

Trade Log | Tactical Allocation

LPL Financial Research

As of March 01, 2017

Table of Contents

Diversified: Aggressive Growth.	2
Diversified: Growth.	3
Diversified: Growth with Income.	4
Diversified: Income with Moderate Growth.	5
Diversified: Income with Capital Preservation.	6
Diversified Plus: Aggressive Growth.	7
Diversified Plus: Growth.	8
Diversified Plus: Growth with Income.	9
Diversified Plus: Income with Moderate Growth.	10
Diversified Plus: Income with Capital Preservation.	11
Diversified Plus: Fixed Income.	11
Diversified Plus: Tax-Free Fixed Income.	12
Alternative: Aggressive Growth.	13
Alternative: Growth.	14
Alternative: Growth with Income.	15
Alternative: Income with Moderate Growth.	16
Alternative: Income with Capital Preservation.	17

Overview

LPL Research is making changes to the asset allocation and implementation within the Strategic Asset Management (SAM) portfolios.

We are changing the large cap value implementation, increasing exposure to domestic small cap equities, and reducing the overweight to growth stocks. In places, we are also tuning the asset allocation across different investment objectives for greater consistency.

We are changing the large cap value implementation to a strategy that targets greater diversification among the sectors typically found within the value space. The current implementation tends to be underweight the lower-volatility, higher-yielding sectors within value due to their stock selection methodology and may potentially face a headwind when these sectors provide market leadership. We believe the more diversified exposure of the new strategy will be a better all-weather option that may provide competitive performance versus the Russell 1000 Value Index in a greater variety of market environments.

Regarding small caps, we have become increasingly positive on the asset class post-election. Small cap companies benefit more than large cap companies from a lower corporate tax rate, which we believe will come later this year or early in 2018. Smaller cap companies are also somewhat more insulated from the risk of protectionist trade policy out of Washington, D.C., one of the bigger risks to equity markets in 2017 in our view. Although an aging business cycle tends to favor larger cap companies, we believe improving fundamentals for the U.S. economy, with a potential fiscal policy boost in late 2017/early 2018, will help drive attractive small cap returns over the next 12 to 24 months.

In addition, our view of the growth and value styles has become more balanced in recent months and we are taking the opportunity to decrease the growth overweight in the models. As noted in *Outlook 2017: Gauging Market Milestones*, we expect more similar performance between growth and value this year as accelerating economic and profit growth and improved financial sector performance due to a potentially steeper yield curve and reduced regulatory burden tend to favor the value style. Our performance outlook for growth stocks is supported by their relative valuations and our positive view of the technology sector. The reduction in the growth style is largely taking place by reducing the allocation to large cap growth stocks and using a small value strategy to add small cap exposure.

We expect portfolio risk levels to stay approximately the same as a result of these trades, with the added economic sensitivity of small cap stocks being offset by increased exposure to lower volatility sectors in the new large value implementation.

In general, we recommend the following:

Summary Of Changes

SAM Diversified: Tactical SAM Diversified Plus: Tactical	<ul style="list-style-type: none"> ▪ Increase small cap exposure ▪ Reduce growth overweights ▪ Change implementation in large value
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Diversified

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Aggressive Growth						
Large Growth	24	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	18	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	23	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	23	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	27	MRFIX	MFS Research	27	MRFIX	MFS Research
Mid Growth	0	APDMX	Artisan Mid Cap Advisor	3	APDMX	Artisan Mid Cap Advisor
Mid Value	10	JVMIX	John Hancock Disciplined Value Mid Cap Fund	10	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	4	MXAIX	Touchstone Small Cap Growth Class Y	4	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	3	PYSVX	Putnam Small Cap Value Y	6	PYSVX	Putnam Small Cap Value Y
Emerging Markets	5	ODVYX	Oppenheimer Developing Markets	5	ODVYX	Oppenheimer Developing Markets
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified

Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	18	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	15	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	19	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	19	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	21	MRFIX	MFS Research	21	MRFIX	MFS Research
Mid Growth	3	APDMX	Artisan Mid Cap Advisor	3	APDMX	Artisan Mid Cap Advisor
Mid Value	8	JVMIX	John Hancock Disciplined Value Mid Cap Fund	8	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	3	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	3	PYSVX	Putnam Small Cap Value Y	6	PYSVX	Putnam Small Cap Value Y
Emerging Markets	4	ODVYX	Oppenheimer Developing Markets	4	ODVYX	Oppenheimer Developing Markets
Intermediate-/Long-Term Bond	9	PDBZX	Prudential Total Return Bond Z	9	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	3	SHOYX	American Beacon SiM High Yld Opps Y	3	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	4	DBLTX	DoubleLine Total Return Bond Fund	4	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Growth with Income						
Large Growth	15	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	11	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	15	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	15	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	11	MRFIX	MFS Research	15	MRFIX	MFS Research
Mid Growth	2	APDMX	Artisan Mid Cap Advisor	2	APDMX	Artisan Mid Cap Advisor
Mid Value	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	3	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	3	PYSVX	Putnam Small Cap Value Y	3	PYSVX	Putnam Small Cap Value Y
Emerging Markets	3	ODVYX	Oppenheimer Developing Markets	3	ODVYX	Oppenheimer Developing Markets
Intermediate-/Long-Term Bond	12	WOBDX	JPMorgan Core Bond Select	12	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	14	PDBZX	Prudential Total Return Bond Z	14	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	4	SHOYX	American Beacon SiM High Yld Opps Y	4	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	8	DBLTX	DoubleLine Total Return Bond Fund	8	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified

Income with Moderate Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	8	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	8	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	11	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	11	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	7	MRFIX	MFS Research	7	MRFIX	MFS Research
Mid Growth	2	APDMX	Artisan Mid Cap Advisor	2	APDMX	Artisan Mid Cap Advisor
Mid Value	4	JVMIX	John Hancock Disciplined Value Mid Cap Fund	4	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Value	4	PYSVX	Putnam Small Cap Value Y	4	PYSVX	Putnam Small Cap Value Y
Intermediate-/Long-Term Bond	17	WOBDX	JPMorgan Core Bond Select	17	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	23	PDBZX	Prudential Total Return Bond Z	23	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	4	SHOYX	American Beacon SiM High Yld Opps Y	4	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	15	DBLTX	DoubleLine Total Return Bond Fund	15	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified

Income with Capital Preservation	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	10	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	6	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	9	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	12	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	0	MRFIX	MFS Research	4	MRFIX	MFS Research
Small Value	0	PYSVX	Putnam Small Cap Value Y	3	PYSVX	Putnam Small Cap Value Y
Intermediate-/Long-Term Bond	20	WOBDX	JPMorgan Core Bond Select	20	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	25	PDBZX	Prudential Total Return Bond Z	25	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	5	SHOYX	American Beacon SiM High Yld Opps Y	5	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	19	DBLTX	DoubleLine Total Return Bond Fund	19	DBLTX	DoubleLine Total Return Bond Fund
CASH	9	CASH	CASH	9	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Aggressive Growth						
Large Growth	21	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	17	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	23	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	20	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	28	MRFIX	MFS Research	28	MRFIX	MFS Research
Mid Growth	6	APDMX	Artisan Mid Cap Advisor	3	APDMX	Artisan Mid Cap Advisor
Mid Value	10	JVMIX	John Hancock Disciplined Value Mid Cap Fund	10	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	3	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	3	PYSVX	Putnam Small Cap Value Y	7	PYSVX	Putnam Small Cap Value Y
Emerging Markets	5	ODVYX	Oppenheimer Developing Markets	5	ODVYX	Oppenheimer Developing Markets
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	18	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	15	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	19	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	19	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	20	MRFIX	MFS Research	20	MRFIX	MFS Research
Mid Growth	4	APDMX	Artisan Mid Cap Advisor	4	APDMX	Artisan Mid Cap Advisor
Mid Value	8	JVMIX	John Hancock Disciplined Value Mid Cap Fund	8	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	3	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	3	PYSVX	Putnam Small Cap Value Y	6	PYSVX	Putnam Small Cap Value Y
Emerging Markets	4	ODVYX	Oppenheimer Developing Markets	4	ODVYX	Oppenheimer Developing Markets
Intermediate-/Long-Term Bond	9	PDBZX	Prudential Total Return Bond Z	9	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	3	SHOYX	American Beacon SiM High Yld Opps Y	3	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	4	DBLTX	DoubleLine Total Return Bond Fund	4	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Growth with Income						
Large Growth	10	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	10	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	15	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	15	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	17	MRFIX	MFS Research	14	MRFIX	MFS Research
Mid Growth	3	APDMX	Artisan Mid Cap Advisor	3	APDMX	Artisan Mid Cap Advisor
Mid Value	6	JVMIX	John Hancock Disciplined Value Mid Cap Fund	6	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	3	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	0	PYSVX	Putnam Small Cap Value Y	3	PYSVX	Putnam Small Cap Value Y
Emerging Markets	3	ODVYX	Oppenheimer Developing Markets	3	ODVYX	Oppenheimer Developing Markets
Intermediate-/Long-Term Bond	15	WOBDX	JPMorgan Core Bond Select	15	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	11	PDBZX	Prudential Total Return Bond Z	11	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	4	SHOYX	American Beacon SiM High Yld Opps Y	4	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	8	DBLTX	DoubleLine Total Return Bond Fund	8	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

