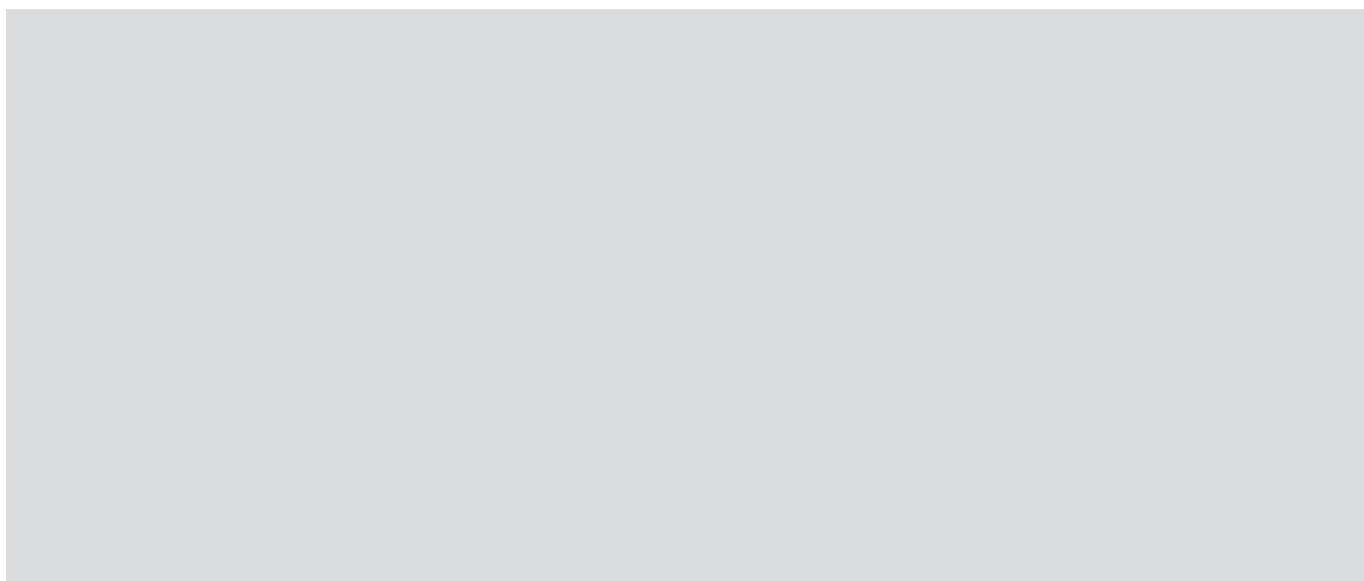


# ADVISORONE CONSERVATIVE



## Investment Strategy

### AdvisorOne Funds Strategy

Utilizes CLS's AdvisorOne Funds, which are composed primarily of ETFs. The funds focus on total return, meaning growth of value through interest, capital gains, and dividends proportionate to your risk tolerance.

CLS's AdvisorOne Funds Strategy combines multiple CLS AdvisorOne Funds to produce a portfolio in line with your financial objectives and Risk Number. These funds, which primarily invest in ETFs, cover a broad spectrum of investment goals, including long-term growth, total return, and income. Within this strategy, CLS actively adjusts the mix of investments to ensure the investor's portfolio aligns with your Risk Number, yet still seeks opportunities in the market. Your portfolio may include a combination of these funds:



### Access to ETFs

An Exchange Traded Fund (ETF) is an investment fund that is priced and traded on an exchange throughout the day just like a stock. ETFs hold a basket of securities (stocks, commodities, or bonds), and most track an index. Since they were launched in 1993, ETFs have gained tremendous popularity and there are now more than 1,450 available, representing over \$2 trillion in assets. As one of the largest active money managers of ETFs, CLS considers them to be an ideal component of its AdvisorOne Funds because of their multitude of potential benefits<sup>1</sup>.

Lower Cost <sup>2</sup>	Tax Efficiency	Diversification
Transparency	Intra-Day Trading	Targeted, Stable Market & Risk Exposure

<sup>1</sup>An ETF is a type of investment company whose investment objective is to achieve the same return as a particular market index. An ETF is similar to an index fund in that it will primarily invest in the securities of companies that are included in a selected market index. An ETF will invest in either all of the securities or a representative sample of the securities included in the index.

<sup>2</sup>While ETFs are lower cost on average, costs do apply.

