LPL RESEARCH

SEARCH FOR INCOME

First Quarter 2017

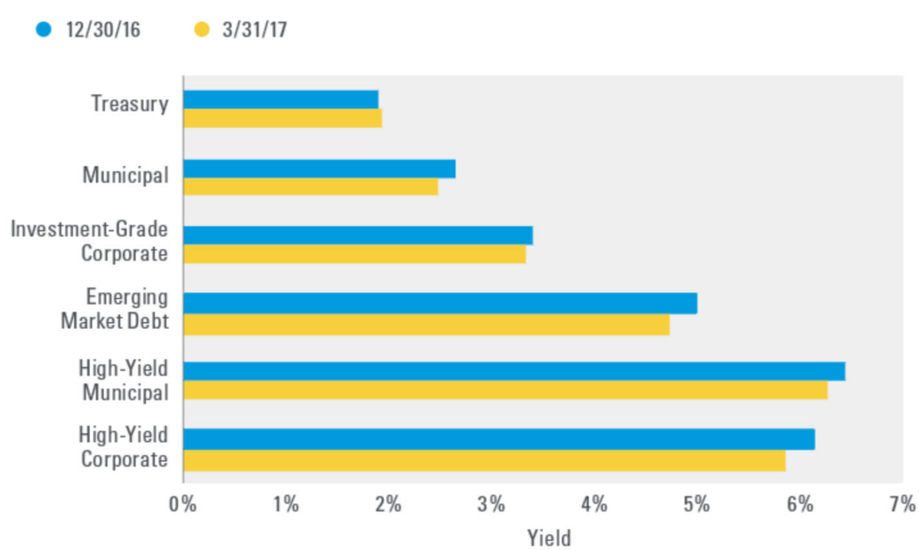
YIELD CURVE FLATTENS AMID WANING TRUMP TRADES AND FED RATE HIKE

HOW TO USE THIS PUBLICATION

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

The yield curve flattened over the first quarter of 2017. Longer-term Treasury yields fell, as investors became increasingly skeptical about the Trump administration's ability to enact the expansionary policies that markets had priced in during the fourth quarter of 2016 [Figure 1]. Additionally, a record short position in long-dated Treasury futures accumulated over February and the decline in rates in March led to a short squeeze, which exacerbated the downward move in longer-term rates. The front end of the Treasury yield curve was pressured higher by the Federal Reserve's (Fed) decision to raise the fed funds rate during its March 14–15 meeting. The rate hike was not expected by the market early in the year, but hawkish Fed speaker rhetoric prepared markets, which largely took the rate hike in stride.

1 YIELDS DECLINED IN MOST FIXED INCOME SECTORS IN Q1 2017



Source: LPL Research, Bloomberg Barclays Index data 03/31/17

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

Please note: All return figures are as of March 31, 2017, unless otherwise stated.

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

Economically sensitive 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 higher as well.

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 funds)
- Preferred stocks
- Investment-grade corporate bonds (intermediate and long term)
- Emerging market debt (EMD)

The LPL Research Income Focused models within Model Wealth Portfolios (MWP), which combines multiple asset classes and sectors, provides exposure to several of these ideas. These portfolios' goals are to seek excess total return and, secondarily, 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 first quarter with a 2.7% total return, as measured by the Bloomberg Barclays High Yield Bond Index. Ongoing equity market strength, steady default expectations, and the continuation of global investors' reach for yield drove high-yield strength during the quarter. The price of oil declined 5.8% during the first quarter, yet high-yield energy showed resilience, returning 2.2%, as measured by the Bloomberg Barclays High Yield Energy Index. 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 quarter of 2017 means future returns will likely be driven more by yield rather than continued price appreciation from spread tightening, which may be hard to come by.

Despite shrugging off oil weakness in the first 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.

The average yield of the high-yield bond market, based on the Bloomberg Barclays High Yield Index, continued to decline to end the first quarter of 2017 at 5.8%, down from 6.1% at the end of 2016 and well below the 20-year average of 9.1% [Figure 2]. The yield fell to a multi-year low

No strategy assures success or protects against loss.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price.

