following:

- a. **Mortgage Loans**—Loans relating to residential purchases, refinancing, HELOC, and construction loans;
- b. **Working Capital**—Corporate, commercial, and business working capital, expansion and acquisition lines of credit and loans;

**Commented [MF4]:** Should we disclose that OAT receives a fee for referring clients to FCS?

**Commented [BF5R4]:** I just added that as a sentence- short and sweet since OAT is not an RIA and just an affiliate didn't feel we needed any more detail.

- c. **Commercial Real Estate**—Commercial real estate, multifamily and other owned occupied properties;
- d. **Securities Backed Lines of Credit (SBLOC)**—Automated and highly competitively priced non-purpose securities backed lines along with lines secured by selective private and alternative investments;
- e. **Specialty Lending**—Premium financing, fund call and operating lines of credit, along with others;
- f. **Watercraft and Aircraft Lending**—New and used watercraft and/or aircraft purchases and refinancing; and
- g. **FDIC Insured Deposit Program**—In-portfolio cash balances, held away debit/transactional cash and outside client cash savings with \$2 to \$100 million of insurance per tax ID.

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

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Brinker has adopted a Code of Ethics (the "Code") which meets the requirements of Rule 204A-1 promulgated under the Advisers Act. The Code sets forth a standard of business conduct required of all of Brinker's employees.

The Code is based, in part, upon the principle that employees owe a fiduciary duty to Brinker's clients. Each employee must act in a manner as to avoid (1) serving his/her own personal interests ahead of Brinker's clients; (ii) taking inappropriate advantage of his/her position with Brinker; and (iii) any actual or potential conflicts of interest or any abuse of his/her position of trust and responsibility.

The Code provides that employees and members of their households may not:

- trade in any security while in possession of material nonpublic information about the issuer of a security;
- communicate material nonpublic information about any publicly traded issuer of any securities to anyone else except in the ordinary course of his/her employment-related duties;
- disclose to other persons the securities activities engaged in or contemplated for Brinker's client portfolios; or
- disclose the holdings in a client's portfolios (except, in the case of any employee of Brinker or any of its affiliates, as required to carry out his or her employment-related duties to Brinker's clients or as required by applicable securities laws).

In addition, each employee must:

- conduct all of his/her business activities in accordance with the requirements of the Code and consistent with Brinker's fiduciary duties to its clients;
- comply with all applicable federal securities laws;
- promptly report any violations of the Code to Brinker's Chief Compliance Officer or Compliance Manager; and
- annually certify that he/she has received, read and understands the Code, has complied with all requirements of the Code and disclosed all personal securities transactions required pursuant to the Code.

Each employee has already furnished to the compliance department a list of all securities required to be reported under the Rule in which either such employee or members of his/her household own a beneficial interest ("Reportable Securities"), which list must be updated annually. In addition, by the thirtieth day following each calendar quarter, each employee must provide the compliance department with reports of all Reportable Securities transactions during such quarter.

Brinker has no direct or indirect control over the investment decision-making process of unaffiliated portfolio managers. Accordingly, since Brinker's employees are generally not aware of investment decisions of unaffiliated managers, Brinker's employees may buy or sell for their personal accounts securities which are recommended by portfolio managers for client accounts. However, if Brinker receives confidential information regarding an issuer from a portfolio manager, it may establish a restricted list for such securities. Employees are prohibited from personally, or on behalf of a household member, purchasing any securities on a restricted list. In the event that an employee owns a security that was purchased prior to being placed

on the restricted list, the employee must obtain approval (pre-clearance) from the Chief Compliance Officer prior to entering any securities transaction in their personal accounts for the sale of that security.

In addition, each employee must receive prior approval from Brinker's President or her designee for (i) any purchase of securities in an initial public offering or a limited offering for the benefit of such employee or member of his/her household or (ii) serving on the boards of directors of any public corporation.

Employees are also subject to restrictions on giving gifts to, or receiving gifts from, certain persons and in dollar amounts that exceed a certain *de minimis* amount.

