



MWP Trade Log | Strategic Exchange-Traded Product Exchange-Traded Portfolio

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MWP Strategic Exchange-Traded Product (ETP)

Overview

LPL Research has made changes to the Strategic Exchange Traded Product (ETP) models on the Model Wealth Portfolios (MWP) platform. These changes primarily target aligning the models with LPL Research's updated 2024 Strategic Asset Allocation (SAA).

LPL Research's Strategic and Tactical Asset Allocation Committee (STAAC) recently updated our Capital Market Assumptions (CMA) and Strategic Asset Allocation (SAA) as of January 2024. For LPL Advisors full details on the SAA update can be found [here](#) in the LPL resource center.

The updated SAA recommends a reduction in equity exposure to around benchmark levels, and reallocation to core fixed income, to reflect higher yields and below consensus growth and inflation. Within equities the SAA reduced the overweight to foreign equities, which are marginally more expensive relative to bonds but remain attractive, and moved to a more market-cap like relationship between mid and large-cap equities. Within the more aggressive Investment Objectives (IO) the SAA tilts the equity style exposure towards growth, as the profitability and durability of the mega-cap tech platform business' network effects remain robust, while in the more conservative IOs it seeks more value exposure, given negative correlations to the larger treasury allocations in those models. Within fixed income the SAA favors an overweight to treasuries relative to mortgage-backed securities (MBS) as treasuries offer a lower correlation to equities.

Across all Investment Objectives (IO), we decreased the allocation to equities: in all IOs, trimming a large foreign equity ETF (Ticker: IEFA), in most IOs, trimming a mid-cap blend equity ETF (Ticker: IJH), and in most IOs, trimming a large-cap blend equity ETF (Ticker: VTI). Some proceeds from the sales were used to initiate large-cap growth and/or large-cap value equity ETFs (Tickers: SPYG and SPYV) in proportions designed to tilt domestic equity style exposures to growth in the more aggressive IOs and to value in the more conservative IOs. In all IOs, fixed income exposure was increased, including in the Aggressive Growth (AG) IO, where a small allocation to a core intermediate/long high-quality fixed income ETF (Ticker: AGG) was initiated rather than increasing the cash allocation. In all IOs that held it, the existing core intermediate/long high-quality fixed income ETF (Ticker: BND) was eliminated, with proceeds disaggregated into the component fixed income sectors (treasuries, corporates, and MBS) in allocations designed to overweight treasuries and underweight MBS relative to the benchmark. To achieve this, we initiated a treasury focused intermediate/long high-quality fixed income ETF (Ticker: GOVT), trimmed or added to the existing MBS ETF (Ticker: MBB), and initiated an intermediate corporate fixed income ETF (Ticker: SPIB) that maintains a duration profile in the part of the corporate fixed income yield curve that we find most attractive.

We expect risk levels to decrease following these trades. Relative to their Diversified Benchmarks, most IOs now have benchmark weight allocations to equities, with Growth (G) and Income with Capital Protection (ICP) remaining slightly overweight equities. All IOs continue to be underweight cash and now have an overweight to fixed income. Within the equity allocations, there is a reduced underweight to domestic equities, and within domestic equities, there is a reduced underweight to large-cap equities. There is also now an overweight exposure to domestic growth style equities in the more aggressive IOs and an overweight to the value style in the more conservative IOs. The interest rate sensitivity of the core bond allocations is reduced slightly, through the increased allocation to intermediate maturity corporate bonds, but remains relatively neutral relative to the benchmark.

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 investment goals.