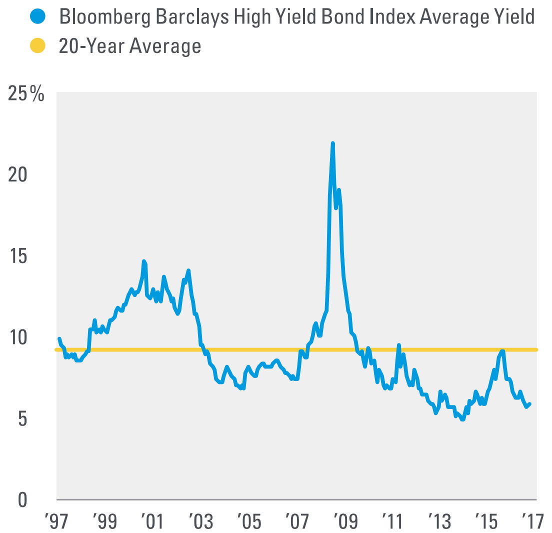
High-yield/junk bonds are not investment-grade securities, involve substantial risks, and generally should be part of the diversified portfolio of sophisticated investors.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a nondiversified portfolio. Diversification does not ensure against market risk.

An investment in an 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 such as not diversified, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking errors.

An increase in interest rates may cause the price of bonds and bond mutual funds to decline.

2 **AVERAGE YIELD OF HIGH-YIELD BONDS DECLINED OVER Q1 2017 AND REMAINS LOW RELATIVE TO HISTORY**



Source: LPL Research, Barclays, Bloomberg 03/31/17

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.

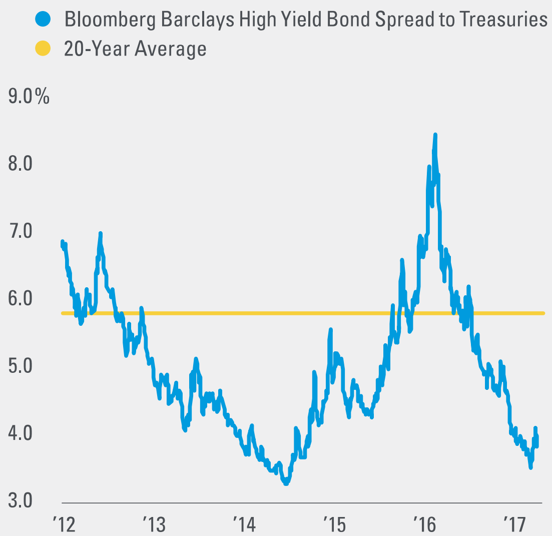
of 5.5% in early March, the index's lowest yield since September 2014.

The average yield advantage of high-yield bonds to Treasuries fell to 3.8% as of March 31, 2017, down from 4.1% at the end of 2016 [Figure 3]. In early March, the spread declined to a level of 3.4%, its lowest level since July 2014. Amid equity weakness, this yield advantage has risen in the second quarter of 2017 to 4.0% as of April 18, 2017.

Energy sector defaults continue to decline, and outside of the energy, metals, and mining sector defaults remain limited. High-yield bond valuations are pricing in a decrease in defaults over the coming year [Figure 4]. The global high-yield default rate fell to 3.8% over the first quarter of 2017, according to Moody's.

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

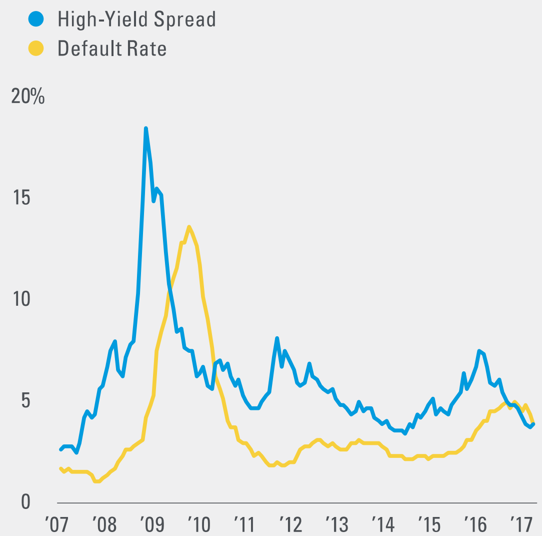
3 **SPREADS ON HIGH-YIELD BONDS DECREASED DURING Q1 2017**



Source: LPL Research, Barclays, Moody's 03/31/17

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 03/31/17

Municipal High-Yield Bonds

Investors, regardless of tax bracket, may wish to consider municipal (tax-free) high-yield bonds. The average yield of tax-free, high-yield bonds is 6.3%, according to the Bloomberg Barclays High-Yield Municipal Index (as of March 31, 2017), which is higher than that of the taxable high-yield market. This translates to a taxable equivalent yield of 10.4% (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.

