

## FREQUENTLY ASKED QUESTIONS



The following are answers to some frequently asked questions about Autopilot, the innovative new automated asset management platform from CLS Investments, LLC (CLS) and Riskalyze.

### **What is Autopilot?**

Autopilot is an automated asset management platform for advisors. It combines the quantitative innovation of the Risk Number™ from Riskalyze, with the strength and track record of asset management from CLS, in one seamless self-service experience for your clients.

### **There are lots of ways to manage assets. Why is Autopilot better?**

Because it's so easy and allows you to focus on growth. Advisors can drop a few lines of code into their web site, and their prospective and existing clients can capture their Risk Number™, sync in outside assets, align their savings and retirement goals with their investing, get matched with the right portfolio and e-sign the documents to open their account.

### **How are advisors using Autopilot?**

Some advisors are moving their entire book of business to Autopilot. Others are moving just part of their client base. Either way, advisors are taking this opportunity to segment their business, and redesign their fees and service levels to scale up together based on a client's account size.

When you move a client's assets to Autopilot, you keep control on the Autopilot Dashboard, and your clients get a powerful portal to review their progress, update their Risk Number™ and change their investing strategy as appropriate.

### **Where do the assets get custodied?**

Our launch partner for custody is TD Ameritrade Institutional.

### **Do I need a TD Ameritrade Institutional relationship to use Autopilot?**

No. CLS will work with TD Ameritrade to open and trade the account initially and to keep the account aligned with its strategy thereafter.

## **Whose brand do my clients see?**

The Autopilot brand is never used with clients. The focus stays on your firm and its branding. These are your clients, and we're simply your partners in delivering the services you provide.

CLS is your partner for asset management, so they will be managing the strategy and executing trades as a part of the automated asset management services you've engaged for your clients. As such, clients will execute an investment advisory agreement with them.

Your clients may also see from time to time that the software you're using is "Powered by Riskalyze" and they will be aware that their assets are custodied at TD Ameritrade Institutional.

## **I'm worried about taking on smaller clients, even with automated asset management. Won't I be getting a ton of service calls for withdrawals, contributions, or account transfers?**

Worry no more. We let you put the hassles of your business on Autopilot, so you can focus on your clients once again. A team of dedicated service professionals are standing behind you to take those calls and assist clients with withdrawals, contributions, account transfers and more.

## **Do I have to tell my clients to call CLS for that stuff?**

Actually, it's really simple. When your clients go to your web site and log into your branded client portal, they'll notice a "Contact for Help" button. Once there, they'll see a short list of issues where you are the appropriate contact as the advisor, along with your contact information.

They'll also see a short list of the operational issues where the service desk is the appropriate contact, along with a toll-free number. And of course, your administrative staff will be able to give out the toll-free number so clients can know how to call the service desk without logging in.

## **When my clients call the service desk, what brand will they encounter?**

We want to ensure that our message is consistent, and clients always feel safe and secure. So we recommend from the start that you be very clear with clients that CLS is your trusted asset management partner, with a 25 year track record managing over \$6 billion. The calls will be answered as the "CLS Service Desk."

Remember, you continue to own the client relationship. When your clients are talking to a CLS service professional, we will always be referencing you and your firm, and positioning ourselves as your partner in asset management.

## **What kind of visibility will clients have after they open their account?**

We believe clients are best served when they focus on the long term, so we keep the focal point on the client's progress toward their plan.

They'll be able to log in 24/7 to the advisor-branded client portal, using their computer, iPad or Android tablet. They'll be able to see their account balance, and their progress since they last mapped out their retirement goal.

Clients will be able to engage in a review process to recapture their Risk Number™, realign their savings plan and investment strategy with their retirement goals, and potentially be matched with a changed investment strategy based on their choices.

## **What kind of follow-up information do clients receive after they open their accounts?**

Your clients will receive a very simple, advisor-branded welcome email when they open their accounts, reminding them of their login information, and giving them contact information for your firm, and for the service desk if they have questions.

We will also send an advisor-branded email confirmation when they adjust their automatic deposit settings, make a one-time deposit, or make a one-time withdrawal request.

Finally, every six months, we'll send an advisor-branded email recommending the client log in to their portal, recapture their Risk Number, and reconfirm their strategy choices.

## **What about statements?**

Autopilot includes a quarterly video statement for your clients. A member of the CLS investment team will provide on-camera commentary about the performance of the client's selected portfolio, with overlaid graphics illustrating the client's individual quarterly performance. The video will be accessible on a quarterly basis via the advisor-branded client portal.

In addition, TD Ameritrade Institutional will automatically send monthly statements to the client, since the account is held in their name.

## **Can I take my clients off the Autopilot platform?**

It's your business, and these are your clients. You own the client relationship. We're just the partners you've chosen to provide great service. At any point in time, if you're not thrilled with Autopilot, you can transfer any or all assets off of the platform.

## **How do I know that I have a new client that came in through Autopilot?**

You will receive a notification as soon as you have a new account that is pending, so you can review the account, discuss the chosen strategy with the client if you feel that is appropriate, and then approve the account for opening and trading.

You'll also receive notifications when a client does a review and updates their investment strategy, or when a client makes an operational request to the service desk (e.g. ACH transfers or deposits).

## **Can I have multiple employees log into Autopilot?**

Of course! You can create multiple user accounts for your Autopilot Dashboard.

