

Qualified Plan Participant Guide ...



Why Invest in Your Employer-Sponsored Qualified Retirement Plan?

Many investors think they will have time to invest later, or conversely, that they don't have enough time to catch up. However, investing as early and as often as possible is the key to building a healthy nest egg. In fact, in a qualified retirement plan:

- **Contributions are often taken from pre-tax salary, so the funds grow tax-deferred until withdrawn.** This reduces your current taxable income.
- **The compounding effect of consistent periodic contributions over 20 or 30 years is dramatic,** so it's to your benefit to start early.
- **Your money stays with you:** all contributions can be moved from one company's plan to the next company's plan (or to an IRA) if you change jobs.
- **Contributions are automatically deducted** so you don't have to remember to contribute each pay period.
- If you are concerned about your ability to retire on the funds you've saved and are 50 or older, **you may be eligible to make catch up contributions** beyond the normal annual limits.

30+

the number of years your retirement may last

80%

the percentage of your current annual income you may need each year in order to retire comfortably¹

\$1,335

the average monthly benefit paid by the Social Security Administration²

\$172k

the estimated median amount of savings for those who are 60-70 years³

5.8%

the projected growth rate of healthcare spending through 2022, which will greatly impact retirement account funds⁴

THE POWER OF COMPOUNDING

Take a look at this table, in which the returns of each investor varied greatly over time due to the power of compounding. When the value of your retirement account increases and you remain invested long term, you have the opportunity to reinvest your gains, which can provide additional opportunity for account growth.

	Investor A	Investor B	Investor C
Age Starts Investing	30	40	30
Age Stops Investing	39	65	65
Years of Contributing	10	25	35
Total Invested Amount	\$20,000	\$50,000	\$70,000
Account Value at Age 65:	\$231,439	\$172,702	\$404,141

Based on weekly contribution of \$38.46 (roughly \$2,000 per year) and an 8% hypothetical growth rate. The referenced compounding illustration above is shown for illustrative purposes only and is not meant to represent the CLS AdvisorOne Funds.

WHY HIRE A PROFESSIONAL MONEY MANAGER?

LACK OF TIME

Tremendous demands on time often leave little opportunity for personal investment management. That is why a professional money manager like CLS is beneficial – we monitor the market and portfolios every day.

INADEQUATE EXPERIENCE

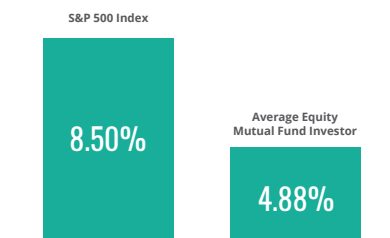
Many investors are understandably unfamiliar with financial markets and how to choose investment options. In fact, a study conducted in 2018 by Dalbar, Inc. showed that between 2007 and 2017, individual equity mutual fund investors achieved 4.88% annualized returns, while the S&P 500 returned 8.50%. A professional money manager, such as CLS, can help bridge this gap by:

- **Monitoring portfolios daily** and actively making adjustments based on changing economic and market conditions, in order to keep your portfolio in line with your individual tolerance for risk.
- Maintaining a disciplined investment approach with the goal of **providing stability** to your portfolio.
- Spending countless hours conducting **research and due diligence**. Our investment strategists and portfolio managers – many of whom hold the prestigious Chartered Financial Analyst® (CFA) designation – are experienced financial professionals and are well trained in finance and economics.

EMOTION

Investors often go through a severe cycle of emotions with their investments. Professional money managers, like CLS, can help identify points of risk and opportunity, and help you avoid making costly investment mistakes that are based on emotion. employees in the defined contribution plan, and place them in managed accounts."

