

Guided Wealth Portfolios

INVESTMENT PROCESS & PHILOSOPHY

Guidance for investors



THE GUIDED WEALTH PORTFOLIOS INVESTMENT PROCESS & PHILOSOPHY

WITH GUIDED WEALTH PORTFOLIOS, YOU RECEIVE A DIVERSIFIED PORTFOLIO THAT MATCHES YOUR RISK PREFERENCES AND HELPS YOU WORK TOWARD YOUR UNIQUE FINANCIAL GOALS, ALL WHILE ENJOYING AN AT-YOUR-FINGERTIPS DIGITAL INVESTMENT EXPERIENCE.

This is combined with account monitoring that reviews your account annually for rebalancing and each quarter for tax-saving opportunities to not only keep your account in line with its goal, but potentially improve it for greater diversification and future growth.

You get insight into what's happening in your account through your online portal, and if you ever have any questions about your investment strategy, your advisor is just a phone call away.



CREATING THE RIGHT PORTFOLIO FOR YOU

Your portfolio makeup: exchange-traded funds

All Guided Wealth Portfolios are made up of a mix of low-cost exchange-traded funds (ETFs). An ETF is a type of fund that owns groups of assets, like stocks or bonds, and is designed to provide portfolio returns in line with a particular index, such as the S&P 500. ETFs can provide you a diversified portfolio and are traded like stocks, making it easier to take advantage of market changes and potential tax-saving opportunities.

Your Guided Wealth Portfolio account may contain up to 10 ETFs—six equity and four fixed income—each in line with a different index target and invested in U.S. or foreign stocks and bonds.

The three-step portfolio building process

Guided Wealth Portfolios' three-step process is what determines which portfolio is right for you based on your individual goals, investment timeline, and feelings about risk in your investments. You can visit an online portal to walk through this process yourself, or your advisor may submit it for you after a discussion.



1 What's your goal?

You'll choose from three primary goal options:

- **Retirement:** You want to potentially grow your account for retirement.
- **Major purchase:** You want to save and invest for a home, car, vacation, etc.
- **General investing:** You don't have a specific goal in mind, but you want to start investing for the future.



2 What's your investment horizon?

If you're investing for retirement or a major purchase, your investment time frame will be the key factor in determining your initial portfolio allocations.



3 What's your risk preference?

Next, you'll answer a series of risk preference questions, either online or with your advisor. This will clarify if you prefer:

- **Taking on more risk**, which means you'll receive more equity exposure in your portfolio.
- **Taking on less risk**, which means you'll receive more fixed income exposure in your portfolio.
- **A mixed approach**, which means you'll receive a balanced mix of equity and fixed income in your portfolio.

If you're investing for retirement or a major purchase, time will be the key determining factor in your portfolio allocation. Your risk preference will determine the investment allocation track for your portfolio—whether you have more equity or more fixed income investments, or a balance of the two. On the other hand, if you're investing for general purposes, your risk preference will be the key determining factor in your portfolio allocation.

PORTFOLIO GLIDEPATH & INVESTMENT OBJECTIVES

If you're investing for retirement or a major purchase, you'll get what's called a portfolio glidepath, which will "glide" you toward your goal over time and work toward one of five investment objectives.

For retirement or a major purchase, these objectives may shift over time as you move along your portfolio glidepath. With general investing, your portfolio will be aligned with one of these objectives and remain static.

Income with Capital Preservation:

Lowest level of risk. Emphasis on income and preventing capital loss.

Income with Moderate Growth:

Emphasis on current income with some focus on moderate capital growth.

Growth with Income: Emphasis on modest capital growth. Certain assets included to generate income and reduce overall volatility.

Growth:

Higher than average risk. Emphasis achieving high long-term growth and capital appreciation.

Aggressive Growth: Highest level of risk. Emphasis on aggressive growth and maximum capital appreciation.

Retirement and major purchase goals: how they work

With a retirement or a major purchase goal, your initial account allocation is based primarily on your time until your goal date, as, generally, the more time you have until your investment goal, the more aggressive your investments should be. So as you approach your goal year, your allocation will become more conservative. Your specific glidepath is also based on your risk preferences. For example, if your answers to the risk preference questionnaire indicates you're a conservative investor, your glidepath will be assigned to the conservative allocation track, shown in the chart on the next page.