## AdvisorOne Funds Holdings

Investment Portfolio	Ticker	Allocation %
CLS Flexible Income N	CLFLX	71 %
CLS Growth & Income N	CLERX	29 %
Total		100 %

## Underlying Holdings of the AdvisorOne Funds

Position	Allocation %
<b>Intermediate/Long-Term Bonds</b>	
Fidelity Merrimack Total Bd	1.14 %
Individual Mortgage Bonds - Intermed/Long	1.96 %
Individual US Agency Bonds Intermed/Long	0.37 %
iShares 3-7 Year Treasury Bond	1.31 %
iShares Barclays 20+ Yr Treasury Bond	0.34 %
iShares Barclays Credit Bond Fund	0.94 %
iShares Barclays Intermediate Credit Bond	2.53 %
iShares Barclays TIPS Bond	5.45 %
iShares Core US Aggregate Bond	2.54 %
iShares S&P National Municipal Bond	0.86 %
PIMCO Total Return	5.04 %
SPDR DoubleLine Total Return	5.65 %
Vanguard Intermediate Term Corp Bond Index	2.10 %
Vanguard Mortgagebacked Securities Index ETF	0.56 %
Vanguard Total Bond Market	1.94 %
<b>High Yield Bonds</b>	
BlackRock Corporate High Yield VI	0.21 %
iShares iBoxx \$ High Yield Corporate Bond	2.24 %
PIMCO 0-5 Year High Yield Corporate Bond	1.67 %
PowerShares Fundamental High Yield Corp Bond	1.53 %
PowerShares Senior Loan Port	3.23 %
SPDR Barclays Capital Short Term High Yield Bond	1.54 %
SPDR Blackstone GSO Sr Loan	1.71 %
VanEck Vectors Tr Intl High Yield Bd	0.17 %
<b>Short-Term Bonds</b>	
Individual Treasuries - Short	0.93 %
Individual US Agency Bonds Short	0.03 %
PIMCO 1-5 Yr US TIPS Index	0.97 %
PIMCO Enhanced Short Maturity	4.67 %
SPDR Barclays Short Term Municipal Bond	0.52 %
Vanguard Short Term Corp Bond	1.18 %
International Bond	
iShares Emerging Mkts Local Currency Bd	0.57 %
iShares JP Morgan USD Emerging Markets Bond	1.43 %

## Underlying Holdings of the AdvisorOne Funds (cont.)

Position	Allocation %
<b>Short-Term Bonds</b>	
PowerShares Global Emerging Mkts Sovereign Debt	3.20 %
SPDR Citi Intl Govt Inflation Protected	0.86 %
Templeton Global Income	0.09 %
Vanguard Intl Bond Index	0.07 %
<b>Large-Cap Value</b>	
iShares MSCI USA Minimum Volatility Index	0.37 %
iShares MSCI USA Value Factor	2.81 %
SPDR Energy Select Sector	0.66 %
SPDR Financial Select Sector	1.22 %
Vanguard High Dividend Yield	0.33 %
Vanguard Value	0.33 %
<b>Intermediate/Long-Term Bonds</b>	
DB-X MSCI EAFE Currency-Hedged Equity	0.34 %
iShares MSCI EAFE	0.19 %
iShares MSCI EAFE Min Volatility	1.22 %
iShares MSCI EAFE Value Index	0.19 %
iShares MSCI Europe Financial Sector	0.50 %
iShares MSCI Eurozone	0.42 %
iShares MSCI Japan Index	0.92 %
iShares MSCI Pacific ex-Japan Index	0.15 %
Vanguard European Stock	0.99 %
<b>Emerging Markets</b>	
Columbia Emerging Markets Consumer Titans Index	0.32 %
iShares Core MSCI Emerging Markets	0.73 %
iShares MSCI Emerging Mkts Minimum Volatility Index	0.52 %
iShares MSCI Mexico Index	0.09 %
iShares MSCI Russia Capped Index	0.22 %
Morgan Stanley China A Share	0.14 %
PowerShares FTSE RAFI Emerging Markets	0.96 %
SPDR S&P Emerging Asia Pacific	0.60 %
Vanguard Emerging Markets	0.11 %

## Underlying Holdings of the AdvisorOne Funds (cont.)

Position	Allocation %
<b>Large-Cap Growth</b>	
iShares MSCI USA Quality Factor	0.78 %
SPDR Technology Select Sector	0.95 %
VanEck Vectors Gold Miners	0.28 %
Vanguard Growth	0.11 %
Vanguard Information Technology	0.39 %
<b>Large-Cap Core</b>	
First Trust NASDAQ Technology Dividend ETF	0.49 %
iShares MSCI USA Momentum Factor	1.12 %
iShares S&P 500 Index	0.90 %
<b>Global</b>	
FlexShares Morningstar Global Upstream Natural Resources Index	1.27 %
FlexShares STOXX Global Broad Infrastructure	0.12 %
iShares S&P Global Energy Sector Index	0.17 %
iShares S&P Global Healthcare Sector Index	0.35 %
<b>Commodities</b>	
PowerShares DB Commodity Index Tracking	1.13 %
United States Commodity Index	0.38 %
<b>Alternative</b>	
WisdomTree Managed Futures Strategy	1.11 %
<b>Preferred Security</b>	
iShares S&P US Preferred Stock Index	0.46 %
Powershares Preferred	0.33 %
<b>Currency</b>	
Powershares US Dollars Index Bullish	0.60 %
<b>Cash Equivalent</b>	
Federated Money Market Prime Cash Obligs Instl	0.52 %
<b>Small/Mid-Cap Value</b>	
Alerian MLP	0.32 %
<b>Real Estate</b>	
Real Estate Select Sector SPDR	0.22 %
<b>Balanced</b>	
Powershares CEF Income Composite	0.11 %



