CUSTOMIZED FOR:
Valued Client

PRESENTED BY:
Demo T. Representative
(402) 960-6961

Apr 25, 2018
Dear Valued Client,

Together, CLS Investments, LLC (CLS) and I have created a customized investment proposal for you. This proposal outlines our recommendations for investment strategies and management of your account in accordance with your specific financial goals. Those objectives, which are outlined in this document, have been established in accordance with the profile information you provided.

Specifically, this investment proposal:

• Establishes reasonable expectations, objectives, and guidelines for the investment of your portfolio.
• Sets forth an investment structure detailing the expected initial allocation among asset classes.
• Creates the framework for a well-diversified asset mix that we believe will produce long-term returns in accordance with your level of risk.

You, CLS, and I each have distinct and important roles in the investment process:

• Your role is to communicate your objectives, goals, and desired risk level by updating your investment profile when life changes occur.
• CLS will monitor the funds within your portfolio on a daily basis. If market conditions warrant, CLS will follow a disciplined money management approach to reallocate your portfolio, while still seeking to meet your investment objectives.
• I will provide oversight to the entire process, meet with you regularly, and work closely with CLS.

I have conducted diligent research to choose a professional money manager whose investment philosophy and methodology best support your goals. CLS and I work collaboratively to help you achieve your long-term investment objectives.

Thank you for reviewing this proposal. Please contact me if you have any questions about these recommendations, CLS, or your financial portfolio in general.

Sincerely,

Demo T. Representative
(402) 960-6961
About CLS Investments

In 1972, W. Patrick Clarke began his career as a stockbroker at a time when others were struggling to survive in that profession. In 1975, he left that post to focus on working with individual investors to develop highly customized financial plans and investment management options. When other financial planners began expressing a need for this type of individualized approach, he began to partner with them as a third party asset manager. In 1989, Mr. Clarke was the majority partner in creating the independent asset allocation firm Clarke Lanzen Skalla Investment Firm, LLC. The company was founded on the lessons learned by Mr. Clarke as both a financial advisor and an individual investor. Under Mr. Clarke’s direction, that company would eventually become the money management firm CLS Investments, LLC.

Today, CLS is an ETF strategist working with more than 5,200 financial advisors to manage nearly 40,000 investor portfolios. With over $8 billion in assets under management and as a part of NorthStar Financial Services Group, LLC, CLS has the investment experience to help advisors and individual investors achieve financial success.

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 seven 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).

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

Rusty Vanneman, CFA, CMT
Chief Investment Officer

Marc Pfeffer
Senior Portfolio Manager

Joe Smith, CFA
Senior Market Strategist

Grant Engelbart, CFA, CAIA
Portfolio Manager

Kostya Etus, CFA
Portfolio Manager

Case Eichenberger, CIMA®
Client Portfolio Manager

Gene Frerichs
Senior Investment Performance Analyst

Jackson Lee, CFA
Quantitative Investment Research Analyst

Mark Matthews
Investment Research Analyst

Josh Jenkins, CFA
Portfolio Manager

Michael Hadden
Junior Investment Research Analyst

Patty Colombe
Administrative Coordinator
Account Detail

Client Name: Valued Client
Registration Type: IRA
Investment Amount: $250,000.00
Risk Budget: 80
Custodian: CTC

Strategy Information

<table>
<thead>
<tr>
<th>Investment Outcome</th>
<th>Strategy Name</th>
<th>Allocation %</th>
<th>Allocation $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation</td>
<td>American Funds Strategy</td>
<td>100%</td>
<td>$250,000.00</td>
</tr>
</tbody>
</table>
Investment Outcome

For investors whose primary investing objective is to increase portfolio value over the long term, CLS builds balanced, global portfolios constrained by its Risk Budgeting Methodology. This means CLS accesses many areas of the domestic and international markets to find the best opportunities that fit within your Risk Budget. CLS employs a consistent portfolio management process that allows for flexibility and customization to your specific accumulation goals.