Income with Moderate Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	9	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	9	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	10	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	10	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	12	MRFIX	MFS Research	8	MRFIX	MFS Research
Mid Growth	0	APDMX	Artisan Mid Cap Advisor	3	APDMX	Artisan Mid Cap Advisor
Mid Value	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	3	MXAIX	Touchstone Small Cap Growth Class Y	0	MXAIX	Touchstone Small Cap Growth Class Y
Small Value	0	PYSVX	Putnam Small Cap Value Y	4	PYSVX	Putnam Small Cap Value Y
Intermediate-/Long-Term Bond	20	WOBDX	JPMorgan Core Bond Select	20	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	18	PDBZX	Prudential Total Return Bond Z	18	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	4	SHOYX	American Beacon SiM High Yld Opps Y	4	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	14	DBLTX	DoubleLine Total Return Bond Fund	14	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Income with Capital Preservation						
Large Growth	7	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	7	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	0	N/A	N/A	9	BWLYX	American Beacon Bridgeway Lg Cp Val Y
Large Value	9	JVLIX	John Hancock Disciplined Value I	0	JVLIX	John Hancock Disciplined Value I
Large Blend	5	MRFIX	MFS Research	5	MRFIX	MFS Research
Mid Value	3	JVMIX	John Hancock Disciplined Value Mid Cap Fund	0	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Value	0	PYSVX	Putnam Small Cap Value Y	3	PYSVX	Putnam Small Cap Value Y
Intermediate-/Long-Term Bond	25	WOBDX	JPMorgan Core Bond Select	25	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	19	PDBZX	Prudential Total Return Bond Z	19	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	5	SHOYX	American Beacon SiM High Yld Opps Y	5	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	18	DBLTX	DoubleLine Total Return Bond Fund	18	DBLTX	DoubleLine Total Return Bond Fund
CASH	9	CASH	CASH	9	CASH	CASH
Total	100			100		

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Fixed Income						
Intermediate-/Long-Term Bond	30	WOBDX	JPMorgan Core Bond Select	30	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	28	PDBZX	Prudential Total Return Bond Z	28	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	10	SHOYX	American Beacon SiM High Yld Opps Y	10	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	27	DBLTX	DoubleLine Total Return Bond Fund	27	DBLTX	DoubleLine Total Return Bond Fund
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Diversified Plus

Tax-Free Fixed Income	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Short-Term Municipal Bond	20	LTMIX	Thornburg Limited-Term Muni	20	LTMIX	Thornburg Limited-Term Muni
Intermediate-Term Municipal Bond	30	DUSIX	Delaware Tax Free USA Intermediate Fund Class I	30	DUSIX	Delaware Tax Free USA Intermediate Fund Class I
Long-Term Municipal Bond	35	PRINX	T. Rowe Price Summit Municipal Inc	35	PRINX	T. Rowe Price Summit Municipal Inc
Tax-Free High-Yield Bond	10	NHMRX	Nuveen High Yield Municipal Bond	10	NHMRX	Nuveen High Yield Municipal Bond
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Alternative

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Aggressive Growth						
Large Growth	22	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	22	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	23	JVLIX	John Hancock Disciplined Value I	23	JVLIX	John Hancock Disciplined Value I
Large Blend	19	MRFIX	MFS Research	19	MRFIX	MFS Research
Mid Value	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	8	MXAIX	Touchstone Small Cap Growth Class Y	8	MXAIX	Touchstone Small Cap Growth Class Y
Intermediate-/Long-Term Bond	5	WOBDX	JPMorgan Core Bond Select	5	WOBDX	JPMorgan Core Bond Select
High-Yield Bond	3	SHOYX	American Beacon SiM High Yld Opps Y	3	SHOYX	American Beacon SiM High Yld Opps Y
Long/Short	11	NLSIX	Neuberger Berman Long Short Instl	11	NLSIX	Neuberger Berman Long Short Instl
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Alternative

Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	18	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	18	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	20	JVLIX	John Hancock Disciplined Value I	20	JVLIX	John Hancock Disciplined Value I
Large Blend	17	MRFIX	MFS Research	17	MRFIX	MFS Research
Mid Value	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	8	MXAIX	Touchstone Small Cap Growth Class Y	8	MXAIX	Touchstone Small Cap Growth Class Y
Intermediate-/Long-Term Bond	7	WOBDX	JPMorgan Core Bond Select	7	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	5	PDBZX	Prudential Total Return Bond Z	5	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	3	SHOYX	American Beacon SiM High Yld Opps Y	3	SHOYX	American Beacon SiM High Yld Opps Y
Tax-Free High-Yield Bond	3	NHMRX	Nuveen High Yield Municipal Bond	3	NHMRX	Nuveen High Yield Municipal Bond
Long/Short	10	NLSIX	Neuberger Berman Long Short Instl	10	NLSIX	Neuberger Berman Long Short Instl
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Alternative

	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Growth with Income						
Large Growth	15	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	15	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	13	JVLIX	John Hancock Disciplined Value I	13	JVLIX	John Hancock Disciplined Value I
Large Blend	8	MRFIX	MFS Research	8	MRFIX	MFS Research
Mid Value	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund	5	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	6	MXAIX	Touchstone Small Cap Growth Class Y	6	MXAIX	Touchstone Small Cap Growth Class Y
Intermediate-/Long-Term Bond	7	WOBDX	JPMorgan Core Bond Select	7	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	12	PDBZX	Prudential Total Return Bond Z	12	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	5	SHOYX	American Beacon SiM High Yld Opps Y	5	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	7	DBLTX	DoubleLine Total Return Bond Fund	7	DBLTX	DoubleLine Total Return Bond Fund
Strategic Income	5	JSOSX	JP Morgan Strategic Income Opportunities	5	JSOSX	JP Morgan Strategic Income Opportunities
Tax-Free High-Yield Bond	4	NHMRX	Nuveen High Yield Municipal Bond	4	NHMRX	Nuveen High Yield Municipal Bond
Long/Short	9	NLSIX	Neuberger Berman Long Short Instl	9	NLSIX	Neuberger Berman Long Short Instl
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Alternative

Income with Moderate Growth	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	12	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	12	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	12	JVLIX	John Hancock Disciplined Value I	12	JVLIX	John Hancock Disciplined Value I
Large Blend	6	MRFIX	MFS Research	6	MRFIX	MFS Research
Mid Value	4	JVMIX	John Hancock Disciplined Value Mid Cap Fund	4	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Small Growth	4	MXAIX	Touchstone Small Cap Growth Class Y	4	MXAIX	Touchstone Small Cap Growth Class Y
Intermediate-/Long-Term Bond	7	WOBDX	JPMorgan Core Bond Select	7	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	13	PDBZX	Prudential Total Return Bond Z	13	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	6	SHOYX	American Beacon SiM High Yld Opps Y	6	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	8	DBLTX	DoubleLine Total Return Bond Fund	8	DBLTX	DoubleLine Total Return Bond Fund
Strategic Income	13	JSOSX	JP Morgan Strategic Income Opportunities	13	JSOSX	JP Morgan Strategic Income Opportunities
Tax-Free High-Yield Bond	6	NHMRX	Nuveen High Yield Municipal Bond	6	NHMRX	Nuveen High Yield Municipal Bond
Long/Short	5	NLSIX	Neuberger Berman Long Short Instl	5	NLSIX	Neuberger Berman Long Short Instl
CASH	4	CASH	CASH	4	CASH	CASH
Total	100			100		

Changes indicated in bold.

