



Third Quarter 2011

The Search for Income

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Summary

The *Search for Income* publication is a quarterly guide to our top ideas for income-producing securities and strategies. This publication offers active and passive income suggestions from our current mutual fund recommended list, along with suggested exchange-traded products (ETPs). Many of the asset classes/sectors can be used individually or in a diversified portfolio, and several are currently employed in our model portfolios.

The now higher yields should aid the job of the income-seeking investor. In the case of High-Yield Bonds, yields are at their highest level since May 2010, the last time Europe fears severely impacted financial markets.

A Difficult Third Quarter

Income-seeking investors suffered through a difficult third quarter of 2011, with prices of many income-generating securities notably lower. For High-Yield Bonds, the quarter produced the worst total return since the third quarter of 2008. However, unlike 2008, the main driver of performance stemmed from European debt fears that led to poor investor sentiment and panic selling and did not reflect strong underlying fundamentals of most income-generating sectors. Concerns over a return to recession aided the strong performance of government bonds at the expense of economically-sensitive bonds, which tend to comprise the bulk of income-generating securities. The quarter highlights that income generation can be overpowered by price deterioration over short periods of time and that income-seeking investors need to maintain a longer-term focus.

In our opinion, the underperformance of most income-generating securities was overdone and therefore presents an opportunity going forward. Valuations on High-Yield Bonds, Investment-Grade Corporate Bonds, and Preferred Securities are very depressed and indicative of a recession. We believe the economy will avoid recession but prices of most of these securities already reflect a very pessimistic outcome. In addition to valuations, the now higher yields should aid the job of the income-seeking investor. In the case of High-Yield Bonds, yields are at their highest level since May 2010, the last time Europe fears severely impacted financial markets.

Among more economically-sensitive bond sectors, High-Yield Bonds stand out as one of our favorite investments and a source of income generation. Currently, our top ideas for income generation are the following:

- High-Yield Bonds (taxable and tax-free)
- Emerging Market Debt (EMD)
- Investment-Grade Corporate Bonds (intermediate- and long-term)
- Preferred Stocks
- Build America Bonds (BAB)

Our bias within fixed income remains High-Yield Bonds, as the sector provides the ideal combination of yield and compelling valuations. Volatility is likely to remain elevated over coming months however. A stronger policy response from European leaders is a positive but details surrounding recent measures are still lacking. Additionally, recession remains a risk in the U.S., even if small, over the coming months. Over the longer term, the current average yield advantage of more than 7.0% to comparable U.S. Treasuries has historically translated into outperformance relative to Treasuries over a longer, one-year horizon.

Emerging Market Debt (EMD) proved resilient to global market turmoil in August but ultimately succumbed to recession fears in September. Fears that problems in Europe would adversely effect faster-growing developing economies contributed to EMD price declines as did concerns that China's economy, the growth engine of the emerging world, was at risk of a sharp slowdown. We believe that the stronger growth trajectory of emerging

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.



Build America Bonds (BABs)

BABs originated from the American Recovery and Reinvestment Act (ARRA) to allow municipalities to issue taxable bonds for qualifying infrastructure projects. By expanding the investor base to taxable investors, BAB issuance was intended to facilitate municipalities' ability to obtain funding for important infrastructure projects given still uncertain markets in the wake of the financial crisis. BABs have been a success and the market has grown to \$184 billion according to The Bond Buyer.

market countries remains on track. EMD valuations have reached their most attractive levels since May 2009, as the asset class was recovering from the financial crisis, and remain a higher quality alternative compared to High-Yield Bonds for income-seeking investors.

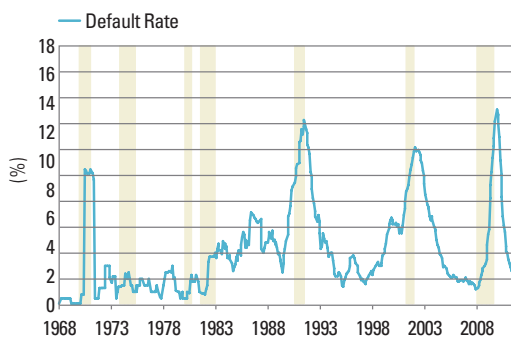
Investment-Grade Corporate Bonds lagged Treasuries during the third quarter but managed to generate positive total returns. However, it was a mixed bag for some investors as many investment-grade corporate bond prices declined in August and September following gains in July. We believe the health of the corporate sector have been strong and valuations are attractive. With an average yield advantage of 2.4% to comparable Treasury bonds (as of September 30, 2011) they remain the best income-producing option among high-quality domestic bonds, especially considering the low yields on other high-grade bond sectors, such as Treasuries and Mortgage-Backed Securities (MBS). The high-quality nature of Investment-Grade Corporate Bonds makes them more sensitive to future rises in interest rates; however, we do not expect bond yields to soar higher and expect yields to remain relatively range-bound into 2012.

Preferred Stocks were affected by bank worries over the third quarter. In our view, most domestic banks and the large European banks are more than sufficiently capitalized to withstand losses stemming from a Greek government bond default. Nonetheless, fear of contagion to U.S. banks drove weakness in Preferred Stocks, which are primarily issued by financial companies. Overall, we believe banks have done a good job to boost minimum capital levels to buffer against future losses and we view recent weakness as a potential opportunity. Yields remain favorable compared to similarly rated Investment-Grade Corporate Bonds. In addition, new issuance remains extremely limited keeping a favorable supply-demand balance in place for investors.

Build America Bonds (BABs) are among the most interest rate sensitive of our income-producing ideas but, similar to other high-quality bonds, BAB bond prices finished higher over the third quarter as high-quality bond yields fell sharply. The sector has also benefited from the strength in the broader municipal bond market and from a scarcity premium due to the lack of new issuance. We believe BABs can still be used for income generation with high overall credit ratings and an average yield of roughly 4.9%, according to Wells Fargo Index data.

Another strategy to consider would be the income-focused theme in Model Wealth Portfolios (MWP), which combines multiple asset classes and sectors. The goals of this portfolio are to seek excess total return and, secondarily, to generate significantly higher overall yields than the LPL Financial Research blended benchmarks.