The average yield advantage of BBB-rated municipal bonds to AAA-rated, a proxy for the spread on municipal high-yield bonds, ended the first quarter at 1.6%, the same level it ended 2016. Heavy supply and investor selling led to pressure in the municipal market in the fourth quarter of 2016, but the sector partially rebounded in the first quarter of 2017, as election-driven trades unwound. The average yield spread remains below the five-year average and is heavily influenced by volatile issues in Puerto Rico. 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 early 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 (MSRB) and Municipal Market Advisors data, the number of defaulted municipal issuers in 2017 is on pace to be lower than that of 2014-16, all three of which were very low default years. 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 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.

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.

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.

Bank loans benefited from a rise in Libor over the first quarter of 2017. The yield of three-month Libor rose from 1.0% at the end of 2016 to 1.15% to end the first quarter. 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 bank loans will begin 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 bigger 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 first quarter, with bank loans ending the quarter yielding 0.4% more than high-yield bonds, up from 0.2% to end 2016 [Figure 5]. At the margin, this makes bank loans more attractive relative to high yield compared with the end of 2016. 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 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 it may lean toward financial industry deregulation, which could create growth opportunities.

We still believe the sector can be used as a potential income generator in today's fixed income environment, but caution is warranted. Average yields declined over the first quarter of 2017, due to the sector's high interest rate sensitivity in a declining rate environment, moving from a 4.9% yield to end 2016 to 4.3% to end the first quarter of 2017. The varied nature of the preferred market means that the yield advantage to comparable Treasuries may vary depending on the specific investment product.

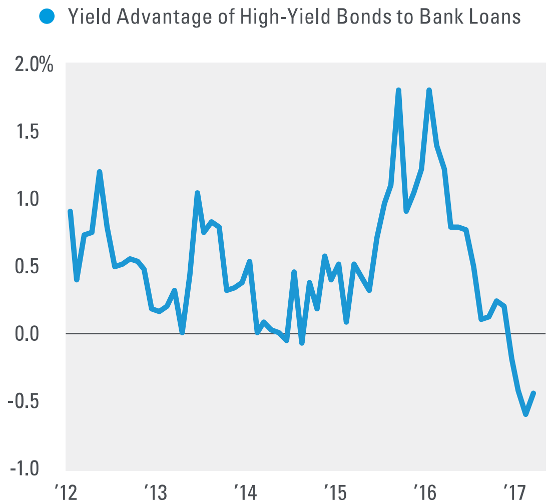
Given the favorable economic backdrop and improved credit quality of financials, we believe the sector can be used as an income option.

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.

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.

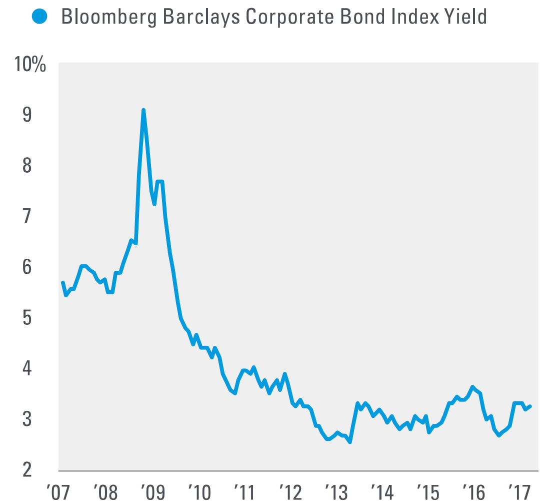
Preferred stock investing involves risk, which may include loss of principal.

