LPL RESEARCH

SEARCH FOR INCOME

Third Quarter 2017

YIELD CURVE FLATTENS AMID HIGHER RATE HIKE EXPECTATIONS AND GEOPOLITICAL TENSIONS

KEY TAKEAWAYS

While the third quarter of 2017 was not without movement in fixed income, the net result was little movement in longer-term interest rates and a flattening of the yield curve.

Several LPL Research managed MWP models focus on income generation, including Income Focused, Quad-Core: Income, and Franklin Templeton Income.

Recommendations for active and passive income suggestions are available from LPL Research's Recommended List, which includes mutual funds and exchange-traded products (ETP).*

*Many of the asset classes/sectors can be used individually or in a diversified portfolio, and several are currently employed in our model portfolios. Many of the asset classes/sectors are also higher risk and prone to weakness in the event of equity market declines.

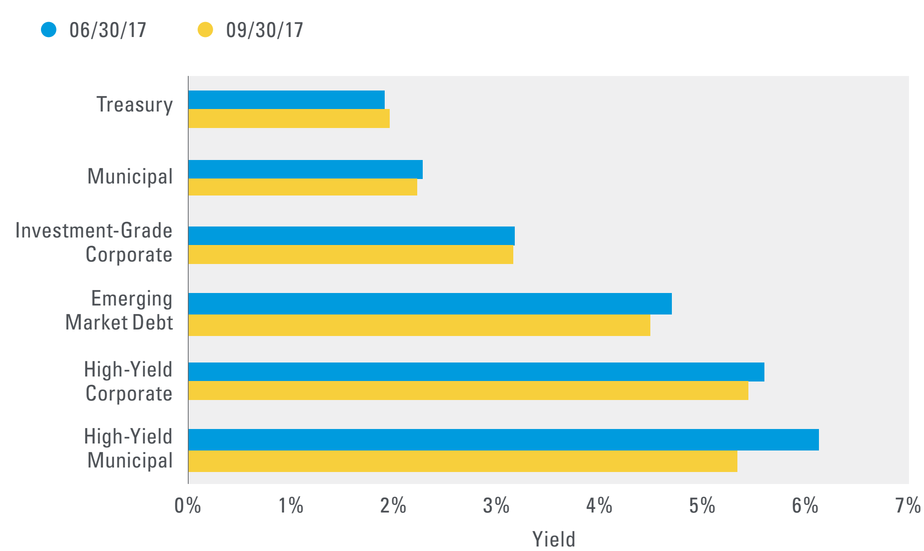
All return figures are as of September 30, 2017, unless otherwise stated.

The economic forecasts set forth in the publication may not develop as predicted.

Fixed income investors experienced three different market environments in the third quarter: a period of relative calm in July, several flight-to-safety events in August, and a resumption of risk taking in September as August risks faded. The net result during the quarter was little movement in longer-term interest rates and a flattening of the yield curve, leading to positive returns for all major segments of fixed income. Short-term rates were pressed higher by the Federal Reserve's (Fed) commitment to a continuation of gradual rate hikes and monetary policy normalization [Figure 1].

Much like the first half of the year, economically sensitive domestic sectors of the bond market were aided by investors' ongoing search for income in a low-yield, low-return environment and by steady economic data, which pushed equity markets significantly higher as well.

1 YIELDS DECLINED SLIGHTLY IN Q3 2017



Source: LPL Research, Bloomberg Barclays Index data 09/30/17

Indexes: Bloomberg Barclays U.S. Treasury Index, Bloomberg Barclays Municipal Bond Index, Bloomberg Barclays Capital U.S. Corporate Index, Bloomberg Barclays EM USD Aggregate, Bloomberg Barclays Capital High Yield Municipal Bond Index, Bloomberg Barclays U.S. Corporate High Yield

All Bloomberg Barclays indexes mentioned herein are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The higher interest rate sensitivity of longer-dated fixed income was a tailwind amid the overall decline in longer-term Treasury yields. More economically sensitive, lower-rated sectors tended to outperform higher-quality sectors.

In general, we prefer to look domestically for income-generating investments given the more favorable economic backdrop, which should continue to support credit quality. Currently, our best ideas for potential income generation are:

- High-yield bonds (taxable and tax-free)
- Bank loans (floating rate securities)
- Preferred stocks
- Investment-grade corporate bonds (intermediate and long term)
- Emerging market debt (EMD)

LPL Research has several options available within the Model Wealth Portfolios (MWP) platform, which combine multiple asset classes and sectors, provide exposure to several of these ideas. The primary goal of these portfolios is to seek excess total return; the secondary goal is to pursue higher overall yields than the LPL Research blended benchmarks.

ASSET CLASS IDEAS

High-Yield Bonds (Taxable and Tax-Free)

High yield rallied during the third quarter with a 2.0% total return. In a continuation of themes seen during the first half of the year, ongoing equity market strength, improving default expectations, and the continuation of global investors' reach for yield drove high-yield strength during the quarter. The price of oil rose 12.2% during the third quarter, adding a further tailwind to high yield. Default forecasts for high yield remain quite low for 2017, yet much of that optimism is already priced in. Given the continuing strength of the asset class since mid-February 2016, the sector may have little room for error. Also, the significant richening in valuations during 2016 and the first three quarters of 2017 means future returns will likely be driven more by yield rather than continued price appreciation from spread tightening, which may be harder to come by.

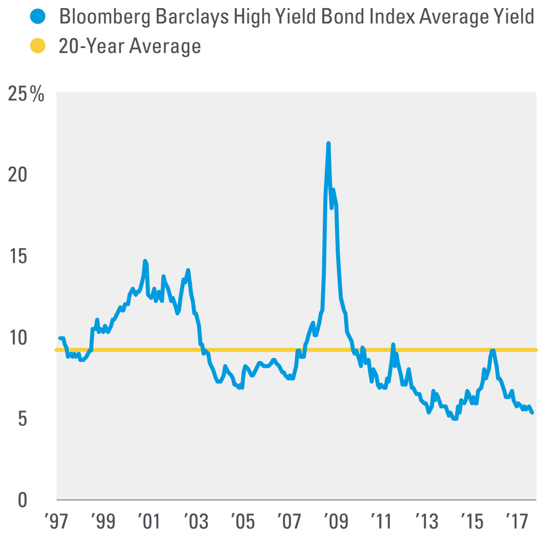
Despite being a tailwind in the third quarter, the price of oil remains a key driver of the high-yield market, and future weakness below certain key levels may translate to pullbacks within high yield. Equity market drawdowns or volatility may also translate to headwinds.

Based on the Bloomberg Barclays High Yield Index, the average yield of the high-yield bond market continued to decline to end the third quarter at 5.5%, down from 5.6% to end the second quarter, and well below the 20-year average of 9.1% [Figure 2].

