



PRODUCT SUMMARY

CLSAUTOPILOT

www.CLSautopilot.com



AUTOPILOT PRODUCT SUMMARY

CLS Autopilot is an automated asset management tool for advisors that is designed to enhance the client experience. This tool combines Riskalyze's quantitative innovation of the Risk Number™ with CLS's asset management and track record, into a seamless end-to-end self-service experience for advisors and their clients.

Autopilot allows advisors to cater to next-generation clients and profitably serve clients who may be below the advisor's current investment minimum. This white-labeled product is unique to each advisor, and allows advisors to segment and grow their businesses without adding to their back-office workload.

Clients can enjoy the benefits of online account opening, in addition to the expertise and experience of a financial advisor. In addition, Autopilot:

- ▶ Functions as direct business with advisors through a solicitor agreement with CLS.
- ▶ Provides advisors with a unique portal, powered by CLS and Riskalyze, for clients to do online business with them.
 - ▶ Only CLS and Riskalyze can make changes and control the content on the Autopilot website. We handle the content to comply with current regulations from a regulatory perspective, similar to the CLS client portal that clients already access today.
- ▶ Features an online account opening process with e-signature, which can include an advisor's firm account forms, if the home office consents.



Automate Asset Management.

Provides financial advisors with the ability to offer next-generation client service.



Be Online. Stay Human.

Allows advisors to remain competitive with modern technology, as well as maintain their personal touch.



Neutralize the Robo Threat.

Provides technology to maximize the advisor's advantage by reducing the cost and complexity of serving clients.



Cultivate Growth.

Serves next-generation clients now and allows advisors to be ready for them when they grow.



Open New Accounts.

Allows clients to pinpoint their Risk Number™, sync outside assets, open their new account, and e-sign paperwork.

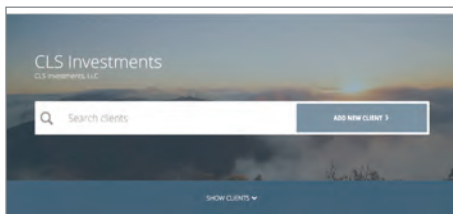


Expand Your Client Base.

Gives advisors the opportunity to serve clients, large and small, by offering a tiered service model.

ACCOUNT OPENING PROCESS

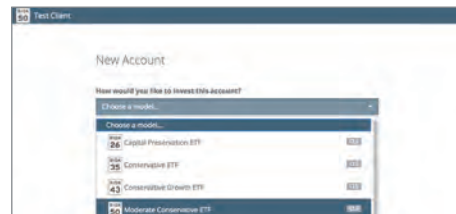
The account opening process allows you the control and flexibility to help your clients open new accounts.



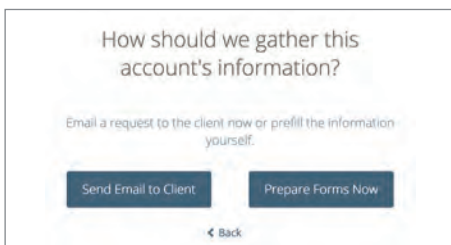
Login to your advisor dashboard to add a new client



Establish your client's Risk Number™ by emailing the risk questionnaire or launching it within the dashboard



Select a model that aligns with the client's Risk Number™



Send an email to your client to finish the online account application or prepare the forms in your dashboard



Send the completed online application to the client for review and e-signature, or if the client is present, sign the forms directly from your dashboard

CLIENT DASHBOARD

Each Autopilot client has access to a unique, plan-based dashboard once an account is open, which allows the client to:

- ▶ View account performance, transaction history, and current portfolio positioning.
- ▶ Access monthly custodial and quarterly video statements.
- ▶ Schedule one-time contributions, systematic contributions, or one-time withdrawals (if a bank account has been added to the account).
- ▶ Run additional on-demand account reports.



INVESTMENT MANAGEMENT/PROCESS

Portfolios are designed to allocate across a wide variety of globally diversified assets. Over time, the combination of multiple asset classes – such as large-cap U.S. stocks, commodities, fixed income, and emerging markets – is designed to reduce overall portfolio volatility and increase returns. Exchange traded funds (ETFs) are used within portfolios due to their accessibility and usually lower costs.

