

# Trade Log | Mutual Funds

LPL Financial Research

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## Table of Contents

Alpha Focused. . . . .	3
Strategic Mutual Fund. . . . .	4
Tactical Mutual Fund. . . . .	5
Downside Risk Aware. . . . .	6
Income Focused. . . . .	7
Sustainable Investing - ESG. . . . .	8
Tax Aware. . . . .	9
Alternative Strategies. . . . .	10
American Funds Active Core. . . . .	11
Franklin Templeton Tax Aware. . . . .	12
Franklin Templeton Income. . . . .	13
DFA Dimension 1. . . . .	14
DFA Dimension 2. . . . .	15
DFA Dimension 3. . . . .	16
DFA Dimension Sustainable. . . . .	17
DFA Tax Aware. . . . .	18
MFS Strategic Core. . . . .	19
American Funds Ret. Income Enh. . . . .	20
American Funds Ret. Income Mod. . . . .	21
American Funds Ret. Income Con. . . . .	22

## Overview

LPL Research has made asset allocation changes to the Diversified Plus: Tactical models on the Model Wealth Portfolios (MWP) platform. In all investment objectives (IO), we trimmed exposure to fixed income in order to increase exposure to small and mid cap equities, as well as developed international equities. In all IOs except Income with Capital Preservation, we also reduced the size of the overweight allocation to large cap equities to fund these areas.

With election uncertainty high, we believe further diversifying equity allocations across various equity asset classes makes sense at this time. As a result, we are increasing, and in some instances introducing, exposure to small and mid cap companies and increasing a developed international equity strategy within the portfolio allocations.

We believe we are in the early stages of a new economic cycle and bull market, an environment that historically has been favorable for small cap stocks. As a result, we recently upgraded our view on small cap equities to market weight from underweight.

We also believe this stage of the economic cycle presents increased upside potential for equities relative to high-yield bonds. As a result, we sourced equity allocations from high-yield allocations in all IOs that held high-yield bonds.

In our view, developed international equities have more attractive return potential than high-quality bonds, including Treasuries and cash, where real yields—or yields adjusted for inflation—are near, or below, 0%. While we continue to favor the United States among developed global equity markets, more attractive valuations and a potentially weaker US dollar have narrowed the gap between these geographical preferences in our view.

We expect risk levels to increase across IOs as a result of these trades. All IOs will have an overweight allocation to equities, while all IOs will continue to have underweight allocations to cash.

While we increased exposure to small caps and developed international stocks, the portfolios remain underweight in both asset classes compared with diversified benchmarks. Among non-US equity holdings, these portfolios continue to tilt toward emerging markets over developed international.

In general, we initiated the following:

## Summary Of Changes

### Tactical Mutual Fund Portfolios %

Security Name	Ticker	LPL Financial Statement Asset Class	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
Advisors Inner Circle Edgewood Growth	EGFIX	Large Growth	15.0	13.0	11.0	3.0	<b>2.0</b>
Loomis Sayles Growth Y	LSGRX	Large Growth	15.0	14.0	10.0	9.0	5.0
Dodge & Cox Stock	DODGX	Large Value	14.0	12.0	8.0	6.0	3.0
MFS Value I	MEIIX	Large Value	<b>15.0</b>	<b>13.0</b>	12.0	6.0	3.0
T. Rowe Price Dividend Growth	PRDGX	Large Blend	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>
MFS Mid Cap Growth I	OTCIX	Mid Growth	<b>5.0</b>	<b>5.0</b>	<b>4.0</b>	<b>2.0</b>	0.0
John Hancock Disciplined Value Mid Cap Fund	JVMIX	Mid Value	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.0</b>	0.0
BlackRock Funds Small Cap Growth Portfolio I	PSGIX	Small Growth	5.0	3.0	2.0	2.0	<b>2.0</b>
Columbia Small Cap Value I Inst	CSCZX	Small Value	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.0</b>	<b>2.0</b>
Baillie Gifford International Alpha I	BINSX	Large Foreign	<b>9.0</b>	<b>7.0</b>	4.0	<b>4.0</b>	<b>2.0</b>
Acadian Emerging Markets	AEMGX	Small Foreign/Emerging Markets	5.0	4.0	3.0	3.0	2.0
Harding Loevner Emerging Markets Advisor	HLEMX	Small Foreign/Emerging Markets	5.0	4.0	3.0	<b>2.0</b>	0.0
BlackRock Low Duration Bond Instl	BFMSX	Short/Intermediate Bond	0.0	8.0	14.0	12.0	15.0
JPMorgan Core Bond Select	WOBDX	Intermediate-/Long-Term Bond	0.0	2.0	5.0	8.0	19.0
PIMCO Investment Grade Corp Bd P	PBDPX	Intermediate-/Long-Term Bond	0.0	0.0	7.0	7.0	5.0
Prudential Total Return Bond Z	PDBZX	Intermediate-/Long-Term Bond	0.0	5.0	<b>5.0</b>	<b>13.0</b>	<b>15.0</b>
American Beacon SIM High Yld Opps Y	SHOYX	High-Yield Bond	<b>0.0</b>	<b>0.0</b>	0.0	<b>0.0</b>	<b>0.0</b>
DoubleLine Total Return Bond Fund	DBLTX	Mortgage-Backed Securities	0.0	0.0	4.0	15.0	21.0
CASH	CASH	CASH	2.0	2.0	2.0	2.0	2.0
<b>Total</b>			<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Changes indicated in bold.**