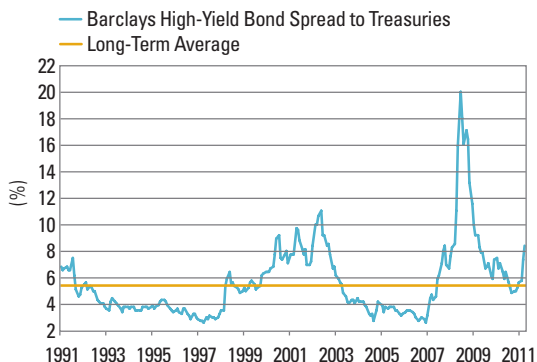
1 A Back-To-Back Spike in Defaults to 10% or More Has Never Occurred



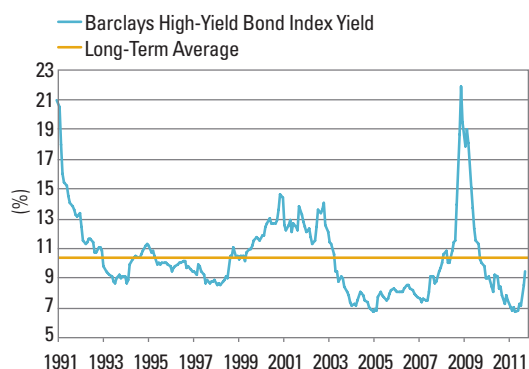
Source: Moody's, Bloomberg, LPL Financial 09/30/11

(Shaded areas indicate recession)

2 The Average Yield Advantage of High-Yield Bonds More Than Compensates For an Increase in Defaults



3 Yields Are at Their Highest Levels in Over a Year



The Barclays High-Yield Bond Index is an unmanaged index, which cannot be invested into directly. Past performance is no guarantee of future results.

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.

Government Bonds and 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. However, the value of fund shares is not guaranteed and will fluctuate.

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

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.

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

Favorite Sector/Asset Class Ideas

High-Yield Bonds (Taxable and Tax-Free)

High-Yield is an obvious asset class for income-seeking investors but taxable High-Yield Bonds suffered their worst quarterly performance in the third quarter since 2008. We do not believe a repeat of 2008 is in store, however, and view recent weakness as a consideration to purchase. The average yield advantage, or spread relative to Treasuries, stood at 8.6% as of September 30, 2011, up from 5.8% at the end of June, a level that historically persisted only during times of recession. We find valuations more than adequate to compensate for low defaults. The global default rate declined further to 1.8% in September 2011, down from a peak of 13% at the end of 2009. Moody's has forecast a further decline to 1.4% by year-end 2011. A projected decline in the default rate, which we agree with, provides a favorable backdrop for High-Yield Bonds. According to our calculations, the average pricing of High-Yield Bonds implies a roughly 10% default rate in twelve months. While we would expect defaults to increase if recession actually arrives, we believe such acceleration in defaults is highly unlikely. Historically, a back-to-back spike in defaults has never occurred [Chart 1].

Furthermore, high-yield issuers have taken advantage of low interest rates and done an excellent job of refinancing existing debt obligations. So far in 2011, over 60% of new issuance has been used for refinancing purposes, which we view as healthy and a positive for credit quality. With few maturing bonds coming due through the end of 2012, the risk of an unexpected surge in defaults is limited.

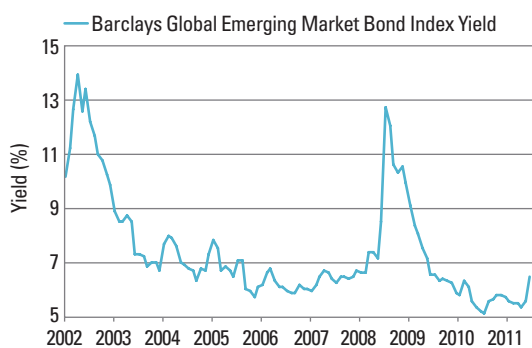
Since default rates and High-Yield Bond spreads are highly correlated, the average High-Yield Bond spread to Treasuries, at 8.6%, is attractive. In our view, this spread level more than compensates for the current and expected level of defaults [Chart 2].

The average yield of High-Yield Bonds (9.1% as of September 30, 2011) is below the 20-year average of 10.5% [Chart 3] but at the highest level since May 2010.

For diversification purposes and to help reduce individual security risk, LPL Financial Research strongly recommends investors use an investment vehicle such as mutual fund or ETP (Exchange-Traded Product) for exposure to this asset class. In general, high-yield funds provide yields between 6.0% and 9.0% (according to Morningstar data as of 9/30/11), but of course entail greater credit risk relative to Investment-Grade Bonds.

Investors, regardless of tax-bracket, may wish to consider Tax-Free High-Yield Bonds. High-Yield Municipal Bond prices defied their taxable counterparts and finished the third quarter mostly unchanged. The local-only exposure of Municipal High-Yield Bonds insulated them from market concerns over Europe and helped support prices. While municipal finances remain under stress, issuers continue to make positive incremental progress. State and local revenues increased during the second quarter of 2011 and have now improved for seven consecutive quarters. We continue

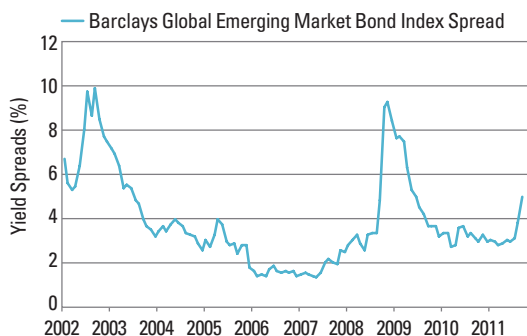
4 EMD Yields Are Their Highest Since 2009



Source: Barclays, Bloomberg, LPL Financial 09/30/11

The Barclays Global EM Bond Index is an unmanaged index, which cannot be invested into directly. Past performance is no guarantee of future results.

