

SAM Trade Log | Tactical ETF Exchange Traded Fund Portfolio

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SAM Tactical Exchange-Traded Fund (ETF)

Overview

LPL Research has made changes to the Tactical Exchange-Traded Fund (ETF) models on the Strategic Asset Management (SAM) platform. These changes primarily target increasing the exposure to large-cap growth style equities funded by reducing the exposure to large-cap value style equities, reallocating between equity sectors, and changing the ETF used to implement preferred securities.

The LPL Research Strategic and Tactical Asset Allocation Committee (STAAC) recently recommended increasing allocations to large-cap growth style equities and reducing the allocation to large-cap value style equities. This move reflects the STAAC's belief that growth style large-cap equities, driven by superior earnings prospects and resilience in a slow growth economy, may benefit from lower inflation and stabilization of interest rates. From a technical analysis perspective, the growth style recently reasserted its leadership status and continues to outperform across the board compared to value. The STAAC updated its view on the communication services equity sector, moving to overweight based on supportive valuations, earnings growth, and strong technical analysis trends (the sector recently broke out from a consolidation range with bullish breadth and momentum). The STAAC downgraded the industrials equity sector to benchmark levels based on slowing capital investment activity and a technical backdrop no longer commensurate with an overweight view.

Across most Investment Objectives (IO), we decreased the allocation to large-cap value style equities by trimming the allocation to a large-cap value ETF (Ticker: SPYV)_with proceeds reallocated to a large-cap growth ETF (Ticker: SPYG). In most IOs the equity sector allocations were rebalanced trimming exposure to an industrials sector ETF (Ticker: XLI) and/or initiating a communications services sector ETF (Ticker: XLC). Across all IOs within preferred securities, we replaced the existing ETF (Ticker: PGX) with another ETF (Ticker: PFFD) that we believe will allow us to capture exposure to US dollar-denominated preferred securities issued in the US domestic market in a more cost-efficient manner.

We expect risk levels to increase following these trades. All IOs continue to have benchmark weight allocations to equities and are underweight cash, and all IOs are above benchmark weight fixed income. Within the equity allocations, there continues to be overweight to domestic equities large-cap equities, and an underweight to emerging market equities, and a there is now an overweight exposure to growth style equities relative to value. The interest rate sensitivity of the core bond allocations is around neutral relative to the benchmark, and in all IOs, there continues to be an allocation to preferred securities.

Summary of Changes

Asset Class	Category	Name	Ticker	Investment Objective (IO)											
				Aggressive Growth (AG)		Growth (G)		Growth with Income (GWI)		Income with Moderate Growth (IMG)		Income with Capital Preservation (ICP)			
				Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current		
Equities	Large Growth	Communication Services Sel Sect SPDR ETF	XLC	0.0%	3.0%	0.0%	3.0%	0.0%	2.0%						
		SPDR Portfolio S&P 500 Growth ETF	SPYG	28.0%	30.0%	24.0%	26.0%	17.5%	19.5%	11.5%	14.5%				
	Large Value	SPDR Portfolio S&P 500 Value ETF	SPYV	18.5%	15.6%	15.5%	11.5%	11.5%	7.5%	7.5%	6.5%				
	Sector (Industrials)	Industrial Select Sector SPDR ETF	XLI	4.0%	2.0%	3.0%	2.0%			2.0%	0.0%				
	Total			50.5%	50.6%	42.5%	42.5%	29.0%	29.0%	21.0%	21.0%				
Fixed Income	Preferred Securities	Global X US Preferred ETF	PFFD	0.0%	3.0%	0.0%	2.0%	0.0%	2.0%	0.0%	3.0%	0.0%	4.0%		
		Invesco Preferred ETF	PGX	3.0%	0.0%	2.0%	0.0%	2.0%	0.0%	3.0%	0.0%	4.0%	0.0%		
	Total			3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	4.0%	4.0%		
Total				53.5%	53.5%	44.5%	44.5%	31.0%	31.0%	24.0%	24.0%	4.0%	4.0%		

LPL Research is your financial professional's partner. Our mission is simple: Provide investment research to support you and your financial professional as you work toward your

