

# Portfolio Compass



April 18, 2012

## Navigating The Markets

The Portfolio Compass provides a snapshot of LPL Financial Research views on Equity & Alternative Asset Classes, the Equity Sectors, and Fixed Income. This biweekly publication illustrates our current views and will change as needed over a 3- to 12-month time horizon.

### Reading the Portfolio Compass

Fundamental, technical, and valuation characteristics for each category are shown by colored squares.

Negative, neutral, or positive views are illustrated by a solid black bar positioned over the color scale, while an outlined black bar with an arrow indicates change and shows the previous view.

Rationales for our views are provided beneath each category.

### Compass Changes

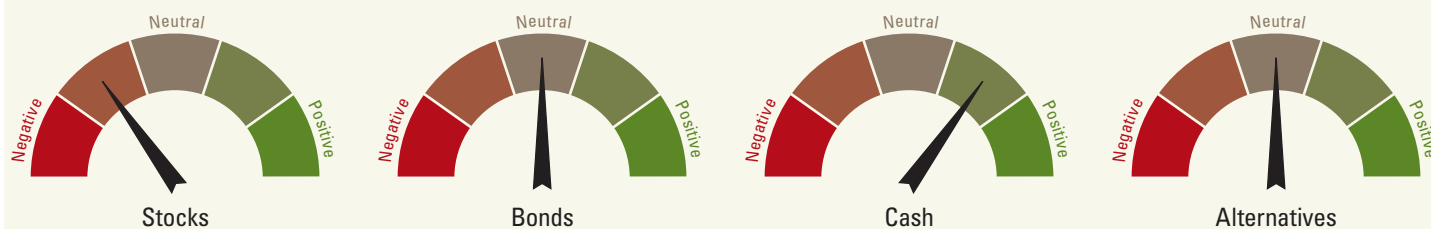
- No changes.

### Investment Takeaways

- With stocks having reached our 2012 forecast for 8–12%\* returns, our near-term stock market view has become more cautious. We believe the latest modest stock market pullback may have a bit further to go.
- We favor U.S. and Emerging Markets equities over Large Foreign. Emerging Markets are the best performing major region in 2012 with a 10.9% return, as measured by the MSCI EM Index.
- We continue to favor cyclical sectors which have led this year's rally and that we believe remain attractively valued relative to the overall market and the defensive sectors.
- We favor economically sensitive fixed income sectors, including Corporate Bonds, High-Yield and Emerging Market Debt that we continue to find attractively valued and believe offer better longer-term return prospects.
- We maintain our modestly positive view of Precious Metals on strong demand from Emerging Markets, accommodative Federal Reserve policy and anticipated US dollar weakness.
- The S&P 500 Index is testing its 50-day moving average at 1377. Above that level, the next resistance range is 1400–1425. Below 1377, we would watch for support in the 1330–1340 range.

### Broad Asset Class Views

LPL Financial Research's views on Stocks, Bonds, Cash, and Alternatives are illustrated below. The positions of negative, neutral, or positive are indicated by the solid black compass needle, while an outlined needle shows a previous view.



## Equity & Alternative Asset Classes

### Maintaining Cautious Stock Market View After Best First Quarter Since 1998

- With stocks having achieved our 2012 forecast for 8–12%\* returns, our near-term stock market view remains cautious. We believe the current, modest stock market pullback may have a bit further to go after the best first quarter for the S&P 500 since 1998.
- Small Caps underperformed Mid and Large since our last publication on April 4th, hurt by their greater relative market sensitivity as the stock market declined. Year-to-date, Mid Caps have led (as of April 18, 2012).
- We continue to favor Growth, which tends to outperform in slow-growth environments, and due to our preference for Technology, the biggest Growth sector, over Financials, the biggest Value sector. Growth outpaced Value by 50 basis points since our last publication and 420 basis points year-to-date, based on the Russell Indices.
- Emerging Markets remains the best performing major region year-to-date with a 10.9% return, as measured by the MSCI EM Index. Over the past two weeks, the Large Foreign MSCI EAFE benchmark and the Emerging Market (EM) benchmark each held up better than the S&P 500.
- Despite recent progress by European policymakers, the debt crisis is not over as the recent flare up in Spain indicates. Much of Europe is in or entering recession, driving our negative Large Foreign view.
- We maintain our modestly positive view of Precious Metals on strong demand from Emerging Markets, accommodative Federal Reserve policy and anticipated US dollar weakness.

