

PRE-RETIREMENT

Your financial adviser has recommended an investment strategy for your portfolio based on your individual short- and long-term financial needs. This determination of your primary objective comes from understanding how you prioritize the following investment concerns:

FINANCIAL BUDGET

How do your budget decisions affect your ability to meet your investment objectives?

LIQUIDITY

How much do you value being able to convert assets to low-risk investments?

RISK TOLERANCE

How impacted are you by market volatility over your full investing lifetime?

SEQUENCE of RETURNS

How do poor returns in the near term affect you reaching your investment goals?

YOUR INVESTMENT PHASE

Based on your current financial situation and long-term investment objectives, you and your adviser have determined that you are in a **Pre-Retirement** phase. This typically means that you are within 10 years of retirement and have a need for increasingly conservative investments in order to retain a certain level of savings but are still seeking growth opportunities for your portfolio.

Typical order of Pre-Retirement investor concerns:

SEQUENCE
OF RETURNS

RISK
TOLERANCE

FINANCIAL
BUDGET

LIQUIDITY

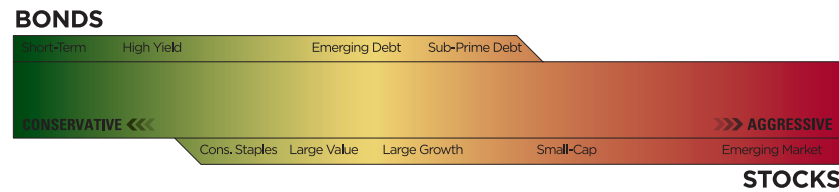


CLS RISK BUDGETING METHODOLOGY

CLS Investments, LLC (“CLS”) believes risk budgeting is a critical element in crafting client portfolios. Risk budgeting keeps the level of risk within a portfolio constant, even as conditions within the investment environment change. Your risk budget is determined according to your individual financial goals, capacity for risk, and investment time horizon. After a portfolio’s risk budget has been assigned, that risk cannot be overspent or underused.

Each portfolio is managed by CLS in accordance with its risk budget, even as our investment committee adjusts portfolio holdings in response to market trends. If these changes cause an increase in the overall risk of a portfolio, CLS will make complementary adjustments to other holdings within the portfolio. This will lower the overall risk, bringing the portfolio back within budget.

This Integrated Risk Continuum illustrates the relative amount of risk associated with a variety of asset classes. Note the overlapping areas where certain stocks assume lower risk than some bonds. By viewing equities and bonds on the same risk continuum instead of relying on a stock-to-bond ratio, CLS can overweight favorable asset classes while keeping portfolio risk relatively constant even as the portfolio changes.



PORTFOLIO MANAGEMENT

Within the **Pre-Retirement** strategy, CLS portfolio managers use **Exchange Traded Funds (ETFs)** - either individually or through our proprietary AdvisorOne Funds - as fundamental building blocks for your portfolio. ETFs are index-based securities that can be purchased for virtually every type of index. They seek to mirror stock and bond indices, specific industry sectors, or individual countries.

Advantages to using ETFs include:

- **Trading flexibility.** ETFs price and trade throughout the day.
- **Lower expense.** On average, ETFs have lower expense ratios and trading fees.
- **Transparency.** Because ETFs track specific indices, investors generally know in which underlying securities they are invested.
- **Diversification.** ETFs are index-based, providing broad diversification across securities, indices, and asset classes.
- **Tax efficiency.** ETFs tend to generate fewer capital gains than mutual funds.

The **AdvisorOne Funds** (RB=RISK BUDGET)

Select Appreciation (RB 110) ■ Amerigo (RB 100) ■ Descartes (RB 90) ■ Shelter (RB 0-85) ■ Select Allocation (RB 80) ■ Liahona (RB 70) ■ Clermont (RB 53) ■ Enhanced Income (RB 40) ■ Flexible Income (RB 10) ■ Reservoir (RB 0)

PRE-RETIREMENT STRATEGY

ADVISORONE PRE-RETIREMENT PORTFOLIO

The AdvisorOne Pre-Retirement program offers an element of protection since you are more susceptible to market downturns at this stage in your investing life. Additionally, it provides a level of customization that many retirement funds do not.

You may enter the CLS Pre-Retirement program once you have specified a retirement date that is within 10 years. Upon enrollment:

- Your Risk Budget immediately rounds down
- Fifteen to 20 percent of your portfolio is immediately placed into the AdvisorOne Shelter Fund

The process for making the portfolio more conservative and allocating a portion of it to the separate fund is quicker for individuals who enter the program later (when they are closer to retirement) and for those whose portfolios carry a large amount of risk upon entry.

STAGE ONE If you are within six to 10 years of your specified retirement date, you are in Stage One of CLS’s Pre-Retirement program.