The average yield advantage* of high-yield bonds to Treasuries fell to 3.5% as of September 30, 2017, down from 3.6% at the end of the second quarter [Figure 3]. This yield advantage has continued to decrease in the third quarter to 3.3% as of October 23, 2017. This is the lowest level since early July 2014.

*Yield advantage is the additional yield for high-yield bonds relative to comparable maturity Treasuries.

2 **AVERAGE YIELD OF HIGH-YIELD BONDS DECLINED OVER Q3 2017 AND REMAINS LOW RELATIVE TO HISTORY**



Source: LPL Research, Barclays, Bloomberg 09/30/17

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

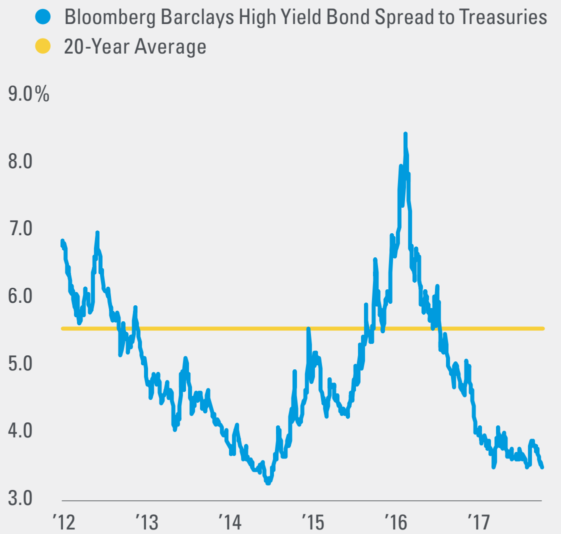
Outside of the energy, metals, and mining sectors, defaults remain limited. High-yield bond valuations are pricing in a decrease in defaults over the coming year [Figure 4]. According to Moody's, the global high-yield default rate fell to 2.8% over the third quarter, down from 3.2% to end the second quarter.

For diversification purposes, we recommend suitable investors use a mutual fund or exchange-traded product (ETP) for exposure to this asset class.

Municipal High-Yield Bonds

Investors, regardless of tax bracket, may wish to consider municipal (tax-free) high-yield bonds. According to the Bloomberg Barclays High-Yield Municipal Index, the average yield of tax-free, high-yield bonds is 5.4% (as of September 30, 2017), which is lower than that of the taxable high-yield market. This translates to a taxable equivalent yield of 8.9% (assuming a 39.6% tax rate), which is compelling. Because of the diversity of the municipal high-yield market, many securities may not yield this much.

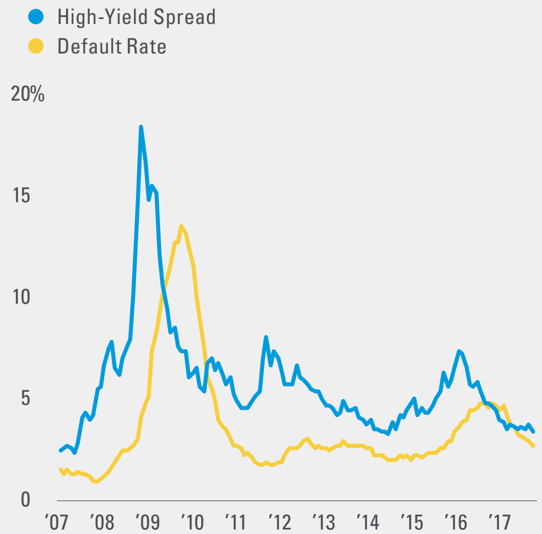
3 **SPREADS ON HIGH-YIELD BONDS DECREASED FOR THE SEVENTH CONSECUTIVE QUARTER**



Source: LPL Research, Barclays, Moody's 09/30/17

High-yield spread is the yield differential between the average yield of high-yield bonds and the average yield of comparable maturity Treasury bonds.

4 **AVERAGE YIELD ADVANTAGE OF HIGH-YIELD BONDS DECREASED FURTHER AS DEFAULTS DECLINED**



Source: LPL Research, Federal Reserve, Moody's 09/30/17

The average yield advantage of BBB-rated municipal bonds to AAA-rated, a proxy for the spread on municipal high-yield bonds, ended the third quarter at 1.2%, below the level it ended the second quarter. The average yield spread remains below the five-year average and is heavily influenced by volatile Puerto Rican issues. The situation in Puerto Rico worsened over the quarter due to devastating hurricanes, but spillover to other segments of the market has been very limited. The greater yield is not without risks. Municipal high-yield bonds have longer maturities; therefore, they tend to be more interest rate sensitive than their taxable counterparts—a risk worth noting given the gradual increase in interest rates we expect in 2017. Interest rate sensitivity was one of the primary drivers of high-yield municipal bond weakness in 2013 and late 2016, but it was a strong positive driver in 2014 and the first half of 2017.

Credit quality trends, like those of the taxable market, are largely supportive of the sector in our view. According to the Municipal Securities Rulemaking Board and Municipal Market Advisors data, the number of defaulted municipal issuers in 2017 is still on pace to be lower than that of 2014–16—all three of which were very low default years. The amount of defaults is on pace to be higher than those years however, due to more (and larger) Puerto Rico issuers defaulting than last year. In general, municipal defaults remain isolated and have been concentrated in more speculative sectors like Puerto Rico.

Please be aware that the vast majority of tax-free, high-yield funds generate income that is subject to alternative minimum tax (AMT). We recommend that suitable investors use a fund to gain exposure. Please contact the fund or ETP companies directly to obtain a copy of the prospectus for the percentage of income subject to AMT.

Floating Rate Bank Loans: More Conservative Approach to High Yield

Companies rated below investment-grade issue loans (debt) via banks for their short-term funding needs (hence the name "bank loans"). Most bank loans are senior secured debt, as the companies generally pledge specific tangible assets for the loan, ranking them above traditional bonds and equities in a corporation's capital structure. This means that they are paid before unsecured bonds in the event of a default, and recovery rates are historically higher than unsecured bonds.

These securities typically pay a higher yield than short-term securities, generally 1.0–4.0% above Libor (the London Interbank Offered Rate), and seek to provide protection against rising interest rates by adjusting interest payments at regular intervals to reflect changes in a short-term rate (usually three-month Libor). Unlike traditional fixed-rate bonds (where rising interest rates hurt their prices), when rates rise, bank loans pay a higher rate and therefore their prices do not necessarily fall. Conversely, bank loans generally do not benefit from rising bond prices when interest rates fall. With an above-average yield, bank loans are an income alternative that helps balance the increased interest rate sensitivity of high-quality, income-oriented bond asset classes.

The yield of three-month Libor rose from 1.30% at the end of the second quarter to 1.33% at the end of the third. The majority of the bank loan market has a 1% Libor floor. With Libor above that level as of April 2017, the rates on some

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.

Important Notes: Please note while many municipal bonds may remain suitable investments, when longer-term interest rates increase, some municipalities may be forced to roll over retiring debt at higher rates, which could lead to financial distress in municipalities.