AVERAGE ANNUAL RETURNS 2007 - 2017



THE CYCLE OF INVESTOR EMOTIONS



Quantitative Analysis of Investor Behavior, 2018," DALBAR, Inc. www.dalbar.com Equity performance is represented by the Standard & Poor's 500 Composite Index, an unmanaged index of 500 common stocks generally representative of the U.S. stock market. The average investor refers to the universe of all mutual fund investors whose actions and financial results are restated to represent a single investor. This approach allows the entire universe of mutual fund investors to be used as the statistical sample, ensuring ultimate reliability. QAIB calculates investor return as the change in assets, after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. You cannot invest directly in an index. Past performance does not guarantee future results. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

CLS INVESTMENT METHODOLOGY

Finding the optimal asset mix to meet your specific capacity for risk is not always easy. But that’s where CLS comes in – we have been building individualized, balanced, global portfolios since 1989 and have been a valued partner of many top qualified retirement plan companies since 2002.

CLS’s Risk Budgeting Methodology is the foundation of our portfolio construction process. Upon enrollment, we define your personalized Risk Budget based on your unique investing time horizon and specific investment goals indicated on your participant questionnaire. This budget represents the amount of risk you are comfortable taking on in exchange for potential returns, and is the risk level at which we manage your account.

CLS analyzes the risk of each asset you hold to ensure the combined risk level of your account is suitable for your individual needs. We are careful not to underexpose you to risk, as this may not give your account adequate opportunity to grow. Yet we do not overexpose you, as this could leave you unable to meet your financial obligations.

The Importance of Systematic Investing

Systematic investing, or the process of investing a pre-determined amount on a recurring basis, allows you to remain disciplined about saving and may provide smoother investment returns over the long term. Consider the example below, in which an investor contributed \$300 each month to his or her retirement account.

Due to decreased share prices in months two, three, and four, the professional money manager for the investor’s retirement account was able to purchase additional shares. After six months, the investor’s account contained 255 shares at an average share price of \$7.06.

Had the investor stopped investing when the market was at a low, the opportunity for his or her investment manager to buy shares at a low price and sell them when they increased in value would have been missed.

Month	Amount Invested	Share Price	Number of Shares
1	\$300	\$10	30
2	\$300	\$5	60
3	\$300	\$6	50
4	\$300	\$5	60
5	\$300	\$12	25
6	\$300	\$10	30
Total	\$1800	\$7.06 (Avg)	255

Your Individual Risk Budget

Think of your risk budget as a thermostat.

Everyone has a certain level of comfort: some may like the thermostat set at 69 degrees, others may prefer 73. No matter what the weather is like outside, the thermostat works to keep the temperature inside at a designated level. Risk Budgeting is essentially a thermostat for your account. Once your Risk Budget is set, CLS consistently monitors and analyzes the assets in your account to keep the risk level constant no matter how global market conditions change.



This strategy does not assure a profit or profit against loss in declining markets. Investors should consider their ability to continue investing during low investment values.

PLAN INVESTMENTS

Depending on which options your qualified retirement plan has available, CLS will allocate your account to a mix of either:

- CLS-managed AdvisorOne Funds. These funds primarily invest in exchange traded funds (ETFs), which provide a variety of potential benefits including transparency, stable market and risk exposure, diversification, and low costs.
- Index Funds, which may be available within your plan provider's product. These funds are low cost in nature and include, but are not limited to Vanguard Funds.
- American Funds, which may be available within your plan and are renowned for their managers' stock-picking expertise and long-term focus.

Regardless of the fund options used, your account will always be managed in line with your individual Risk Budget, and will contain a mix of investments that offers broad diversification to a variety of asset classes.

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. You should also be aware that ETFs carry similar risks to those of stocks and that returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Any sample allocations displayed in this work are meant to serve as examples. Actual holdings may differ. This information should not be considered investment advice.