5 Yield Spreads Are at Their Highest Levels of the Past Two-years



Source: Barclays, Bloomberg, LPL Financial 09/30/11

The Barclays Global EM Bond Index is an unmanaged index, which cannot be invested into directly. Past performance is no guarantee of future results.

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

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.

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 change in price.

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

to find the asset class attractive with an average yield of 7.0%, according to the Barclays High-Yield Municipal Index.

Municipal defaults are on track to decline for the third consecutive year. According to Income Securities Advisors, municipal defaults total \$1.2 billion through the end of September 2011. At that pace, defaults would decline significantly from the \$3.6 billion in defaults witnessed in 2010, which in turn is down from \$7.3 billion in 2009 and a peak of \$8.5 billion in 2008. We believe that defaults will continue to be concentrated in more speculative issues allowing an investment manager ample room to find attractive investments. According to Municipal Market Advisors, 82% of defaults since July 1, 2009 have come from issuers that did not have any rating at all (non-rated). Furthermore, housing-related bond issues comprise 71% of all defaults. Given the speculative excesses in the housing market, the fact that housing-related issues represent the largest number of defaults is no surprise.

Please be aware that the vast majority of tax-free high-yield funds generate income that is subject to AMT (Alternative Minimum Tax). Again, we recommend investors use an investment vehicle such as a mutual fund or ETP to gain exposure. Please contact fund companies directly or obtain a copy of the prospectus for the percentage of income subject to AMT.

Emerging Market Debt (EMD)

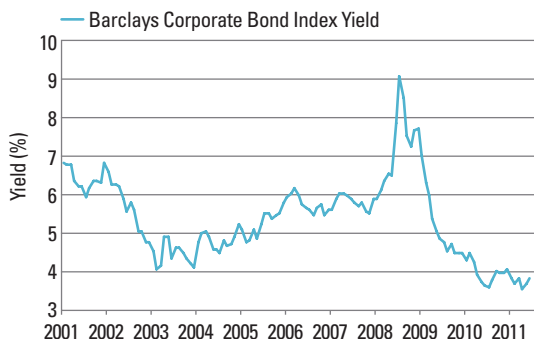
Emerging Market Debt (EMD) proved quite resilient to global market turmoil in August but ultimately succumbed to recession fears in September. Fears that problems in Europe would adversely affect faster-growing developing economies contributed to EMD price declines. These fears were exacerbated by concerns that China's economy, the growth engine of the emerging world, was at risk of a sharp slowdown. We believe that the stronger growth trajectory of emerging market countries remains on track and such fears will prove misguided. EMD valuations reached their most attractive levels since May 2009. The average yield advantage of EMD increased to 4.5% during the third quarter (as of 9/26/11) [Charts 4 and 5].

The current yield of the Barclays Global Emerging Markets Bond Index, 6.5% as of September 30, 2011, is attractive for income generation, particularly given still strong fundamentals. For investors seeking a higher quality alternative to High-Yield Bonds, EMD should be considered. EMD issuers are likely to continue to benefit from faster economic growth than their developed nation counterparts. EMD issuers also possess better credit characteristics: debt-to-GDP ratios are lower than developed nations and most EMD issuers possess large currency reserves. Inflation has stabilized and emerging market central banks have begun to lower interest rates. Interest rate cuts may help avoid economic growth risks and provide a tailwind for EMD prices.

Investment-Grade Corporate Bonds

The average Investment-Grade Corporate Bond yield remains low by historical comparison [Chart 6] but valuations relative to Treasuries

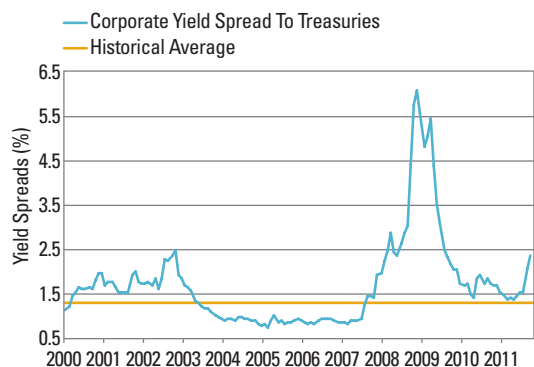
6 Average Corporate Bond Yields Are Near Record Lows but Remain a High-Quality Income Option



Source: Barclays, Bloomberg, LPL Financial 09/30/11

The Barclays Corporate Bond Index is an unmanaged index, which cannot be invested into directly. Past performance is no guarantee of future results.

7 Corporate Bond Yield Spreads Are Attractive in Our View and Above the Historical Average



Source: Barclays, Bloomberg, LPL Financial 09/30/11

The market value of Corporate Bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

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 change in price.

Government Bonds and 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. However, the value of fund shares is not guaranteed and will fluctuate.

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.

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

improved during the quarter. For some investors, such yield levels may not be exciting, but yields vary depending on the specific investment used. We believe Investment-Grade Corporate Bonds can still be used as an income-producing option in fixed income markets considering historically low Treasury and MBS yields. As of September 30, 2011, the average Investment-Grade Corporate Bond yield spread to Treasuries was 2.4%, still above the 1.3% historical average and a considerable advantage over Treasuries [Chart 7]. Current yield spreads are typically witnessed only during recession and we believe this may present an opportunity for higher-quality income-seeking investors since we believe a recession will be avoided. A slow growth environment still allows for corporate credit quality to be stable and not necessarily turn into a threat for bondholders.

Preferred Stocks

Preferred Stocks provide higher current yields than comparably rated corporate bonds. Although called "stocks," Preferred Stock possess bond-like characteristics, and income-seeking investors should consider the asset class. Preferred Stocks prices declined during the third quarter as fear of contagion to U.S. banks drove weakness in Preferred Stocks, which are primarily issued by financial companies. Overall, we believe banks have done a good job to boost minimum capital levels to buffer against future losses and view recent weakness as an opportunity. Both yields and valuations remain attractive. As of September 30, 2011, the preferred market, as measured by the Merrill Lynch Hybrid Securities Index, had an average yield of 6.0%. However, due to the varied composition of the preferred market, specific investment product yields may vary (see Implementation section for details).

