

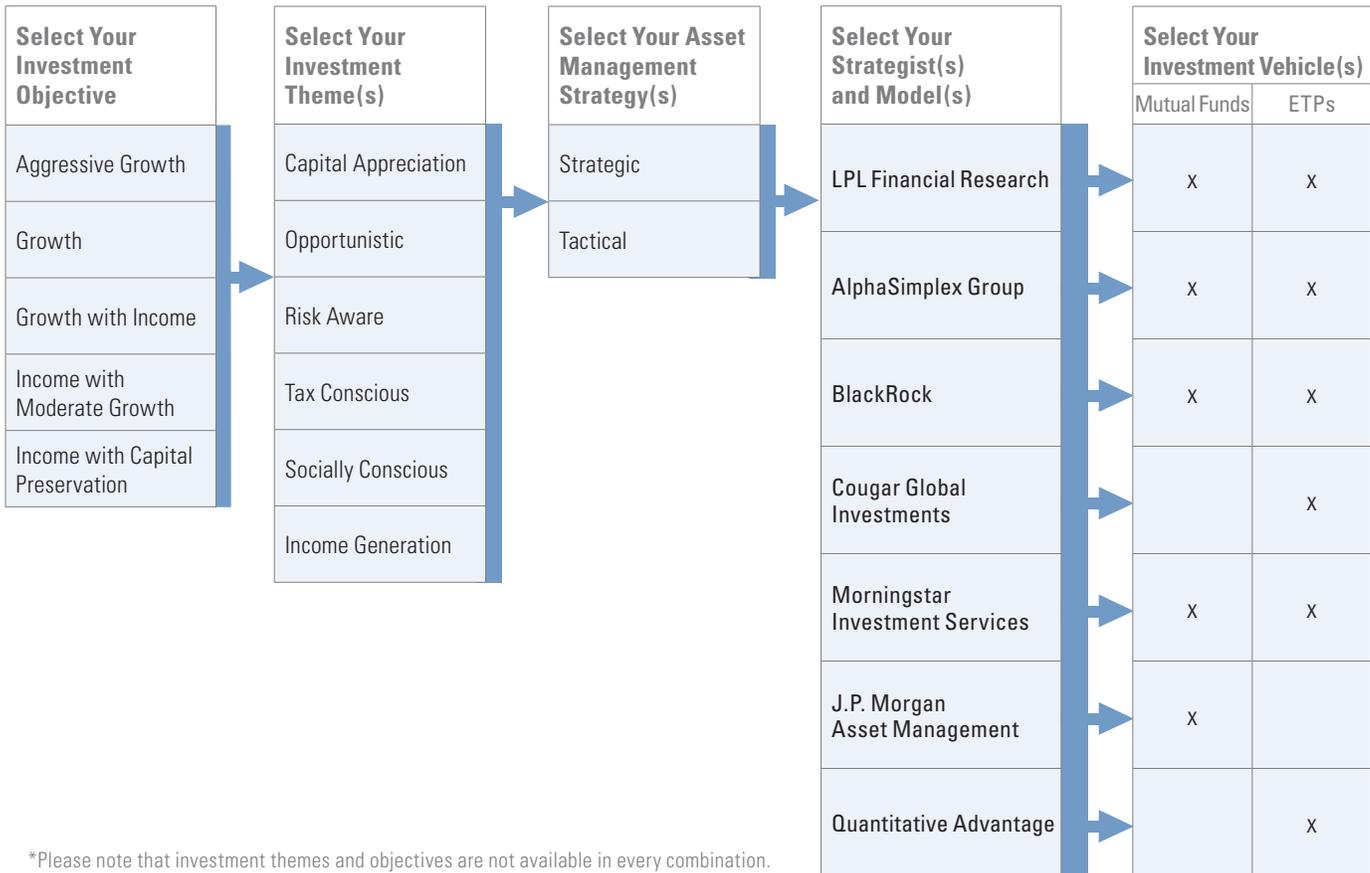
# Building Your Theme-Based Portfolio

Model Wealth Portfolios is built around a process to specifically meet your changing investment needs as your lifestyle and future goals evolve. Theme-based investment models allow you to focus on what is most important to you, such as retirement income, helping protect your wealth in a down market, minimizing taxes, trying to capture excess returns and more.

Theme-based portfolios are thoughtfully constructed. From asset allocation models to the selection and combination of underlying securities, each portfolio is specifically designed to address the objectives of your investment theme.

This overview illustrates the steps you and your advisor will take to build your unique theme-based portfolio.

## Build Your Theme-Based Portfolio\*



\*Please note that investment themes and objectives are not available in every combination. Consult with your financial advisor to select the appropriate portfolio.

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## Five Steps to Build Your Theme-Based Portfolio

### 1. Select your investment objective:

The investment objective serves as the foundation for building your portfolio. You and your advisor will select one based on a number of factors: your time horizon, financial goals and risk tolerance. Please note that your investment objective may differ over time so it is important to revisit as your financial situation changes.

### 2. Select your investment theme:

Your financial advisor will help you choose an investment theme that is aligned with your goals and expectations. The following table provides an overview of the themes available through Model Wealth Portfolios.

