

Supplement to Form ADV Part 2A (Effective November 1, 2011)

This insert serves to supplement and should be reviewed in conjunction with CLS Investments, LLC's ("CLS") form ADV Part 2A dated March 31, 2011. Should you have any questions, please contact a CLS client service representative at (888) 455-4244.

Part 2A, Item 8 -- Page 11

The description of "ETF Portfolio" found on page 11 of the ADV Part 2A is deleted and replaced with the following:

2a. ETF Portfolio

The ETF Portfolio investment management service utilizes an adaptive risk allocation strategy. The strategy uses diversification, risk budgeting, relative strength and asset class risk analysis to diversify your portfolio primarily among exchange traded funds ("ETFs") through investment platforms at designated custodians, according to your objectives determined from your Client Profile. This service may be best suited for clients wishing to invest across multiple ETFs. The ETF Portfolio investment management service may also use mutual funds for certain asset classes not readily accessible in ETF products. The ETF Portfolio investment management service is considered a "wrap fee program" where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

The standard fee schedule for this service is:

Flat Rate Annual Percentage
1.65%

The minimum account size is \$150,000 per registration.

2b. ETF Managed Income Portfolio

The ETF Managed Income Portfolio investment management service utilizes an adaptive risk allocation model 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 three separate investment portfolios: immediate, short-term, and long-term.

If you enroll in this strategy you may elect to designate a specific amount of assets needed to satisfy your immediate income needs. These assets will be set aside in a low-risk cash account and available for immediate, systematic withdrawals. The default amount is three months worth of desired withdrawals; however, the strategy allows you to specify your desired amount. You may then 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 (including zero assets in the low-risk reserve portfolio). The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The proceeds from this portfolio will be used to replenish the reserve portfolio which, in turn, is used to replenish the cash account. If the client has elected not to establish a reserve portfolio or cash account, income generated from these investments will be distributed directly to the client or reinvested.

The strategy uses diversification, risk budgeting, relative strength, and asset class risk analysis to diversify your long-term portfolio among exchange traded funds (“ETFs”) through investment platforms at designated custodians, according to your objectives determined from your Client Profile. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income. The ETF Managed Income Portfolio investment management service is considered a “wrap fee program” where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

The standard fee schedule for this service is:

Flat Rate Annual Percentage
1.65%

The minimum account size is \$250,000 per registration.

Part 2A, Item 8 – Page 13

The description of “Master Manager” found on page 13 of the ADV Part 2A is deleted and replaced with the following:

7a. Master Manager

The Master Manager investment management service utilizes an adaptive risk allocation strategy in which you will be invested in exchange traded funds (“ETFs”), bonds, individual securities and/or mutual funds with us acting as the asset allocation overlay manager. The strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis, to determine the proper allocation of your portfolio among the various investment vehicles. 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 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 service 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

Master Manager investment management service is considered a “wrap fee program” where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

Depending on a client’s objectives, portfolios under the Master Manager investment management service may be adjusted for clients seeking current or growing income, clients desiring socially conscious considerations and clients interested in tailoring their portfolio due to tax concerns. As applicable, the stock portion of an income portfolio may use an enhanced index strategy designed to track many characteristics of the S&P 500 Index by utilizing high dividend yielding stocks. The bond portion of each income portfolio will focus on open and closed end bond funds offering a superior yield. The bond portion of a portfolio may be highly concentrated in high yield bonds or long-term government bonds due to their historically high yields, but the goal will be to diversify the bond portfolio while maintaining focus on the primary objective of high or growing yield.

The standard (tiered) fee schedule for this service is:

<u>Assets under Management</u>	<u>Annual Percentage</u>
\$500,000 but less than \$1,000,000	1.95%
Next \$500,000	1.90%
Next \$500,000	1.85%
Next \$1,500,000	1.80%
Next \$1,500,000	1.75%
\$5,000,000 or more	1.65%

The minimum account size is \$500,000 per registration.

7b. Master Manager Managed Income

The Master Manager Managed Income investment management service utilizes an adaptive risk allocation model 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 three separate investment portfolios: immediate, short-term, and long-term.

If you enroll in this strategy you may elect to designate a specific amount of assets needed to satisfy your immediate income needs. These assets will be set aside in a low-risk cash account and available for immediate, systematic withdrawals. The default amount is three months’ worth of withdrawals; however, the strategy allows you to specify your desired amount. You may then 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 (including zero assets in the low-risk reserve portfolio). The remainder of your account will be set aside in a long-term portfolio invested primarily in income or interest-generating investments. The proceeds from this portfolio will be used to replenish the reserve portfolio which, in turn, is used to replenish the cash account. If the client has elected not to establish a reserve portfolio or cash account, income generated from these investments will be distributed directly to the client or reinvested.

The long-term portfolio will be invested in exchange traded funds (“ETFs”), bonds, individual securities and/or mutual funds with CLS acting as the asset allocation overlay manager. This strategy uses risk diversification, risk budgeting, relative strength and asset class risk analysis, to determine the proper allocation of your portfolio among the various investment vehicles, according to your objectives determined from your Client Profile. Assets designated for this portfolio will seek to provide long-term growth and a steady stream of income. The Master Manager Managed Income investment management service is considered a “wrap fee program” where the trading costs are not billed separately to the client. Please refer to our Wrap Fee Program Brochure for additional details regarding this service.

The standard fee schedule for this service is:

Flat Rate Annual Percentage
1.95%

The minimum account size is \$500,000 per registration.

