What We Do:
Quad-Core Methodology

LPL Financial Research

Investment Philosophy

LPL Financial Research is an opportunistic, all-market, all-weather due diligence provider and portfolio manager. Through our investment and portfolio recommendations, we aim to avoid downside and capture upside. To this end, we are conservative when markets are tough and aggressive when they are rising. Though a very broad investment mandate, we believe this is the only way to effectively provide recommendations for our advisors and their clients.

Overall, the Quad-Core four-pronged methodology is intended to provide a more diversified approach to portfolio management. Its purpose is to attempt to mitigate any biases within the LPL Financial Research process. Therefore, it is meant to go beyond the traditional fundamental, valuation, and technical analysis we conduct. At all times, portfolios that utilize the Quad-Core methodology will be comprised of ideas from each of the four categories detailed below. However, the allocation among the four portions will fluctuate over time, depending on market conditions and outlooks.

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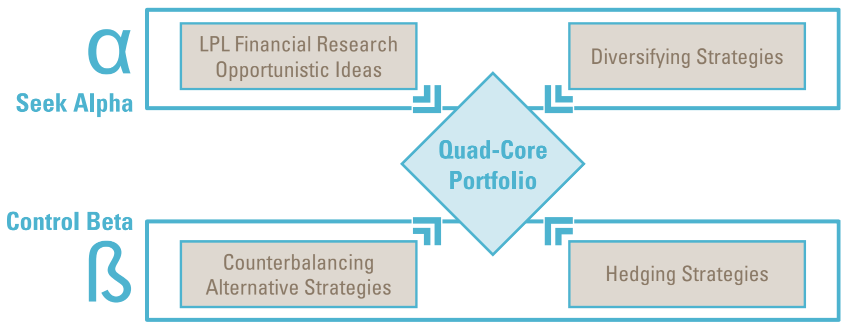

- **LPL Financial Research Opportunistic Ideas:** This component searches for tactical opportunities in the market based on the LPL Financial Research investment process. It incorporates momentum ideas to help capitalize on market fluctuations and employs the use of our technical analysis overlay to reduce emotional bias. This component may also include contrarian ideas in order to "over-diversify" by encompassing investments which are currently unpopular. These LPL Financial Research ideas will likely be about 30–75% of the portfolio and seek to help it realize gains on the upside and help protect from losses on the downside.
- **Diversifying Strategies:** The Quad-Core philosophy takes a "think differently" approach to investing. We believe all investors, including us, have biases in how we invest. These biases may lead to portfolios that can habitually underperform in certain markets. Incorporating other managers' ideas into our process attempts to provide the portfolio with some different perspectives to reduce the LPL Financial Research bias. The approximate allocation to this category will be about 15–40% and may help limit volatility during market fluctuations.
- **Counterbalancing Alternative Strategies:** This component is an integral part of the Quad-Core approach. Portfolios that utilize this approach tend to be more benchmark-agnostic than other LPL Financial Research portfolios. Alternative strategies will typically comprise

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30–50% of the portfolio in order to try and realize more non-correlated market performance. Implementing a wide variety of alternative strategies is an attempt to achieve positive rates of return, even when markets are volatile.

- Hedging Strategies: Strategic hedging strategies are core to the philosophy and will be a 10–50% allocation to help ensure that there is always a downside-protecting bias. Quad-Core portfolios seek to cut down the tails of a normal distribution, the really good and the really bad, in order to seek positive rates of return. For these portfolios, preventing losses is much more important than maximizing profits. Incorporating strategic hedging strategies in the Quad-Core approach may help the portfolio reach a positive position even during market plunges.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. We suggest that you discuss your specific tax issues with a qualified tax advisor

A closed-end fund is a publicly traded investment company that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange.

The strategic asset allocation process projects a three- to five-year time period. While the strength of the asset allocation decisions is retested often, we do not anticipate making adjustments until midway through the strategic time frame, which generally is about every two to three years. If significant market fluctuations warrant a change, adjustments may be made sooner.

Tactical portfolios are designed to be monitored over a shorter time frame to potentially take advantage of opportunities as short as a few months, weeks, or even days. For these portfolios, more timely changes may allow investors to benefit from rapidly changing opportunities within the market.

Correlation is a statistical measure of how two securities move in relation to each other. Correlations are used in advanced portfolio management.

Low correlation means that different asset types have not performed in the same way: When returns on some asset types were declining, returns on others were gaining.

Interest Rate Risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (e.g. through an interest rate swap).

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to effect some of the strategies. Investing involves risks including possible loss of principal.

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