We believe financial preferred issuers should be able to absorb European debt shocks or increased regulatory requirements without materially impacting their ability to service preferred securities interest payments. In our view, most domestic banks and the large European banks are sufficiently capitalized to withstand losses stemming from a Greek government bond default.

On balance, financial regulatory reform has turned out to be a modest positive for Preferred Stocks. Bank capital rules put in place one year ago require some financial institutions to retire certain types of Preferred Securities over the coming four years. Retiring the issues will require companies to redeem Preferred Securities at par value. Since issuance of new Preferred Stocks has been minimal over the past two years, the reductions have helped create a favorable supply-demand balance. In fact, several issuers were proactive during the first half of 2011 and redeemed select issues early to take advantage of low overall interest rates. The demand for yield should help support a shrinking base of preferred securities.

Over the longer term, however, investors should realize that interest rate increases remain a risk even though Preferred Stocks exhibited good resiliency over bouts of rising interest rates over the past three years. Since Preferred Stocks are perpetual or have extremely long 30- to 50-year



The preferred market, as measured by the Merrill Lynch Hybrid Securities Index, had an average yield of 6.0%.

maturities, they possess interest rate sensitivity. The yield advantage to Treasuries will help offset higher interest rate risk, but investors need to be aware of this risk.

Build America Bonds

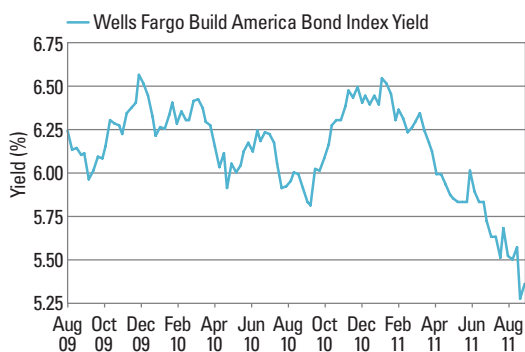
The BAB program expired at the end of 2010 after exclusion from tax-cut extension legislation that was signed into law in late 2010. Despite the expiration, BAB prices have proven resilient in 2011 as a scarcity premium has begun to develop and BAB prices have increased alongside other high-quality bond options in 2011. Born from the \$787 billion ARRA, Build America Bonds (BABs) have been well received as taxable bond investors have embraced BABs as a diversification investment to existing holdings of Corporate, Treasury, and Mortgage-Backed Bonds in their portfolios. BABs are included in the widely followed Barclays Capital Bond Indexes, and therefore are subject to regular purchases from passive investors who closely mimic benchmark positions.

BABs are not without risks, and interest rate risk remains the greatest potential threat. The vast majority of issuance is long-term, with 90% of BABs maturing beyond 10 years, according to The Bond Buyer data. The longer-term maturities of BABs make them among the more sensitive to interest rate changes within the bond market. Although interest rates have so far declined in 2011, investors should remain aware of this potential longer-term risk. We expect interest rates to remain relatively range-bound over the coming year but price declines associated with rising interest rates may offset the benefit of higher interest income.

The lack of new issuance may increase BAB volatility. Bond dealers may be less willing to participate in actively trading BABs without a steady flow of new bonds. This may lead to illiquid trading conditions that may exacerbate price fluctuations in both up and down markets.

In a low-yield world, BABs remain an option for income-seeking investors with an average 4.9% yield, according to Wells Fargo index data (as of 9/30/11) [Chart 8]. On the negative, the yield has declined steadily in 2011 along with other high-quality bond yields; however, the yield advantage to Treasuries has increased and is substantial at 2.2% above comparable maturity Treasuries. Municipal budgets, and therefore credit quality, will likely remain under pressure for most of 2011 and into 2012 but we do not foresee widespread defaults. Municipal defaults remain concentrated among the most speculative issues, a trend we expect to continue. BABs are among the highest-quality municipal bonds and we expect them to be insulated from significant credit quality deterioration. Since most BABs are issued for qualifying infrastructure projects, the essential service nature provides an extra level of security.

8 Build America Bonds Yields Declined in 2011



Source: Wells Fargo, Bloomberg, LPL Financial 09/30/11

The Wells Fargo Build America Bond Index is an unmanaged index, which cannot be invested into directly. All indices are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The issuance of Build America Bonds began in April of 2009. They were authorized by the ARRA economic stimulus of 2009 and can be issued for qualifying infrastructure projects. They are taxable municipal bonds and are considered a category of bonds.

Implementation

Model Wealth Portfolios (MWP) – Income Focused

In this publication, we highlight our favorite individual sector and asset class ideas for income. However, with Model Wealth Portfolios (MWP), LPL Financial Research combines multiple asset classes and sectors to create a complete portfolio that seeks excess return and, secondarily, generates significantly higher overall yields than the LPL Financial blended benchmarks.

Within these Income Focused Models, we modify our asset allocation models to increase their income-generating ability. Fund selection is focused on identifying those mutual funds that have historically performed very well with a good portion of their performance coming from income. The following table highlights relevant statistics of MWP Income Focused Models.

Income Focused Model Wealth Portfolio Performance (Gross)

Model Portfolios	3-Months	YTD	1-Year	2-Year	Annualized Since 3/1/08
Aggressive Growth					
MWP Income Focused	-15.66%	-12.00%	-3.78%	3.28%	-4.81%
AG Benchmark	-14.55%	-9.40%	0.57%	5.41%	-1.74%
+ / - Benchmark	-1.11%	-2.60%	-4.36%	-2.13%	-3.07%
Growth					
MWP Income Focused	-14.27%	-10.55%	-2.97%	3.86%	-4.16%
G Benchmark	-11.83%	-6.98%	1.42%	5.77%	-0.28%
+ / - Benchmark	-2.44%	-3.57%	-4.39%	-1.91%	-3.88%
Growth With Income					
MWP Income Focused	-11.33%	-7.32%	-1.17%	5.12%	-1.93%
G&I Benchmark	-8.11%	-3.71%	2.46%	6.14%	1.54%
+ / - Benchmark	-3.22%	-3.61%	-3.63%	-1.01%	-3.46%
Income With Moderate Growth					
MWP Income Focused	-9.86%	-5.99%	-1.46%	5.43%	0.23%
IMG Benchmark	-4.37%	-0.53%	3.31%	6.22%	3.08%
+ / - Benchmark	-5.49%	-5.46%	-4.77%	-0.79%	-2.84%
Income With Capital Preservation					
MWP Income Focused	-8.00%	-3.98%	-0.34%	6.81%	2.58%
ICP Benchmark	-0.57%	2.61%	4.01%	6.10%	4.39%
+ / - Benchmark	-7.43%	-6.59%	-4.34%	0.72%	-1.81%

Source: FactSet, LPL Financial 09/30/11

Benchmark Indices	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
Russell 3000 Index	95%	80%	60%	40%	20%
Barclays Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-month Tbill	5%	5%	5%	7%	10%

For further information about the model portfolios, please contact your LPL Financial advisor.

