

# WHO WE ARE: TEAM STRUCTURE

Part of understanding who we are at LPL Research comes from understanding our organizational and decision-making structure. However, perhaps even more important to answering the question of who we are is to understand:

- What is our team structure?
- What is our motivation?

## OUR ROLE

Over the years, LPL Research has adapted to changing market conditions as the investing playing field continues to evolve with new participants, products, and investment ideas. Consequently, we have advanced the roles and structure of the LPL Research team to help satisfy the needs of our advisors and investors. Originally, the Research team was constructed to provide recommended lists. We then added simplistic asset allocation advice.

Now, LPL Research serves the following primary roles:

- Share economic and market insights
- Provide due diligence and asset allocation advice
- Manage discretionary portfolios
- Be a thought leader and creative luminary

To serve these roles, we have increased the number of Research staff with qualified analysts, many of whom have received advanced degrees or well-known designations. Additionally, we have expanded to now have our own dedicated thought leadership, creative, communications, and service teams to ensure everything we do is as transparent as possible.

## OUR STRUCTURE

The Research team is separated into several groups that are designed to work together to perform high-quality due diligence, create optimal portfolios, provide strong customer service, and effectively communicate our advice to advisor and clients.

To accomplish this, we have two structures: a traditional organizational structure and a collaborative decision-making structure.

## ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

Our organizational structure groups teams together that perform similar functions. Here is a brief description of the responsibilities of each of the groups represented in the organizational structure.

- **Products and Platforms:** Provides due diligence on mutual funds, separately managed accounts, exchange-traded products, variable annuity subaccounts, third-party investment advisors, and alternative investments; supports all teams with a centralized quantitative team; oversees all cash and banking offerings; and provides channel and platform oversight and support from an investment perspective.
- **Economic & Investment Strategy:** Focuses on determining economic and asset allocation positioning, interpreting macro and market events, signals, and technical analysis; and directs asset allocation and portfolio strategy.
- **Thought Leadership:** Creates industry-leading, innovative topics and investment ideas; and provides advisor and institution support through ASK Research.
- **Creative Strategy:** Provides editorial support, innovative design, layout, distribution, and promotion of all of Research content and ideas; leads creative elements of thinking and communication strategy.

## DECISION-MAKING STRUCTURE AND RESPONSIBILITIES

Our decision-making structure is different from our traditional organizational structure. Our organizational structure is one of silos—where everyone who serves a similar function is part of the same group. However, we believe that the best decision-making is done by groups with more varied perspective. Given the large number of investments we oversee and portfolios we manage, we created a cross-functional set of investment committees to collaboratively monitor and manage them.

This structure allows subject matter experts on the diligence and portfolio levels to handle the everyday monitoring and reviews that are needed, but puts in place checks of those activities by the investment-oriented leadership team of the Research group. This structure also enables all members of the team to be engaged in our due diligence and portfolio management activities, and to learn from one another by bringing different perspectives to the portfolios. Every day, investing is humbling, so we are always open to new ways of thinking or working to be even more effective in our due diligence and portfolio management processes. ■

#### IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing.

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 effect some of the strategies. Investing involves risks including possible loss of principal.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Investing in mutual funds and ETFs involve risk, including possible loss of principal. Managed and exchange-traded investments have specific risks such as management, concentration, and liquidity risk. Please read the fund's prospectus for more information on risks, fees, and other important information.

Variable annuities are long-term, tax-deferred investment vehicles designed for retirement purposes and contain both an investment and insurance component. They are sold only by prospectus. Guarantees are based on the claims paying ability of the issuer. Withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59 ½, may be subject to an additional 10% federal income tax penalty. Withdrawals can reduce the living benefit, death benefit, and account value. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. The investment returns and principal value of the available sub-account portfolios will fluctuate so that the value of an investor's unit, when redeemed, may be worth more or less than the original value.

The structure of separately managed accounts (SMA) exposes them to special risks including taxation risk, portfolio risk, and potentially high fees.

This research material has been prepared by LPL Financial LLC.

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