Your CLS Accumulation portfolio is actively managed, meaning CLS makes adjustments to it in an effort to maintain an appropriate risk level and take advantage of opportunities in the market.
Investment Strategy

American Funds

Allows you to hire CLS as the professional manager of your American Funds portfolio in order to take advantage of CLS’s disciplined and flexible Risk Budgeting investment management approach.

American Funds, like a majority of actively managed mutual funds, tend to drift in their style, capitalization, asset allocation, and risk characteristics. CLS’s management of your American Funds portfolio adds tremendous value through risk and allocation management.

CLS American Funds portfolios are 100% invested in American Funds investments and focus on total return, meaning growth of value through interest, capital gains, and dividends, proportionate to your risk tolerance. Each portfolio is actively managed, meaning CLS makes adjustments to it in an effort to maintain an appropriate risk level and take advantage of opportunities in the market. CLS also carefully monitors the holdings within the American Funds utilized to maintain global diversification in your portfolio. In addition, CLS provides daily account maintenance, meaning they facilitate all requests for withdrawals, required minimum distributions, deposits, and Risk Budget changes.

American Funds are renowned for their managers’ stock-picking expertise and long-term focus. This skill and philosophy makes these funds an ideal complement to CLS’s Risk Budgeting and asset allocation specialization, which is why CLS has included American Funds in many of their Risk-Budgeted portfolios since 1998.
Allocation Overview

Portfolio Allocation: Asset Categories

- Equity: 90.00%
- Bond: 10.00%
- Other: 0.00%

Portfolio Allocation: Asset Class Segments

- Large-Cap Value: 25.00%
- Developed International: 20.00%
- Emerging Markets: 15.00%
- Large-Cap Core: 10.00%
- Global: 5.00%
- Intermediate/Long-Term Bonds: 5.00%
- Other: 0.00%
## Holdings Summary

For your assets held at CTC

<table>
<thead>
<tr>
<th>Investment Portfolio</th>
<th>Ticker</th>
<th>Shares</th>
<th>Price Per Share</th>
<th>Market Value</th>
<th>Allocation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Funds Mut;F3</td>
<td>AFMFX</td>
<td>1,191.671</td>
<td>$39.86</td>
<td>$47,500.00</td>
<td>19.00%</td>
</tr>
<tr>
<td>American Funds DWGI;F3</td>
<td>FDWGX</td>
<td>3,870.674</td>
<td>$10.98</td>
<td>$42,500.00</td>
<td>17.00%</td>
</tr>
<tr>
<td>American Funds IG&amp;I;F3</td>
<td>IGAIX</td>
<td>925.662</td>
<td>$35.11</td>
<td>$32,500.00</td>
<td>13.00%</td>
</tr>
<tr>
<td>American Funds Finv;F3</td>
<td>FUNFX</td>
<td>365.497</td>
<td>$61.56</td>
<td>$22,500.00</td>
<td>9.00%</td>
</tr>
<tr>
<td>American Funds Wash;F3</td>
<td>FWMIX</td>
<td>498.118</td>
<td>$45.17</td>
<td>$22,500.00</td>
<td>9.00%</td>
</tr>
<tr>
<td>American Funds Invmt Co of Amer F3</td>
<td>FFICX</td>
<td>503.018</td>
<td>$39.76</td>
<td>$20,000.00</td>
<td>8.00%</td>
</tr>
<tr>
<td>American Funds EuPc;F3</td>
<td>FEUPX</td>
<td>309.078</td>
<td>$56.62</td>
<td>$17,500.00</td>
<td>7.00%</td>
</tr>
<tr>
<td>American Funds NPer;F3</td>
<td>FNPFX</td>
<td>397.637</td>
<td>$44.01</td>
<td>$17,500.00</td>
<td>7.00%</td>
</tr>
<tr>
<td>American Funds Bond;F3</td>
<td>BFFAX</td>
<td>1,301.041</td>
<td>$12.49</td>
<td>$16,250.00</td>
<td>6.50%</td>
</tr>
<tr>
<td>American Funds SMCP;F3</td>
<td>SFCWX</td>
<td>175.994</td>
<td>$56.82</td>
<td>$10,000.00</td>
<td>4.00%</td>
</tr>
<tr>
<td>Cash or Cash Equivalents</td>
<td>^QFWP</td>
<td>-</td>
<td>-</td>
<td>$1,250.00</td>
<td>0.50%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$250,000.00</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
Our Investment Philosophy & Process