A copy of the Code is available, upon request, by contacting Brinker's Chief Compliance Officer at 610-407-5500 ext. 1127.

#### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

If you select an AdvisorOne strategy, we will utilize Affiliated Funds in the management of your account. You are advised of the 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 occasionally 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.

## Item 12 Brokerage Practices

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You are responsible for selecting the custodian of your accounts. As discussed above, CTC is an affiliate of CLS, but you are under no obligation to select CTC as your custodian and you are free to select any of the custodians we are able to work with. Trades resulting from our management are submitted either directly to your selected custodian or in coordination with your selected custodian. In limited situations, we 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 affect any transaction through the specified broker if we reasonably believe that to do so would 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 transaction executed for the client's account. Additionally, CLS has established a trade rotation policy for trade instructions submitted to platform service providers.

### TRADING FOR AFFILIATED FUNDS

When placing trades for the AdvisorOne 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. In selecting broker-dealers to execute an AdvisorOne 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 AdvisorOne 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 AdvisorOne Funds are reviewed by the AdvisorOne Funds' board of trustees on at least an annual basis.

#### **SOFT DOLLAR ARRANGEMENTS**

CLS does not participate in any soft dollar programs. 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 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 are 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 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 representatives from portfolio management, trading, and compliance.

#### **ERROR COMMITTEE**

We have established an Error Committee that meets on at least 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 will 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.

#### **Trade Error Policy**

We have internal controls for the prevention of trade or model portfolio allocation errors, however, on occasion, errors may occur. We recommend that you regularly review your custodial statements. In the event you identify an error, you have 45 days from your statement date to notify us of its existence. Upon notification, we will perform an analysis of the reported discrepancy. If Brinker is responsible for the error, we will seek to correct the error in a way that returns your account to where it would have been had the error not occurred. In the event an error results in a gain, Brinker or your custodian will retain such gains. If you notify us of a potential error more than 45 days after your statement date and Brinker is responsible for the error, Brinker will reimburse you for any damage caused to your account from the date of the error through 45 days after your statement date.

We maintain a record of identified errors, including details of the original transaction and the corrective actions.

## **Item 13      Review of Accounts**

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Client accounts are reviewed regularly to ensure adherence to the information you provide in your 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. For all investment management services, factors that affect portfolio weightings include changes in economic, fundamental, quantitative, behavioral, or valuation factors as determined by the applicable Chief Investment Officer and portfolio managers.

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.

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

Reviews of CLS Legacy Program accounts are facilitated through an arrangement with OAT, one of our affiliates. We have engaged OAT 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 investment advisory firms.



#### Item 14 Client Referrals and Other Compensation

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We enter into referral arrangements with other registered investment advisers and broker-dealers pursuant to which representatives of their firms ("Financial Advisors") offer our services to the public. Your Financial Advisor will consult with you to assess your financial situation and identify your investment objectives and will make a determination that CLS's services are suitable for you before recommending CLS. Your Financial Advisor will then contact you at least annually regarding the suitability of CLS's services for your account. Through these arrangements, we pay a fee to your Financial Advisor and/or their firm based upon a percentage of our advisory fee. 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 Financial Advisor and us. This information is disclosed to you prior to or at the time of entering into an investment advisory agreement with us.

Under each of the investment strategies offered by us, **the amount of the referral fee we pay to the Financial Advisor may be up to one hundred percent (100%) of the amount of the advisory fee we receive from you.** Because accounts maintained with certain custodians are more efficient for us to manage, we previously offered increased referral fee payouts for client assets maintained with these custodians, including client assets maintained with Constellation Trust Company, one of our affiliates. However, for new accounts, as disclosed in **Item 5**, the Advisor Retained portion of the fee schedule does not vary by custodian.

In addition to the referral fees discussed above, we enter into other fee arrangements with other Financial Advisors in the manner set forth below. Your advisory fee will not be increased as a result of these arrangements.