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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	iShares Core S&P US Growth ETF	IUSG											5.0%	3.0%	
		SPDR Portfolio S&P 500 Growth ETF	SPYG	0.0%	3.0%	0.0%	2.0%									
	Large Value	SPDR Portfolio S&P 500 Value ETF	SPYV	0.0%	2.0%					0.0%	2.0%	0.0%	2.0%			
		Vanguard Total Stock Market ETF	VTI			11.0%	10.0%	15.0%	10.0%	7.0%	4.0%	5.0%	3.0%			
	Mid Blend	iShares Core S&P Mid-Cap ETF	IJH	16.0%	12.0%	15.0%	12.0%			8.0%	6.0%					
	Large Foreign	iShares Core MSCI EAFE ETF	IEFA	17.0%	14.0%	14.0%	12.0%	12.0%	11.0%	9.0%	6.0%	6.0%	4.0%			
	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG	8.0%	7.0%											
	Total				41.0%	38.0%	40.0%	36.0%	27.0%	21.0%	24.0%	18.0%	16.0%	12.0%		
Fixed Income	Intermediate/Long High Quality Bond	iShares Core US Aggregate Bond ETF	AGG	0.0%	3.0%											
		SPDR Portfolio Interm Term Corp Bd ETF	SPIB			0.0%	2.0%	0.0%	5.0%	0.0%	7.5%	0.0%	10.0%			
		Vanguard Total Bond Market ETF	BND			5.0%	0.0%	14.0%	0.0%	31.0%	0.0%	45.0%	0.0%			
	Long High Quality Bond	Vanguard Interm-Term Corp Bd ETF	VCIT			3.0%	2.0%	8.0%	6.0%							
	Mortgage-Backed	iShares MBS ETF	MBB			4.0%	3.0%	10.0%	7.0%					14.0%	15.0%	
		iShares US Treasury Bond ETF	GOVT			0.0%	9.0%	0.0%	20.0%	0.0%	29.5%	0.0%	38.0%			
Total				0.0%	3.0%	12.0%	16.0%	32.0%	38.0%	31.0%	37.0%	59.0%	63.0%			
Total				41.0%	41.0%	52.0%	52.0%	59.0%	59.0%	55.0%	55.0%	75.0%	75.0%			

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	iShares Core S&P US Growth ETF	IUSG	16.0%	16.0%	13.0%	13.0%	7.0%	7.0%	6.0%	6.0%	5.0%	3.0%		
		SPDR Portfolio S&P 500 Growth ETF	SPYG	0.0%	3.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	Large Value	iShares Core S&P US Value ETF	IUSV	9.0%	9.0%	8.0%	8.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%		
		SPDR Portfolio S&P 500 Value ETF	SPYV	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%		
	Large Blend	iShares MSCI USA Quality Factor ETF	QUAL	10.0%	10.0%	9.0%	9.0%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%		
		Vanguard Total Stock Market ETF	VTI	9.0%	9.0%	11.0%	10.0%	15.0%	10.0%	7.0%	4.0%	5.0%	3.0%		
	Mid Blend	iShares Core S&P Mid-Cap ETF	IJH	16.0%	12.0%	15.0%	12.0%	10.0%	10.0%	8.0%	6.0%	3.0%	3.0%		
	Small Blend	iShares Core S&P Small-Cap ETF	IJR	6.0%	6.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%		
		iShares Russell 2000 ETF	IWM	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	0.0%	0.0%		
	Large Foreign	iShares Core MSCI EAFE ETF	IEFA	17.0%	14.0%	14.0%	12.0%	12.0%	11.0%	9.0%	6.0%	6.0%	4.0%		
	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG	8.0%	7.0%	6.0%	6.0%	4.0%	4.0%	3.0%	3.0%	0.0%	0.0%		
Total				98.0%	95.0%	86.0%	82.0%	66.0%	60.0%	46.0%	40.0%	26.0%	22.0%		
Fixed Income	Intermediate/Long High Quality Bond	iShares Core US Aggregate Bond ETF	AGG	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
		SPDR Portfolio Interm Term Corp Bd ETF	SPIB	0.0%	0.0%	0.0%	2.0%	0.0%	5.0%	0.0%	7.5%	0.0%	10.0%		
		Vanguard Total Bond Market ETF	BND	0.0%	0.0%	5.0%	0.0%	14.0%	0.0%	31.0%	0.0%	45.0%	0.0%		
	Long High Quality Bond	Vanguard Interm-Term Corp Bd ETF	VCIT	0.0%	0.0%	3.0%	2.0%	8.0%	6.0%	10.0%	10.0%	13.0%	13.0%		
	Mortgage-Backed	iShares MBS ETF	MBB	0.0%	0.0%	4.0%	3.0%	10.0%	7.0%	11.0%	11.0%	14.0%	15.0%		
		iShares US Treasury Bond ETF	GOVT	0.0%	0.0%	0.0%	9.0%	0.0%	20.0%	0.0%	29.5%	0.0%	38.0%		
Total				0.0%	3.0%	12.0%	16.0%	32.0%	38.0%	52.0%	58.0%	72.0%	76.0%		
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: 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: 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: 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

Loan portfolios primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark. A mid-cap company is a company with a market capitalization between \$2 billion and \$10 billion. The prices of mid-cap stocks are generally more volatile than large-cap stocks. Small-cap is a company generally with a market capitalization of between \$300 million and \$2 billion. The prices of small-cap stocks are generally more volatile than large-cap stocks.

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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%.

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

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