Sample Top Ten Holdings

AdvisorOne Funds		
Vanguard Dividend Appreciation	VIG	6%
iShares MSCI EAFE	EFA	4%
iShares MSCI USA Quality Factor	QUAL	4%
Vanguard European Stock	VGK	3%
Vanguard All-World Ex-U.S.	VEU	3%
PIMCO Enhanced Short Maturity	MINT	3%
iShares Floating Rate	FLOT	3%
SPDR Technology Select Sector	XLK	3%
PIMCO Total Return	BOND	3%
SPDR Financial Select Sector	XLF	3%

Index Funds		
Vanguard Total Intl. Stock Index Fund	VTIAX	25%
Vanguard Total Stock Market Index Fund	VTSAX	22%
Vanguard Short-Term Inv. Grade Fund	VFSTX	14%
Vanguard Total Bond Market Index Fund	VBTLX	13%
Vanguard Growth Index Fund	VIGAX	8%
American High-Income Trust	RITGX	6%
Vanguard Mid-Cap Index Fund	VIMAX	3%
Vanguard Dividend Appr. Index Fund	VDAIX	3%
Columbia Emerging Markets Bond Fund	CEBRX	3%
PIMCO Comm. RealReturn Strategy Fund	PCRIX	3%

American Funds		
American Funds American Mutual	RMFGX	17%
American Funds Dvlpg Wld Gr&Inc	RDWGX	15%
American Funds Bond Fund of Amer	RBFGX	14%
American Funds Intl Gr and Inc	RIGGX	12%
American Funds Fundamental Invs	RFNGX	8%
American Funds Washington Mutual	RWMGX	8%
American Funds Invmt Co of Amer	RICGX	6%
American Funds New Perspective	RNPGX	6%
American Funds ST Bd Fd of Amer	RMMGX	6%
American Funds Europacific Growth	RERGX	5%

CHOOSING A MANAGEMENT OPTION THAT'S RIGHT FOR YOU

When you choose CLS's professional management for your retirement account, you may have the ability to select from the following options that CLS uses to manage your Risk Budget. Check with your Human Resources Department to determine which options are available on your plan.

1

Level Option:

Your Risk Budget stays constant, even as you near retirement

Your account is managed consistently at the Risk Budget you specify on the participant questionnaire, until you indicate otherwise.

2

Lifestyle Option:

Your Risk Budget gradually declines as you near retirement

Your account is initially allocated based on the Risk Budget you specify on the participant questionnaire and automatically declines by one point each year. You'll begin at your comfort level and continue to get more conservative as you move closer to your financial goals.

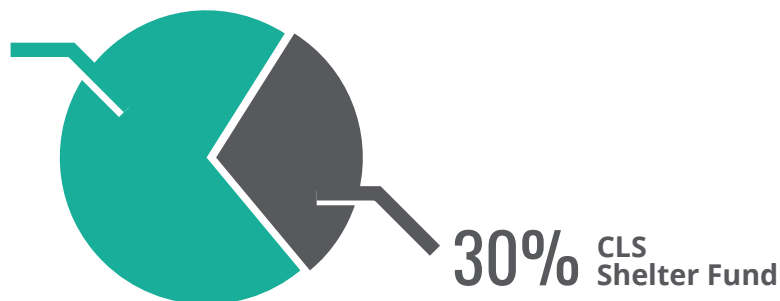
3

ADVISORONE 30% Protection Option (if available on your plan):

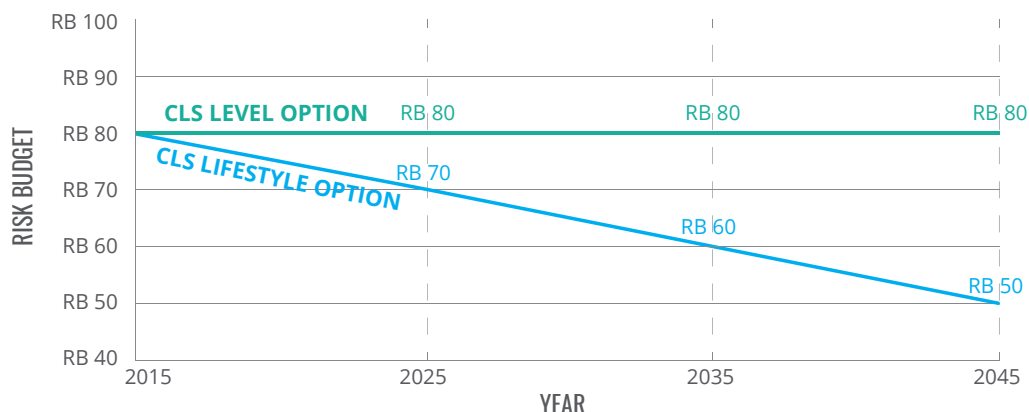
Suitable for investors who are especially sensitive to market declines due to a shortened investing horizon or an extreme fear of decreasing account value