		Fundamentals	Technicals	Valuations	Negative	Neutral	Positive	
Style/Capitalization	Large Growth	■	■	■	■	■	■	
	Large Value	■	■	■	■	■	■	
	Favor Growth over Value due to superior earnings trends in slow-growth economy, attractive relative valuations and our positive Technology view. Growth is leading again in 2012.							
	Mid Growth	■	■	■	■	■	■	
	Mid Value	■	■	■	■	■	■	
	Earnings trends and merger & acquisition activity are positive for Mid Caps. After such a strong start to 2012, we have tempered our optimism some in anticipation of a modest stock market pullback.							
	Small Growth	■	■	■	■	■	■	
Small Value	■	■	■	■	■	■		
The firming U.S. economy and favorable merger & acquisition outlook favor Small Caps; however, a likely further stock market pullback suggests near-term caution.								
Region	U.S. Stocks	■	■	■	■	■	■	
	Large Foreign	■	■	■	■	■	■	
	Small Foreign	■	■	■	■	■	■	
	Emerging Markets	■	■	■	■	■	■	
Japan's recovery from last year's natural disasters has been uneven. For the euro zone, latest Spain flare up demonstrates that the crisis is not over as much of the region is in or entering recession. Emerging Markets have topped the major regions in performance YTD and held up better than the U.S. equity market over the past two weeks since our last publication on April 4th.								
REITs	REITs	■	■	■	■	■	■	
	Rising interest rates present a headwind; latest job numbers and credit performance are mixed.							
Commodities	Industrial Metals	■	■	■	■	■	■	
	Precious Metals	■	■	■	■	■	■	
	Energy	■	■	■	■	■	■	
	Agricultural	■	■	■	■	■	■	
We remain positive on Precious Metals Commodities, on leverage to Emerging Markets growth, tightening supplies, accommodative monetary policy and expected further US dollar weakness. We continue to look for opportunities in Industrial Metals due to our favorable outlook for Chinese economic growth. Falling natural gas prices have been a significant drag on Commodities returns in 2012.								
Other	Non-Correlated Strategies				■	■	■	
	Favor distressed assets for volatile environment, Long/Short Equity vehicles as market increasingly rewards fundamentals, and Merger-Arbitrage/Event-Driven strategies on increased corporate activity.							

Real Estate/REITs may result in potential illiquidity and there is no assurance the objectives of the program will be attained. The fast price swings of commodities will result in significant volatility in an investor's holdings. International and emerging markets involve special risks such as currency fluctuation and political instability. The price of small and mid-cap stocks are generally more volatile than large cap stocks. Value investments can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. Precious metal investing is subject to substantial fluctuation and potential for loss. These securities may not be suitable for all investors. Alternative strategies 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. Stock investing may involve risk including loss of principal.

## Equity Sectors

### Staying with Cyclical Sector Positioning, Technology Remains Atop Sector Rankings

- Technology and Financials remain the top two performing sectors year-to-date, each with approximately 18% returns (as of April 16). In 2012, Financials have benefited from generally positive bank stress test results from the Federal Reserve in mid-March, subsequent dividend increase announcements and improving economic data. Our view remains cautious.
- The Technology sector has benefited from outsized gains for its largest constituent, solid earnings, attractive valuations and powerful mobility product trends. Our view remains positive.
- We continue to favor cyclical sectors which have led this year's rally and that we believe remain attractively valued relative to the overall market and the defensive sectors.
- Consumer Discretionary is the best performing sector since April 4th, though it has lost nearly one percent. Strong retail sales for March contributed to the sector's resilience.
- Our positive outlook for domestic business spending, and expectations for only a modest slowdown and easier monetary policy in China support our positive views of the global Industrials and resource sectors, as well as Technology.
- Falling natural gas prices continue to weigh on the Energy sector, which has lost 3.5% since April 4th despite modestly higher WTI Crude Oil prices.
- We continue to under-emphasize the defensive sectors although improved relative performance in a potential stock market pullback is likely.