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. All investors have a capacity to bear risk, and the best way to manage risk is to measure it, rather than relying on a traditional stock-to-bond ratio.
2. Over the long term, investors are rewarded for bearing risk; having too little risk hurts investor returns.
3. Investment methodologies should be designed to pair a disciplined risk management system with an active and flexible approach.

The Risk Budget

A Risk Budget is essentially a percentage of the risk of a diversified, global equity portfolio. CLS ties the Risk Budget to the global stock market, which is a benchmark that can be used to evaluate the performance of your portfolio. The global stock market is a blended index, comprised of about half domestic equity and about half international equity. As an example, if your Risk Budget is 80, CLS will manage your portfolio to take approximately 80% of the risk of the global stock market at all times. You should also expect that over time, the long-term performance goal for your portfolio is to achieve at least 80% of the return of the global stock market.

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.

**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.

---

**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.
## Asset Allocation

CLS’s unique and consistent risk management process is critical in helping you reach your long-term investment objectives. It is designed to provide stability to your portfolio and peace of mind that your investments are being maintained at the level of risk you are comfortable with, regardless of what is happening in the market. In addition, by globally diversifying your investments among over 100 asset class segments and strategies, CLS seeks to minimize portfolio volatility while pursuing areas of opportunity in the market, all within the constraints of your Risk Budget.

### Commonly-Tracking Asset Classes

<table>
<thead>
<tr>
<th>Equities</th>
<th>International</th>
<th>Large Cap</th>
<th>Mid Cap</th>
<th>Small Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>Government</td>
<td>Corporate</td>
<td>High Yield</td>
<td></td>
</tr>
</tbody>
</table>

### Sample Asset Class Segments and Strategies CLS Tracks

<table>
<thead>
<tr>
<th>Domestic Equities</th>
<th>International Equities</th>
<th>Fixed Income</th>
<th>Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Cap</td>
<td>Developed</td>
<td>Investment Grade</td>
<td>Volatility</td>
</tr>
<tr>
<td>Large Cap</td>
<td>Emerging</td>
<td>High Yield</td>
<td>Inflation</td>
</tr>
<tr>
<td>Mid Cap</td>
<td>Small Cap</td>
<td>Inflation Linked</td>
<td>Merger Arbitrage</td>
</tr>
<tr>
<td>Small Cap</td>
<td>Regions</td>
<td>International (Developed)</td>
<td>Market Neutral</td>
</tr>
<tr>
<td>Micro Cap</td>
<td>Value</td>
<td>Emerging Market</td>
<td>Buy/Write</td>
</tr>
<tr>
<td>Growth</td>
<td>Frontier</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>Global Infrastructure</td>
<td>Mortgages</td>
<td></td>
</tr>
<tr>
<td>Sectors</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Each asset CLS tracks is assigned a risk score, which allows different types of assets to be compared, regardless of whether they are stocks, bonds, or even commodities. Risk Budgeting allows asset classes to be analyzed together to see which is the most attractive, which is not possible when the only consideration is whether an asset is an equity or a bond. By tracking a multitude of asset classes, CLS is able to better focus on an individual asset’s actual risk.
**Estimating Risk Potential**

CLS uses a combination of three risk measures with quantitative inputs in conjunction with quantitative and qualitative investment analysis of asset classes to estimate risk and overall return potential.

- **Beta**: A measure of correlated volatility relative to the equity baseline portfolio. Time period: measured weekly over the last year and 10-year periods.
- **Relative Standard Deviation**: A measure of portfolio risk relative to the market’s total risk. Time period: measured weekly over the last year.
- **Relative Maximum Drawdown**: How a security reacts when the market goes down in value. Time period: measured weekly over the last year.