If long-term rates rise, selling pressure may subject funds and ETPs to greater volatility and unanticipated losses.

Floating rate bank loans are loans issued by below investment-grade companies for short-term funding purposes with higher yield than short-term debt and involve interest rate risk, credit and default risk, market and liquidity risk.

bank loans have begun to float, increasing bank loans' attractiveness, especially if Libor is further supported by additional Fed rate hikes. However, the bank loan market is a par market and many issues may be called at par at any time. With the majority of issues in the market already trading above par, call risk may become more pronounced as short-term rates move higher.

Although high yield has historically yielded more than bank loans, bank loans have yielded more than high yield since December 2016. That yield disparity became larger during the third quarter, with bank loans ending the quarter yielding 0.7% more than high-yield bonds, up from 0.6% to end the second quarter [Figure 5]. At the margin, this makes bank loans more attractive relative to high yield compared with the end of the second quarter. Bank loans have historically exhibited less volatility than high-yield bonds, and therefore, may be a better option for more conservative investors.

Like high-yield bonds, credit quality metrics for bank loans are stable. Exposure to the energy sector in the bank loan market is much less than in the high-yield market and comprises less than 4% of the market according to Bloomberg Barclays data. As a result, defaults, although rising, are lower and recovery rates are historically better compared with high-yield bonds, but credit risk remains.

Preferred Stocks: Potentially Attractive Yields

Preferred stocks are fixed income securities that income-seeking investors may want to consider. The financial sector, which comprises roughly 80% of all preferred issuers, has benefited from stable-to-improving bank credit-quality metrics. The Trump administration has indicated that it may lean toward financial industry deregulation, which could create growth opportunities.

We still believe that the sector can be used as a potential income generator in today's fixed income environment, but caution is warranted. Average yields were unchanged over the third quarter of 2017, remaining at the 4.6% yield level seen at the end of the second quarter. The varied nature of the preferred market means that the yield advantage to comparable Treasuries may vary depending on the specific investment product.

Given the favorable economic backdrop and improved credit quality of financials, we believe that the sector can be used as an income option.

Since preferred stocks have extremely long 30- to 50-year maturities, they possess interest rate sensitivity. The sector exhibited resiliency during bouts of rising interest rates over the past three years, but post-election price weakness served as a reminder to investors that sharp increases in rates can weigh on returns. That same rate sensitivity was a strong positive driver in the first quarter of 2017. The yield advantage to Treasuries will help offset higher interest rate risk as does the probability of early redemptions, but investors need to be aware of this risk.

Investment-Grade Corporate Bonds: Historically Stable in Slow-Growth Environments

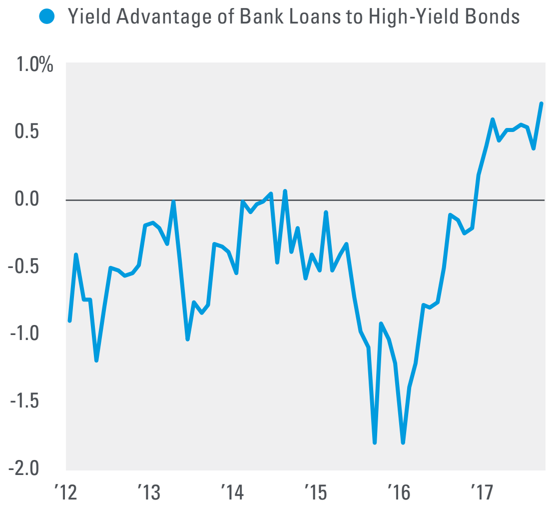
Investment-grade corporate bond yields remain low historically, but the asset class continues to be an income-producing option for investors seeking higher-quality bonds [Figure 6]. As of September 30, 2017, the average yield of investment-grade corporate bonds was 3.2%, equal to the yield at the end of the second quarter.

For some investors, such yield levels may not be exciting, but yields vary depending on the specific investment used. We believe that investment-grade corporate bonds can still be used as an income-producing option in fixed income markets, considering historically low Treasury and mortgage-backed securities yields.

Par value is the nominal value of a bond, share of stock, or a coupon as indicated in writing on the document specified by charter.

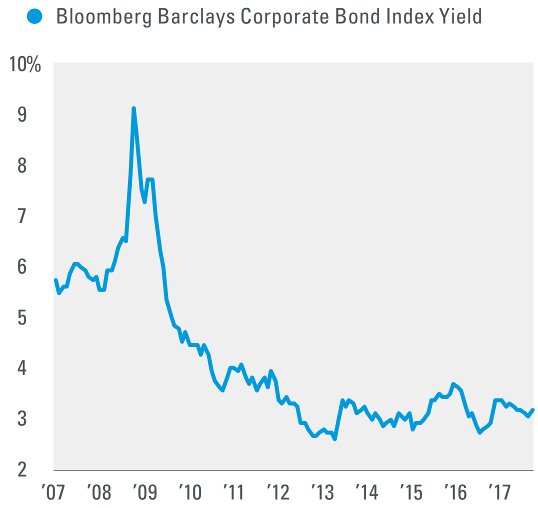
Preferred stock investing involves risk, which may include loss of principal.

5 BANK LOANS' YIELD CONTINUED HIGHER RELATIVE TO HIGH-YIELD BONDS DURING THIRD QUARTER



Source: LPL Research, Barclays, Bloomberg 09/30/17

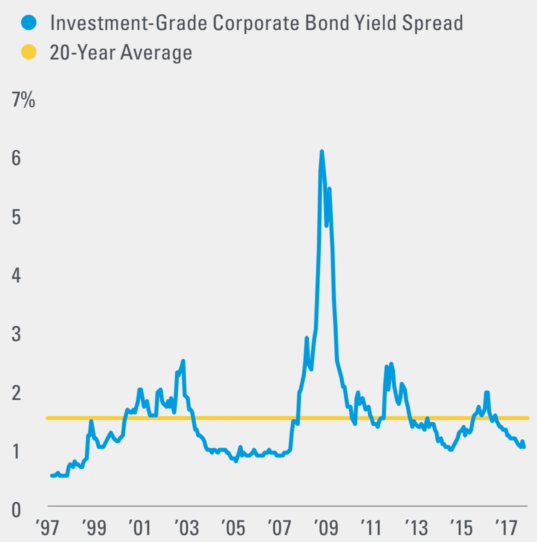
6 AVERAGE CORPORATE BOND YIELD HELD STEADY DURING Q3 2017



Source: LPL Research, Barclays, Bloomberg 09/30/17

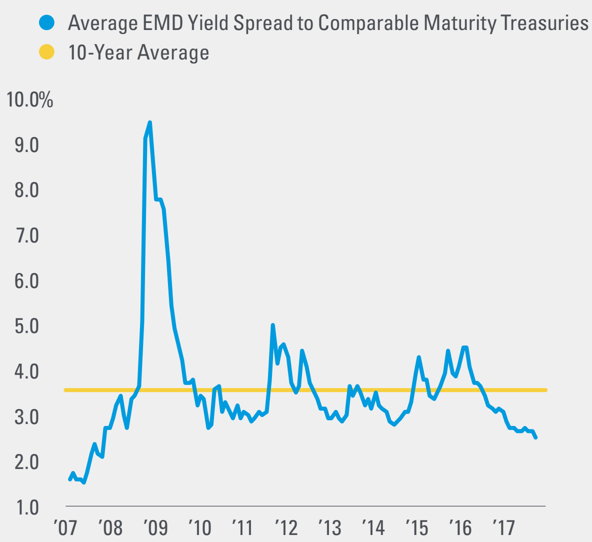
The Bloomberg Barclays Corporate Bond Index is an unmanaged index and cannot be invested into directly. Past performance is no guarantee of future results.