All indices are unmanaged and cannot be invested into directly.

*Please refer to pages 14 & 15 for index descriptions and investment objectives.

Income Focused Model Wealth Portfolio Performance (Net)

Model Portfolios	3-Months	YTD	1-Year	2-Year	Annualized Since 3/1/08
Aggressive Growth					
MWP Income Focused	-16.19%	-13.64%	-6.16%	1.04%	-6.66%
AG Benchmark	-14.55%	-9.40%	0.57%	5.41%	-1.74%
+ / - Benchmark	-1.64%	-4.24%	-6.73%	-4.37%	-4.92%
Growth					
MWP Income Focused	-14.81%	-12.21%	-5.43%	1.56%	-6.05%
G Benchmark	-11.83%	-6.98%	1.42%	5.77%	-0.28%
+ / - Benchmark	-2.98%	-5.23%	-6.85%	-4.21%	-5.78%
Growth With Income					
MWP Income Focused	-11.88%	-9.04%	-3.73%	2.75%	-3.89%
G&I Benchmark	-8.11%	-3.71%	2.46%	6.14%	1.54%
+ / - Benchmark	-3.77%	-5.33%	-6.19%	-3.39%	-5.43%
Income With Moderate Growth					
MWP Income Focused	-10.42%	-7.74%	-4.08%	2.99%	-1.80%
IMG Benchmark	-4.37%	-0.53%	3.31%	6.22%	3.08%
+ / - Benchmark	-6.05%	-7.20%	-7.38%	-3.23%	-4.88%
Income With Capital Preservation					
MWP Income Focused	-8.57%	-5.76%	-3.06%	4.29%	0.46%
ICP Benchmark	-0.57%	2.61%	4.01%	6.10%	4.39%
+ / - Benchmark	-8.00%	-8.38%	-7.07%	-1.81%	-3.93%

Source: FactSet, LPL Financial 09/30/11

Benchmark Indices	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
Russell 3000 Index	95%	80%	60%	40%	20%
Barclays Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-month Tbill	5%	5%	5%	7%	10%

For further information about the model portfolios, please contact your LPL Financial advisor.

All indices are unmanaged and cannot be invested into directly.

*Please refer to pages 14 & 15 for index descriptions and investment objectives.

Income Focused Model Wealth Portfolio Mutual Funds

Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Expense Ratio	30-Day SEC Yield	Web Address
Harbor Capital Appreciation Instl	HACAX	4.70	1.82	3.54	10.14	12/29/87	0.7	N/A	www.harborfunds.com
MainStay Large Cap Growth I	MLAIX	1.23	2.83	N/A	5.04	04/01/05	0.94	N/A	www.nylim.com/MainStay
Allianz NFJ Dividend Value P	ADJPX	-0.59	N/A	N/A	-4.59	07/07/08	0.81	4.30	www.allianzinvestors.com
Oppenheimer Rising Dividends Y	OYRDX	1.71	0.67	3.74	5.09	12/16/96	0.8	N/A	www.oppenheimerfunds.com
Royce Value Invmt	RVVHX	-2.80	N/A	N/A	0.42	03/15/07	1.16	N/A	www.roycefunds.com
Royce Dividend Value Invmt	RDVIX	-4.16	N/A	N/A	0.65	09/14/07	1.38	N/A	www.roycefunds.com
Forward Credit Analysis Long/Short Inv	FLSRX	-0.38	N/A	N/A	9.19	05/01/08	3.39	N/A	www.forwardfunds.com
Loomis Sayles Bond Instl	LSBDX	3.33	6.59	10.02	10.06	05/16/91	0.64	5.11	www.loomissayles.com
Delaware High-Yield Opportunities In	DHOIX	-0.35	5.74	9.17	6.79	12/30/96	0.9	8.96	www.delawarefunds.com
Pioneer Global High Yield Y	GHYYX	-1.50	4.98	N/A	5.36	12/27/05	0.73	N/A	www.pioneerinvestments.com
Oppenheimer Senior Floating Rate Y	OOSYX	3.57	3.48	N/A	4.06	11/28/05	0.78	5.71	www.oppenheimerfunds.com
Principal Preferred Securities P	PPSPX	-0.06	N/A	N/A	0.24	09/27/10	0.86	6.72	www.principal.com
Nuveen High Yield Municipal Bond I	NHMRX	1.81	-1.20	3.82	4.16	06/07/99	0.68	7.43	www.nuveen.com
Goldman Sachs Commodity Strategy IR	GCCTX	3.63	N/A	N/A	-11.33	11/30/07	0.71	-0.45	www.goldmansachsfunds.com.
RS Global Natural Resources A	RSNRX	-2.32	3.15	15.20	9.92	11/15/95	1.47	N/A	www.rsim.com
Forward Global Infrastructure Instl	KGIYX	-5.55	N/A	N/A	-5.74	06/29/07	1.26	N/A	www.forwardfunds.com

Source: Morningstar Direct, LPL Financial 09/30/11

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Gross Expense Ratio: The gross expense ratio is the fund's total annual operating expense ratio. It is gross of any fee waivers or expense reimbursements.

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The performance data quoted reflects the reinvestment of dividends and capital gains, is net of expenses and reflects the maximum advisory fee of 2.5%.

The Volatility of the benchmark used to compare performance is materially different from that of the portfolio.