Increase: Green Decrease: Red

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Asset Class	Category	Name	Ticker	Investment Objective (IO)											
				Aggressive Growth (AG)		Growth (G)		Growth with Income (GWI)		Income with Moderate Growth (IMG)		Income with Capital Preservation (ICP)			
				Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current		
Equities	Large Growth	Communication Services Sel Sect SPDR ETF	XLC	0.0%	3.0%	0.0%	3.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%		
		SPDR Portfolio S&P 500 Growth ETF	SPYG	28.0%	30.0%	24.0%	26.0%	17.5%	19.5%	11.5%	14.5%	7.5%	7.5%		
	Large Value	SPDR Portfolio S&P 500 Value ETF	SPYV	18.5%	15.5%	15.5%	11.5%	11.6%	7.5%	7.5%	6.5%	5.5%	5.5%		
	Mid Blend	SPDR Portfolio S&P 400 Mid Cap ETF	SPMD	3.5%	3.5%	3.5%	3.5%	2.5%	2.5%	2.5%	2.5%	0.0%	0.0%		
	Small Blend	SPDR Portfolio S&P 600 Sm Cap ETF	SPSM	8.0%	8.0%	6.5%	6.5%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%		
	Sector (Energy)	Energy Select Sector SPDR ETF	XLE	4.5%	4.5%	3.5%	3.5%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%		
	Sector (Financials)	Financial Select Sector SPDR ETF	XLF	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%		
	Sector (Healthcare)	Health Care Select Sector SPDR ETF	XLV	4.0%	4.0%	3.5%	3.5%	2.5%	2.5%	2.0%	2.0%	0.0%	0.0%		
	Sector (Industrials)	Industrial Select Sector SPDR ETF	XLI	4.0%	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%		
	Sector (Information Technology)	Technology Select Sector SPDR ETF	XLK	5.5%	5.5%	4.5%	4.5%	4.0%	4.0%	2.5%	2.5%	0.0%	0.0%		
	Large Foreign	SPDR Portfolio Developed Wld ex-US ETF	SPDW	12.0%	12.0%	10.0%	10.0%	8.0%	8.0%	5.0%	5.0%	4.0%	4.0%		
	Emerging Markets	SPDR Portfolio Emerging Markets ETF	SPEM	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%		
	Total				95.0%	95.0%	80.0%	80.0%	60.0%	60.0%	40.0%	40.0%	20.0%	20.0%	
Fixed Income	Preferred Securities	Global X US Preferred ETF	PFFD	0.0%	3.0%	0.0%	2.0%	0.0%	2.0%	0.0%	3.0%	0.0%	4.0%		
		Invesco Preferred ETF	PGX	3.0%	0.0%	2.0%	0.0%	2.0%	0.0%	3.0%	0.0%	4.0%	0.0%		
	Intermediate Municipal	SPDR Portfolio Mortgage Backed Bond ETF	SPMB	0.0%	0.0%	4.5%	4.5%	12.0%	12.0%	18.5%	18.5%	24.5%	24.5%		
	Intermediate/Long High Quality Bond	SPDR Portfolio Interm Term Corp Bd ETF	SPIB	0.0%	0.0%	3.5%	3.5%	7.0%	7.0%	10.5%	10.5%	14.0%	14.0%		
		SPDR Portfolio Intmdt Term Trs ETF	SPTI	0.0%	0.0%	8.0%	8.0%	17.0%	17.0%	26.0%	26.0%	35.5%	35.5%		
Total				3.0%	3.0%	18.0%	18.0%	38.0%	38.0%	58.0%	58.0%	78.0%	78.0%		
Cash	CASH	CASH	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%		
	Total				2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%		
Total				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Increase: Green Decrease: Red No Change: Black Totals: Grey

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

Investment Objectives

Aggressive Growth (AG): 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 portfolios' considered to have the highest level of risk.

Growth (G): Emphasis is placed on achieving high long-term growth and capital appreciation. This portfolio is considered to have higher-than-average risk.

Growth with Income (GWI): Emphasis is placed on modest capital growth. Certain assets are included to generate income and reduce overall volatility.

Income with Moderate Growth (IMG): Emphasis is placed on current income with some focus on moderate capital growth.

Income with Capital Preservation (ICP): 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

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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. Read carefully before investing.

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%.

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