#### Your Investment Themes\*

Theme	Theme Description	Strategist
Capital Appreciation	The <b>Capital Appreciation</b> theme is designed for clients specifically focused on growing their assets without special considerations or constraints.	LPL Financial Research, BlackRock, J.P. Morgan Asset Management, Morningstar Investment Services and Quantitative Advantage
Opportunistic	The <b>Opportunistic</b> theme is for clients who are looking to generate higher excess return and are comfortable with increased overall volatility.	LPL Financial Research and Quantitative Advantage
Risk Aware	The <b>Risk Aware</b> theme is for clients who are looking to grow their investments but are concerned with minimizing volatility and the impact of down markets.	LPL Financial Research, AlphaSimplex Group, Cougar Global Investments, J.P. Morgan Asset Management, Morningstar Investment Services and Quantitative Advantage
Tax Conscious	The <b>Tax Conscious</b> theme is for clients looking to grow their investments with a secondary goal of minimizing the impact of taxes.	LPL Financial Research, J.P. Morgan Asset Management and Morningstar Investment Services
Socially Conscious	The <b>Socially Conscious</b> theme is for clients who wish to grow their portfolio while utilizing socially responsible investments.	LPL Financial Research
Income Generation	The <b>Income Generation</b> theme is for clients looking to grow their investments with a secondary goal of generating above average income.	LPL Financial Research

\*All themes are not available among all investment objectives or strategists. Consult with your financial advisor to select the appropriate portfolio.

### 3. Select your asset management strategy:

In Model Wealth Portfolios, you have a choice in your asset management strategy of strategic or tactical time frames.

- **Strategic:** The strategic asset allocation process typically looks out over a three to five year time period and makes investments in those areas that may perform well over that timeframe. These portfolios do not react to all short term market movements. In the case of a significant market change, these models will be traded. This management style has less trading and is designed for investors who have a longer-term investment focus.
- **Tactical:** Tactical portfolios are designed to be invested over a shorter time period to potentially take advantage of market opportunities as short as a month, week or day. This management style will typically have more trading than a strategic model.

#### 4. Select your strategist and model:

In Model Wealth Portfolios you have access to industry-leading portfolio strategists including LPL Financial Research, AlphaSimplex Group, BlackRock, Cougar Global Investments, J.P. Morgan Asset Management, Morningstar Investment Services and Quantitative Advantage.

#### Determine portfolio strategist(s)

Strategist	Strategist Overview
LPL Financial Research	The team provides unbiased independent advice, and is not influenced by proprietary products, investment banking relationships or business interests. Creating theme-based portfolios for a broad range of asset allocation strategies, the team uses fundamental, valuation, and technical factors for designing the asset allocation and security selection framework for the portfolios. Each portfolio benefits from rigorous security due diligence, holistic portfolio construction and ongoing monitoring.
AlphaSimplex Group	AlphaSimplex Group uses a risk-managed approach to asset allocation that is designed to increase or decrease portfolio risk depending on the manager's view of whether investors will be appropriately compensated with risk-adjusted returns. They employ trend-based performance forecasts to overweight assets that have been appreciating and underweight assets that have been depreciating. Risk is also managed through the use of alternative investment strategies which have historically had a low correlation with stocks and bonds along with the potential to perform well in both up and down markets.
BlackRock	The cornerstone of the BlackRock investment philosophy is to understand the source of investment risk and ensure that it is appropriate for its portfolios. BlackRock's Multi-Asset Client Solutions Group (BMACS), comprised of over 130 investment professionals worldwide, is responsible for developing investment solutions that involve multiple strategies and asset classes; and specialize in tactical asset allocation, which can add value to portfolios by anticipating market cycles and changing asset allocation continuously over time.
Cougar Global Investments	As a global tactical asset allocator, Cougar Global looks ahead at what could happen in global economies, and how that might influence market behavior. Their objective is to generate compound annualized returns consistent with a client's goals. The primary means of achieving this is to try to avoid losing money. Cougar Global has developed a proprietary approach to global investing that incorporates leading edge research into the behavior of capital markets.
J.P. Morgan Asset Management	The firm's investment process creates top-down and bottom-up insights and combines these with a robust and flexible portfolio construction process. The J.P. Morgan models aim to provide strong risk-adjusted returns over a market cycle. Managed by the firm's Global Multi-Asset Group (GMAG), the key contributors to this goal include a globally diversified strategic asset allocation, dynamic intermediate and global tactical asset allocation (GTAA) and the selection of high conviction proprietary J.P. Morgan mutual funds.
Morningstar Investment Services	The portfolios created are rooted in objective, independent research from Morningstar, Inc. They combine rigorous due diligence and in-person manager research with a focus on holistic portfolio construction and ongoing monitoring. Morningstar provides a range of asset-allocation strategies plus absolute return strategy, which uses alternatives to help minimize volatility and provide downside protection.
Quantitative Advantage	Quantitative Advantage is a tactical ETF investment manager, offering both traditional and alternative investment strategies. It uses its proprietary Global Investment System to analyze relative price trends in the global markets, yielding quantitative research for identifying investment opportunities and risks. Quantitative Advantage's portfolio managers evaluate the system's research in light of other available financial, economic and market information, and also weigh other considerations such as diversification, turnover and transaction costs. The resulting investment decisions seek to capture upside returns, while mitigating downside risks.

#### 5. Select your investment vehicle:

You and your financial advisor determine whether you would like to implement your portfolio with mutual funds and/or exchange-traded products. Both offer a way to gain diversified exposure to a broad market, market segment, asset class, style or geographic region. The differences lie with how they buy and sell, trading frequency and tax implications.

**One of the best ways to pursue your unique financial goals is to align your investment strategy with your vision for the future and feelings about risk, savings and wealth. With the assistance of your financial advisor, Model Wealth Portfolios can help you realize your goals through an asset management strategy that provides a disciplined investment process backed by expert resources.**