- Certain Financial Advisors are reimbursed for marketing or practice management expenses incurred by the Financial Advisor.
- Certain investment advisory funds are paid a fee for the administrative and due diligence expenses incurred in offering CLS's services to clients of their Financial Advisors. These fees are either a flat dollar amount or are based upon a percentage of the value of new or existing accounts referred to CLS by the applicable Financial Advisors. These fees may also be used to sponsor conferences hosted by Financial Advisors or their investment advisory firms.
- Financial Advisors are invited to attend seminars and meetings hosted by CLS. The purpose of these meetings is to provide general market and industry information as well as information about CLS's advisory services. For certain Financial Advisors, we bear the full costs associated with Financial Advisor's attendance of such meetings.

On custodial platforms that allow for clients to utilize CLS's management but do not permit CLS to withdraw an advisory fee, such as self-directed brokerage windows, we utilize one of our Affiliated Fund strategies and pay your Financial Advisor out of the advisory fee received by CLS from the Affiliated Funds. If we pay a portion of our advisory fee from the Affiliated Funds to your Financial Advisor, we will disclose this information to you in the Client Profile.

We 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 include account maintenance, data reconciliation, statement printing, investment research, sub-advisory services or other administrative tasks.

CLS participates in TD Ameritrade's institutional customer program. There is no direct link between CLS's participation in the program and the services we provide you, although CLS receives economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving CLS participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to CLS by third party vendors. These benefits include various technological tools. TD Ameritrade may also have paid for business consulting and professional services received by CLS's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CLS, but may not benefit its client accounts. These products or services assist CLS in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CLS manage and further develop our business enterprise. The benefits received by CLS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

CLS also receives certain additional economic benefits ("Additional Services") from TD Ameritrade that may or may not be offered to any other independent investment advisors. The Additional Services include CLS's fees for utilizing OAT and certain other vendors that facilitate management of your account. TD Ameritrade provides the Additional Services to CLS in its sole discretion and at its own expense, and CLS does not pay any fees to TD Ameritrade for the Additional Services. CLS and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

CLS's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to CLS, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, CLS's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with CLS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, CLS may have an incentive to recommend to its clients that assets be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. CLS mitigates this potential conflict by, as mentioned above, having you select the custodian for your account and utilizing the same fee schedules regardless of the custodian you select.

Our employees or associated persons are occasionally 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.

## **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. While CLS does not maintain custody of your funds or securities, CTC, CLS's affiliated custodian, does maintain custody of client funds and securities. As a Nebraska chartered trust company, CTC is subject to an annual surprise exam conducted by an independent, third-party public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB).

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 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 <https://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 will be sent via electronic means (such as e-mail), or posted to a secure web site for your access.

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

**Item 16      Investment Discretion**

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For our discretionary advisory services, 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. You are responsible for any transaction costs associated with the management of your assets unless otherwise agreed to by us as part of our 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. You have the right to impose reasonable restrictions on CLS's management of your account. For example, 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 management services, we will have no obligation or authority to recommend or take any action with regard to your account.

As noted above, CLS's also provides non-discretionary advisory services to certain clients.

## Item 17 Voting Client Securities

### SUMMARY OF PROXY VOTING

We vote proxies for certain client accounts. Please refer to your Investment Advisory Agreement for details regarding proxy authority. In the situations we do vote proxies Brinker will vote proxies in accordance with the instructions of the portfolio manager(s) for securities held in the client's account with the manager, provided that the instructions are timely received by Brinker. If the portfolio manager's instructions are not timely received, Brinker shall vote the proxies for these securities, as well as proxies for any other securities held in the client's account, in accordance with the recommendations provided by an independent proxy voting advisory service (a "Proxy Voter"). For portfolio managers that provide a model to Brinker in which Brinker has discretionary trading authority, Brinker shall vote the proxies of the securities in accordance with the recommendations provided by a Proxy Voter. All clients invested prior to April 15, 2021, unless otherwise agreed to in writing, will receive proxies directly from the custodian of your assets, or will be handled as otherwise agreed to between you and the custodian.