## CLS's Investment Methodology

The term "risk" as it relates to investing may have negative or scary connotations in your mind. And it is true that riskier assets have a greater chance of decreasing in value at some point. Yet, taking on risk in the investment world can also bring reward, as riskier investments tend to have greater potential to significantly increase in value. The key is to find a balance between lower risk and higher risk investments that is appropriate for your specific investment objectives.

That's where CLS comes in – CLS has been building individualized, balanced, global portfolios since 1989. CLS's Risk Budgeting Methodology is the foundation of its portfolio construction process. CLS starts by defining your personalized Risk Budget, based on your unique investing time horizon and specific investment goals. This budget, which is expressed as a percentage of the risk of a well-diversified, global equity portfolio, represents the amount of risk you are comfortable taking on in exchange for potential returns. Your individual Risk Budget is the risk level at which CLS manages your portfolio.

### CLS holds three important beliefs about investment risk that guide us in building your portfolio:

- 1 Over the long term, investors are rewarded for bearing risk; having too little risk may endanger an investor's ability to reach investment goals.
- 2 All investors have a capacity to bear some investment risk. The capacity to bear risk is the function of an investor's emotional and financial ability to take risk.
- 3 The best way to manage risk is to measure it, rather than relying on a traditional stock-to-bond ratio..

## CLS's Global Philosophy

CLS's philosophy of pursuing global portfolio diversification means that the CLS portfolio management team can look in many areas of the world for investments that offer an optimal balance of risk and return. This flexible investment approach gives CLS the best opportunity to adapt portfolios when markets change, as certain asset classes are likely to perform well even when others are not.

## Discipline & Flexibility

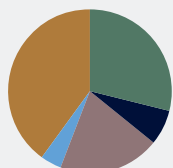
CLS's methodology is unique in that it pairs a disciplined risk management system with a flexible approach to asset allocation, thus enabling the CLS portfolio management team to create active portfolios targeting a particular level of risk. Many investment managers use a stock-to-bond ratio approach to control risk with a portfolio, but CLS does not believe this method is a precise enough measure of actual portfolio risk.

For example, what if the equity market risk increases due to high valuations? CLS's active asset allocation would reduce exposure to overvalued equities while adding exposure to undervalued equities and fixed income to keep risk consistent. On the other hand, a static stock-to-bond approach would end up taking on too much risk.

### CLS's ACTIVE ASSET ALLOCATION

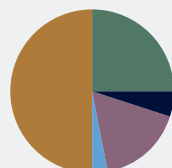
CLS's active asset allocation adjusts to account for changing market conditions. As a result, the relative risk in your portfolio should remain fairly constant over time.

Normal U.S. Valuations



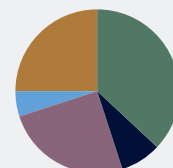
Risk Budget 65

Higher U.S. Valuations



Risk Budget 65

Lower U.S. Valuations

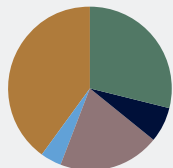


Risk Budget 65

### STATIC ASSET ALLOCATION

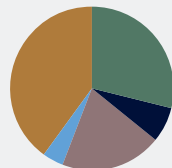
A static asset allocation keeps the portfolio's allocation constant from year-to-year, even though risk in the market is changing. As a result, the portfolio's level of risk may change each year and may not be in line with your Risk Budget.

Normal U.S. Valuations



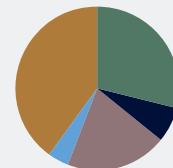
Risk Budget 65

Higher U.S. Valuations



Risk Budget 80

Lower U.S. Valuations



Risk Budget 50

■ Domestic Large-Cap ■ Domestic Small/Mid-Cap ■ Developed International ■ Emerging Markets ■ Fixed Income

## Changes to Your Investment Portfolio

CLS's focus on managing risk instead of allocating portfolios according to a stock-to-bond ratio gives us increased flexibility over other asset managers. By examining the actual risk of investment choices, we can discover relationships that others may miss.

