

# Customized Investment Strategies

*Model Wealth Portfolios*





## Customized investment strategies

Your unique needs and goals require a customized approach that considers your place in life today and where you're headed in the future. But customization isn't enough. The most successful investment strategies are also built on a consistent, disciplined process.

That's why I use the Model Wealth Portfolios investment platform to build a comprehensive investment strategy focused on your unique preferences and objectives. It offers a range of strategies and the ability to mix and match models for a portfolio that aligns with your risk tolerance, timeline, and goals.

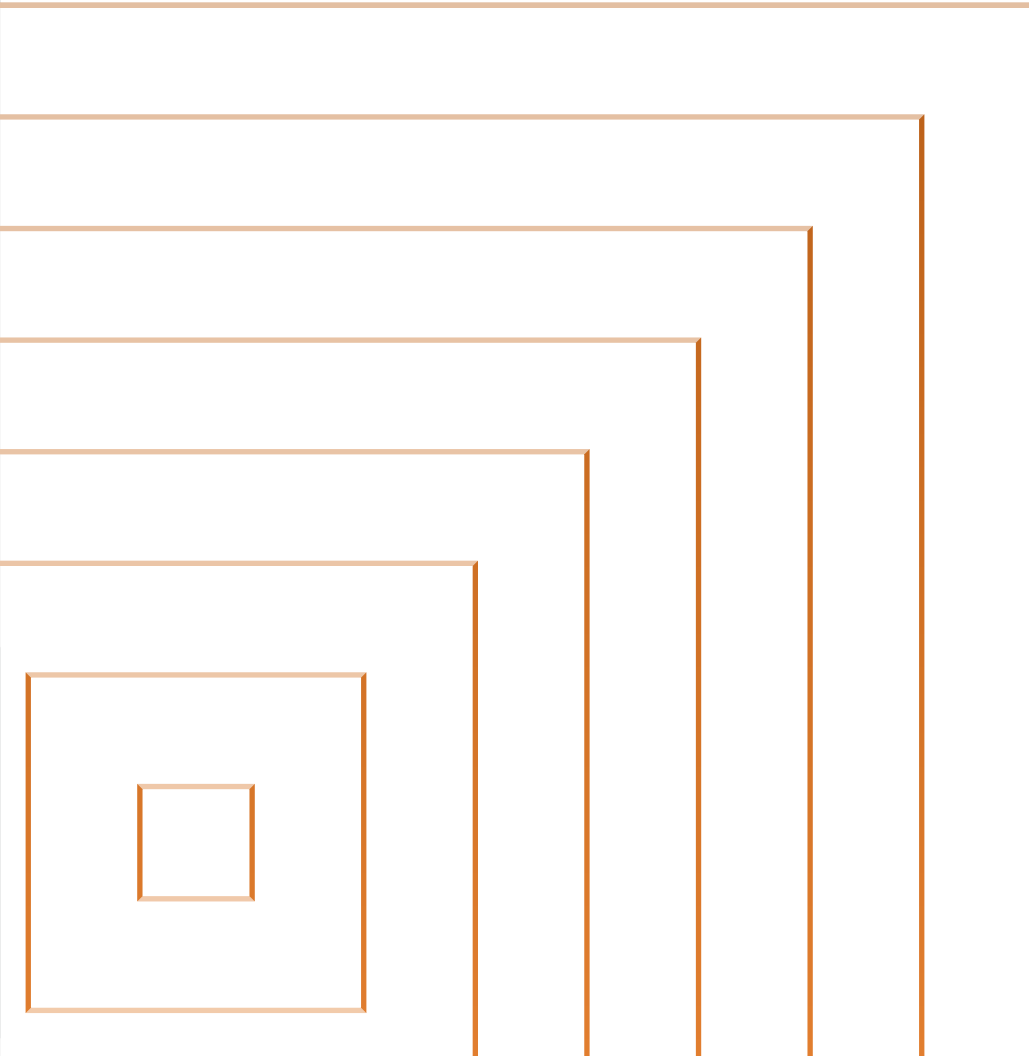
# Combining Institutional Access with a Disciplined Approach

Model Wealth Portfolios is an investment platform that offers portfolios from a variety of professional money managers, each of whom provides a specialized philosophy, process, and market outlook.