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

Alternative

Income with Capital Preservation	Previous			Current		
	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name	Tactical	Analyst Top Pick	Analyst Top Pick Fund Name
Large Growth	8	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2	8	ACIZX	Alger Capital Appreciation Institutional Fund Class Z-2
Large Value	6	JVLIX	John Hancock Disciplined Value I	6	JVLIX	John Hancock Disciplined Value I
Large Blend	5	MRFIX	MFS Research	5	MRFIX	MFS Research
Mid Value	3	JVMIX	John Hancock Disciplined Value Mid Cap Fund	3	JVMIX	John Hancock Disciplined Value Mid Cap Fund
Intermediate-/Long-Term Bond	8	WOBDX	JPMorgan Core Bond Select	8	WOBDX	JPMorgan Core Bond Select
Intermediate-/Long-Term Bond	23	PDBZX	Prudential Total Return Bond Z	23	PDBZX	Prudential Total Return Bond Z
High-Yield Bond	8	SHOYX	American Beacon SiM High Yld Opps Y	8	SHOYX	American Beacon SiM High Yld Opps Y
Mortgage-Backed Securities	9	DBLTX	DoubleLine Total Return Bond Fund	9	DBLTX	DoubleLine Total Return Bond Fund
Strategic Income	15	JSOSX	JP Morgan Strategic Income Opportunities	15	JSOSX	JP Morgan Strategic Income Opportunities
Tax-Free High-Yield Bond	6	NHMRX	Nuveen High Yield Municipal Bond	6	NHMRX	Nuveen High Yield Municipal Bond
Long/Short	4	NLSIX	Neuberger Berman Long Short Instl	4	NLSIX	Neuberger Berman Long Short Instl
CASH	5	CASH	CASH	5	CASH	CASH
Total	100			100		

Changes indicated in bold.

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 portfolio is considered to have the highest level of risk.

Growth

Emphasis is placed on achieving high longterm growth and capital appreciation. This is considered 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

The opinions voiced in this material are for general information only and are not intended to provide any specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. Past performance is no guarantee of future results. The illustrated indices are unmanaged and cannot be invested into directly.

International and emerging markets investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

Investing in mutual funds involve risk, including possible loss of principal. Investments in specialized industry sectors have additional risks, which are outlined in the prospectus.

Investors should consider the investment objectives, risks and charges and expenses of the investment company carefully before investing. The prospectus, and if applicable, summary prospectus, contains this and other information about the investment company. You can obtain a prospectus from your financial representative. Read the prospectus carefully before investing.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are Federally tax-free but other state and local taxes may apply.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise and bonds are subject to availability and changes in price.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Stock investing involves risk including loss of principal.

Small cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the Small Cap market may adversely affect the value of these investments.

Mid-Capitalization companies are subject to higher volatility than those of large-capitalized companies.

Unconstrained Eclectic strategies have a flexible investment style that does not limit the fund to a single asset class or security type.

The fast swings of commodities will result in significant volatility in an investor's holdings.

Absolute Return has a goal of providing positive returns in all market conditions. It tends to have low volatility, and have a very low correlation to bonds and stocks.

Value investments can perform differently from the markets as a whole. They can remain undervalued by the market for long periods of time.

Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

Non Traditional investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Precious metal investing is subject to substantial fluctuation and potential for loss.

Preferred Stock investing involves risk which may include loss of principal.

Long/Short is an investment strategy generally associated with hedge funds. It involves buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value.

Balanced Nontraditional (moderate-allocation) portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash.

An increase in interest rates will cause the prices of bonds and bond mutual funds to decline.

Mortgage Backed Securities are subject to credit, default, prepayment risk that acts much like call risk when you get your principal back sooner than the stated maturity, extension risk, the opposite of prepayment risk, market and interest rate risk.

Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. It is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. The bigger the duration number, the greater the interest-rate risk or reward for bond prices.

Forward Price To Earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there is still benefit in estimated P/E analysis. The forecasted earnings used in the formula can either be for

the next 12 months or for the next full-year fiscal period.

Neither LPL Financial nor any of its affiliates make a market in the investment being discussed nor does LPL Financial or its affiliates or its officers have a financial interest in any securities of the issuer whose investment is being recommended neither LPL Financial nor its affiliates have managed or co-managed a public offering of any securities of the issuer in the past 12 months.

Russell 1000® Value Index measures the performance of those Russell 1000 companies considered undervalued relative to comparable companies.

This research material has been prepared by LPL Financial.

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Not FDIC or NCUA/NCUSIF Insured	No Bank/Credit Union Guarantee	May Lose Value	Not Guaranteed by any Government Agency	Not a Bank/Credit Union Deposit
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