7 CORPORATE BOND YIELD SPREAD DECLINED DURING Q3 2017



Source: LPL Research, Barclays, Bloomberg 09/30/17

8 EMD YIELD SPREADS DECLINED IN Q3 2017



Source: LPL Research, Bloomberg 09/30/17

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

At the end of the third quarter, the average investment-grade corporate bond yield spread to Treasuries was 1.0%, below the 20-year average of 1.5%, and below the 1.1% level at the end of the second quarter [Figure 7]. That spread has continued to decrease to below 1% as of October 24, 2017.

The ability of corporations to repay debt obligations in a timely manner (credit quality) has plateaued but remains strong. Nonfinancial debt-to-earnings ratios are increasing, though still at manageable levels. Corporate credit quality metrics should support stable yield spreads.

Emerging Market Debt: May Benefit from Emerging Market Growth

Concerns about potential protectionist trade policies remain in the third quarter, but the robust performance in EMD continued its pace from the first half of the year. Like high yield, EMD was boosted by a rise in the price of oil, which has been an important driver in recent years.

Over the third quarter of 2017, the average yield advantage of EMD above comparable Treasuries fell to 2.5% as of September 30, 2017, just below the 2.7% level at the end of the second quarter [Figure 8].

A 4.0% yield spread has represented good value over the last five years, as yield spreads have rarely stayed above that level. The sector may remain vulnerable to future episodes of growth concerns, or from protectionist trade policies coming to fruition.

The average EMD yield of 4.5%, though below its 5-year average of 5.0%, stands out in a low-yield world. The challenging environment for bonds overall, lingering concerns over the pace of global economic growth, commodity-related weakness, or the removal of central bank accommodation may provide headwinds. Protectionist trade policies are a new risk to the asset class that must continue to be monitored.

Despite a slowdown, we still expect most emerging market countries to exhibit higher growth rates than their developed country counterparts, which should help support credit quality over a longer horizon. Additionally, an average yield spread of 2.5% (as of September 30, 2017) may provide a buffer to potential risks. Local currency EMD, however, may be more volatile than dollar-denominated EMD, as has historically been the case, due to currency volatility. We believe that EMD can still be used for suitable income-seeking and total return-oriented 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.

Please note regardless of credit quality, longer-duration fixed income corporate bonds could potentially suffer market losses associated with a rapid, uncontrolled increase in interest rates.

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 a fund shares is not guaranteed and will fluctuate.

The risks associated with investment-grade corporate bonds are considered significantly higher than those associated with first-class government bonds. The difference between rates for first-class government bonds and investment-grade bonds is called investment-grade spread. The range of this spread is an indicator of the market's belief in the stability of the economy.

Investing in foreign and emerging market debt securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards.

Significant upward pressure on domestic interest rates and a corresponding widening of credit spread could negatively impact the market price of emerging market debt.

MODEL IMPLEMENTATION

Suggested LPL Research Model Wealth Portfolios (MWP)

- **MWP Income Focused** – Seeks excess return and, secondarily, seeks to generate higher overall yields than our blended benchmarks.
- **MWP Quad-Core: Income** – Seeks to generate yield while limiting interest rate sensitivity.
- **Franklin Templeton Income** – Seeks to maximize current income by emphasizing areas of the market that have historically generated above-average yields.

MWP model performance section: pages 08–12.

Performance data quoted represent past performance. Past performance does not guarantee future results. The models' investment return and principal value will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The models' performance may be lower or higher than the performance data quoted. Your results may vary. To obtain current month-end performance information, please contact your advisor.

The volatility of the index is materially different from the model portfolio.

The gross-of-fees performance quoted reflects the reinvestment of dividends and capital gains but does not reflect the maximum account fee of 2.50% (for the 2016 period performance reflects a maximum fee of 2.58% for select portfolios). Such a fee, if taken into consideration, will reduce the performance quoted above.

Please refer to pages 17–18 for index descriptions and investment objectives.

The Diversified Benchmarks are a tool to assist in capturing and explaining client portfolio performance. They represent a more encompassing asset class mix than the IO benchmarks. By incorporating additional asset classes in the benchmarks, the diversified benchmarks are more aligned with clients' typical investment portfolios.

Model Wealth Portfolios (MWP) are centrally managed fee-based portfolios constructed by LPL Financial Research. Investment choices include mutual funds and exchange-traded products (ETPs). The portfolios benefit from ongoing monitoring, rebalancing, and tax management services implemented by the LPL Financial Overlay Portfolio Management Group.

INCOME FOCUSED, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (GROSS)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 3/1/08
Aggressive Growth						
MWP Income Focused	3.86%	13.56%	14.84%	6.48%	9.89%	5.30%
Diversified Benchmark	4.87%	14.52%	18.57%	9.58%	12.12%	7.77%
+ / - Diversified Benchmark	-1.00%	-0.96%	-3.73%	-3.09%	-2.23%	-2.47%
IO Benchmark	4.35%	13.21%	17.75%	10.22%	13.51%	8.96%
+ / - IO Benchmark	-0.49%	0.35%	-2.91%	-3.74%	-3.61%	-3.66%
Growth						
MWP Income Focused	3.22%	11.50%	12.24%	5.85%	8.82%	5.07%
Diversified Benchmark	4.23%	12.65%	15.50%	8.52%	10.53%	7.31%
+ / - Diversified Benchmark	-1.01%	-1.15%	-3.26%	-2.67%	-1.71%	-2.24%
IO Benchmark	3.79%	11.55%	14.82%	9.06%	11.68%	8.29%
+ / - IO Benchmark	-0.57%	-0.06%	-2.58%	-3.21%	-2.86%	-3.22%
Growth with Income						
MWP Income Focused	2.49%	9.15%	9.16%	4.26%	6.87%	4.87%
Diversified Benchmark	3.36%	10.14%	11.47%	7.09%	8.42%	6.59%
+ / - Diversified Benchmark	-0.87%	-0.99%	-2.31%	-2.83%	-1.55%	-1.72%
IO Benchmark	3.05%	9.37%	11.00%	7.49%	9.25%	7.31%
+ / - IO Benchmark	-0.56%	-0.22%	-1.84%	-3.22%	-2.37%	-2.44%
Income with Moderate Growth						
MWP Income Focused	2.02%	6.65%	6.51%	2.67%	4.77%	4.27%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	5.68%
+ / - Diversified Benchmark	-0.49%	-1.04%	-1.09%	-2.91%	-1.46%	-1.41%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	6.15%
+ / - IO Benchmark	-0.27%	-0.51%	-0.78%	-3.16%	-2.01%	-1.88%
Income with Capital Preservation						
MWP Income Focused	1.66%	5.80%	5.21%	1.87%	3.41%	4.25%
Diversified Benchmark	1.60%	5.12%	3.78%	4.00%	4.09%	4.63%
+ / - Diversified Benchmark	0.06%	0.68%	1.44%	-2.13%	-0.68%	-0.37%
IO Benchmark	1.53%	4.97%	3.67%	4.13%	4.30%	4.85%
+ / - IO Benchmark	0.13%	0.83%	1.54%	-2.26%	-0.89%	-0.60%