There are two general reasons CLS makes changes within your investment portfolio:

1

The risk of underlying assets changes.

2

The attractiveness of underlying assets changes.



## CLS's Investment Team

CLS's Investment Team is responsible for the day-to-day management of CLS's investment portfolios, as well as providing ongoing support and guidance to CLS's advisors and investors. The team is comprised of six individuals who hold the Chartered Financial Analyst (CFA) designation, one Chartered Market Technician (CMT), one Certified Investment Management Analyst (CIMA®), and one Chartered Alternative Investment Analyst (CAIA).

<b>Rusty Vanneman, CFA, CMT</b> Chief Investment Officer	<b>Marc Pfeffer</b> Senior Portfolio Manager	<b>Grant Engelbart, CFA, CAIA</b> Portfolio Manager	<b>Paula Wieck, CFA</b> Portfolio Manager
<b>Case Eichenberger, CIMA®</b> Client Portfolio Manager	<b>Joe Smith, CFA</b> Senior Market Strategist	<b>Josh Jenkins, CFA</b> Portfolio Manager	<b>Kostya Etus, CFA</b> Portfolio Manager
<b>Gene Frerichs</b> Senior Investment Performance Analyst	<b>Jessica Golson</b> Investment Performance Analyst	<b>Jackson Lee</b> Investment Research Analyst	<b>Mark Matthews</b> Investment Research Analyst

CLS makes a significant investment in leading investment research, performance measurement, and risk management tools to ensure they have access to valuable information necessary for prudent asset management. These leading industry tools include:

- Morningstar Direct
- Bloomberg
- MATLAB
- Frontline Solver
- Value Line
- FactSet
- Ned Davis Research
- ETF Provider Research
- Trading Desk Research
- Market-Q

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*CLS Risk Budgeted strategies are considered diversified portfolios which may invest in Exchange Traded Funds, or ETFs, individual stocks, or bonds. The strategies will target specific sectors or investment methodologies which, depending on the strategy, may include domestic large, mid, and small cap equities, international equities, value investing, commodities, natural resource companies, real estate investment trusts, master limited partnerships, convertible bonds, senior bank loans, high yield bonds, government debt, preferred stock, managed futures, derivatives, high quality, and low volatility. There are additional risks associated with investment in these sectors or utilizing these methodologies.*

*An ETF is a type of investment company whose investment objective is to achieve the same return as a particular index, sector, or basket. To achieve this, an ETF will primarily invest in all of the securities, or a representative sample of the securities, that are included in the selected index, sector, or basket. ETFs are subject to the same risks as an individual stock, as well as additional risks based on the sector the ETF invests in.*

*Small or mid-cap companies are less predictable than large or mega-cap companies. Earnings are less predictable, shares are more volatile, and such companies generally fluctuate in value much more than large cap companies.*

*Developed international securities and American Depository Receipts may be subject to fluctuations in the exchange rate, varying degrees of market regulations within the foreign country, lower liquidity and increased volatility as compared to US securities, additional tax implications, and political, economic, or social instability. Emerging markets may experience risks similar to developed nations but to a far greater degree. The stage of economic development of the country will be directly related to the amount of risk within that country's market.*

*Value investing refers to investment in undervalued securities in an effort to achieve greater overall returns. A security which is considered undervalued might never achieve the level of return projected by an investor. As such, value investing is subject to liquidity risks in addition to the general business risk.*

*Commodity instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargo, tariffs, and international economic, political, and regulatory developments.*

*Real Estate Investment Trusts are subject to decreases in value, adverse economic conditions, overbuilding, competition, fluctuations in rental income, and fluctuations in property taxes and operating expenses.*

*A Master Limited Partnership (MLP) is a partnership which is publicly traded with at least 90% of capital coming from real estate, natural resources, and commodities. As such, MLPs are subject to all of the underlying risks of these investments.*

*Convertible securities will generally involve lower credit risk than a common stock as convertible securities are senior to common stock. Convertible securities generally pay lower dividends and interest than non-convertible securities.*

*Senior Bank Loans are loans generally secured by a lien against a specific asset and are the first to be repaid in the event of a bankruptcy. While the business risk is lower than that of an unsecured loan, the risk is still present.*

*High Yield Bonds, also known as "junk bonds" are bonds with low credit ratings. Investors generally invest in high yield bonds due to the prospect of greater than average interest payments. High yield bonds are subject to a greater degree of the business risk, credit risk, and the liquidity risk as opposed to a medium-grade or investment-grade corporate debt security.*

*A derivative is a contract which may include futures contracts, forward contracts, options, and swaps, which are based on an underlying asset such as a stock, bond, commodity, currency, etc. The risk of the derivative for the writer will be closely related to that of the underlying asset.*