These money managers follow well-defined, repeatable processes for building and managing portfolios. Some are institutional managers who build portfolios for large foundations or endowment funds. In many cases, individual investors can only access these strategies by investing millions of dollars. With Model Wealth Portfolios, you get access to these institutional managers through a starting investment minimum of just \$25,000 for most strategies, and \$10,000 for select strategies.

Based on your specific needs, I can combine up to three models into one account for a diversified approach.

With this type of flexibility in model selection, I can create a strategy that aligns with your current life and future goals.



# Building Your Portfolio

I use a repeatable, thoughtful process to determine the right strategy for you and your objectives.

## 1 Clarify your goals and timeline

The first step in building your Model Wealth Portfolios strategy is determining your financial goals and when you want to accomplish them.

I'll sit down with you to clarify what you hope to achieve from your investments, whether that's saving for a child's college education, working toward a large purchase, or planning for retirement. Together, we'll establish goals that will guide my strategy decisions.

## 2 Determine your risk tolerance

Once we know what you hope to accomplish, the next step is figuring out how you feel about investing. I'll spend time working with you to determine if you prefer a more conservative or aggressive approach, or somewhere in between.

## 3 Identify an investment style

Next, I'll work with you to determine which investment style is best for your specific goals and current market conditions. The two primary investment-style options are strategic and tactical.

**Strategic investing** allows you to stay fully invested in a steady asset allocation model using a traditional buy-and-hold investment philosophy. Your asset allocation would be based on the manager's long-term market outlook and wouldn't change much due to market fluctuations.

**Tactical investing** attempts to take advantage of short-term market fluctuations to find opportunities for larger gains. In this case, your asset allocation would be based on a shorter time frame and change more often as a result of the market's movements. Because more trading occurs in tactical investing, we'd have to consider the tax impact of this type of strategy. There's a wide variety of tactical investment management styles, which we'll discuss when it's time to look at the models best suited for you.

I can also choose to combine strategic and tactical models if it makes sense for you and your objectives.

## 4 Select your investment theme

The last major piece of the portfolio puzzle is your investment theme, which is the overall objective your portfolio will drive toward. Your goals, risk tolerance, and preferred investment style will help me determine the best theme for your portfolio. Model Wealth Portfolios portfolio themes are: core, income generation, risk aware, and complementary.

Your investment theme is the main objective I'll work toward when building your portfolio, as well as the benchmark I'll use to gauge the portfolio's ongoing success. Rather than comparing your account's performance with the financial

### Investment themes: Your portfolio's destination

**Core strategies** are for clients whose focus is to accumulate assets over time to meet a specific goal. For example, to:

- Save for retirement
- Send a child to college
- Acquire a home

**Income generation strategies** are for clients whose primary objective is to withdraw assets from their portfolio to manage current expenses without depleting their initial investment. For example, to:

- Support your current living requirements

**Risk aware strategies** are for clients whose primary objective is the preservation of their accumulated assets. For example, if you:

- Get nervous about market volatility
- Would prefer to preserve what you have, rather than seeking high returns

**Complementary strategies** are for rounding out and supplementing your portfolio. For example, if we determine you need:

- Strategies to dial down or dial up the risk in your portfolio

There's no guarantee that portfolios on the Model Wealth Portfolios platform will achieve their stated investment objectives. Investing involves risk, including loss of principal.

markets, we'll examine whether or not your portfolio is tracking with its stated goal. For example, if you and I collectively determine we'll use a core investment theme – which has a goal of slowly growing your account over the long term rather than reaching for big spikes in account value in the short term – we'd expect to see a gradual increase in your account's value. Even if the market has large increases, it wouldn't make sense for your account to follow suit in this case.

## **5 Select or build strategies**

These four puzzle pieces – goal, risk tolerance, style, and theme – are the foundational pieces I'll use to narrow down the managers and models that will work for you.

I have the option to choose models primarily made up of exchange-traded funds or mutual funds, or separately managed accounts (SMA) strategies. SMAs have some similar features to a mutual fund, but allow you to own individual equities/securities and offer access to specific investment strategies, asset classes, or styles.