Reading your portfolio glidepath

By combining your remaining years to goal (left column) and your assigned investment allocation track based on your risk preference (top row), you get your starting allocation. For example, if you've decided to invest for retirement, have 20 years left, and prefer a more aggressive approach (aggressive allocation track), you'd have a growth strategy, and your starting allocation would be 80% equities / 17% fixed income / 3% cash. Your glidepath then gives you your allocation each year as you get closer to your goal year.

It's important to know that more weight is given to your investment time frame than your risk preferences when you begin investing. For example, you could answer the risk preference questions conservatively, but start out with a more aggressive portfolio because you have a long time until your goal. As you get closer to your goal year, however, your risk preference will hold greater weight and your portfolio will shift toward a more conservative allocation.

As seen in the charts, your glidepath will fall into one of five investment objectives, which is tied to the primary goal your portfolio is working toward. As you get closer to your goal, your investment objective may change, as you'll need to have a more conservative objective when you have less time to invest.

Major purchase glidepaths

- Income with Capital Preservation
- Growth
- Income with Moderate Growth
- Aggressive Growth
- Growth with Income

Years to goal	Conservative investment allocation track			Moderate investment allocation track			Aggressive investment allocation track		
	Equity	Fixed	Cash	Equity	Fixed	Cash	Equity	Fixed	Cash
< 1 year	0	30	70	0	30	70	0	30	70
1-2 years	20	50	30	25	55	20	25	65	10
2-4 years	35	63	2	40	58	2	40	58	2
4-8 years	55	43	2	60	38	2	65	33	2
8+ years	80	18	2	90	8	2	98	0	2

There is no guarantee that the Guided Wealth Portfolios portfolios will achieve their stated investment objectives.

Retirement glidepaths

- Income with Capital Preservation
- Income with Moderate Growth
- Growth with Income
- Growth
- Aggressive Growth

Years to retirement	Conservative investment allocation track			Moderate investment allocation track			Aggressive investment allocation track		
	Equity	Fixed	Cash	Equity	Fixed	Cash	Equity	Fixed	Cash
0 or neg.	20	70	10	30	65	5	40	55	5
1	20	71	9	30	65	5	40	55	5
2	22	69	9	32	63	5	42	53	5
3	22	70	8	32	63	5	42	53	5
4	24	68	8	34	61	5	44	51	5
5	24	69	7	34	63	3	44	53	3
6	26	68	6	36	61	3	46	51	3
7	26	69	5	36	61	3	46	51	3
8	28	67	5	38	59	3	48	49	3
9	28	68	4	38	59	3	48	49	3
10	30	67	3	40	57	3	50	47	3
11	33	64	3	43	54	3	53	44	3
12	36	61	3	46	51	3	56	41	3
13	39	58	3	49	48	3	59	38	3
14	42	55	3	52	45	3	62	35	3
15	45	52	3	55	42	3	65	32	3
16	48	49	3	58	39	3	68	29	3
17	51	46	3	61	36	3	71	26	3
18	54	43	3	64	33	3	74	23	3
19	57	40	3	67	30	3	77	20	3
20	60	37	3	70	27	3	80	17	3
21	63	34	3	73	24	3	83	14	3
22	66	31	3	76	21	3	86	11	3
23	69	28	3	79	18	3	89	8	3
24	72	25	3	82	15	3	91	6	3
25	75	22	3	85	12	3	93	4	3
26	78	19	3	88	9	3	95	2	3
27	81	16	3	91	6	3	97	0	3
28	84	13	3	93	4	3	97	0	3
29	87	10	3	95	0	5	97	0	3
30	90	7	3	95	0	5	97	0	3
31	93	4	3	95	0	5	97	0	3
32	95	0	5	97	0	3	97	0	3
33+	95	0	5	97	0	3	97	0	3

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THE GENERAL INVESTING PROCESS