	Fundamentals	Technicals	Valuations	Negative	Neutral	Positive	S&P 500 Weight (%)
Cyclical	Materials	■	■	■	■	■	3.5
	Still expect only a modest slowdown in China, but near-term overseas risks have risen some.						
	Energy	■	■	■	■	■	11.0
	Mideast tensions have cooled some, causing crude oil to level off; natural gas remains a drag.						
	Industrials	■	■	■	■	■	10.6
	Expect mid-to-high single digit business spending gains*; likely top Q1 earnings grower.						
	Consumer Discretionary	■	■	■	■	■	11.1
	Tepid income growth, oil risk, valuations are concerns but March sales, confidence are encouraging.						
	Technology	■	■	■	■	■	20.5
	Top sector of 2012 on strong earnings, attractive valuations, powerful mobility trend.						
Defensive	Financials	■	■	■	■	■	14.8
	Strong start to 2012 on positive stress tests, dividend increases, better data and Europe progress.						
	Utilities	■	■	■	■	■	3.3
	Worst performer YTD with 3% loss on weak earnings, shift toward cyclicals, falling natural gas prices.						
	Healthcare	■	■	■	■	■	11.4
	Continue to favor defensive sectors, Supreme Court ruling on Affordable Care Act due out in June.						
	Consumer Staples	■	■	■	■	■	11.0
Challenging margin environment amid input cost pressures, above average relative valuations.							
Telecommunications	■	■	■	■	■	2.8	
Rich valuation, rising interest rates, and falling earnings are among chief concerns.							

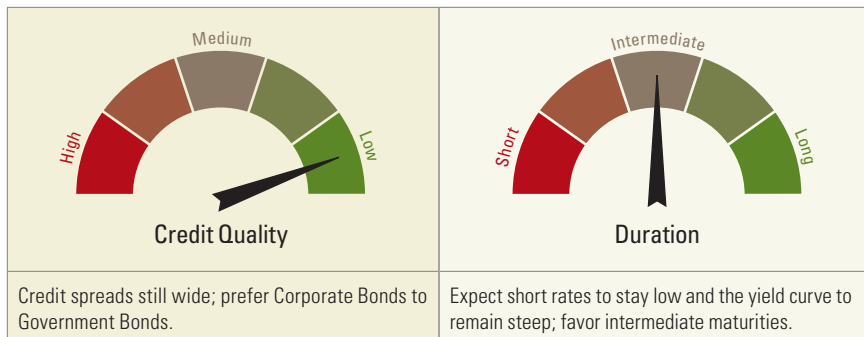
\* For more detailed information, please refer to the quarterly *Sector Strategy* publication.

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

## Fixed Income

### Favor Economically Sensitive Sectors to Help Take Advantage of Higher Yields

- Municipal bond valuations remain attractive and recent weakness may provide an opportunity for investors.



		Fundamentals	Technicals	Valuations	Negative	Neutral	Positive	
Tax-Free Bonds	Munis - Short-term	■	■	■	[Gauge: Needle in Negative zone]			
	Muni curve is steep, and short-term yields are very low.							
	Munis - Intermediate term	■	■	■	[Gauge: Needle in Neutral zone]			
	Attractive valuations partially offset by lower yields.							
	Munis - Long-term	■	■	■	[Gauge: Needle in Positive zone]			
	Valuations attractive given recent Treasuries strength.							
Munis - High Yield	■	■	■	[Gauge: Needle in Positive zone]				
Yield to be bigger driver of return in 2012. Defaults to remain isolated.								

continued on next page

All bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. High yield/junk bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors. Municipal interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features.

## Fixed Income (CONT.)

### Favor Economically Sensitive Sectors to Help Take Advantage of Higher Yields

- Slow growth, benign inflation, and the Fed's pledge to keep interest rates low until late-2014 suggest favoring intermediate bonds which currently possess a substantial yield advantage relative to short-term bonds.
- European issues are putting downward pressure on yields, keeping Treasuries expensive.
- Growth is likely to be sluggish but remain positive, which provides a favorable backdrop for more economically sensitive bonds such as corporate bonds.
- Among government related sectors, we prefer mortgage-backed securities, given their yield advantage, limited supply, and potential to be included in Federal Reserve purchases should they become necessary.
- Yield spreads on high-yield and investment-grade corporate bonds have resumed contracting but still reflect an attractive valuation. Credit quality metrics are stable to still improving and issuers continue to refinance higher-cost debt.