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



Source: LPL Research, Barclays, Bloomberg 03/31/17

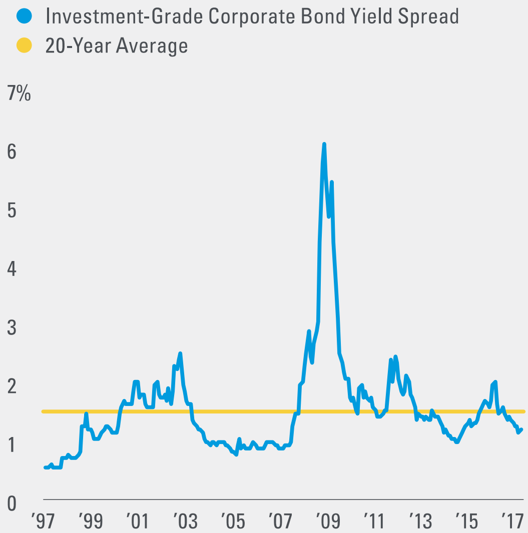
6 AVERAGE CORPORATE BOND YIELD DECREASED SLIGHTLY IN Q1 2017



Source: LPL Research, Barclays, Bloomberg 03/31/17

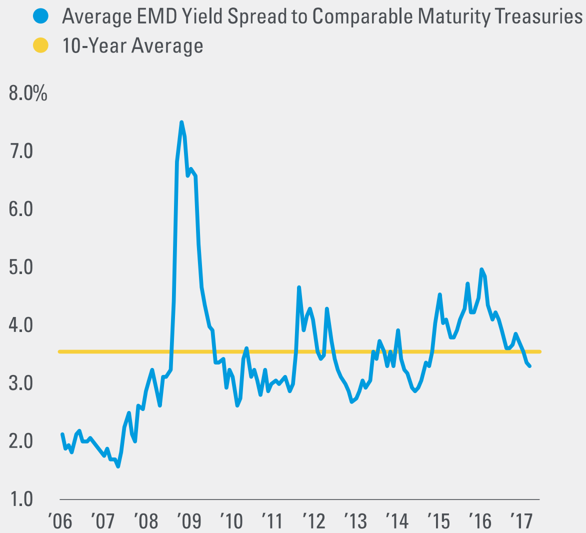
The Bloomberg Barclays Corporate Bond Index is an unmanaged index and cannot be invested into directly. Past performance is no guarantee of future results.

7 CORPORATE BOND YIELD SPREAD UNCHANGED DURING Q1 2017



Source: LPL Research, Barclays, Bloomberg 03/31/17

8 EMD YIELD SPREADS DECREASED IN Q1 2017



Source: LPL Research, JP Morgan, Bloomberg 03/31/17

The JP Morgan Global Emerging Market Bond Index is an unmanaged index, which cannot be invested into directly. Past performance is no guarantee of future results.

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. As of March 31, 2017, the average yield of investment-grade corporate bonds was 3.3%, slightly below the 3.4% yield at the end 2016 [Figure 6].

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

At the end of the first quarter, the average investment-grade corporate bond yield spread to Treasuries was 1.2%, below the 20-year average of 1.5% and equal to the level at the end of the 2016 [Figure 7].

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 fell in the first quarter, leading to a rebound in EMD. Like high yield, EMD was able to shrug off weakness in the price of oil, which has been an important driver in recent years. The net result was a slight richening in valuations.

Over the first quarter of 2017, the average yield advantage of EMD above comparable Treasuries decreased from 3.7% to 3.3% [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 4.7%, though below its 5-year average of 5.1%, stands out in a low-yield world. The challenging environment for bonds overall may provide headwinds, as might lingering concerns over the pace of global economic growth, commodity-related weakness, or removal of central bank accommodation. 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 3.3% (as of March 31, 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 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.

IMPLEMENTATION

Model Wealth Portfolios – Income Focused

In this publication, we highlight our favorite individual sector and asset class ideas for income. However, in MWP Income Focused models, we combine multiple asset classes and sectors to create a complete portfolio that seeks excess return and, secondarily, seeks to generate higher overall yields than our blended benchmarks.

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

Implementation section: pages 9–19.

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	1.12%	6.19%	6.19%	3.90%	9.33%	4.25%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- Diversified Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
IO Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- IO Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
Growth						
MWP Income Focused	0.66%	6.30%	6.30%	3.71%	8.63%	4.17%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- Diversified Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
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Growth with Income						
MWP Income Focused	0.00%	5.13%	5.13%	2.79%	7.28%	4.20%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
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Income with Moderate Growth						
MWP Income Focused	-0.13%	4.73%	4.73%	2.18%	5.60%	3.88%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
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Income with Capital Preservation						
MWP Income Focused	-0.55%	2.84%	2.84%	1.57%	4.35%	3.96%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
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Source: LPL Research 03/31/17

BENCHMARK INDEXES WEIGHTS (AS OF 03/31/17)

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 03/31/17

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.

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 20–21 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.

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+/- Diversified Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
IO Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- IO Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
Income with Moderate Growth						
MWP Income Focused	-0.13%	4.73%	4.73%	2.18%	5.60%	3.88%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- Diversified Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
IO Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- IO Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
Income with Capital Preservation						
MWP Income Focused	-0.55%	2.84%	2.84%	1.57%	4.35%	3.96%
Diversified Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- Diversified Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**
IO Benchmark	4.01%	12.11%	12.11%	8.04%	13.92%	8.23%
+/- IO Benchmark	**-2.88%**	**-5.92%**	**-5.92%**	**-4.14%**	**-4.59%**	**-3.97%**

Source: LPL Research 03/31/17

BENCHMARK INDEXES WEIGHTS (AS OF 03/31/17)

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 03/31/17

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.