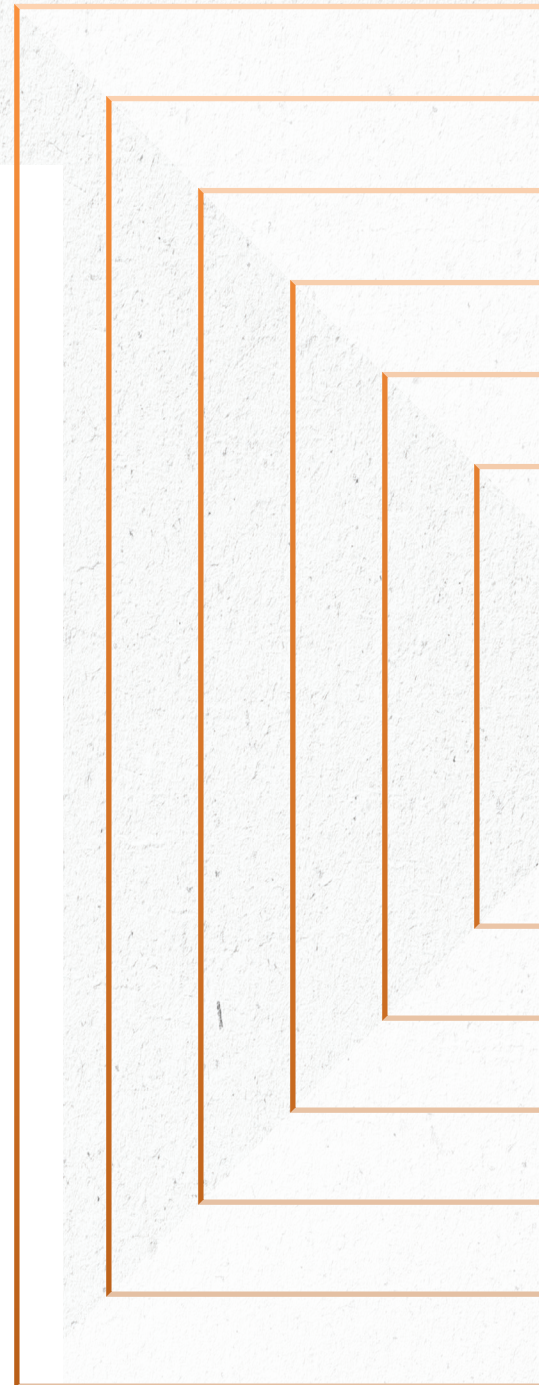
I will research the managers and models that fit with your preferences and objectives, and select those I think are appropriate for your situation and have tracked well with their stated account goals.

Although one model may be most effective for you, I can also choose to combine multiple models to provide additional diversification and create the optimal portfolio for you. If you have any specific requests or needs that call for it, I can customize your portfolio further by adding models that focus on providing tax management, access to nontraditional investment strategies, additional income, or socially responsible investments. The end result will be a portfolio customized for you and designed to work toward your individual goals.

## **6 Set allocation**

After I've selected the models I'll be using in your portfolio, I'll determine the percentage of your portfolio each model will represent. For example, if I use two models, one may represent 60% of your portfolio, and the other 40%. Within each of these models are diversified investments – so you get diversification on top of diversification.

There's no guarantee that a diversified portfolio will enhance overall returns or outperform a nondiversified portfolio. Diversification and asset allocation do not protect against market risk. Asset allocation does not ensure a profit or protect against a loss. In choosing to participate in an SMA, investors should carefully consider the amount they plan to invest; their investment objectives; and the SMA's investment objectives, risks, charges, and expenses before investing. Investing in an SMA involves direct ownership of the assets purchased by the investment manager on the investor's behalf. Therefore, investors should understand and be able to bear all of the risks associated with the underlying assets. The amount and type of investment restrictions are subject to change and manager's acceptance. There can be no assurance that any stated investment objectives will be achieved.