	Fundamentals	Technicals	Valuations	Negative	Neutral	Positive	
Taxable Bonds - U.S.	Treasuries	■	■	■	■	■	
	European issues putting downward pressure on yields, keeping Treasuries expensive.						
	TIPS	■	■	■	■	■	■
	Prefer to nominal Treasuries as easy monetary policy is inflationary over time.						
	Mortgage-Backed Securities	■	■	■	■	■	■
	Currently most attractive government bond option. Supply/demand balance aided by Fed reinvestment.						
	Investment Grade Corporates	■	■	■	■	■	■
	Yield spreads still attractive. Credit quality stable to improving.						
	Preferred Stocks	■	■	■	■	■	■
	Fed stress tests a positive. Good income generator.						
	High Yield Corporates	■	■	■	■	■	■
	Spreads imply higher default rate than is likely to be realized. Sector still attractive.						
Bank Loans	■	■	■	■	■	■	
Prefer High-Yield for income, with rising rate catalyst delayed with FOMC on hold until late-2014.							
Taxable Bonds - Foreign	Foreign Bonds - Hedged	■	■	■	■	■	
	Sovereign risks and low yields still a concern.						
	Foreign Bonds - UnHedged	■	■	■	■	■	■
	Low yields and Euro currency risk a concern.						
Emerging Market Debt	■	■	■	■	■	■	
Valuations attractive and central banks may cut rates providing an additional catalyst.							

All bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. High yield/junk bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors. Mortgage Backed Securities are subject to credit, default risk, 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, and interest rate risk. International and emerging market investing involves risks such as currency fluctuation and political instability and may not be suitable for all investors. Bank loans are loans issued by below investment grade companies for short term funding purposes with higher yield than short-term debt and involve risk. Treasury inflation-protected securities (TIPS) help eliminate inflation risk to your portfolio as the principal is adjusted semiannually for inflation based on the Consumer Price Index - while providing a real rate of return guaranteed by the U.S. Government. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features. Foreign Bonds – Hedged: Non-U.S. fixed income securities generally from investment grade issuers in developed countries, with hedged currency exposure. Foreign Bonds – Unhedged: Non-U.S. fixed income securities normally denominated in major foreign currencies.

## DEFINITIONS:

### EQUITY AND ALTERNATIVES ASSET CLASSES

**Large Growth:** Stocks in the top 70% of the capitalization of the U.S. equity market are defined as Large Cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

**Large Value:** Stocks in the top 70% of the capitalization of the U.S. equity market are defined as Large Cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**Mid Growth:** The U.S. mid-cap range for market capitalization typically falls between \$1 billion and \$8 billion and represents 20% of the total capitalization of the U.S. equity market. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

**Mid Value:** The U.S. Mid Cap range for market capitalization typically falls between \$1 billion and \$8 billion and represents 20% of the total capitalization of the U.S. equity market. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**Small Growth:** Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as Small Cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

**Small Value:** Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as Small Cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**U.S. Stocks:** Stock of companies domiciled in the U.S.

**Large Foreign:** Large-cap foreign stocks have market capitalizations greater than \$5 billion. The majority of the holdings in the large foreign category are in the MSCI EAFE Index.

**Small Foreign:** Small-cap foreign stocks typically have market capitalizations of \$250M to \$1B. The majority of the holdings in the small foreign category are in the MSCI Small Cap EAFE Index.

**Emerging Markets:** Stocks of a single developing country or a grouping of developing countries. For the most part, these countries are in Eastern Europe, Africa, the Middle East, Latin America, the Far East and Asia.

**REITs:** REITs are companies that develop and manage real-estate properties. There are several different types of REITs, including apartment, factory-outlet, health-care, hotel, industrial, mortgage, office, and shopping center REITs. This would also include real-estate operating companies.

**Commodities – Industrial Metals:** Stocks in companies that mine base metals such as copper, aluminum and iron ore. Also included are the actual metals themselves. Industrial metals companies are typically based in North America, Australia, or South Africa.

**Commodities – Precious Metals:** Stocks of companies that do gold- silver-, platinum-, and base-metal-mining. Precious-metals companies are typically based in North America, Australia, or South Africa.

**Commodities – Energy:** Stocks of companies that focus on integrated energy, oil & gas services, oil & gas exploration and equipment. Public energy companies are typically based in North America, Europe, the UK, and Latin America.

**Merger Arbitrage** is a hedge fund strategy in which the stocks of two merging companies are simultaneously bought and sold to create a riskless profit. A merger arbitrageur looks at the risk that the merger deal will not close on time, or at all. Because of this slight uncertainty, the target company's stock will typically sell at a discount to the price that the combined company will have when the merger is closed. This discrepancy is the arbitrageur's profit.

### EQUITY SECTORS

**Materials:** Companies that engage in a wide range of commodity-related manufacturing. Included in this sector are companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, metals, minerals and mining companies, including producers of steel.

**Energy:** Companies whose businesses are dominated by either of the following activities: The construction or provision of oil rigs, drilling equipment and other energy-related service and equipment, including seismic data collection or the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and consumable fuels.

