

Trade Log | Exchange Traded Products

LPL Financial Research

As of November 19, 2020

Table of Contents

Strategic ETP	3
Vanguard Global Core	4
Tactical ETP	5
Technical Equity	7

Overview

LPL Research has placed trades in the Strategic Exchange-Traded Product (ETP) models on the Model Wealth Portfolios (MWP) platform. The trades are based on our annual update to our long-term capital market assumptions (CMA) and the impact they have on our strategic asset allocation (SAA). An overview of our CMAs, the SAA, and changes in the 2020 update can be found in our *Capital Market Assumptions Executive Summary*, while details on our CMA and SAA process can be found in the *Strategic Asset Allocation Primer*. We expect portfolio risk levels to increase modestly relative to benchmarks as a result of these trades.

Across investment objectives (IO), the trades create a small overall rotation from fixed income to equities. While stock return expectations remained relatively stable, lower bond yields reduced return expectations for bonds, and therefore increased the expected equity risk premium, or return expectation of stocks compared to bonds.

On the equity side, the trades moved positioning toward areas of the market where long-term capital market assumptions have seen relative improvement due to better earnings growth prospects and/or improved relative valuations. These criteria led to increased allocations to both small caps and emerging markets in most IOs. We also increased developed international exposure to approximately the level of the LPL Diversified Benchmarks. The sources of funds for these trades were 1) US large caps; 2) a strategy that provided exposure to low-volatility stocks that was better suited toward a late-business-cycle environment; and 3) fixed income. Within US large caps, we emphasized reducing value-style equities, where needed, to offset the additional value-style exposure from international equities and to keep the style exposure generally balanced.

On the fixed income side, we have removed exposure to Treasury inflation-protected securities (TIPS) due to decreased return potential. In more conservative IOs, to balance off some of the resulting decrease in quality, we have rotated some investment-grade corporate exposure to a diversified core investment-grade bond position. In the Aggressive Growth IO, we removed high-yield bonds in favor of stocks. Remaining trades were only incremental and specific to lining up individual IOs with the strategic asset allocation and targeted risk levels.

In general, we initiated the following. Please see the second part of this document for specific positioning.

Summary Of Changes

Exchange-Traded Products	Ticker Symbol	Trade Decision	Impacted Portfolios	Impacted Investment Objective(s)
iShares Core S&P US Value ETF	IUSV	Reduce	Strategic ETP	All Investment Objectives
Vanguard Total Stock Market ETF	VTI	Reduce	Strategic ETP	Growth with Income, Income with Moderate Growth
Vanguard Interm-Term Corp Bd ETF	VCIT	Reduce	Strategic ETP	Growth, Income with Moderate Growth, Income with Capital Appreciation
iShares MSCI USA Min Vol Factor ETF	USMV	Eliminate	Strategic ETP	Aggressive Growth, Growth, Growth with Income, Income with Moderate Growth
iShares Broad USD High Yield Corp Bd ETF	USHY	Eliminate	Strategic ETP	Aggressive Growth
iShares TIPS Bond ETF	TIP	Eliminate	Strategic ETP	Growth, Income with Moderate Growth, Income with Capital Appreciation
iShares Core S&P Mid-Cap ETF	IJH	Increase	Strategic ETP	Income with Moderate Growth
iShares Russell 2000 ETF	IWM	Increase	Strategic ETP	Aggressive Growth, Growth, Growth with Income (Initiate in Income with Capital Appreciation)

Exchange-Traded Products	Ticker Symbol	Trade Decision	Impacted Portfolios	Impacted Investment Objective(s)
iShares Core MSCI EAFE ETF	IEFA	Increase	Strategic ETP	All Investment Objectives (Initiate in Income with Capital Appreciation)
iShares Core MSCI Emerging Markets ETF	IEMG	Increase	Strategic ETP	Aggressive Growth, Growth, Growth with Income, Income with Moderate Growth
Vanguard Total Bond Market ETF	BND	Increase	Strategic ETP	Income with Moderate Growth, Income with Capital Appreciation
iShares JP Morgan USD Em Mkts Bd ETF	EMB	Increase	Strategic ETP	Growth with Income

Strategic ETP Portfolios %

	Security Name	Ticker	Aggressive Growth		Growth		Growth with Income		Income with Moderate Growth		Income with Capital Preservation	
			Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current
Equities	Vanguard Total Stock Market ETF	VTI	9.00	9.00	5.00	5.00	9.00	6.00	5.00	2.00	0.00	0.00
	iShares Core MSCI EAFE	IEFA	7.00	12.00	6.00	10.00	3.00	8.00	2.00	5.00	0.00	2.00
	iShares Core MSCI Emerging Markets	IEMG	11.00	14.00	10.00	13.00	7.00	10.00	4.00	7.00	2.00	2.00
	iShares Core S&P U.S. Growth ETF	IUSG	16.00	16.00	13.00	13.00	9.00	9.00	6.00	6.00	5.00	5.00
	iShares Core S&P US Value ETF	IUSV	13.00	9.00	11.00	8.00	7.00	4.00	5.00	3.00	4.00	2.00
	iShares Edge MSCI USA Quality Factor ETF	QUAL	12.00	12.00	11.00	11.00	8.00	8.00	5.00	5.00	3.00	3.00
	iShares MSCI USA Minimum Volatility ETF	USMV	6.00	0.00	5.00	0.00	3.00	0.00	2.00	0.00	0.00	0.00
	iShares Russell 2000 Index Fund	IWM	8.00	13.00	7.00	10.00	5.00	7.00	4.00	4.00	0.00	3.00
	iShares S&P Mid Cap 400 Index ETF	IJH	13.00	13.00	11.00	11.00	7.00	7.00	4.00	6.00	2.00	2.00
Fixed Income	Vanguard Intermediate-Term Corporate Bond	VCIT	0.00	0.00	5.00	3.00	13.00	13.00	20.00	16.00	29.00	22.00
	Vanguard Total Bond Market ETF	BND	0.00	0.00	8.00	8.00	14.00	14.00	26.00	33.00	36.00	45.00
	iShares Barclays TIPS Bond Fund	TIP	0.00	0.00	0.00	0.00	4.00	0.00	4.00	0.00	5.00	0.00
	iShares Broad USD High Yield Corp Bd ETF	USHY	3.00	0.00	3.00	3.00	6.00	6.00	8.00	8.00	10.00	10.00
	iShares JP Morgan USD Emerging Markets Bond ETF	EMB	0.00	0.00	3.00	3.00	3.00	6.00	3.00	3.00	2.00	2.00
Cash	CASH	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Total			100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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.

An investment in Exchange Traded Products (ETPs), structured as a mutual fund, note, or unit investment trust, should be considered as part of an overall program, not a complete investment program. An investment in ETPs involves risks such as market, non-diversification, price volatility, liquidity, competitive industry pressure, international political and economic developments, possible trading halts, index tracking error.

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.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL affiliate, please note LPL makes no representation with respect to such entity.

If your advisor is located at a bank or credit union, please note that the bank/credit union **is not** registered as a broker-dealer or investment advisor. Registered representatives of LPL may also be employees of the bank/credit union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, the bank/credit union. Securities and insurance offered through LPL or its affiliates are:

Not Insured by FDIC/NCUA or Any Other Government Agency | Not Bank/Credit Union Guaranteed | Not Bank/Credit Union Deposits or Obligations | May Lose Value