Brinker retains the right to vote proxies for mutual fund shares and ETF shares. Generally, Brinker votes such proxies in accordance with recommendations provided by a Proxy Voter. However, Brinker retains the right to vote the proxies without a recommendation from a Proxy Voter if Brinker client accounts own in the aggregate one percent (1%) or more of the outstanding shares of the issuer as of the record date, provided that all such decisions are made in accordance with Brinker's Proxy Voting Policy and Procedures (the "Voting Policy"). In the event Brinker is voting such proxies without a recommendation from a Proxy Voter, the guiding principle by which Brinker votes on all matters submitted to security holders is the maximization of the ultimate economic value of Brinker's clients' holdings (the "Guidelines"). Brinker is mindful that for ERISA and other covered person benefit plans, the focus on the realization of economic value is solely for the benefit of plan participants and their beneficiaries.

In the Destinations program proxy ballots are sent directly to the client. However, where a client directs on the custodial account application form that Brinker is to vote proxies on the client's behalf, the client's account is included in a rolled up ballot which is voted by Brinker in accordance with recommendations from a Proxy Voter.

The Investment Committee has the responsibility to monitor proxy voting decisions for any conflicts of interests, regardless of whether they are actual or perceived. If at any time any supervised person becomes aware of any potential, actual or perceived conflict of interest, the supervised person is required to contact the Chair of the Investment Committee or the Chief Compliance Officer immediately and prior to the vote being cast, if possible.

The Investment Committee may cause any of the following actions to be taken in that regard:

- Vote the proxy in accordance with the vote indicated by the Guidelines;
- Vote the relevant proxy contrary to the vote that would be indicated by the Guidelines, provided that the reasons behind the voting decision are in the best interest of the client, are reasonably documented and are approved by the Chief Compliance Officer; or
- Direct the Proxy Voter to vote in accordance with its independent assessment of the matter.

If any potential conflict is either determined not to exist, or is resolved, the relevant portfolio manager, will determine the appropriate vote. The portfolio manager will retain all documents prepared by him/her (or at his/her direction) that were material to making a decision on how to vote or that memorializes the basis for the decision.

**Commented [BF6]:** Keep same for now since we have not flipped over to voting Proxies? If we want to change now will add the legacy Brinker language.

**Commented [MF7R6]:** Let's change it. All existing AO accounts and all new accounts after 4/15 we will have proxy voting authority. Any pre-4/15 accounts invested in something other than AO, we will not have proxy authority. So will need to address this discrepancy in our language.

Brinker and all portfolio managers retained by Brinker have adopted and implemented written policies and procedures. Brinker will provide these policies and procedures to each client using their investment management services in compliance with current regulations. A copy of Brinker's Voting Policy is available, upon request, by contacting Brinker's Chief Compliance Officer at 610-407-5500 ext. 1127.

Absent any legal or regulatory requirement to the contrary, it is generally Brinker's policy to maintain the confidentiality of the particular votes that it casts on behalf of its clients; however, Brinker will obtain and make available to the client the voting record of each portfolio manager with respect to the client's account upon receipt of a written request from such client. Any client may obtain details of how Brinker voted the securities in its account by contacting a Brinker Client Services representative at 800-333-4573 or at [clientservice@brinkercapital.com](mailto:clientservice@brinkercapital.com). The Proxy Voter posts information regarding that vote on its secure web site.

#### **Proxies for the AdvisorOne Funds**

We serve as investment adviser to certain investment companies under the AdvisorOne Funds 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 will be provided to you upon your request.

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

**Item 18      Financial Information**

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CLS does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. CLS is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, CLS has not been the subject of a bankruptcy petition at any time.

**APPENDIX I**  
**To Part 2A of Form ADV**

***Wrap Fee Program Brochure***  
***For CLS Legacy Programs***

(see attached)