Source: LPL Research 09/30/17

BENCHMARK INDEXES WEIGHTS (AS OF 09/30/17)

LPL Diversified Benchmark Indexes	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
S&P 500 Index	57%	48%	36%	24%	12%
Russell 2000 Index	19%	16%	12%	8%	4%
MSCI EAFE Index	12%	10%	8%	5%	4%
MSCI Emerging Markets Index	7%	6%	4%	3%	0%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%
Investment Objective (IO) Benchmark Indexes					
Russell 3000 Index	95%	80%	60%	40%	20%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%

Source: LPL Research, FactSet 09/30/17

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

All indexes are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. Index performance is not indicative of any particular investment. Past performance is no guarantee of future results.

INCOME FOCUSED, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (NET)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 3/1/08
Aggressive Growth						
MWP Income Focused	3.22%	11.46%	12.00%	3.85%	7.18%	2.86%
Diversified Benchmark	4.87%	14.52%	18.57%	9.58%	12.12%	7.77%
+ / - Diversified Benchmark	-1.65%	-3.07%	-6.58%	-5.72%	-4.94%	-4.91%
IO Benchmark	4.35%	13.21%	17.75%	10.22%	13.51%	8.96%
+ / - IO Benchmark	-1.14%	-1.76%	-5.75%	-6.37%	-6.33%	-6.10%
Growth						
MWP Income Focused	2.58%	9.42%	9.46%	3.24%	6.13%	2.47%
Diversified Benchmark	4.23%	12.65%	15.50%	8.52%	10.53%	7.31%
+ / - Diversified Benchmark	-1.65%	-3.23%	-6.04%	-5.29%	-4.39%	-4.83%
IO Benchmark	3.79%	11.55%	14.82%	9.06%	11.68%	8.29%
+ / - IO Benchmark	-1.22%	-2.13%	-5.36%	-5.82%	-5.55%	-5.82%
Growth with Income						
MWP Income Focused	1.85%	7.12%	6.46%	1.68%	4.23%	2.27%
Diversified Benchmark	3.36%	10.14%	11.47%	7.09%	8.42%	6.59%
+ / - Diversified Benchmark	-1.51%	-3.02%	-5.01%	-5.41%	-4.19%	-4.31%
IO Benchmark	3.05%	9.37%	11.00%	7.49%	9.25%	7.31%
+ / - IO Benchmark	-1.20%	-2.24%	-4.54%	-5.80%	-5.02%	-5.03%
Income with Moderate Growth						
MWP Income Focused	1.38%	4.67%	3.87%	0.13%	2.18%	1.85%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	5.68%
+ / - Diversified Benchmark	-1.12%	-3.02%	-3.72%	-5.45%	-4.05%	-3.83%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	6.15%
+ / - IO Benchmark	-0.91%	-2.49%	-3.41%	-5.70%	-4.60%	-4.30%
Income with Capital Preservation						
MWP Income Focused	1.03%	3.83%	2.61%	-0.65%	0.85%	1.83%
Diversified Benchmark	1.60%	5.12%	3.78%	4.00%	4.09%	4.63%
+ / - Diversified Benchmark	-0.58%	-1.29%	-1.16%	-4.64%	-3.23%	-2.80%
IO Benchmark	1.53%	4.97%	3.67%	4.13%	4.30%	4.85%
+ / - IO Benchmark	-0.51%	-1.13%	-1.06%	-4.78%	-3.44%	-3.02%

Source: LPL Research 09/30/17

BENCHMARK INDEXES WEIGHTS (AS OF 09/30/17)

LPL Diversified Benchmark Indexes	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
S&P 500 Index	57%	48%	36%	24%	12%
Russell 2000 Index	19%	16%	12%	8%	4%
MSCI EAFE Index	12%	10%	8%	5%	4%
MSCI Emerging Markets Index	7%	6%	4%	3%	0%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%
Investment Objective (IO) Benchmark Indexes					
Russell 3000 Index	95%	80%	60%	40%	20%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%

Source: LPL Research, FactSet 09/30/17

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

All indexes are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. Index performance is not indicative of any particular investment. Past performance is no guarantee of future results.

QUAD CORE: INCOME, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (GROSS)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 9/1/12
Income with Moderate Growth						
MWP Income Focused	0.97%	3.46%	3.09%	1.39%	1.62%	1.45%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	6.38%
+ / - Diversified Benchmark	-1.54%	-4.23%	-4.51%	-4.18%	-4.61%	-4.93%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	6.90%
+ / - IO Benchmark	-1.33%	-3.70%	-4.20%	-4.44%	-5.16%	-5.44%

QUAD CORE: INCOME, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (NET)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 9/1/12
Income with Moderate Growth						
MWP Income Focused	0.34%	1.54%	0.54%	-1.11%	-0.94%	-1.06%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	6.38%
+ / - Diversified Benchmark	-2.17%	-6.15%	-7.06%	-6.69%	-7.16%	-7.44%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	6.90%
+ / - IO Benchmark	-1.96%	-5.63%	-6.75%	-6.95%	-7.72%	-7.95%

Source: LPL Research 09/30/17

BENCHMARK INDEXES WEIGHTS (AS OF 09/30/17)

LPL Diversified Benchmark Indexes	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
S&P 500 Index	57%	48%	36%	24%	12%
Russell 2000 Index	19%	16%	12%	8%	4%
MSCI EAFE Index	12%	10%	8%	5%	4%
MSCI Emerging Markets Index	7%	6%	4%	3%	0%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%
Investment Objective (IO) Benchmark Indexes					
Russell 3000 Index	95%	80%	60%	40%	20%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%