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 net-of-fees performance quoted reflects the reinvestment of dividends and capital gains, is net of expenses and the maximum account fee of 2.50% (for the 2016 period net performance reflects a maximum fee of 2.58% for select portfolios).

Please refer to pages 20–21 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.

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.

Income-producing ideas: pages 11 – 19.

INCOME FOCUSED MODEL WEALTH PORTFOLIO MUTUAL FUNDS

Name	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Expense Ratio	30-Day SEC Yield	Web Address
AllianzGI Short Duration High Inc P	ASHPX	9.54	4.63	N/A	5.40	10/3/11	0.66	4.07	us.allianzgi.com
Angel Oak Multi-Strategy Income Fd Inst Shs	ANGIX	8.93	N/A	N/A	5.14	8/16/12	1.19	4.96	www.angeloakcapital.com
Baron Asset	BARIX	19.15	12.69	N/A	15.26	5/29/09	1.04	0.00	www.BaronFunds.com/performance
Eaton Vance National Municipals	EIHMX	1.65	4.41	3.21	4.99	7/1/99	0.54	2.58	www.eatonvance.com
Federated Strategic Value Dividend Instl	SVAIX	7.68	11.67	5.45	7.72	3/30/05	0.94	3.17	www.Federatedinvestors.com
Harbor Capital Appreciation	HACAX	15.83	12.30	8.98	11.28	12/29/87	0.70	0.00	www.harborfunds.com
JPMorgan Mortgage-Backed Securities Fund	OMBIX	1.02	2.54	5.06	5.65	8/18/00	0.73	3.12	www.jpmorganfunds.com
Loomis Sayles Growth Y	LSGRX	15.39	15.06	7.66	8.03	5/16/91	0.66	0.00	NGAM.natixis.com
MainGate MLP I	IMLPX	35.98	5.95	N/A	6.34	2/17/11	1.42	0.00	www.maingatefunds.com
MainStay Epoch Global Equity Yield I	EPSYX	7.52	8.55	5.07	6.90	12/27/05	0.86	2.78	www.mainstayinvestments.com
MFS Value I	MEIIX	17.00	13.07	7.16	9.86	1/2/97	0.61	1.57	www.mfs.com
PIMCO Investment Grade Corp Bd P	PBDPX	5.92	5.36	N/A	7.41	4/30/08	0.63	3.12	www.pimco.com
Royce Dividend Value	RDVIX	15.84	9.15	N/A	7.63	9/14/07	1.14	0.00	www.roycefunds.com
Thornburg Investment Income Builder I	TIBIX	12.21	7.07	5.75	8.76	11/3/03	1.07	3.39	www.thornburg.com
Vanguard Interm-Term Treasury Adm	VFIUX	-1.32	1.68	4.44	4.82	2/12/01	0.10	1.82	www.vanguard.com
Wells Fargo Advantage Diversified Income Builder	EKSYX	13.62	8.06	N/A	8.58	7/30/10	1.00	3.41	www.wellsfargofunds.com

Source: LPL Research, Morningstar Direct 03/31/17

30-day 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: The gross expense ratio is the fund's total annual operating expense ratio. It is gross of any fee waivers or expense reimbursements.

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 websites displayed in the table above.

The performance data quoted reflects 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).

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

INCOME FOCUSED MODEL WEALTH PORTFOLIO WEIGHTS (AS OF 03/31/17)

