

# SAM Trade Log | Tactical ETF

## Exchange-Traded Fund Portfolio

A Publication of LPL Research

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### SAM Tactical Exchange-Traded Fund (ETF)

#### Overview

The LPL Research Tactical Model Portfolio Committee (MPC) has made changes to the Tactical Exchange-Traded Fund (ETF) models on the Strategic Asset Management (SAM) platform. These changes primarily target increasing exposure to large cap growth style equities and decreasing exposure to small and mid (SMID) cap equities.

The Tactical MPC made these changes following tactical guidance from the LPL Research Strategic and Tactical Asset Allocation Committee (STAAC). The STAAC recently upgraded its tactical view on large cap growth equities and downgraded small cap value equities, based primarily on LPL Research's quantitative and technical analysis. Large cap growth equities, bolstered by superior earnings power, AI-driven momentum, robust balance sheets, and lower sensitivity to interest rate changes, outweigh concerns about higher valuations and rotation risks. Historically, large cap equities also tend to do well as the economy slows. In contrast, small cap value equities are likely to face persistent challenges from rising interest rate volatility and a cooling economy in 2025, which supersedes generally attractive valuations on a tactical basis. The STAAC's tactical quantitative and technical analysis work indicates the SMID cap value equity outlook has deteriorated. Though SMID cap stocks are attractively valued and benefit from their domestic focus in this tense trade environment, tactically, large caps possess better momentum, greater earnings power, and less interest rate sensitivity.

In most Investment Objectives (IO), we added to a large cap growth equity ETF (Ticker: SPYG), funded by eliminating a mid cap blend equity ETF (Ticker: SPMD) or trimming a small cap blend equity ETF (Ticker: SPSM).

We don't expect risk levels to change following these trades and to continue to be fairly neutral relative to benchmark levels. All IOs continue to have benchmark weight allocations to equities, are underweight cash, and are overweight fixed income. Within the equity allocations, there continues to be an overweight to domestic equities, with a concentration in large cap domestic equities, and an underweight to emerging market equities. Domestic equity allocations are designed to have 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.

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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	SPDR Portfolio S&P 500 Growth ETF	SPYG	29.0%	32.5%	24.5%	28.0%	18.5%	21.0%	14.0%	15.0%		
	Mid Blend	SPDR Portfolio S&P 400™ Mid Cap ETF	SPMD	3.5%	0.0%	3.5%	0.0%	2.5%	0.0%				
	Small Blend	SPDR Portfolio S&P 600™ Sm Cap ETF	SPSM							4.5%	3.5%		
	<b>Total</b>				32.5%	32.5%	28.0%	28.0%	21.0%	21.0%	18.5%	18.5%	
<b>Total</b>				32.5%	32.5%	28.0%	28.0%	21.0%	21.0%	18.5%	18.5%		

Increase: Green    Decrease: Red

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				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	SPDR Portfolio S&P 500 Growth ETF	SPYG	29.0%	32.5%	24.5%	28.0%	18.5%	21.0%	14.0%	15.0%	7.5%	7.5%
	Large Value	SPDR Portfolio S&P 500 Value ETF	SPYV	18.5%	18.5%	14.5%	14.5%	9.0%	9.0%	7.5%	7.5%	5.5%	5.5%
	Mid Blend	SPDR Portfolio S&P 400™ Mid Cap ETF	SPMD	3.5%	0.0%	3.5%	0.0%	2.5%	0.0%	2.5%	2.5%	0.0%	0.0%
	Small Blend	SPDR Portfolio S&P 600™ Sm Cap ETF	SPSM	11.0%	11.0%	9.0%	9.0%	8.0%	8.0%	4.5%	3.5%	3.0%	3.0%
	Sector - Financial	The 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 - Communication Services	The Comm Svcs Sel Sect SPDR ETF	XLC	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
	Sector - Industrials	The Industrial Select Sector SPDR ETF	XLI	3.5%	3.5%	3.0%	3.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
	Sector - Technology	The 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%
	Sector - Healthcare	The Health Care Select Sector SPDR ETF	XLV	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%
	Large Foreign	SPDR Portfolio Developed Wid 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%
	<b>Total</b>				95.0%	95.0%	80.0%	80.0%	60.0%	60.0%	40.0%	40.0%	20.0%
Fixed Income	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%	11.5%	11.5%	15.0%	15.0%
		SPDR Portfolio Intmtd Term Trs ETF	SPTI	0.0%	0.0%	8.0%	8.0%	17.0%	17.0%	26.0%	26.0%	35.5%	35.5%
	Mortgage-Backed	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%
	Preferred Securities	Global X US Preferred ETF	PFFD	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%
	<b>Total</b>				3.0%	3.0%	18.0%	18.0%	38.0%	38.0%	58.0%	58.0%	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%
	<b>Total</b>				2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
<b>Total</b>				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

## 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 portfolio is 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.

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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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