## **What if my advisors have separate web sites from each other?**

Each of those advisors might need to have their own Autopilot account, which is no problem. When you establish an Autopilot account, you establish a solicitor agreement, a payee relationship for the payout of your fees, and a unique snippet of web site code that ensures that clients arriving at your web site end up in your Autopilot account.

If you want payouts to flow directly to individual reps, or have individual web sites that automatically route clients to their Autopilot Dashboard, you'll need to establish separate Autopilot accounts for each rep. Remember, there are no upfront fees to establish an Autopilot account.

## **I'm already a Riskalyze customer. Do I still need my Riskalyze license?**

Autopilot delivers all the power of Riskalyze for the eight Autopilot portfolios available on the platform. If you're moving 100% of your client assets to Autopilot, you probably don't need your Riskalyze license any more. Otherwise, you may want to keep it active for those other assets.

## **All of my advisors operate under my firm. Some of them have Riskalyze already. Others don't. Is that a problem?**

We've got you covered. If you have a Riskalyze Team Edition license, you can give Autopilot Dashboard access to all of your advisors, and full Riskalyze access only to the ones you want. Everything just works seamlessly.

### **What is the total cost to use Autopilot?**

25bps (0.25%), calculated as an annualized fee for the average quarterly balance of the account. You set your client fee wherever you want. We automatically bill it to client accounts, deduct the 25bps, and send you a quarterly payout for the difference.

### **Can my fee vary by client?**

Yes. We recommend you set your default Autopilot fee at the highest level you might charge. That will authorize that fee on the documents e-signed by the client. Then you can reduce the fee at the individual client level, and we'll bill that reduced amount to your client.

### **What about additional fees?**

It's a good thing we don't charge by the question, right? Seriously, there are no additional fees. No upfront fees to get started. Just 25bps for the assets we manage for you on the Autopilot platform.

### **How can I save even more on these ridiculously low fees?**

For a limited time, move at least \$5 million in assets onto the Autopilot platform within 30 days after activation, and we'll pay you our 25bps portion of the advisory fee for months two, three and four.

### **What is the minimum size of an Autopilot account?**

\$5,000.

### **What kinds of accounts are supported?**

We support individual, joint and IRA accounts.

### **Do you support trust accounts?**

No. We believe that trust accounts should have more oversight than Autopilot currently offers.

### **Can a client have multiple accounts?**

You bet. The more the merrier.

## **How do clients transfer their money into a new account?**

Autopilot supports both ACAT transfers and ACH deposits to fund new accounts. Any assets transferred in via ACAT will be automatically liquidated at market rates and reinvested into the selected Autopilot portfolio.

## **What is the legal structure for these client relationships? Who plays what role?**

Riskalyze provides all of the technology, the client portal and the analytics that clients engage with. CLS will be the third party money manager for client assets. You will be appointed as a solicitor on the account and receive a solicitor fee from CLS (paid out of the total advisory fee) for all assets managed on the platform.

## **How do the legal agreements with the advisor work?**

You'll be executing a solicitor agreement between you and CLS, which allows us to remit your payout for the client assets you place on the Autopilot platform. Your firm will also need to execute a selling agreement with CLS. However, CLS already has selling agreements in place with hundreds of broker-dealers and RIA firms, so please check with the Autopilot team to see just how easy we can make the agreement process for you.

Once you've signed the solicitor agreement with CLS, a member of the Autopilot team will work with you to get your Autopilot Dashboard set up, the client portal linked into your web site, and allow you to start onboarding client assets.

## **How do the legal agreements with the client work?**

There are 2 to 3 sets of documents that clients will e-sign when opening an account.

The first is CLS's investment advisory agreement. This agreement will identify you as the solicitor on the account, including a LPOA giving you certain authority to act on the account, and also disclose to the client that we are paying you a fee on the account.

The second is the custodial paperwork. We will include all of the appropriate custodial forms needed to open the account, including ACH authorization so the client can easily deposit and withdraw funds via their bank account in the future, and potentially including ACAT forms if the client has requested to transfer an existing account.

The third set that we may have to include are your broker-dealer documents. We are working with hundreds of broker-dealers to ensure the correct forms are included for clients to e-sign. If your broker-dealer uses LaserApp, there's a very good chance we'll be able to include their forms in the e-signature packet for clients to execute.

### **I'm a RIA. Will I need to amend my Form ADV?**

Because each advisory firm and the services they offer is unique, it will depend upon the current description of the RIA's advisory services in Item 4 of the ADV. However, as a best practice, we recommend reviewing your current ADV language and adding information about solicitor business if is currently not included.

### **Tell me more about these Autopilot portfolios.**

There are eight Autopilot portfolios on the platform, handcrafted by the investment team at CLS, and spread across the Risk Number™ spectrum. They utilize broad-based low-cost exchange traded funds to minimize internal expenses, maximize liquidity and flexibility, and keep trading costs low. (That's one of the reasons we can pass on such great savings to you.) Those ETFs will provide access to a wide range of asset classes, including equities, fixed income, commodities and occasionally alternatives.

### **Will you actively manage the portfolios to stay at consistent levels of risk?**

Yes. The CLS investment team will actively ensure that the eight Autopilot portfolios stay in close proximity to their target Risk Number™. While the market does change the nature of a portfolio's risk over time, our goal is to make sure that every client on the Autopilot platform is always within 8 points of the Risk Number™ target they established during the account opening or review processes.

### **I'm already familiar with CLS. Do the Autopilot portfolios use their Risk Budget?**

It's close but not exactly the same. Autopilot has adopted the Riskalyze Risk Number™ to measure both client risk tolerance and portfolio risk.