

The “Wall Street” Election Poll

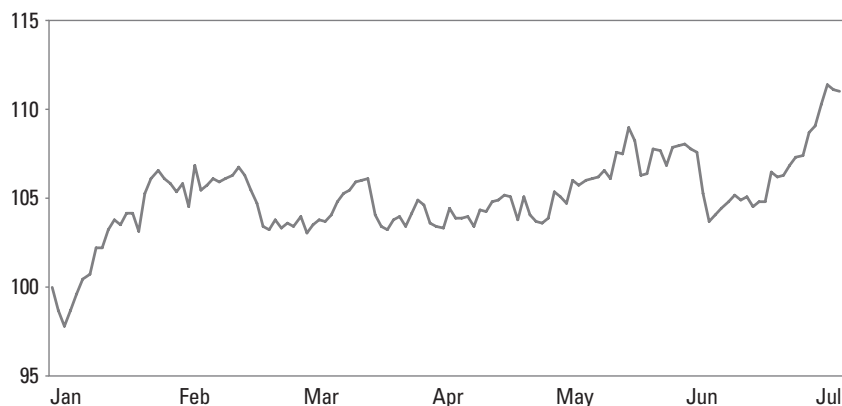
July 5, 2012

In the past holiday-shortened week ending Tuesday, the LPL Financial “Wall Street” Election Poll index reflects a shift toward Democrats, reflecting movement in the Health Care sector following Thursday’s Supreme Court decision on the Affordable Care Act (ACA). The index reflects rising odds for Democrats over the past month and now stands at 111, the highest level of the year.

Over the past week, the overall market rallied. A sharp decline in the Republican-favored Managed Care industry, the only industry in the election poll that fell after the Supreme Court largely upheld the ACA, offset solid gains in the Republican-favored Energy sector. Standout Democratic performers included Construction Materials, Homebuilders, and Farm Equipment.

2 Relative Strength of Democrat vs. Republican Indexes Reflect Election Odds

— Relative Strength (Dem. vs. Rep.), Indexed to 100 at Start of Year



Source: FactSet Research Systems, LPL Financial 07/05/12

Components are equally weighted.

How It Works

To track what the market has priced in for the Democrats’ odds of retaining the White House and Senate, we have taken the Democrats index and divided it by the Republicans index. An upward sloping line suggests the market may be pricing in a rising likelihood of the Democrats retaining the White House and their majority in the Senate, while a downward sloping line suggests improving prospects for the Republicans.

1 S&P 500 Industries Likely to React More Favorably to One Party

Democrats	Republicans
S&P 500 Health Care Facilities	S&P 500 Coal & Consumable Fuels
S&P 500 Food & Staples Retailing	S&P 500 Diversified Financial Services
S&P 500 Gas Utilities	S&P 500 Oil & Gas Exploration & Production
S&P 500 Health Care Services	S&P 500 Oil & Gas Drilling
S&P 500 Life Sciences Tools & Services	S&P 500 Managed Health Care
S&P 500 Construction Materials	S&P 500 Electric Utilities
S&P 500 Homebuilding	S&P 500 Specialty Retail
S&P 500 Construction & Farm Machinery	S&P 500 Telecommunications Services

Source: LPL Financial 07/05/12

For detailed information about this index’s construction, please see our *Weekly Market Commentary: The “Wall Street” Election Poll* (5/7/12).

IMPORTANT DISCLOSURES

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

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

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

S&P 500 INDICES

Consumer Discretionary Sector: 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.

Consumer Staples Sector: 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.

Energy Sector: 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. The exploration, production, marketing, refining and/or transportation of oil and gas products, coal and consumable fuels.

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

Health Care Sector: Companies are in two main industry groups—Health Care equipment and supplies or companies that provide health care-related services, including distributors of health care products, providers of basic health care services, and owners and operators of health care facilities and organizations. Companies primarily involved in the research, development, production, and marketing of pharmaceuticals and biotechnology products.

Industrials Sector: 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.

Manufacturing Sector: Companies engaged in chemical, mechanical, or physical transformation of materials, substances, or components into consumer or industrial goods.

Materials Sector: Companies that are engaged 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.

Technology Software & Services Sector: Companies include those 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, including manufacturers and distributors of communications equipment, computers and peripherals, electronic equipment and related instruments, and semiconductor equipment and products.

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

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

This research material has been prepared by LPL Financial.

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