**Estimating Return Potential**

The goal of investment analysis is to analyze the attractiveness of an asset not only based on its risk, but also on the return potential the asset may bring to the portfolio. Consistent with our overall approach, CLS relies on a set of quantitative inputs and qualitative evaluations of asset classes to estimate overall return potential. CLS portfolio managers focus on five characteristics when analyzing the attractiveness of a security: economic, fundamental, statistical, technical, and valuation.
## Communication

### PDF and Video Quarterly Statements

CLS will make available to you an individual Quarterly Performance Evaluation at the end of each quarter in both PDF and video formats, which you can review with this investment proposal to determine whether you are meeting your goals. The proposal will help you keep in mind your investment objectives, time horizon, and expected rate of return. Your Quarterly Performance Evaluations are available on the web at www.CLSinvest.com.

### Market Discussions & Updates

Communication with both you and your financial representative is important. Each quarter, CLS will make available to you our *Directions* newsletter, which contains information about the latest market and economic conditions. *Directions* is available online at www.CLSinvest.com.

Additionally, you can view our Quarterly Market Outlook video and supplemental materials directly from our Portfolio Management Team by visiting www.CLSinvest.com/QMO.

### Website

Log on to www.CLSinvest.com for secure access to your quarterly performance evaluations, daily positions and values, and other portfolio information. In addition, our website provides a direct line of communication between you and our Service Team through the “Contact Us” link on our home page.

### CLS Mobile App

The CLS mobile app is available for mobile devices and provides on-the-go account access to:

- Account holdings
- Shares, values, prices, and performance
- Statements and reports

You can also call or email your financial representative directly from the app.

To download the CLS mobile app, visit the app store on your device and search for “CLS mobile.”

### CLS is Social

For market commentary, portfolio positioning, links to important industry news, and company and product updates:

- Read CLS’s blog: blog.clsinvest.com
- Follow CLS on Twitter: @.clsinvestments
- Visit CLS on Facebook: Facebook.com/clsinvest
- Explore CLS’s Video Content: youtube.com/clsinvest
- Engage with CLS on LinkedIn: linkedin.com/company/CLS-investments-llc

Apr 25, 2018 | Valued Client
This material does not constitute any representation as to the suitability or appropriateness of any security, financial product or instrument. There is no guarantee that investment in any program or strategy discussed herein will be profitable or will not incur loss. This information is prepared for general information only. It does not reflect the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that security values may fluctuate and that each security’s price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not a guide to future performance. Individual client accounts may vary. Investing in any security involves certain risks called non-diversifiable risk. These risks include market risk, interest-rate risk, inflation risk, and event risk. These risks are in addition to any specific, or diversifiable, risks associated with particular investment styles or strategies.

The benchmark for CLS Risk Budgeted strategies is a blended index composed of a set portion of the Equity Baseline Portfolio (EBP) and the Barclay’s Capital 1-3 Month U.S. Treasury Index (Barclay’s). The precise allocation of each benchmark to each index is based solely upon the risk budget of the model. For example, a Core ETF Strategy model with a risk budget of 95 will utilize a benchmark of 95% EBP, 5% Barclay’s, whilst a Core ETF Strategy model with a risk budget of 60 will utilize a benchmark of 60% EBP, 40% Barclay’s.

The Equity Baseline Portfolio (EBP) is a blended index comprised of 60% domestic equity (represented by the Russell 3000 Index) and 40% international equity (represented by the MSCI ACWI ex US Index), rebalanced daily. The Russell 3000 Index is an unmanaged index considered representative of the U.S. stock market. The index is composed of the 3,000 largest U.S. stocks. The MSCI All-Countries World Index, excluding U.S. (ACWI ex US) is an index considered representative of stock markets of developed and emerging markets, excluding those of the US. The Barclay’s Capital 1-3 Month U.S. Treasury Bill® index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value.

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 Depositary 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.