Part 2A, Item 8 – Page 16

The description of “Hybrid” found on page 16 of the ADV Part 2A is deleted and replaced with the following:

10. Hybrid

The Hybrid investment management service utilizes an adaptive risk allocation strategy. The strategy uses risk diversification, risk budgeting, relative strength, and asset class risk analysis 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. Assets placed in **Affiliated Funds** will receive a credit (offset) against advisory fees that would otherwise be payable to us for all direct operating expenses of the **Affiliated Funds**, including fund management fees paid to us, based on the highest percentage of account assets that can be invested in **Affiliated Funds** (the maximum allocation to **Affiliated Funds** is identified under the applicable fee schedule below). The offset of direct operating expenses does not include the underlying fund fees charged by each of the funds the **Affiliated Funds** may own. The standard fee schedules below reflect this reduction, resulting in a “net” advisory fee. At any time, you may instruct us in writing not to place any of your managed assets in **Affiliated Funds**; however, in such event, you will be required to select a different CLS strategy. For more information about the **Affiliated Funds** and any management fees received by us from the **Affiliated Funds**, please consult the applicable AdvisorOne Funds prospectus.

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 30% is:

Flat Rate Annual Percentage*

1.80%

The offset assumes a maximum 35% investment in **Affiliated Funds. (The offset is calculated as follows: 2.2025% total advisory fee, less 1.15% **Affiliated Funds** offset for 35% of the portfolio equals a maximum 1.80% net advisory fee.)*

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 50% is:

Flat Rate Annual Percentage*
1.65%

The offset assumes a maximum 55% investment in **Affiliated Funds. (The offset is calculated as follows: 2.2825% total advisory fee, less 1.15% **Affiliated Funds** offset for 55% of the portfolio equals a maximum 1.65% net advisory fee.)*

The standard (**net**) fee schedule for an initial **Affiliated Funds** allocation of 75% is:

Flat Rate Annual Percentage*
1.50%

The offset assumes a maximum 80% investment in **Affiliated Funds. (The offset is calculated as follows: 2.42% total advisory fee, less 1.15% **Affiliated Funds** offset for 80% of the portfolio equals a maximum 1.50% net advisory fee.)*

The minimum account size is \$50,000 per registration.

Part 2A, Item 10 – Page 33

The section under the heading “INVESTMENT COMPANIES” found on page 33 of the ADV Part 2A is deleted in its entirety and replaced with the following:

INVESTMENT COMPANIES

Related Persons: AdvisorOne Funds, The Milestone Funds & Rydex Variable Trust

Relationships and Arrangements with Related Persons:

We serve as the investment adviser to the Amerigo Fund, Clermont Fund, Select Allocation Fund, Descartes Fund, Liahona Fund, Reservoir Fund, Enhanced Income Fund, Flexible Income Fund, Select Appreciation Fund and Shelter Fund which are part of the AdvisorOne Funds Trust and we serve as interim investment adviser to the Treasury Obligations Portfolio which is part of The Milestone Funds trust (collectively these funds are referred to as "**Affiliated Funds**"). We receive a management fee from the **Affiliated Funds** we advise. A specified amount of your assets may be invested in **Affiliated Funds** as an integral part of some of our investment management services. At any time, you have the right to

prohibit us from investing any of your managed assets in **Affiliated Funds**. We receive a management fee calculated at the annual rate of 1.00% from each of the **Affiliated Funds**, except the annual rate is 0.60% from the Reservoir Fund, 0.90% from the Enhanced Income Fund, 0.65% from the Flexible Income Fund and 0.10% from the Treasury Obligations Portfolio (subject to shareholder approval). We also serve as sub-adviser to the CLS AdvisorOne Funds (the Amerigo Fund, Clermont Fund and Select Allocation Fund) each a series of the Rydex Variable Trust (the "**Sub-Advised Funds**"). We receive an annual sub-advisory fee of 40 basis points (0.40%) for providing sub-advisory services to the **Sub-Advised Funds**. In addition, our affiliated broker-dealer, NLD, may receive a portion of any shareholder servicing and/or 12b-1 fees paid by the **Affiliated Funds** or the **Sub-Advised Funds**. Please consult the AdvisorOne Funds prospectus for additional information about the **Affiliated Funds** and the Rydex Variable Trust prospectus for additional information about the **Sub-Advised Funds**.

Related Persons: Advanced Series Trust & the Saratoga Advantage Trust

Relationships and Arrangements with Related Persons:

We serve as the sub-adviser to two portfolios in the Advanced Series Trust, the AST CLS Moderate Asset Allocation Portfolio and the AST CLS Growth Asset Allocation Portfolio. Under this arrangement, we serve as sub-adviser to the co-managers of these portfolios, Prudential Investments, LLC and AST Investment Services, Inc. For providing sub-advisory services, we receive a fee that is based on the combined assets in both portfolios ranging from 10 to 20 basis points (0.10% to 0.20%).

We also serve as the sub-advisor to the U.S. Government Money Market Portfolio of The Saratoga Advantage Trust. Under this arrangement we serve as sub-adviser to Saratoga Capital Management, LLC, the manager of The Saratoga Advantage Trust. For providing sub-advisory services, we receive a fee that is based on the net assets managed ranging from 5 to 10 basis points (0.05% to 0.10%), reduced in the same percentage as the manager when the manager reduces its fees, but subject to a \$10,000 annual minimum.