Source: LPL Research, FactSet 09/30/17

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FRANKLIN TEMPLETON INCOME, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (GROSS)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 5/1/17
Growth with Income						
MWP Income Focused	1.80%	N/A	N/A	N/A	N/A	2.15%
Diversified Benchmark	3.36%	10.14%	11.47%	7.09%	8.42%	5.00%
+ / - Diversified Benchmark	-1.56%	N/A	N/A	N/A	N/A	-2.85%
IO Benchmark	3.05%	9.37%	11.00%	7.49%	9.25%	4.49%
+ / - IO Benchmark	-1.25%	N/A	N/A	N/A	N/A	-2.34%
Income with Moderate Growth						
MWP Income Focused	1.58%	N/A	N/A	N/A	N/A	1.86%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	3.80%
+ / - Diversified Benchmark	-0.93%	N/A	N/A	N/A	N/A	-1.95%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	3.46%
+ / - IO Benchmark	-0.72%	N/A	N/A	N/A	N/A	-1.60%
Income with Capital Preservation						
MWP Income Focused	1.21%	N/A	N/A	N/A	N/A	1.40%
Diversified Benchmark	1.60%	5.12%	3.78%	4.00%	4.09%	2.54%
+ / - Diversified Benchmark	-0.39%	N/A	N/A	N/A	N/A	-1.14%
IO Benchmark	1.53%	4.97%	3.67%	4.13%	4.30%	2.41%
+ / - IO Benchmark	-0.32%	N/A	N/A	N/A	N/A	-1.02%

FRANKLIN TEMPLETON INCOME, MODEL WEALTH PORTFOLIO PERFORMANCE, ANNUALIZED (NET)

Model Portfolios	3-Month	YTD 2017	1-Year	3-Year	5-Year	Since Inception 5/1/17
Growth with Income						
MWP Income Focused	0.78%	N/A	N/A	N/A	N/A	1.13%
Diversified Benchmark	3.36%	10.14%	11.47%	7.09%	8.42%	5.00%
+ / - Diversified Benchmark	-2.58%	N/A	N/A	N/A	N/A	-3.87%
IO Benchmark	3.05%	9.37%	11.00%	7.49%	9.25%	4.49%
+ / - IO Benchmark	-2.27%	N/A	N/A	N/A	N/A	-3.36%
Income with Moderate Growth						
MWP Income Focused	0.56%	N/A	N/A	N/A	N/A	0.84%
Diversified Benchmark	2.51%	7.69%	7.60%	5.57%	6.22%	3.80%
+ / - Diversified Benchmark	-1.95%	N/A	N/A	N/A	N/A	-2.96%
IO Benchmark	2.29%	7.16%	7.29%	5.83%	6.78%	3.46%
+ / - IO Benchmark	-1.73%	N/A	N/A	N/A	N/A	-2.62%
Income with Capital Preservation						
MWP Income Focused	0.20%	N/A	N/A	N/A	N/A	0.38%
Diversified Benchmark	1.60%	5.12%	3.78%	4.00%	4.09%	2.54%
+ / - Diversified Benchmark	-1.40%	N/A	N/A	N/A	N/A	-2.16%
IO Benchmark	1.53%	4.97%	3.67%	4.13%	4.30%	2.41%
+ / - IO Benchmark	-1.33%	N/A	N/A	N/A	N/A	-2.03%

Source: LPL Research 09/30/17

BENCHMARK INDEXES WEIGHTS (AS OF 09/30/17)

LPL Diversified Benchmark Indexes	Aggressive Growth	Growth	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
S&P 500 Index	57%	48%	36%	24%	12%
Russell 2000 Index	19%	16%	12%	8%	4%
MSCI EAFE Index	12%	10%	8%	5%	4%
MSCI Emerging Markets Index	7%	6%	4%	3%	0%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%
Investment Objective (IO) Benchmark Indexes					
Russell 3000 Index	95%	80%	60%	40%	20%
Bloomberg Barclays U.S. Aggregate Bond Index	0%	15%	35%	53%	70%
Citigroup 3-Month T-Bill	5%	5%	5%	7%	10%

Source: LPL Research, FactSet 09/30/17

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ACTIVE & PASSIVE INCOME IMPLEMENTATION

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.
- Our Analyst Top Pick (ATP), the fund with LPL Research's highest confidence of long-term outperformance vs. its benchmark, is listed first. The remaining funds and ETPs are listed alphabetically by ticker.

Income-producing ideas section: pages 13–16.

The performance data quoted represent past performance. Past performance is not an indicator of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please refer to the manager's website.

The performance data quoted reflect the reinvestment of dividends and capital gains, is net of expenses and does not reflect the maximum account fee of 2.50% (for the 2016 period performance reflects a maximum fee of 2.58% for select portfolios). Such fee, if taken into consideration, will reduce the performance quoted above. The volatility of the benchmark used to compare performance is materially different from that of the portfolio.

30-day SEC yield: The fund's 30-day yield is based on yield to maturity of a fund's investments over a 30-day period and not on the dividends paid by the fund, which may differ.

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

ETP shares are bought and sold at market price (closing price) not net asset value (NAV) and are not individually redeemed from the Fund. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined), and do not represent the return you would receive if you traded at other times.

Exchange-traded products (ETPs) are defined as exchange-traded funds (ETFs), exchange-traded notes (ETNs), and closed-end funds (CEFs).

Market Return Annualized (Mkt Ret Annlzd) 1, 5, and 10 year: An annualized total return is the geometric average amount of money earned by an investment each year over a given time period. It is calculated as a geometric average to show what an investor would earn over a period of time if the annual return was compounded.

TAXABLE HIGH-YIELD BOND EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
American Beacon SiM High Yield Opportunities*	SHOYX	8.65	6.81		7.16	2/14/11	0.92	5.35
BlackRock High Yield Bond Instl	BHYIX	9.64	6.59	7.58	7.57	11/19/98	0.62	5.28
Hotchkis and Wiley High Yield A	HWHIX	9.56	6.28	N/A	11.38	3/31/09	0.74	5.04
MainStay High Yield Corporate Bond I	MHYIX	7.35	6.01	6.71	7.09	1/2/04	0.70	4.39
PIMCO High Yield P	PHLPX	7.97	5.80	N/A	6.91	4/30/08	0.66	3.74
Deutsche Global High Income	SGHSX	8.57	6.04	6.62	6.99	5/13/05	0.77	4.00
Bloomberg Barclays Capital U.S. High-Yield Bond		**8.88**	**6.36**	**7.84**	N/A	N/A	N/A	N/A