Name	Ticker	LPL Financial Statement Asset Class	Aggressive Growth	Growth	Growth w/ Income	Income w/ Moderate Growth	Income w/ Capital Preservation
AllianzGI Short Duration High Inc P	ASHPX	High-Yield Bond	0.0%	6.5%	8.0%	13.0%	15.5%
Angel Oak Multi-Strategy Income Fd Inst Shs	ANGIX	Multisector Bond	0.0%	3.0%	5.0%	7.0%	9.0%
Baron Asset	BARIX	Mid Growth	6.0%	5.0%	5.0%	0.0%	0.0%
Eaton Vance National Municipals	EIHMX	Long-Term Municipal Bond	0.0%	0.0%	4.0%	8.0%	10.5%
Federated Strategic Value Dividend Instl	SVAIX	Large Value	18.0%	18.0%	16.0%	6.0%	5.0%
Harbor Capital Appreciation	HACAX	Large Growth	11.5%	6.0%	4.5%	6.0%	4.0%
JPMorgan Mortgage-Backed Securities Fund	OMBIX	Mortgage-Backed Securities	0.0%	0.0%	9.0%	12.0%	17.0%
Loomis Sayles Growth Y	LSGRX	Large Growth	7.5%	9.0%	4.0%	0.0%	0.0%
MainGate MLP I	IMLPX	Sector (Energy)	7.0%	6.0%	5.0%	3.0%	0.0%
MainStay Epoch Global Equity Yield I	EPSYX	Global Stock	10.0%	9.0%	8.0%	5.0%	0.0%
MFS Value I	MEIIX	Large Value	18.0%	9.0%	6.0%	5.0%	5.0%
PIMCO Investment Grade Corp Bd P	PBDPX	Intermediate-/Long-Term Bond	0.0%	4.0%	6.0%	10.0%	12.0%
Royce Dividend Value	RDVIX	Small Value	11.0%	10.5%	5.0%	4.0%	3.0%
Thornburg Investment Income Builder I	TIBIX	Balanced	6.0%	0.0%	0.0%	0.0%	0.0%
Vanguard Interm-Term Treasury Adm	VFIUX	Intermediate-/Long-Term Bond	0.0%	4.0%	6.0%	8.0%	10.0%
Wells Fargo Advantage Diversified Income Builder	EKSYX	Alternative (Other)	0.0%	5.0%	4.0%	4.0%	0.0%
Cash*	CASH	CASH	5.0%	5.0%	4.5%	9.0%	9.0%
TOTAL			100.0%	100.0%	100.0%	100.0%	100.0%

Source: LPL Research 03/31/17

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

Please refer to pages 20–21 for index descriptions and investment objectives.

TAXABLE HIGH-YIELD BOND EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
AllianzGI Short Duration High Income	ASHPX	9.54	4.63	N/A	5.40	10/3/11	0.66	4.07
American Beacon SiM High Yield Opportunities	SHOYX	14.92	7.67	N/A	7.22	2/14/11	0.92	5.71
BlackRock High Yield Bond Instl	BHYIX	15.14	6.96	7.17	7.54	11/19/98	0.62	5.69
Hotchkis and Wiley High Yield A	HWHIX	17.66	6.88	N/A	11.61	3/31/09	0.74	5.79
MainStay High Yield Corporate Bond I	MHYIX	15.32	6.49	6.32	7.07	1/2/04	0.70	6.31
PIMCO High Yield P	PHLPX	12.19	6.05	N/A	6.80	4/30/08	0.66	4.52
Deutsche Global High Income	SGHSX	13.38	6.23	6.16	6.89	5/13/05	0.87	4.40
Bloomberg Barclays Capital U.S. High-Yield Bond		**16.39**	**6.82**	**7.46**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

	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
ETPs												
iShares iBoxx $ High Yield Corporate Bd	HYG	13.40	5.29	N/A	5.65	4/4/07	0.50	5.09	10.70	5.29	5.51	5.49
SPDR Barclays High Yield Bond	JNK	14.81	4.92	N/A	5.71	11/28/07	0.40	5.49	11.80	4.98	0.00	5.55
Bloomberg Barclays Capital U.S. High-Yield Bond		**16.39**	**6.82**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: ASHPX: www.allianzinvestors.com; SHOYX: www.americanbeaconfunds.com; BHYIX: www.blackrock.com; HWHIX: www.hwcm.com; MHYIX: www.mainstayinvestments.com; PHLPX: www.pimco-funds.com; SGHSX: www.db.com; HYG: www.ishares.com; JNK: www.spdrs.com.

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 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: 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 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.

TAX-FREE HIGH-YIELD BOND EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
Franklin High Yield Tax-Free Inc Adv	FHYVX	0.55	3.86	4.35	4.58	1/3/06	0.57	3.05
Nuveen High Yield Municipal Bond I	NHMRX	1.68	7.14	3.47	5.39	6/7/99	0.63	5.11
Oppenheimer Rochester National Muni A	ORNYX	9.07	7.14	1.66	4.68	10/1/93	1.09	5.27
Bloomberg Barclays High-Yield Municipal		**4.31**	**5.64**	**4.29**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

	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
ETPs												
Market Vectors High-Yield Muni ETF	HYD	1.74	4.76	N/A	8.04	2/4/09	0.35	0.00	2.23	4.65	0.00	7.72
Bloomberg Barclays High-Yield Municipal		**4.31**	**5.64**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: FHYVX: www.franklintempleton.com; NHMRX: www.nuveen.com; ORNYX: www.oppenheimerfunds.com; HYD: www.vaneck.com.