A portion of your account is invested in CLS's Shelter Fund, which seeks account growth when the market is flat or performing well, yet moves to conservative assets if the market severely declines. The remainder of your account is placed into a mix of other funds appropriate for your Risk Budget, which also automatically decreases by one point each year you are enrolled in the plan.

Other Growth-Seeking Funds 70%



Sample Risk Budget Paths for Level and Lifestyle Options



FREQUENTLY ASKED QUESTIONS

Can I cancel my service at any time?

Yes. There is no long-term commitment to CLS; you may cancel at any time without incurring any penalties or withdrawal fees. Please contact your Human Resources Department for information about other fees associated with CLS professional management.

How do I change my Risk Budget?

Life happens – we know there may be a time when you need or want to change your Risk Budget. Contact a member of your company's retirement plan service team (usually a member of your Human Resources Department) or consult with your plan's financial advisor to make changes to your Risk Budget.

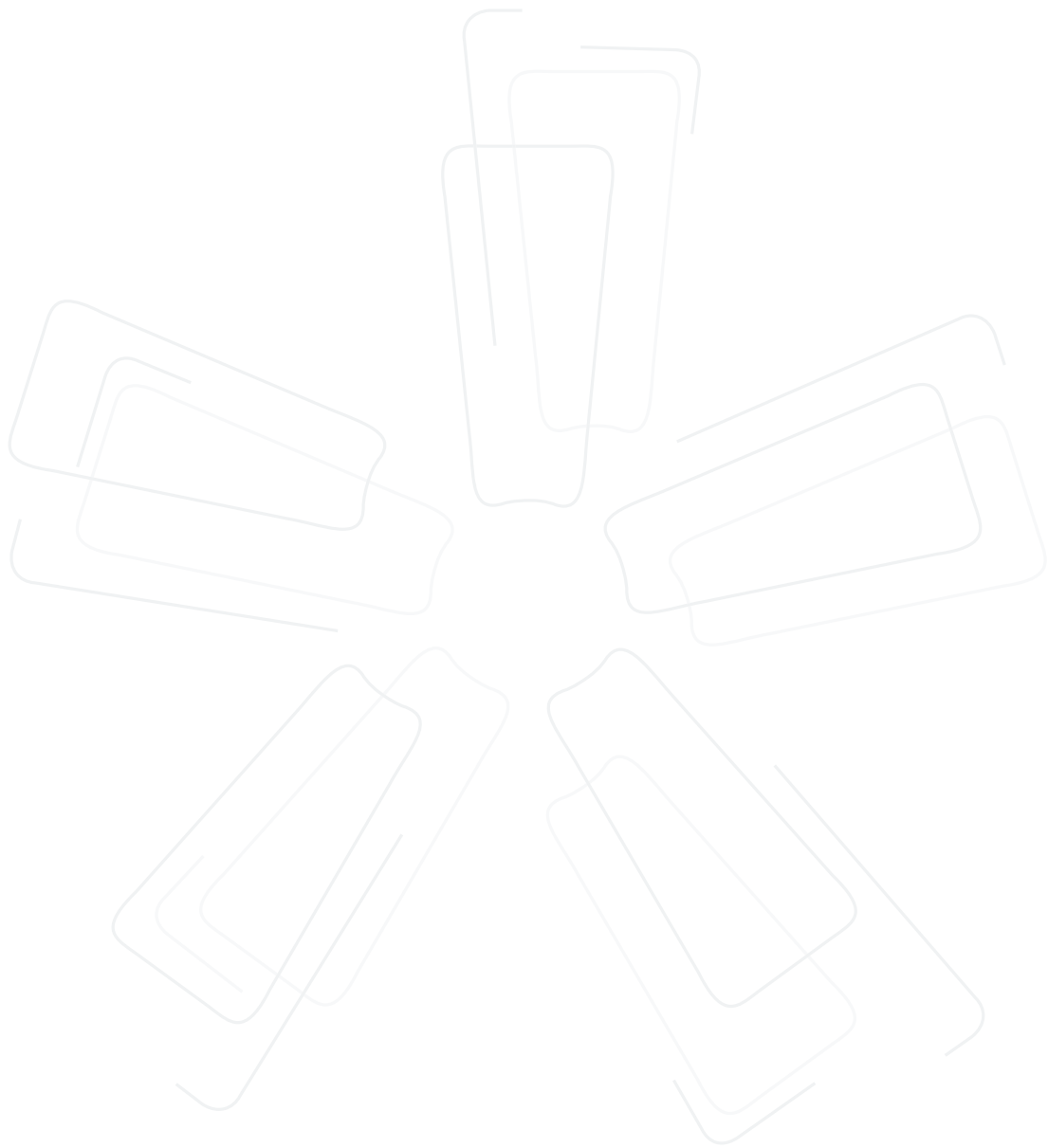
Where can I see details about my account?

