

MWP Trade Log | Strategic ETP

Exchange-Traded Product Portfolio

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MWP Strategic Exchange-Traded Product (ETP)

Overview

The LPL Research Strategic Model Portfolio Committee (MPC) 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 2025 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 February 2025. For LPL Advisors, full details on the SAA update can be found here in the LPL Resource Center.

LPL Research's updated SAA suggests reducing risk in model portfolios with strategic time horizons, as the risk-reward trade-off for stocks and bonds is increasingly challenged in today's slow growth, elevated inflation, and higher-for-longer interest rate environment, particularly as equity multiples expanded in 2024. As such, the updated SAA includes decreasing exposure to domestic growth style equities to reflect a wider spread in market expectations relative to higher-yielding fixed income, international equities, emerging market equities, and domestic value equities. It also rotates international equity exposure from developed to emerging markets, as the risk-reward is increasingly favorable, and less correlated to U.S. equities. The SAA shows a decreased exposure to nominal Treasuries to reflect an improving outlook for economic growth, less stable stock-bond correlation assumptions than realized historically, and expectations that longer-duration fixed income may not offer significant protection in ordinary financial market corrections. The SAA also increases exposure to off-benchmark asset classes and diversifying strategies: real assets to hedge potential inflation risks via a diversified basket of commodities, global listed infrastructure, and short-duration Treasury Inflation-Protected Securities (TIPS).

Across all Investment Objectives (IO), we decreased the allocation to domestic equities, trimming a mid-cap blend ETF (Ticker: IJH), as well as a large cap growth ETF (Ticker: IUSG) in the more aggressive IOs and in the most conservative IO trimming a combination of large cap blend ETFs (Tickers: VTI and QUAL). In all IOs, we also rebalanced within the domestic equity allocations, adding to value style exposure by initiating a large cap value ETF (Ticker: VONV) and initiating a small cap value ETF (Ticker: SLYV), with the latter being funded in more conservative IOs by trimming or eliminating small cap blend ETFs (Tickers: IWM and IJR). In most IOs, within international equities, we trimmed from a large foreign ETF (Ticker: IEFA) and added to an emerging market equities ETF (Ticker: IEMG). In most IOs, core fixed income exposure was decreased by trimming a combination of a U.S. government bond (Treasury) focused (Ticker: GOVT) and corporate bond focused (Ticker: VCIT) intermediate high-quality bond ETFs. In certain IOs, we added to a mortgage-backed focused ETF (Ticker: MBB) aligning with the SAA. Proceeds from the fixed income and equity trims were used to fund the initiation into a basket of diversifying strategies, including real assets. Specifically, in more aggressive IOs, we initiated an ETF that offers broad-based commodity exposure (Ticker: PDBC); while, across all IOs, we initiated ETFs that provide exposure to global infrastructure (Ticker: IGF) and short-duration TIPS (Ticker: VTIP).

We expect risk levels to decrease following these trades. Relative to their diversified benchmarks, most IOs now have below-benchmark weight allocations to equities (the Income with Capital Preservation IO is neutral weight) and continue to have an underweight to cash (that is now used to fund the overweight to TIPS). Most IOs continue to have an overweight to fixed income, and now have an allocation to real assets, specifically commodities and global infrastructure. Within the equity allocations, there is an underweight to domestic equities relative to the benchmark, and within domestic equities there is a reduced relative underweight to large cap equities (following a reduction in mid-cap equity exposure). In most IOs, there is now an underweight to growth style equities relative to value within both the large/mid-cap and small cap allocations. Relative to the benchmark overall, there is a slight underweight to small cap equities. Large foreign equity allocations are around benchmark levels and emerging markets are slightly overweight in most IOs. The interest rate sensitivity (duration) of the core bond allocations remains around neutral relative to the benchmark, though it is reduced when including the effect of the allocation to short-duration TIPS.

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MWP Strategic Exchange-Traded Product (ETP)