ETPs	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
iShares iBoxx $ High Yield Corporate Bd	HYG	7.39	4.92	5.88	5.75	4/4/07	0.49	4.73	7.33	4.81	5.66	5.59
SPDR Barclays High Yield Bond	JNK	8.06	4.61		5.83	11/28/07	0.40	4.94	7.89	4.48	0.00	5.67
Bloomberg Barclays Capital U.S. High-Yield Bond		**8.88**	**6.36**	7.84	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TAX-FREE HIGH-YIELD BOND EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Nuveen High Yield Municipal Bond I*	NHMRX	2.55	6.42	4.39	5.59	6/7/99	0.68	4.53
Franklin High Yield Tax-Free Inc Adv	FHYVX	-1.30	3.11	4.57	4.56	1/3/06	0.54	2.35
Goldman Sachs High Yield Municipal Fund	GYIRX	3.02	5.43	N/A	6.68	7/30/10	0.67	3.23
Oppenheimer Rochester National Muni A	ORNYX	2.52	5.68	2.42	4.63	10/1/93	1.09	3.67
Bloomberg Barclays High-Yield Municipal					N/A	N/A	N/A	N/A

ETPs	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
Market Vectors High-Yield Muni ETF	HYD	1.62	4.06		8.14	2/4/09	0.35	4.31	2.91	3.77	0.00	7.82
Bloomberg Barclays High-Yield Municipal		**1.43**	**4.73**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 09/30/17

*Analyst Top Pick

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: SHOYX: www.americanbeaconfunds.com; BHYIX: www.blackrock.com; HWHIX: www.hwcm.com; MHYIX: www.mainstayinvestments.com; PHLPX: www.pimco-funds.com; SGHSX: www.deawm.com; HYG: www.ishares.com; JNK: www.spdrs.com; FHYVX: www.franklintempleton.com; NHMRX: www.nuveen.com; ORNYX: www.oppenheimerfunds.com; HYD: www.vaneck.com; GYIRX: www.gsamfunds.com.

INVESTMENT-GRADE CORPORATE BOND EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Intermediate/Long High-Quality Bond								
Prudential Total Return Bond*	PDBZX	2.34	3.57	6.09	5.93	9/16/96	0.55	2.50
Dodge & Cox Income	DODIX	2.57	3.17	5.10	6.85	1/3/89	0.43	2.79
Federated Total Return Bond Instl	FTRBX	1.54	2.71	4.85	5.71	10/1/96	0.47	2.82
Loomis Sayles Investment Grade Bond Y	LSIIX	4.24	3.09	5.70	7.34	12/31/96	0.60	2.36
PIMCO Investment Grade Corporate Bond	PBDPX	4.09	4.55	N/A	7.50	4/30/08	0.61	2.92
Bloomberg Barclays Capital U.S. Aggregate		**0.07**	**2.06**	**4.27**	N/A	N/A	N/A	N/A
Long High-Quality Bond								
Vanguard Long-Term Investment-Grade Inv*	VWETX	1.40	5.14	7.84	7.39	2/12/01	0.11	3.69
Bloomberg Barclays Capital U.S. Govt Credit Long		**-0.79**	**3.94**	**7.37**	N/A	N/A	N/A	N/A
Short/Intermediate High-Quality Bond								
Vanguard Short-Term Investment-Grade*	VFSUX	1.34	1.93	3.15	3.68	2/12/01	0.10	2.08
Lord Abbett Short Duration Income	LDLFX	2.24	2.31	4.42	4.42	9/28/07	0.50	2.17
Payden Low Duration Fund	PYSBX	1.22	1.10	2.35	3.77	12/31/93	0.57	1.64
Bloomberg Barclays Capital U.S. 1-3 Year Gov/Credit		**0.66**	**0.91**	**2.09**	N/A	N/A	N/A	N/A
Multi Sector Bond								
Osterweis Strategic Income Fund*	OSTIX	6.74	4.93	6.28	6.97	8/30/02	0.88	4.64
Delaware Diversified Income A	DPFFX	2.44	2.51	5.49	6.49	10/28/02	0.64	4.07
Loomis Sayles Bond Instl	LSBDX	5.99	4.43	5.91	9.16	5/16/91	0.66	3.02
Bloomberg Barclays Capital U.S. Aggregate		**0.07**	**2.06**	**4.27**	N/A	N/A	N/A	N/A

ETPs	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												
Vanguard Intermediate-Term Bond ETF	BIV	-0.53	2.33	5.35	5.32	4/3/07	0.07	2.61	0.32	2.27	5.15	5.31
iShares Barclays Intermediate Credit Bd	CIU	1.42	2.37	4.54	4.48	1/5/07	0.20	2.44	1.90	2.23	4.35	4.47
iShares iBoxx $ Invest Grade Corp Bond	LQD	1.80	3.48	5.86	5.68	7/22/02	0.15	3.24	3.18	3.20	5.64	5.67
SPDR Portfolio Intermediate Term Corp Bnd	SPIB	1.76	2.72	N/A	5.02	2/10/09	0.07	2.61	2.16	2.51	0.00	4.73
Bloomberg Barclays Capital U.S. Aggregate		**0.07**	**2.06**	**4.27**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long High-Quality Bond												
Vanguard Long-Term Bond Index ETF	BLV	-1.17	3.90	7.37	7.18	4/3/07	0.07	3.63	1.85	3.83	7.06	7.20
SPDR Portfolio Long Term Corporate Bond	SPLB	2.93	4.78	N/A	9.51	3/10/09	0.07	4.14	5.57	4.50	0.00	9.18
Bloomberg Barclays Capital U.S. Govt Credit Long		**-0.79**	**3.94**	7.37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 09/30/17

*Analyst Top Pick

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For the most recent month end performance please visit the respective fund's website: CIU & LQD: www.ishares.com; SPIB & SPLB: www.spdrs.com; BIV & BLV: www.vanguard.com;DODIX: www.dodgeandcox.com; FTRBX: www.federatedinvestors.com; LSIIX: www.funds.natixis.com; PBDPX: www.pimco-funds.com; PDBZX: www.prudential.com; VWETX: www.vanguard.com; LDLFX: www.lordabbett.com; VFSUX: www.vanguard.com; DPFFX: www.delawarefunds.com; LSBDX: www.loomissayles.com; OSTIX: www.osterweis.com; PSYBX: www.payden.com.

EMERGING MARKET DEBT EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
T. Rowe Price Emerging Markets Bond*	PREMX	6.60	4.63	6.68	10.59	12/30/94	0.92	5.52
DoubleLine Emerging Markets Fixed Income	DBLEX	8.14	4.74	N/A	6.48	4/6/10	0.94	2.86
MFS Emerging Markets Debt A	MEDIX	4.58	3.73	6.89	10.10	3/17/98	0.85	3.77
PIMCO Emerging Local Bond P	PELPX	8.08	-1.73	N/A	2.85	5/30/08	1.01	5.61
JPM EMBI Global		**4.15**	**4.32**	**7.28**	N/A	N/A	N/A	N/A

ETPs	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
iShares JPMorgan USD Emerg Markets Bond	EMB	3.89	3.93		6.62	12/17/07	0.39	4.45	5.51	3.64	0.00	6.53
PowerShares Emerging Mkts Sovereign Debt	PCY	2.13	4.37		7.21	10/11/07	0.50	4.78	4.35	3.91	6.92	7.12
JPM EMBI Global		**4.15**	**4.32**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PREFERRED STOCK EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Principal Preferred Securities I*	PPSIX	8.12	6.91	7.42	6.50	5/1/02	0.77	4.00
Nuveen Preferred Securities I	NPSRX	9.43	7.57	7.53	6.69	12/19/06	0.82	4.35
BofAML Preferred Stock Hybrid		**6.17**	**6.70**	**5.16**	N/A	N/A	N/A	N/A