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EMERGING MARKET DEBT EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
DoubleLine Emerging Markets Fixed Income	DBLEX	13.19	4.80	N/A	6.19	4/6/10	0.90	4.40
MFS Emerging Markets Debt A	MEDIX	8.54	4.26	6.31	9.90	3/17/98	1.10	3.71
PIMCO Emerging Local Bond P	PELPX	8.12	-2.38	N/A	2.26	5/30/08	1.00	5.82
T. Rowe Price Emerging Markets Bond	PREMX	13.54	5.19	6.37	10.60	12/30/94	0.93	5.75
JPM EMBI Global		**8.82**	**5.25**	**6.91**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

	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
ETPs												
iShares JPMorgan USD Emerg Markets Bond	EMB	8.17	5.76	N/A	7.06	10/11/07	0.50	5.18	6.93	5.77	0.00	6.96
PowerShares Emerging Mkts Sovereign Debt	PCY	8.05	4.93	N/A	6.46	12/17/07	0.59	4.64	7.01	4.79	0.00	6.36
JPM EMBI Global		**8.82**	**5.25**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

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.

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30-day 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.

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INVESTMENT-GRADE CORPORATE BOND EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
Intermediate/Long High-Quality Bond								
Dodge & Cox Income	DODIX	4.39	3.41	5.02	6.87	1/3/89	0.43	2.79
Federated Total Return Bond Instl	FTRBX	3.53	3.01	4.83	5.73	10/1/96	0.47	3.17
Loomis Sayles Investment Grade Bond Y	LSIIX	5.09	3.38	5.84	7.33	12/31/96	0.60	2.49
PIMCO Investment Grade Corporate Bond	PBDPX	5.92	5.36	N/A	7.41	4/30/08	0.63	3.12
Prudential Total Return Bond	PDBZX	3.42	3.97	5.92	5.89	9/16/96	0.55	2.70
Western Asset Core Plus Bond I	WACPX	4.06	4.11	5.58	6.18	7/8/98	0.52	3.16
Bloomberg Barclays Capital U.S. Aggregate		**0.44**	**2.34**	**4.27**	N/A	N/A	N/A	N/A
Long High-Quality Bond								
Vanguard Long-Term Investment-Grade Inv	VWETX	2.43	5.83	7.15	7.18	2/12/01	0.12	3.93
Bloomberg Barclays Capital U.S. Govt Credit Long		**0.98**	**4.84**	**6.92**	N/A	N/A	N/A	N/A
Short/Intermediate High-Quality Bond								
Lord Abbett Short Duration Income	LDLFX	3.56	2.62	N/A	4.50	9/28/07	0.50	2.21
Vanguard Short-Term Investment-Grade	VFSUX	1.88	2.14	3.26	3.71	2/12/01	0.10	2.02
Bloomberg Barclays Capital U.S. 1-3 Year Gov/Credit		**0.71**	**0.93**	**2.34**	N/A	N/A	N/A	N/A
Multi Sector Bond								
Delaware Diversified Income A	DPFFX	2.98	2.87	5.44	6.49	10/28/02	0.64	3.97
Loomis Sayles Bond Instl	LSBDX	9.30	4.63	6.04	9.19	5/16/91	0.66	3.20
Osterweis Strategic Income Fund	OSTIX	12.18	4.88	5.98	6.99	8/30/02	0.83	0.00
Bloomberg Barclays Capital U.S. Aggregate		**0.44**	**2.34**	**4.27**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: DODIX: www.dodgeandcox.com; FTRBX: www.federatedinvestors.com; LSIIX: www.funds.natixis.com; PBDPX: www.pimco-funds.com; PDBZX: www.prudential.com; WACPX: www.leggmason.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.