**Industrials:** Companies whose businesses: Manufacture and distribute capital goods, including aerospace and defense, construction, engineering and building products, electrical equipment and industrial machinery; provide commercial services and supplies, including printing, employment, environmental and office services; provide transportation services, including airlines, couriers, marine, road and rail, and transportation infrastructure.

**Consumer Discretionary:** Companies that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, textiles and apparel, and leisure equipment. The service segment includes hotels, restaurants and other leisure facilities, media production and services, consumer retailing and services and education services.

**Technology:** Companies that primarily develop software in various fields such as the Internet, applications, systems and/or database management and companies that provide information technology consulting and services. Technology hardware & equipment include manufacturers and distributors of communications equipment, computers and peripherals, electronic equipment and related instruments, and semiconductor equipment and products.

**Financials:** Companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investment, and real estate, including REITs.

**Utilities:** Companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.

**Healthcare:** Companies in two main industry groups: Healthcare equipment and supplies or companies that provide healthcare-related services, including distributors of healthcare products, providers of basic healthcare services, and owners and operators of healthcare facilities and organizations or companies primarily involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

**Consumer Staples:** Companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco, and producers of non-durable household goods and personal products. It also includes food and drug retailing companies.

**Telecommunications:** Companies that provide communications services primarily through a fixed line, cellular, wireless, high bandwidth and/or fiber-optic cable network.

### FIXED INCOME

**Credit Quality:** An individual bond's credit rating is determined by private independent rating agencies such as Standard & Poor's, Moody's and Fitch. Their credit quality designations range from high ('AAA' to 'AA') to medium ('A' to 'BBB') to low ('BB', 'B', 'CCC', 'CC' to 'C').

**Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration 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.

**Munis – Short-term:** Bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. These bonds generally have maturities of less than three years.

**Munis – Intermediate:** Bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. These bonds generally have maturities of between 3 and 10 years.

**Munis – Long-term:** Bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. These bonds generally have maturities of more than 10 years.

**Munis – High Yield:** Bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. These bonds generally offer higher yields than other types of bonds, but they are also more vulnerable to economic and credit risk. These bonds are rated BB+ and below.

**Treasuries:** A marketable, fixed-interest U.S. government debt security. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

**TIPS (Treasury Inflation Protected Securities):** A special type of Treasury note or bond that offers protection from inflation. Like other Treasuries, an inflation-indexed security pays interest every six months and pays the principal when the security matures. The difference is that the underlying principal is automatically adjusted for inflation as measured by the consumer price index (CPI).

**Mortgage-Backed Securities:** A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution.

**Investment-Grade Corporates:** Securities issued by corporations with a credit rating of BBB- or higher. Bond rating firms, such as Standard & Poor's, use different designations consisting of upper- and lower-case letters 'A' and 'B' to identify a bond's investment grade credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade.

**Preferred Stocks:** A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred stock generally has a dividend that must be paid out before dividends to common stockholders and the shares usually do not have voting rights.

**High-Yield Corporates:** Securities issued by corporations with a credit rating of BB+ and below. These bonds generally offer higher yields than investment grade bonds, but they are also more vulnerable to economic and credit risk.

**Bank Loans:** In exchange for their credit risk, these floating-rate bank loans offer interest payments that typically float above a common short-term benchmark such as the London interbank offered rate, or LIBOR.

**Foreign Bonds – Hedged:** Non-U.S. fixed income securities generally from investment grade issuers in developed countries, with hedged currency exposure.

**Foreign Bonds – Unhedged:** Non-U.S. fixed income securities normally denominated in major foreign currencies.

**Emerging Market Debt:** The debt of sovereigns, agencies, local issues, and corporations of emerging markets countries and subject to currency risk.

#### IMPORTANT DISCLOSURES

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

\*LPL Research provided this range based on our earnings per share growth for 2012, and a modest expansion in the price-to-earnings ratio. Additional explanation can be found in the 2012 Outlook publication.

Past performance is no guarantee of future results.

Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features.

Investing in alternative investments may not be suitable for all investors and involve special risks such as risk associated with leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. There is no assurance that the investment objective will be attained.

Long positions may decline as short positions rise, thereby accelerating potential losses to the investor.

Stock investing involves risk including loss of principal.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Russell Mid Cap Growth Index offers investors access to the mid-cap growth segment of the U.S. equity universe. The Russell Mid Cap Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate mid-cap growth manager's opportunity set.

Default Rate is the interest rate charged to a borrower when payments on a revolving line of credit are overdue. This higher rate is applied to outstanding balances in arrears in addition to the regular interest charges for the debt.

This research material has been prepared by LPL Financial.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

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