CLS tracks over 100 asset class segments and strategies, including:

- ▶ Developed International

▶ Domestic Large-Cap

▶ Domestic Large-Cap Growth

▶ Domestic Small/Mid-Cap

▶ Emerging Market Equity

▶ Intermediate Bonds

▶ High-Yield Bonds
- ▶ Short-Term Bonds

▶ Inflation-Protection Bonds

▶ Commodities

▶ Emerging Market Debt

▶ Money Market

▶ Developed International Equity

▶ Short-Term Corporate Bonds

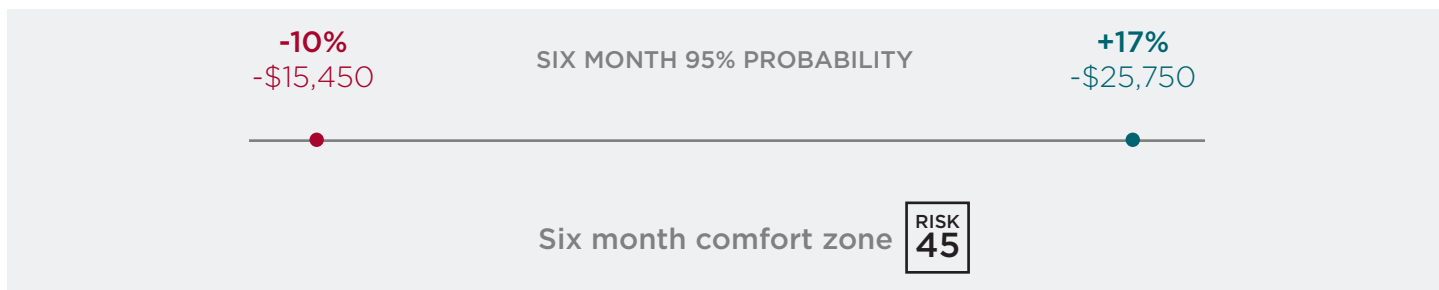
Active Asset Allocation

In addition to analyzing the attractiveness of an asset based on risk, CLS relies on a set of quantitative inputs and qualitative evaluations of asset classes to estimate overall return potential of each asset class. CLS portfolio managers focus on five characteristics when analyzing the attractiveness of a security: economic, fundamental, statistical, technical, and valuation factors.

INVESTMENT ANALYSIS			
Measure the overall return potential		Valuation	The price paid for earnings, cash flow, sales and book value in different market segments.
		Behavioral	Used to evaluate securities by analyzing technical measures and investor sentiment.
		Fundamental	Asset-specific information such as business risk, earnings, and expected earnings growth.
		Economic	How an asset will be affected by macro variables such as economic growth, inflation, and interest rates.
		Quantitative	Captures a variety of measures, ranging from costs to risk analysis.

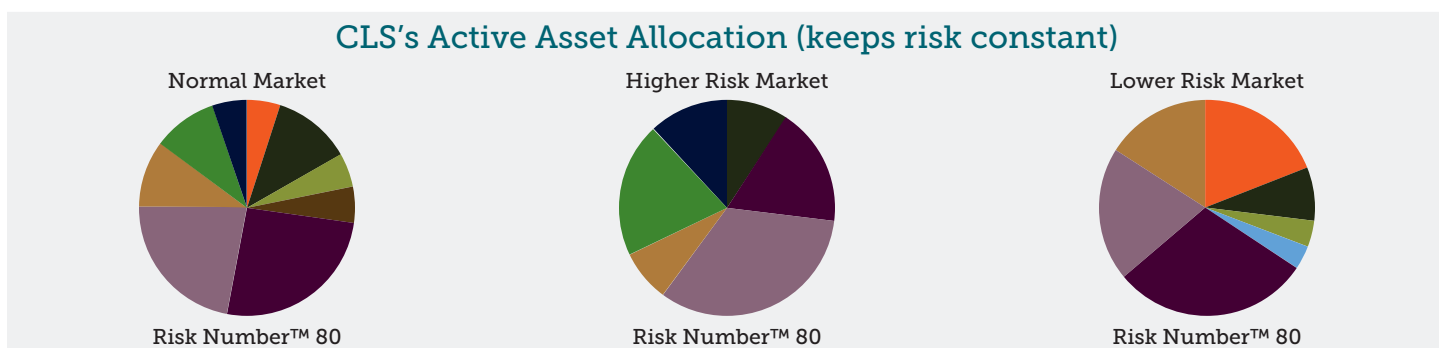
RISK MANAGEMENT

Autopilot portfolios are built and actively managed to maintain the level of risk the client indicates he or she is willing and able to take. Autopilot provides each client a six-month comfort zone to align his or her investments and goals.