# Why Model Wealth Portfolios?

## Your money management team: Working together for you

### My responsibilities as your advisor

- Providing personal consultation and ongoing advice
- Selecting appropriate managers and models, and combining them for the most potentially optimal portfolio
- Monitoring your plan, managers, and model performance on an ongoing basis
- Leveraging my knowledge of markets, asset allocation, and portfolio construction to ensure the managers and models we use are working for you
- Reporting performance

### The managers' responsibilities

- Researching and selecting securities for the portfolios
- Monitoring the portfolios to ensure they're staying in line with the stated objectives

### A team at your back

Model Wealth Portfolios allows me to be the “manager of the managers” and combine managers in an optimal way to help you pursue your goals. Rather than having one or two advisors building your portfolio, you’ll have an entire team of experienced, knowledgeable money managers working to build and implement strategies that address your goals. You’ll have access to the knowledge of individuals studying the market and its products every day. In turn, I’ll research the managers, their methods, knowledge, and practices to select the right ones for you.

### High-level service

By working with the Model Wealth Portfolios managers, I can spend the time necessary to look at your situation, needs, and goals from a holistic perspective. As the director of your financial strategy, I can focus my energy on you and provide you the services you need and want to work toward your goals. I’ll apply my knowledge to manager selection and monitoring, and focus on providing you a true wealth management approach.

### Working together

Partnering with money managers means I can work alongside you to determine the appropriate strategy for your unique situation. We’ll work as a team to help you work toward your financial goals.

### Institutional access

Using Model Wealth Portfolios means we can work with the products and asset classes used by institutional firms and ultra-high-net-worth individuals. We’ll also have access to investment vehicles like boutique mutual funds and exchange-traded products. In addition, the platform gives us the ability to choose separately managed account strategies, which are similar to mutual funds or ETFs, but enable you to own the individual securities themselves, rather than just the fund.

### Automated services

You’ll get access to important features like rebalancing and tax-loss harvesting. Over time, your portfolio may drift from its intended allocation due to market movements, so LPL will monitor your account to ensure it’s rebalanced to stay within the risk profile we select together. Tax harvesting allows us to sell securities at a loss if needed to offset capital gains and potentially reduce your tax impact.

The tax-loss harvesting and other tax strategies discussed shouldn’t be interpreted as tax advice, and there’s 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.

There is no assurance that Model Wealth Portfolios are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to effect some of the strategies. Investing involves risks including possible loss of principal.

ETFs are subject to investment risk, fluctuate in market value, and may trade at prices above or below the ETF’s net asset value (NAV). Upon redemption, the value of fund shares may be worth more or less than their original cost. ETFs carry additional risks such as not being diversified, possible trading halts, and index tracking errors.

Investment return and principal value of mutual funds will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost.



## Disciplined process, experienced managers – focused on you

With my assistance and guidance, Model Wealth Portfolios can help you work toward achieving your goals through an asset management strategy that provides a disciplined investment process backed by comprehensive resources and experienced managers.

**To learn more, get in touch with me today!**

## About LPL Financial

LPL Financial (Nasdaq: LPLA) was founded on the principle that the firm should work for advisors and institutions, and not the other way around. Today, LPL is a leader in the markets we serve,\* serving nearly 23,000 financial advisors, including advisors at approximately 1,100 institutions and at approximately 570 registered investment adviser (“RIA”) firms nationwide. We are steadfast in our commitment to the advisor-mediated model and the belief that Americans deserve access to personalized guidance from a financial professional. At LPL, independence means that advisors and institution leaders have the freedom they deserve to choose the business model, services, and technology resources that allow them to run a thriving business. They have the flexibility to do business *their way*. And they have the freedom to manage their client relationships, because they know their clients best. Simply put, we take care of our advisors and institutions, so they can take care of their clients.

\*LPL is ranked the #4 custodian based on Cerulli Associates’ 2022 U.S. RIA Marketplace Report; No. 1 Independent Broker-Dealer in the U.S. (Based on total revenues, *Financial Planning* magazine 1996-2023); among third-party providers of brokerage services to banks and credit unions, No. 1 in AUM Growth from Financial Institutions; No. 1 in Market Share of AUM from Financial Institutions; No. 1 in Market Share of Revenue from Financial Institutions; No. 1 on Financial Institution Market Share; No. 1 on Share of Advisors. (2021-2022 Kehler Bielan Research & Consulting Annual TPM Report). Fortune 500 as of June 2023.

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May Lose Value