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

INVESTMENT-GRADE CORPORATE BOND EXPOSURE, CONTINUED

	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
ETPs												
Intermediate/Long High-Quality Bond												
iShares Barclays Intermediate Credit Bd	CIU	1.85	2.76	4.45	4.47	1/5/07	0.20	2.48	2.18	2.73	4.47	4.45
iShares iBoxx $ Invest Grade Corp Bond	LQD	2.64	4.02	5.47	5.56	7/22/02	0.15	3.38	2.84	4.08	5.53	5.55
SPDR Barclays Cap Interm Term Corp Bnd	ITR	2.43	3.15	N/A	5.02	2/10/09	0.12	2.67	2.62	3.05	0.00	4.71
Vanguard Intermediate-Term Bond ETF	BIV	0.07	2.97	N/A	5.34	4/3/07	0.09	2.64	0.87	2.90	5.40	5.32
Bloomberg Barclays Capital U.S. Aggregate		**0.44**	**2.34**	**4.27**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Long High-Quality Bond												
SPDR Barclays Capital Long CorpTerm Bd	LWC	5.17	5.48	N/A	9.20	3/10/09	0.12	4.36	4.50	5.35	0.00	8.85
Vanguard Long-Term Bond Index ETF	BLV	0.91	4.86	N/A	6.94	4/3/07	0.09	3.75	1.83	4.61	7.06	6.94
Bloomberg Barclays Capital U.S. Govt Credit Long		**0.98**	**4.84**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly.

For the most recent month end performance please visit the respective fund's website: CIU & LQD: www.ishares.com; ITR & LWC: www.spdrs.com; BIV & BLV: www.vanguard.com.

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

30-day 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: 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 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.

PREFERRED STOCK EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
Cohen & Steers Preferred Securities and Income	CPXIX	8.59	8.58	N/A	9.31	5/3/10	0.88	4.65
Principal Preferred Securities P	PPSPX	7.94	7.22	N/A	7.13	9/27/10	0.83	4.99
Nuveen Preferred Securities I	NPSRX	10.04	8.15	6.61	6.47	12/19/06	0.82	4.77
BofAML Preferred Stock Hybrid		**5.45**	**6.50**	**4.20**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

	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
ETPs												
iShares S&P U.S. Preferred Stock Index	PFF	5.26	6.11	4.34	4.35	3/26/07	0.47	5.34	5.44	6.37	4.36	4.33
PowerShares Financial Preferred	PGF	5.17	7.11	4.26	4.26	12/1/06	0.63	5.25	5.94	7.54	4.36	4.17
PowerShares Preferred	PGX	5.33	7.02	N/A	3.55	1/31/08	0.50	5.69	6.01	7.27	0.00	3.47
BofAML Preferred Stock Hybrid		**5.45**	**6.50**	**4.20**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly. For the most recent month end performance please visit the respective fund's website: CPXIX: www.cohenandsteers.com; PPSPX: www.principal.com; NPSRX: www.nuveen.com; PFF: www.ishares.com; PGF: www.powershares.com; PGX : www.invescopowershares.com.

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BANK LOAN EXPOSURE

	Ticker	1-Year	5-Year	10-Year	Since Inception	Inception Date	Gross Exp Ratio	30-Day SEC Yield
Mutual Funds								
Columbia Floating Rate	CFRZX	9.13	4.59	N/A	5.19	9/27/10	0.81	3.86
Credit Suisse Floating Rate High Income	CSHIX	10.03	4.80	5.54	6.42	8/1/00	0.81	3.97
Pacific Funds Floating Rate Income	PLFDX	8.56	N/A	N/A	4.71	6/29/12	1.05	3.78
RidgeWorth Seix Floating RT High Inc I	SAMBX	10.13	4.44	4.14	4.41	3/1/06	0.62	3.96
S&P/LSTA US Leveraged Loan		**16.39**	**6.82**	**7.46**	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

	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
ETPs												
PowerShares Senior Loan Port	BKLN	7.28	3.38	N/A	3.19	3/3/11	0.66	2.41	5.88	3.32	0.00	3.06
SPDR Blackstone/GSO Senior Loan	SRLN	6.28	N/A	N/A	2.33	4/3/13	0.70	3.77	5.69	0.00	0.00	2.32
S&P/LSTA US Leveraged Loan		**16.39**	**6.82**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: LPL Research, Morningstar Direct, FactSet 03/31/17

All indexes are unmanaged and cannot be invested into directly. For the most recent month end performance please visit the respective fund's website: CFRZX: www.columbiathreadneedleus.com; CSHIX: us-fund.credit-suisse.com; PLFDX: www.pacificlife.com; SAMBX: www.ridgeworth.com; BKLN: www.invescopowershares.com; SRLN: www.spdrs.com.

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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.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets as well as weather, geopolitical events, and regulatory developments.

Derivatives, such as futures, employ sophisticated strategies that may amplify volatility and losses, involve additional risks, including interest rate risk, credit risk, the risk of improper valuation, and the risk of non-correlation to the relevant instruments they are designed to hedge or to closely track.

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.

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.

SFI 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).

The BofA Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index consisting of a set of investment-grade, exchange-traded preferred stocks with outstanding market values of at least $50 million that are covered by Merrill Lynch Fixed Income Research.

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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