Income Focused Model Wealth Portfolio Weights (As of 06/30/11)

Fund Name	Ticker	LPL Financial Statement Asset Class	Aggressive Growth	Growth	Growth w/ Income	Income w/ Moderate Growth	Income w/ Capital Preservation
Columbia Marsico 21st Century Growth	NMYAX	Large Growth	6.0%	5.0%	4.0%	0.0%	0.0%
Mainstay Large Growth	MLAIX	Large Growth	11.5%	11.0%	8.5%	5.0%	3.5%
Allianz NFJ Dividend Value	ADJPX	Large Value	13.0%	14.0%	13.0%	7.0%	0.0%
Oppenheimer Rising Dividends	OYRDX	Large Blend	20.0%	10.0%	9.0%	3.0%	0.0%
Eagle Mid-Cap Stock	HMCJX	Mid Growth	4.0%	3.0%	0.0%	0.0%	0.0%
Royce Dividend Value	RDVIX	Small Value	4.0%	4.0%	0.0%	0.0%	0.0%
Forward Long/Short Credit	FLSRX	Intermediate-/Long-term Bond	0.0%	0.0%	5.0%	5.0%	5.0%
Loomis Sayles Bond	LSBDX	Intermediate-/Long-term Bond	0.0%	2.0%	0.0%	6.0%	15.0%
Mainstay High Yield Corp	MHYIX	High-Yield Bond	0.0%	3.0%	4.0%	0.0%	0.0%
Pioneer Global High Yield	GHYYX	High-Yield Bond	0.0%	9.0%	16.0%	20.0%	30.0%
Oppenheimer Floating Rate	OOSYX	Bank Loans	0.0%	0.0%	3.0%	3.0%	4.0%
Federated Income Trust	FICMX	Mortgage-Backed Securities	0.0%	0.0%	0.0%	9.0%	3.0%
Principal Preferred Securities	PPSPX	Preferred Securities	0.0%	1.0%	2.0%	4.0%	8.0%
Nuveen High Yield Municipal	NHMRX	Tax-Free High-Yield Bond	0.0%	0.0%	3.0%	3.0%	4.0%
Goldman Sachs Commodity Strategy	GCCTX	Sector (Commodities: Natural Resources)	9.0%	7.0%	6.0%	5.0%	4.0%
RS Global Natural Resource	RSNRX	Sector (Commodities: Natural Resources)	5.0%	5.5%	5.0%	4.0%	0.0%
Forward Global Infrastructure	KGIYX	Sector (Infrastructure)	6.0%	5.0%	5.0%	4.0%	2.0%
Forward Global Infrastructure	KGIYX	Sector (Infrastructure)	6.0%	5.0%	5.0%	4.0%	2.0%
Cash*			21.5%	20.5%	16.5%	22.0%	21.5%
TOTAL			100.0%	100.0%	100.0%	100.0%	100.0%

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

Mutual Fund and ETP Income Producing Ideas

The following list comprises our suggestions for mutual funds and ETPs that provide exposure to the income-producing sectors we have outlined in this report.

Taxable High-Yield Bond Exposure – Mutual Funds

Fund/Model Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield
Intermediate/Long High-Yield Bond								
Artio Global High Income I	JHYIX	-1.79	6.67	N/A	9.32	1/30/03	0.75	7.16
MainStay High Yield Corporate Bond I	MHYIX	3.77	5.87	N/A	6.68	1/2/04	0.78	6.99
Pioneer Global High Yield Y	GHYYX	-1.50	4.98	N/A	5.38	12/27/05	0.73	8.40
Hotchkis and Wiley High Yield A	HWHAX	0.69	N/A	N/A	14.43	5/29/09	1.01	6.34
PIMCO High Yield Instl	PHLPX	0.17	5.62	N/A	5.48	4/30/08	0.65	6.85
Delaware High-Yield Opportunities A	DHOAX	-0.64	5.43	8.84	6.52	12/30/96	1.20	8.80
Pax World High Yield	PAXHX	1.08	5.59	6.71	5.37	10/8/99	0.99	7.75
Barclays Capital US High Yield Bond		1.78	7.08	8.78	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Taxable High-Yield Bond Exposure – ETPs

Exchange-Traded Product	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Taxable High-Yield Bonds												
iShares iBoxx \$ High Yield Corporate Bd	HYG	1.04	N/A	N/A	3.92	4/4/07	0.50	8.34	-0.28	N/A	N/A	3.55
SPDR Barclays Capital High Yield Bond	JNK	0.47	N/A	N/A	4.10	11/28/07	0.41	7.43	-0.59	N/A	N/A	3.65
Barclays Capital US High Yield Bond		1.78	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

All indices are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: JHYIX: www.artioglobal.com; MHYIX: www.nylim.com/portal/site/MainStay; GHYYX: www.pioneerinvestments.com; PHYYX: www.pimcofunds.com; DHOAX: www.delawarefunds.com; PAXHX: www.paxfund.com; HYG: www.ishares.com; JNK: www.spdrs.com.

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Gross Expense Ratio: The gross expense ratio is the fund's total annual operating expense ratio. It is gross of any fee waivers or expense reimbursements.

Tax-Free High-Yield Bond Exposure – Mutual Funds

Fund/Model Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield
Tax Free High-Yield Bonds								
Nuveen High Yield Municipal Bond I	NHMRX	1.81	-1.20	3.82	4.17	6/7/99	0.68	7.36
Franklin High Yield Tax-Free Inc Adv	FHYVX	3.66	4.19	N/A	4.55	1/3/06	0.53	4.97
Oppenheimer Rochester National Muni A	ORNAX	2.97	-4.25	2.45	3.73	10/1/93	1.10	7.22
Barclays High Yield Municipal		4.18	2.48	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Tax-Free High-Yield Bond Exposure – ETPs

Exchange-Traded Product	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Tax Free High-Yield Bonds												
Market Vectors High-Yield Muni ETF	HYD	2.98	N/A	N/A	13.16	2/4/09	0.44	5.83	3.63	N/A	N/A	12.60
Barclays High Yield Municipal		4.18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Emerging Market Debt Exposure – Mutual Funds