CLS's individual quarterly performance evaluations are available by logging onto CLS's secure account portal. This convenient online archive allows you to eliminate paper clutter and provides a more secure delivery option than through U.S. mail. New online statements are available in January, April, July, and October. You can access your statement by visiting CLSinvest.com or calling CLS at 888.455.4244.

You can also download CLS's mobile app for on-the-go access to account information. The app can be found by searching for "CLS Investments" in your mobile app store.

What types of statements does CLS provide?

CLS provides two types of statements: a PDF statement and a video statement. Our PDF statements offer details about your account, including holdings, account values, deposits, withdrawals, gains, and fees. Our video statements provide a dynamic view of your specific account performance and allocation changes over the prior quarter, as well as general information about how the market performed and how it may have affected your account.



¹IRS.gov; ²ssa.gov; ³investopedia.com; ⁴BenefitsPro

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There are risks associated with Bond Funds. These risks include, but are not limited to, the same interest rate, inflation, and credit risks associated with the underlying bonds owned by the portfolio and your return of principal is not guaranteed. High Yield bonds may be subject to greater fluctuations in value and risk of loss of income and principal. The services offered by CLS Investments, LLC are wholesaled through licensed representatives of Northern Lights Distributors, LLC. The CLS-managed Funds ("funds") are funds of funds meaning they invest in underlying mutual funds and exchange-traded funds ("Underlying Funds"). As a result, the Funds indirectly bear investment management fees of the underlying funds in addition to the fees and expenses of the Funds. In some instances it may be less expensive for an investor to invest in the underlying funds directly. There is also a risk that investment advisers of those underlying funds may make investment decisions that are detrimental to the performance of the Funds. Investments in underlying funds that own small- and mid-capitalization companies may be more vulnerable than larger, more established organizations. Investments in underlying funds that invest in foreign equity and debt securities could subject the Funds to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. The Shelter Fund also invests in U.S. government zero coupon bonds which can cause the value of your investment in the Shelter Fund to fluctuate with changes in interest rates. Long-term bonds are generally more sensitive to interest rate changes than short-term bonds. Because zero coupon bonds do not pay current income, their prices can be very volatile when interest rates change.

Investors should carefully consider the investment objectives, risks, charges and expenses of the CLS-managed Funds. This and other information about the CLS-managed Funds is contained in the prospectus, which can be obtained by clicking here or by calling (866) 811-0225. The prospectus should be read carefully before investing. The CLS-managed Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.