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	16.0%	12.0%	13.0%	9.5%						
	Large Value	Vanguard Russell 1000 Value ETF	VONV	0.0%	2.0%	0.0%	4.5%	0.0%	4.0%	0.0%	2.0%	0.0%	2.0%
	Large Blend	iShares MSCI USA Quality Factor ETF	QUAL									3.0%	2.0%
		Vanguard Total Stock Market ETF	VTI									3.0%	2.0%
	Mid Blend	iShares Core S&P Mid-Cap ETF	IJH	12.0%	2.0%	12.0%	2.0%	10.0%	2.0%	6.0%	2.0%	3.0%	0.0%
	Small Value	SPDR S&P 600 Small Cap Value ETF	SLYV	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%
	Small Blend	iShares Core S&P Small-Cap ETF	IJR									2.0%	0.0%
		iShares Russell 2000 ETF	IWM								4.0%	2.0%	
	Large Foreign	iShares Core MSCI EAFE ETF	IEFA	14.0%	12.0%	12.0%	10.0%	11.0%	8.0%	6.0%	5.0%	4.0%	5.0%
	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG	7.0%	9.0%	6.0%	8.0%	4.0%	5.0%	3.0%	4.0%		
Total				49.0%	39.0%	43.0%	36.0%	25.0%	21.0%	19.0%	17.0%	15.0%	13.0%
Fixed Income	Intermediate High Quality Bond	iShares US Treasury Bond ETF	GOVT					20.0%	15.0%	29.5%	25.0%	38.0%	34.0%
	Intermediate/Long High Quality Bond	SPDR Portfolio Interm Term Corp Bd ETF	SPIB			2.0%	3.0%						
	Mortgage-Backed	iShares MBS ETF	MBB					7.0%	10.0%	11.0%	12.0%	15.0%	14.0%
	Inflation Protected Bonds	Vanguard Short-Term Inflation-Protected Securities ETF	VTIP	0.0%	3.0%	0.0%	3.0%	0.0%	3.0%	0.0%	5.0%	0.0%	8.0%
	Long High Quality Bond	Vanguard Interm-Term Corp Bd ETF	VCIT			2.0%	0.0%	6.0%	5.0%	10.0%	7.5%	13.0%	10.0%
Total				0.0%	3.0%	4.0%	6.0%	33.0%	33.0%	50.5%	49.5%	66.0%	66.0%
Nontraditional	Infrastructure	iShares Global Infrastructure ETF	IGF	0.0%	4.0%	0.0%	3.0%	0.0%	2.0%	0.0%	3.0%	0.0%	2.0%
	Commodities	Invesco Optm Yd Dvrs Cdty Stra No K1 ETF	PDBC	0.0%	3.0%	0.0%	2.0%	0.0%	2.0%				
	Total				0.0%	7.0%	0.0%	5.0%	0.0%	4.0%	0.0%	3.0%	0.0%
Total				49.0%	49.0%	47.0%	47.0%	58.0%	58.0%	69.5%	69.5%	81.0%	81.0%

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%	12.0%	13.0%	9.5%	7.0%	7.0%	6.0%	6.0%	3.0%	3.0%
		SPDR Portfolio S&P 500 Growth ETF	SPYG	3.0%	3.0%	2.0%	2.0%	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	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
		Vanguard Russell 1000 Value ETF	VONV	0.0%	2.0%	0.0%	4.5%	0.0%	4.0%	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%	2.0%
		Vanguard Total Stock Market ETF	VTI	9.0%	9.0%	10.0%	10.0%	10.0%	10.0%	4.0%	4.0%	3.0%	2.0%
	Mid Blend	iShares Core S&P Mid-Cap ETF	IJH	12.0%	2.0%	12.0%	2.0%	10.0%	2.0%	6.0%	2.0%	3.0%	0.0%
	Small Value	SPDR S&P 600 Small Cap Value ETF	SLYV	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%	0.0%	2.0%
	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%	0.0%
		iShares Russell 2000 ETF	IWM	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	4.0%	2.0%	0.0%	0.0%
	Large Foreign	iShares Core MSCI EAFE ETF	IEFA	14.0%	12.0%	12.0%	10.0%	11.0%	8.0%	6.0%	5.0%	4.0%	5.0%
	Emerging Markets	iShares Core MSCI Emerging Markets ETF	IEMG	7.0%	9.0%	6.0%	8.0%	4.0%	5.0%	3.0%	4.0%	0.0%	0.0%
Total				95.0%	85.0%	82.0%	75.0%	60.0%	56.0%	40.0%	38.0%	22.0%	20.0%
Fixed Income	Intermediate High Quality Bond	iShares US Treasury Bond ETF	GOVT	0.0%	0.0%	9.0%	9.0%	20.0%	15.0%	29.5%	25.0%	38.0%	34.0%
	Intermediate/Long High Quality Bond	iShares Core US Aggregate Bond ETF	AGG	3.0%	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%	2.0%	3.0%	5.0%	5.0%	7.5%	7.5%	10.0%	10.0%
	Mortgage-Backed	iShares MBS ETF	MBB	0.0%	0.0%	3.0%	3.0%	7.0%	10.0%	11.0%	12.0%	15.0%	14.0%
	Inflation Protected Bonds	Vanguard Short-Term Infl-Prot Secs ETF	VTIP	0.0%	3.0%	0.0%	3.0%	0.0%	3.0%	0.0%	5.0%	0.0%	8.0%
	Long High Quality Bond	Vanguard Interm-Term Corp Bd ETF	VCIT	0.0%	0.0%	2.0%	0.0%	6.0%	5.0%	10.0%	7.5%	13.0%	10.0%
Total				3.0%	6.0%	16.0%	18.0%	38.0%	38.0%	58.0%	57.0%	76.0%	76.0%
Nontraditional	Infrastructure	iShares Global Infrastructure ETF	IGF	0.0%	4.0%	0.0%	3.0%	0.0%	2.0%	0.0%	3.0%	0.0%	2.0%
	Commodities	Invesco Optm Yd Dvrs Cddy Stra No K1 ETF	PDBC	0.0%	3.0%	0.0%	2.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%
	Total				0.0%	7.0%	0.0%	5.0%	0.0%	4.0%	0.0%	3.0%	0.0%
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

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%.

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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