Fund/Model Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield
Emerging Market Bonds								
T. Rowe Price Emerging Markets Bond	PREMX	-1.84	6.56	11.12	11.82	12/30/94	0.95	7.06
MFS Emerging Markets Debt A	MEDAX	-0.51	7.75	12.47	11.58	3/17/98	1.15	4.48
PIMCO Emerging Local Bond P	PELPX	-2.87	N/A	N/A	10.49	5/30/08	1.00	3.96
JPM EMBI Global		1.28	7.81	10.48	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Emerging Market Debt Exposure – ETPs

Exchange-Traded Product	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Emerging Market Bonds												
PowerShares Emerging Mkts Sovereign Debt	PCY	0.44	N/A	N/A	7.39	10/11/07	0.50	4.84	-0.81	N/A	N/A	6.96
iShares JPMorgan USD Emerg Markets Bond	EMB	-0.07	N/A	N/A	6.92	12/17/07	0.60	4.94	-0.48	N/A	N/A	6.75
JPM EMBI Global		1.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

All indices are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: NHMRX, ORNAX: www.oppenheimerfunds.com; FHYVX: www.franklin-templeton.com; PREMEX: www.troweprice.com; MEDAX: www.mfs.com; HYD: www.ishares.com; PCY: www.powershares.com; EMB: www.ishares.com

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Investment-Grade Corporate Bond Exposure – Mutual Funds

Fund/Model Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield
Intermediate/Long High Quality Bond								
Loomis Sayles Investment Grade Bond Y	LSIIX	3.81	7.86	8.91	8.51	12/31/96	0.56	4.23
Dodge & Cox Income	DODIX	3.55	6.42	5.84	7.61	1/3/89	0.43	3.72
Pimco Total Return	PTTPX	0.86	7.70	6.48	7.26	4/30/08	0.56	2.47
Federated Total Return Bond Instl	FTRBX	4.39	6.74	5.90	6.66	10/1/96	0.45	3.29
Metropolitan West Total Return Bond I	MWTIX	4.37	8.15	6.63	7.29	3/31/00	0.42	4.20
Western Asset Core Plus Bond I	WACPX	4.87	7.00	6.79	6.91	7/8/98	0.45	2.80
Loomis Sayles Bond Instl	LSBDX	3.34	6.59	10.02	10.09	5/16/91	0.64	5.12
Barclays Capital Aggregate		5.26	6.53	5.66	N/A	N/A	N/A	N/A
Long High Quality Bond								
Vanguard Long-Term Investment-Grade	VWESX	10.13	8.25	7.68	8.77	7/9/73	0.24	4.87
Barclays Capital Govt Credit Long		12.74	9.39	8.26	N/A	N/A	N/A	N/A
Eclectic Fixed Income								
Delaware Diversified Income A	DPDFX	3.76	8.30	8.01	8.17	12/29/97	0.98	3.26
Franklin Strategic Income Adv	FKSAX	0.92	6.35	8.06	7.19	8/12/99	0.63	5.33
Barclays Capital Aggregate		5.26	6.53	5.66	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Investment-Grade Corporate Bond Exposure – ETPs

Exchange-Traded Products	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Intermediate/Long High Quality Bond												
iShares Barclays Intermediate Credit Bd	CIU	2.73	N/A	N/A	6.00	1/5/07	0.20	2.78	2.49	N/A	N/A	6.07
iShares iBoxx \$ Invest Grade Corp Bond	LQD	3.72	6.34	N/A	6.09	7/22/02	0.15	4.09	4.03	6.48	N/A	6.18
SPDR Barclays Capital Interm Credit Bond	ITR	2.08	N/A	N/A	7.92	2/10/09	0.16	3.43	2.37	N/A	N/A	7.15
Vanguard Intermediate-Term Bond ETF	BIV	5.86	N/A	N/A	8.14	4/3/07	0.11	2.49	5.95	N/A	N/A	8.17
Barclays Capital Aggregate		5.26	6.53	5.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long High Quality Bond												
SPDR Barclays Capital Long Credit Bond	LWC	7.35	N/A	N/A	17.22	3/10/09	0.17	5.02	7.16	N/A	N/A	16.24
Vanguard Long-Term Bond ETF	BLV	12.93	N/A	N/A	10.14	4/3/07	0.11	4.06	13.06	N/A	N/A	10.21
Barclays Capital Govt Credit Long		12.74	9.39	8.26	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

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Preferred Stock Exposure – Mutual Funds

Fund/Model Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield
Preferred Securities								
Principal Preferred Securities Inst	PPSPX	-0.06	4.41	N/A	0.25	9/27/10	N/A	6.72
Nuveen Preferred Securities I	NPSRX	-1.29	N/A	N/A	2.61	12/18/06	0.91	6.91
Merrill Lynch Preferred Stock Hybrid		0.76	1.34	3.55	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Preferred Stock Exposure – ETPs

Exchange-Traded Product	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Preferred Securities												
iShares S&P U.S. Preferred Stock Index	PFF	-3.71	N/A	N/A	0.36	3/26/07	0.48	6.75	-4.28	N/A	N/A	0.26
PowerShares Financial Preferred	PGF	-4.68	N/A	N/A	-1.02	12/1/06	0.66	6.95	-4.82	N/A	N/A	-1.16
PowerShares Preferred	PGX	0.92	N/A	N/A	-2.83	1/31/08	0.50	6.51	0.42	N/A	N/A	-3.02
Merrill Lynch Preferred Stock Hybrid		0.76	1.34	3.55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

Build America Bond Exposure – ETPs

Exchange-Traded Product	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp. Ratio	30-Day SEC Yield	Mkt Ret Annlzd 1-Year	Mkt Ret Annlzd 5-Year	Mkt Ret Annlzd 10-Year	Mkt Ret Annlzd Since Incep
Build America Bond												
PowerShares Build America Bond	BAB	13.69	N/A	N/A	14.03	11/17/09	0.35	5.15	13.83	N/A	N/A	13.98
Wells Fargo Build America Bond Index		17.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar Direct, LPL Financial 09/30/11

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For the most recent month end performance please visit the respective fund's website: PFF: www.ishares.com; BAB, PGF & PGX: www.powershares.com; EIBLX: www.eatonvance.com.