ETPs	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
iShares S&P U.S. Preferred Stock Index	PFF	4.25	5.66	5.02	4.45	3/26/07	0.47	5.68	4.07	5.39	4.85	4.43
PowerShares Financial Preferred	PGF	5.31	6.68	5.52	4.47	12/1/06	0.63	5.34	5.30	6.50	5.34	4.38
PowerShares Preferred	PGX	5.38	6.64		3.83	1/31/08	0.50	5.57	5.26	6.45	0.00	3.74
BofAML Preferred Stock Hybrid		**6.17**	**6.70**	**5.16**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

BANK LOAN EXPOSURE

Mutual Funds	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Virtus Seix Floating Rate High Inc I*	SAMBX	5.26	4.07	4.30	4.38	3/1/06	0.75	4.11
Columbia Floating Rate	CFRZX	4.75	4.20	N/A	5.07	9/27/10	0.81	4.18
Credit Suisse Floating Rate High Income	CSHIX	5.97	4.43	5.73	6.35	8/1/00	0.81	3.83
Pacific Funds Floating Rate Income	PLFDX	5.75	4.22	N/A	4.58	6/29/12	1.05	3.81
S&P/LSTA US Leveraged Loan		**8.88**	**6.36**	**7.84**	N/A	N/A	N/A	N/A

ETPs	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
PowerShares Senior Loan Port	BKLN	3.51	2.73	N/A	3.12	3/3/11	0.66	3.38	3.49	2.73	0.00	3.02
SPDR Blackstone/GSO Senior Loan	SRLN	4.35	N/A	N/A	2.48	4/3/13	0.70	3.61	4.56	0.00	0.00	2.46
S&P/LSTA US Leveraged Loan		**8.88**	**6.36**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 09/30/17

*Analyst Top Pick

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: PREMX: www.troweprice.com; MEDIX: www.mfs.com; PELPX: www.pimco-funds.com; PCY: www.invescopowershares.com; EMB: www.ishares.com; DBLEX: www.doubleline.com; ; PPSIX: www.principal.com; NPSRX: www.nuveen.com; PFF: www.ishares.com; PGF: www.powershares.com; PGX : www.invescopowershares.com; CFRZX: www.columbiathreadneedleus.com; CSHIX: us-fund.credit-suisse.com; PLFDX: www.pacificlife.com; SAMBX: www.virtus.com; BKLN: www.invescopowershares.com; SRLN: www.spdrs.com.

The MWP portfolios are exposed to mutual funds and ETPs.

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

Investing in mutual funds, or exchange-traded funds (ETF) involve risk, including possible loss of principal. Investments in specialized industry sectors have additional risks, which are outlines in the prospectus.

All performance referenced is historical and is no guarantee of future results.

Indexes are unmanaged index and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The economic forecasts set forth in the presentation may not develop as predicted. 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 security.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies.

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.

Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

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

Selling short can result in losses should the borrowed security increase in price, rather than decline. The theoretical potential loss is unlimited. Additionally, short sales will incur interest on the borrowed shares while also being subject to margin calls, or early sales in the event that the original owner wishes to sell their position.

High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk.

An investment in exchange-traded product (ETP), 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 ETPs involves additional risks: not diversified, the risks of price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking error.

DEFINITIONS

Credit quality is 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. Different agencies employ different rating scales for credit quality. Standard & Poor's (S&P) and Fitch both use scales from AAA (highest) through AA, A, BBB, BB, B, CCC, CC, C to D (lowest). Moody's uses a scale from Aaa (highest) through Aa, A, Baa, Ba, B, Caa, Ca to C (lowest). An independent, unaffiliated research company that rates fixed income securities. Moody's assigns ratings on the basis of risk and the borrower's ability to make interest payments.

Default rate is the rate in which debt-holders default on the amount of money that they owe. It is often used by credit card companies when setting interest rates, but also refers to the rate at which corporations default on their loans. Default rates tend to rise during economic downturns, since investors and businesses see a decline in income and sales while still required to pay off the same amount of debt.

London interbank offered rate (Libor): An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The Libor is fixed on a daily basis by the British Bankers' Association. The Libor is derived from a filtered average of the world's most creditworthy banks' interbank deposit rates for larger loans with maturities between overnight and one full year.

Moody's is an independent, unaffiliated research company that rates fixed income securities. Moody's assigns ratings on the basis of risk and the borrower's ability to make interest payments.

Municipal Market Advisors is an independent strategy, research and advisory firm.

The presidents of regional Federal Reserve Banks are commonly classified as hawks or doves. Hawks generally favor tighter monetary policy, with less monetary support from the Federal Reserve. Doves are the opposite, generally favoring easing of monetary policy.

Spread is the difference between the bid and the ask price of a security or asset.

INDEX DESCRIPTIONS

Bloomberg 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 U.S. dollars are also included in the index.

The Bloomberg Barclays Emerging Markets USD Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. This index was previously called Barclays US EM Index, and history is available back to 1993.

Bloomberg 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.

Bloomberg Barclays U.S. 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 Bloomberg Barclays U.S. Corporate High-Yield Index measures the market of USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging markets debt.

The Bloomberg Barclays U.S. High Yield Municipal Bond Index is an unmanaged index made up of bonds that are noninvestment grade, unrated, or rated below Ba1 by Moody's Investors Service with a remaining maturity of at least one year.

The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated, long-term, tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

The Bloomberg Barclays U.S. Treasury Index is an unmanaged index of public debt obligations of the U.S. Treasury with a remaining maturity of one year or more. The index does not include T-bills (due to the maturity constraint), zero coupon bonds (Strips), or Treasury Inflation-Protected Securities (TIPS).

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

The JPMorgan Emerging Markets Bond Index Global ("EMBI Global") tracks total returns for traded external debt instruments in the emerging markets, and is an expanded version of the JPMorgan EMBI+. As with the EMBI+, the EMBI Global includes U.S. dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia, and the Far East.

The MSCI Emerging Markets Index captures large and mid-cap representation across 23 emerging markets (EM) countries. With 822 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index.

The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The S&P 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 S&P/LSTA U.S. Leveraged Loan 100 Index is designed to reflect the largest facilities in the leveraged loan market. It mirrors the market-weighted performance of the largest institutional leveraged loans based upon market weightings, spreads, and interest payments. The index consists of 100 loan facilities drawn from a larger benchmark, the S&P/LSTA (Loan Syndications and Trading Association), Leveraged Loan Index (LLI).

INVESTMENT OBJECTIVES

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 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 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 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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