The cash portion of this portfolio is represented by money market instruments.

## Investment Objectives

### Aggressive Growth

Emphasis is placed on aggressive growth and maximum capital appreciation. This investment portfolio has a very high level of risk and is for investors with a longer time horizon. This portfolio is considered to have the highest level of risk.

### Growth

Emphasis is placed on achieving high long-term growth and capital appreciation. This is considered higher than average risk.

### Growth with Income

Emphasis is placed on modest capital growth. Certain assets are included to generate income and reduce overall volatility.

### Income with Moderate Growth

Emphasis is placed on current income with some focus on moderate capital growth.

### Income with Capital Preservation

Emphasis is placed on current income and preventing capital loss. This is considered the lowest risk portfolio available and is generally for investors with the shortest time horizon.

#### IMPORTANT DISCLOSURES

This material has been prepared for informational purposes only, and is not intended as specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors and they do not take into account the particular needs, investment objectives, tax and financial condition of any specific person. To determine which investment(s) may be appropriate for you, please consult your financial advisor prior to investing. Any economic forecasts set forth may not develop as predicted and are subject to change.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. There can be no assurance that any stated investment objectives will be achieved.

Investing in mutual funds involves risk, including possible loss of principal. The fund's value will fluctuate with market conditions and may not achieve its investment objective. Upon redemption, the value of fund shares may be worth more or less than their original cost. Exchange Traded Funds (ETF) are subject to risks, including but not limited to, the loss of principal, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking errors and are not diversified. For fund specific risks please refer to the prospectus.

**Investors should consider the investment objectives, risks, charges, and expenses of the underlying investment company holdings carefully before investing. The prospectus and, if available, the summary prospectus contain this and other important information about the investment company. You can obtain a prospectus and summary prospectus from your financial representative. Please read carefully before investing.**

**Sustainable investing is subject to numerous risks, chief amongst them that returns may be lower than if the financial professional made decisions based only on investment considerations.**

The portfolio composition is as of the date listed and is subject to change. An investor's actual holdings may differ from the model due to the timing of cash flows and account level investment restrictions. Please note that due to rounding, total may not add to 100%.

All information is believed to be from reliable resources; however, LPL Financial makes no representation as to its completeness or accuracy.

LPL shows performance as compared to at least two benchmarks that LPL created, the Investment Objective (IO) benchmark and the Diversified benchmark. Both benchmarks correspond with one of five investment objectives assigned to each LPL account and are allocated amongst varying percentages of stock, bond and cash indices according to the account's risk profile. The IO benchmark uses only a broad market cap domestic stock index and is intended to compare performance to a simple stocks/bond/cash allocation. The Diversified benchmark includes large and small cap domestic stock indices as well as developed international and emerging market stock indices and is intended to show performance factoring in diversification across the stock asset class.

This Research material was prepared by LPL Financial, LLC.

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