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IMPORTANT DISCLOSURES

This report has been prepared by LPL Financial from sources believed to be reliable but no guarantee can be made as to its accuracy or completeness. The opinions expressed herein are or general information only, are subject to change without notice, and are not intended to provide specific advice or recommendations for any individuals.

LPL Financial does not engage in investment banking services nor has LPL Financial or the analyst(s) been compensated during the previous 12 months by any company mentioned in this report for any non-investment banking securities-related services and non-securities services nor has any company mentioned been a client of LPL Financial within the past 12 months.

Selling bonds prior to maturity may make the actual yield differ from their advertised yield and may involve a loss or gain. Bond values will decline as interest rates rise. Government Bonds have a Government guarantee that applies only to timely payment of principal and interest only and not to the anticipated price or yield which may fluctuate with market conditions.

The guarantee does not apply to bonds sold prior to maturity. Government Agency Bonds have an implied government backing (due to Federal Charter) but are not full, faith, and credit of the U.S. Government. Municipal bonds are federally tax-free, but may be subject to state and local taxes, and may be subject to the alternative minimum tax. Certificates of Deposit sold in the secondary market prior to maturity, are subject to market fluctuation. CDs are FDIC Insured and offer a fixed rate of return if held to maturity.

Principal risk: An investment in Exchange Traded Funds (ETFs), structured as a mutual fund or unit investment trust, involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks: not diversified, the risks of price volatility, competitive industry pressure, international political and economic developments, possible trading halts, Index tracking error.

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.

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.

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.

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

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

Non-rated bonds have not been issued a rating by bond rating agencies such as Standard and Poors and Moody's. Bonds that have not been rated by an agency are usually considered to be junk bonds or fall below investment grade.

High-Yield/Junk Bonds are not investment-grade securities, involve substantial risks, and generally should be part of the diversified portfolio of sophisticated investors.

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.

Government Bonds and 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. However, the value of funds shares is not guaranteed and will fluctuate.

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

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

Debt-to-GDP is a measure of a country's federal debt in relation to its gross domestic product (GDP). By comparing what a country owes and what it produces, the debt-to-GDP ratio indicates the country's ability to pay back its debt. The ratio is a coverage ratio on a national level.

Financials sector companies are involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investment, and real estate, including REITs.

The Wells Fargo Build America Bond Index is a comprehensive, rules-based index measuring the performance of certain types of municipal bonds issued under the American Recovery and Reinvestment Act of 2009.

Credit Quality: One of the principal criteria for judging the investment quality of a bond. As the term implies, credit quality informs investors of a bond or bond portfolio's credit worthiness, or risk of default.

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.

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.

Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. They can obtain a prospectus from you. Read carefully before investing.

Citigroup 3-Month Tbill Index represents monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.

INDEX DESCRIPTIONS

Barclays High Yield Bond Index is an unmanaged index of corporate bonds rated below investment grade by Moody's, S&P or Fitch Investor Service. The index also includes bonds not rated by the ratings agencies.

Barclays Corporate Bond Index is an unmanaged index of investment grade rated bonds issued by corporations and quasi-government agencies. Corporate bonds issued by foreign entities but denominated in US dollars are also included in the index.

The Barclays Global Emerging Markets Bond Index is an unmanaged index of external debt instruments of the emerging market nations. This includes US dollar-denominated Brady Bonds, loans, and Eurobonds.

Russell 3000® Index: measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of the latest reconstitution, the average market capitalization was approximately \$4.8 billion; the median market capitalization was approximately \$944.7 million. The index had a total market capitalization range of approximately \$386.9 billion to \$182.6 million.

The Wells Fargo Build America Bond Index is a comprehensive, rules-based index measuring the performance of certain types of municipal bonds issued under the American Recovery and Reinvestment Act of 2009.

The Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index consisting of a set of investment-grade, exchange-traded preferred stocks with outstanding market values of at least \$50 million that are covered by Merrill Lynch Fixed Income Research. The Index includes certain publicly issued, \$25- and \$100-par securities with at least one year to maturity.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

Barclays Aggregate Bond Index: is comprised of the Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

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.

Model Descriptions

Aggressive Growth

Aggressive Growth will essentially be fully invested in equity assets at all times (with the exception of a 5% cash position). Investors in this portfolio should have a long time horizon of 10 years or more, an understanding of the volatile history of equity investments, and a propensity to add money to the account on a systematic basis.

This portfolio is very aggressive by nature and should not be considered by anyone unwilling to take on significant risk.

Growth

Growth will be targeted to an allocation of 80% in equity assets and 20% in fixed income assets (including a 5% cash position). Investors in this portfolio should have a long time horizon, an understanding of the volatile history of equity investments, and a propensity to add money to the account on a systematic basis. This portfolio is aggressive by nature and should not be considered by anyone unwilling to take on significant risk.

Growth With Income

Investors in this portfolio should have a long time horizon, and an understanding of the volatile history of equity investments. The primary investment objective of this portfolio is growth of principal. Fixed income assets are included to generate income and reduce overall volatility.

Income With Moderate Growth

Income With Moderate Growth will be targeted to a normal allocation of 40% in equity assets and 60% in fixed income assets (including a 7% cash position). Investors in this portfolio should have a time horizon of more than five years, and be comfortable with the volatile history of equity investments. The primary investment objective of this portfolio is income, with growth of principal an important consideration. Fixed income assets form the core of the portfolio, generating income and lowering the portfolio's overall volatility. Equity assets provide the opportunity for long-term growth of principal.

Income With Capital Preservation

Income With Capital Preservation will be targeted to a normal allocation of 21% in equity assets and 79% in fixed income assets (including a 10% cash position). Investors in this portfolio should have a time horizon of more than five years, and be comfortable with the volatility that will occur within the modest equity portion of their investment portfolio. The primary investment objective of this portfolio is income, with growth of principal as a secondary concern. Fixed income assets form the core of the portfolio, generating a steady income stream. A small investment in equity assets provides the opportunity for modest long-term growth of principal.



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