- Your Risk Budget declines one-half to one point per year until you reach Stage Two
- One additional percentage point of your portfolio is placed in the Shelter Fund each year until you reach Stage Two

STAGE TWO If you are within one to five years of your specified retirement date, you are in Stage Two of the program.

- Your Risk Budget decline accelerates every year until you reach your retirement date
- Your portfolio’s allocation to the Shelter Fund increases to 50 percent of your risk budget

Account Minimum
\$50,000 per registration

Fee Schedule
Up to 1.65%

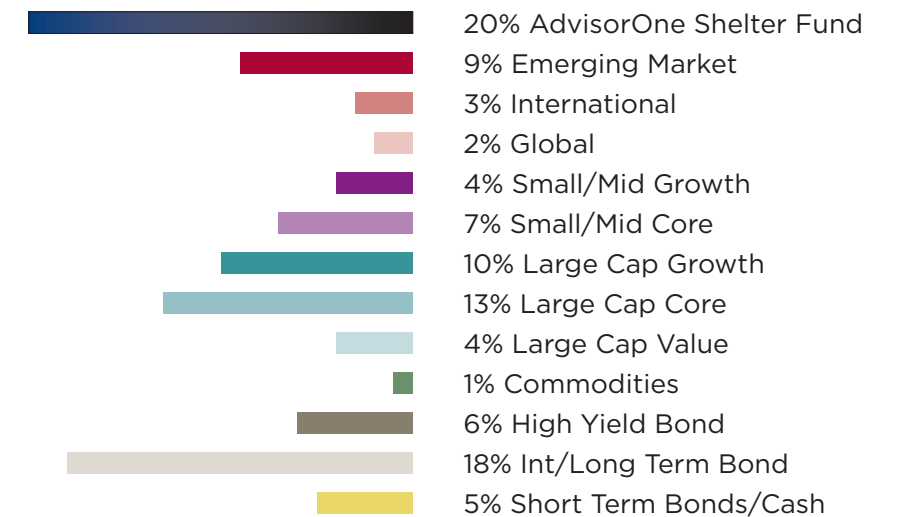
Custodians
Constellation Trust Company
TD Ameritrade
Charles Schwab

About the AdvisorOne Shelter Fund

The Shelter Fund is fully invested in ETFs when the market is up (so you can benefit from growth). However, if a market decline results in losses in the fund, portions of the ETFs may be traded for Zero Coupon Bonds (ZCBs). Depending on the amount of losses, market volatility, and interest rates, the fund may be 100 percent invested in ZCBs. Proprietary volatility modeling algorithms forecast future volatility and calculate a series of trigger levels that let CLS know when to reallocate the fund from ETFs to ZCBs.

AdvisorOne Pre-Retirement Portfolio SAMPLE ALLOCATION

RISK BUDGET: 75



There are a multitude of investment options available today. The process of choosing which ones are appropriate for an individual financial portfolio can be understandingly overwhelming for investors.

Fortunately, you've elected to work with a financial adviser who can lead you through a comprehensive planning process that:

- identifies your specific individual investing concerns
- devises a blueprint for your investment path
- designates the strategies to help you reach your immediate and long-term financial goals

In turn, your financial adviser has conducted diligent research to choose a professional money manager whose investment philosophy and methodology best support your objectives. These two financial experts - your adviser and CLS - working collaboratively to manage your financial future, seek to help you achieve your long-term investment objectives.



This information is prepared for general information only. It does not have regard to 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.

CLS Investments, LLC ("CLS") is an SEC Registered Investment Advisor and an affiliated company of Northern Lights Distributors, LLC. The services offered by CLS are wholesaled through licensed representatives of Northern Lights Distributors, LLC.

A client's risk budget is derived from the client's specific answers to CLS's Confidential Client Profile questionnaire, which establishes the client's financial goals, ability to handle risk, and overall investment time horizon. The individual client risk budget is expressed as a percentage of the risk of a well diversified equity portfolio. The risk budgets for the AdvisorOne Funds, from lowest to highest risk, range from 0 to 110; however, CLS's strategies limit an individual's risk budget to a range of 0 to 100. The risk targets for each of the AdvisorOne Funds and CLS's investment strategies are determined by CLS's Investment Committee.

Investing in ETFs involves risks. 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. There are risks associated with bonds. 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 AdvisorOne Funds are fund 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 Fund. 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 Fund. 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 Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards.

The AdvisorOne Shelter Fund may invest in U.S. government zero coupon bonds which can cause the value of your investment in the 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.

Investing in mutual funds involves risks. Investors should carefully consider the investment objectives, risks, charges, and expenses of the AdvisorOne Funds. Other fees and expenses do apply to a continued investment in the fund. This and other information about AdvisorOne Funds is contained in the prospectus, which can be obtained by calling (866) 811-0225 and should be read carefully before investing. The AdvisorOne Funds are distributed by Northern Lights Distributors, LLC Member FINRA.