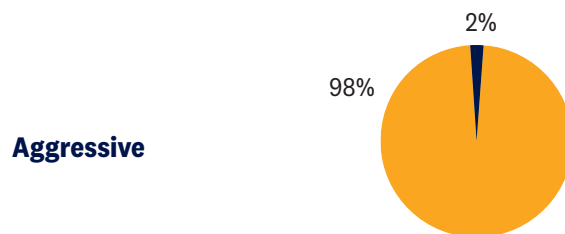
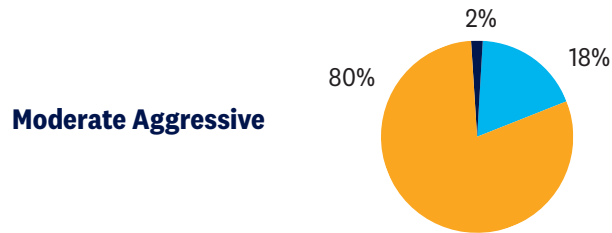
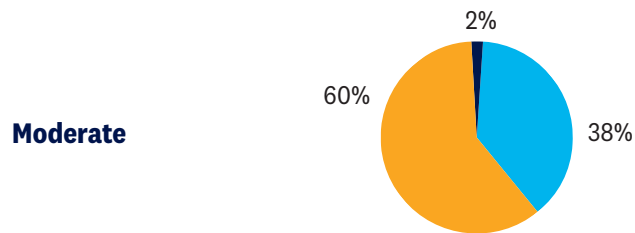
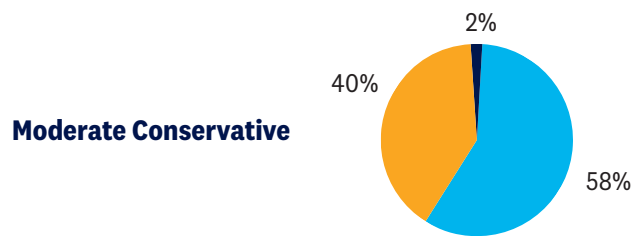
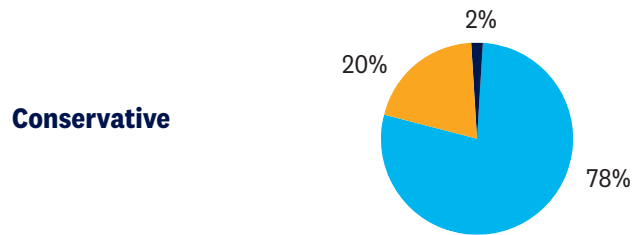
General investing goal

If you want to invest for general purposes, you'll receive an investment allocation track based on your risk preference. Unlike the other two Guided Wealth Portfolios goals, the general investing goal isn't tied to a specific timeline, so you receive a static allocation that remains unchanged throughout the life of your investment (unless rebalancing is needed or your risk preference changes).

You'll be assigned a Guided Wealth Portfolios investment allocation track, which will also align with one of the five investment objectives, based on how you answered the risk preference questionnaire. Each of these investment objectives corresponds to a portfolio and a breakdown of the portfolios can be seen on the right.

General investing allocations

■ Equity ■ Fixed income ■ Cash



ADDITIONAL FEATURES



Rebalancing

Guided Wealth Portfolios looks at your account annually and looks to determine if the markets caused your portfolio to drift too far from its intended allocation. It will then buy or sell investments if necessary to keep your portfolio in line with your goals.



Tax-saving strategies

Guided Wealth Portfolios also analyzes your account to look for tax-loss harvesting opportunities each quarter to help you potentially save on taxes. This means Guided Wealth Portfolios may sell a security that has experienced a loss in an attempt to offset taxes you could incur on gains or income from other securities in your portfolio. The proceeds will be reinvested into replacement securities until appropriate to repurchase the primary model security. In some investing scenarios, this type of tax-saving strategy is only available for investors with larger account sizes, but with Guided Wealth Portfolios, it's available for all taxable accounts, regardless of account size.



Guided Wealth Portfolios fees and costs

Your financial advisor has established what they believe to be an appropriate Account Fee, which is based on your assets under management (including cash holdings). Fees are billed in quarterly installments and deducted from each of your eligible accounts. Certain other fees may apply pursuant to the terms of your Account Agreement, including, but not limited to, underlying fund expense ratios and a quarterly small account fee for each account under \$10,000.

The tax-loss harvesting and other tax strategies discussed should not be interpreted as tax advice and there is no representation that such strategies will result in any particular tax consequence. Clients should consult with their personal tax advisors regarding the tax consequences of investing. LPL Financial does not provide tax advice.

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All investing involves risk including loss of principal. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a nondiversified portfolio. Diversification does not protect against market risk.

An investment in Exchange Traded Funds (ETF), 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 such as non-diversification, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking errors.

Rebalancing a portfolio may cause investors to incur tax liabilities and does not assure a profit or protect against a loss.

📌 Get started with Guided Wealth Portfolios

Guided Wealth Portfolios provides sophisticated investment strategies along with access to your personal advisor, and 24/7 online access to your portfolio for greater transparency. To get started, contact your financial advisor.

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Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed
Not Bank/Credit Union Deposits or Obligations	May Lose Value