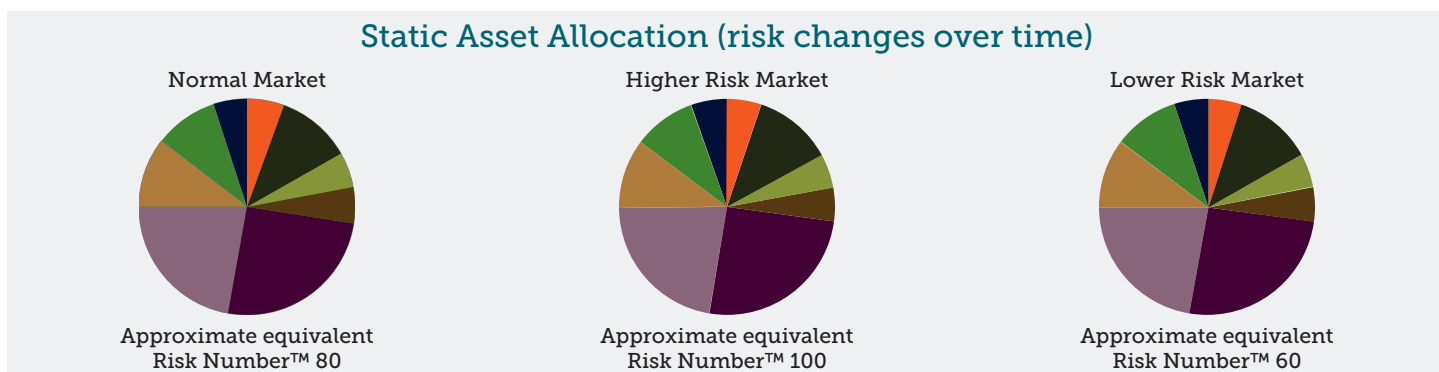


Active Asset Allocation

With CLS's active money management approach, the allocation of assets within the client's portfolio changes from year-to-year to adjust for changing market conditions and take advantage of opportunities. As a result, it is intended that relative risk in the client's portfolio will remain constant each year, regardless of what is happening in the market.



With a static stock-to-bond allocation approach utilized by many investment managers, the portfolio's allocation is kept constant over time by rebalancing back to the same asset classes, even though the risk in the market is changing. As a result, the portfolio's level of risk may also change each year even though the investor's long-term objectives have not. Therefore, the risk in the portfolio may not be in line with the investor's tolerance for risk.



- | | | | |
|-------------------------|---------------------------|--------------------|------------------------|
| Commodities | Money Market | Short-Term Bonds | High-Yield Bonds |
| Developed International | Domestic Large-Cap Growth | Domestic Large-Cap | Emerging Market Equity |
| Domestic Small/Mid-Cap | Emerging Market Debt | | |

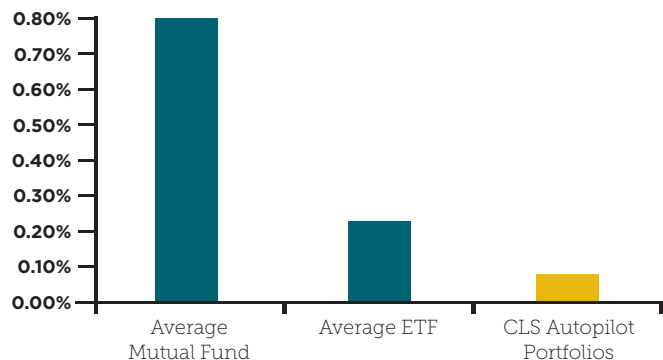
FEES

Autopilot accounts are charged an annual fee of **0.25%** by CLS. In addition, advisors can charge up to **1.00%**. Advisors can assign a flat fee schedule to all Autopilot clients, or a tiered fee schedule based on asset levels (see below).

Assets Under Management	Advisor Fee (Max 1.00%)
0 - \$49,999	%
\$50,000 - \$99,999	%
\$100,000 - \$249,999	%
\$250,000 - \$499,999	%
\$500,000 & up	%

The average internal expense ratio of our Autopilot ETF models is **0.06%**.

Cost Comparison: Average Internal Expenses*



*Source: ICI Factbook 2017, Morningstar

Supported Account Types



Individual Accounts



Joint Accounts



Traditional IRAs



Roth IRAs



Rollover IRAs



SEP IRAs

IMPLEMENTATION

Onboarding

1. Advisors e-sign the CLS Solicitor Agreement, Autopilot Fee Schedule, and CLS Selling Agreement (if applicable). Existing CLS advisors are only required to sign the Autopilot Fee Schedule.
2. Advisors provide CLS with a logo, client contact information, and firm suitability/account forms if applicable.
3. Once approved, the advisor is sent a unique link and instructions to embed the link into his or her site. For advisors who don't market through a website, or don't have an existing website, they will be provided with a white-labeled, simplified landing page with the appropriate links.

Implementation Paths

Path 1:

The advisor's firm account opening documents, ADV, and disclosures are included, along with the CLS and custodial forms in the paperwork bundle. Once signed online by the client, the account opening documents are routed to the advisor and all required home office parties at the advisor's firm prior to CLS opening the account.

Path 2:

Through Autopilot, clients will e-sign CLS and custodial account opening documents. Once e-signed by the client, the documents are routed to the advisor. The advisor's back-office requirements and account opening documents are then completed manually with the client, the same way advisors work with CLS today. CLS restricts account opening in Autopilot until the advisor tests that all of his or her firm's requirements are fulfilled.

