

Patiently Awaiting a Pullback Before Considering Adding Risk

The LPL Strategic & Tactical Asset Allocation Committee (STAAC) determines the firm's investment outlook and asset allocation that helps define LPL Research's investment models and overall strategic and tactical investment thinking and guidance. The committee is chaired by the chief investment officer and includes investment specialists from multiple investment disciplines and areas of focus. The STAAC meets weekly to closely monitor all global economic and capital markets conditions to ensure that all the latest information is being digested and incorporated into its investment thought.

Color Key:

- Strong Overweight View
- Overweight View
- Neutral View
- Underweight View
- Strong Underweight View

Key changes from STAAC:

- Upgraded materials to neutral.
- Upgraded utilities to neutral.
- Downgraded financials to neutral.
- Downgraded real estate to underweight.

STAAC Asset Class Tactical Views as of 11/01/2025 (GWI)

Asset Class					
Equity	.	.	●	.	.
U.S.	.	.	●	.	.
International Developed (EAFE)	.	.	●	.	.
Emerging Markets	.	.	●	.	.
Large/Mid Growth	.	●	.	.	.
Large/Mid Value	.	.	●	.	.
Small Growth	.	.	●	.	.
Small Value	.	.	.	●	.
Fixed Income	.	.	●	.	.
Treasuries	.	.	●	.	.
MBS	.	●	.	.	.
IG Corporates	.	.	.	●	.
TIPS	.	.	●	.	.
International Developed	.	.	●	.	.
Preferred	.	.	●	.	.
High-Yield	.	.	●	.	.
Bank Loans	.	.	●	.	.
Emerging Markets	.	.	●	.	.
Cash	.	.	.	●	.
Alternatives	.	●	.	.	.

STAAC Sector Tactical Views as of 11/01/2025

Sector					
Materials	.	.	●	←	.
Consumer Staples	.	.	●	.	.
Financials	.	→	●	.	.
Real Estate	.	.	→	●	.
Communications Services	.	●	.	.	.
Energy	.	.	●	.	.
Industrials	.	.	●	.	.
Information Technology	.	.	●	.	.
Consumer Discretionary	.	.	●	.	.
Healthcare	.	.	●	.	.
Utilities	.	.	●	←	.

Source: STAAC as of November 1, 2025. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors. The STAAC views expressed are based on a Tactical Asset Allocation (TAA) for a portfolio that has a Growth With Income (GWI) investment objective.

Investment Takeaways

U.S. equities built on year-to-date gains in October with the S&P 500 extending its monthly winning streak to six. Wall Street bulls focused on a meaningful de-escalation in U.S.-China trade tensions after Presidents Trump and Xi inked a one-year trade truce, highlighted by a 10% tariff reduction. Monthly gains were concentrated in mega cap names, fueled by a deluge of fresh artificial intelligence (AI) partnerships. Big tech highlighted the earnings calendar and the AI secular growth theme remained intact despite mixed results. Standouts included Alphabet (GOOG/L) and Amazon (AMZN) offering upbeat takeaways, while Meta (META) shares faced downside pressure from AI spending scrutiny. Meanwhile, the Federal Reserve (Fed) delivered another 0.25% rate cut, as expected, although Fed Chair Powell struck a hawkish tone — weighing on stocks to end the month.

Core bonds continued to gain ground in October, measured by a 0.6% gain in the Bloomberg U.S. Aggregate Index. U.S. Treasuries printed a third straight monthly advance as yields moved near year-to-date lows, garnering some support from heightened Treasury demand after regional bank loan-impairment disclosures briefly sparked credit jitters. Nonetheless, Treasuries pared gains after Fed Chair Powell downplayed the odds of a December rate cut and announced the end of quantitative tightening. High-yield markets crept higher, while municipal bonds outperformed, posting a positive October return for the first time in six years.

Looking forward, investors may be well served by bracing for occasional bouts of volatility amid a slowing economy, AI investment scrutiny, and continued policy uncertainty. Considering elevated valuations and the impressive rally off April lows, a pullback would not be a surprise. But given the powerful AI trend, big tech's significant earnings power, potential forthcoming Fed rate cuts, and the fiscal stimulus boost when 2026 begins, we believe pullbacks are likely to be shallow and bought.

2025 MARKET FORECASTS

S&P 500 Tracking Above Bull Case Scenario

	Current
10-Year U.S. Treasury Yield	4.00% to 4.50%*
S&P 500 Index Earnings per Share	\$260
S&P 500 Index Fair Value	6,450**

Source: LPL Research, FactSet, Bloomberg
All indexes are unmanaged and cannot be invested into directly.

*Our year-end 2025 forecast for the U.S. 10-year Treasury yield is now 4.00% to 4.50% up from 3.75% to 4.25%. The Fed's higher for longer narrative and the poor supply/demand technicals for Treasury securities will likely keep interest rates at these elevated levels until the economic data weakens and/or inflation falls back in line with the Fed's longer term 2% target.

**Our initial year-end 2025 fair-value target range for the S&P 500 of 6,000–6,100 was based on a price-to-earnings ratio (PE) of 22 and our S&P 500 earnings per share (EPS) forecast of \$275 in 2026. Our bull case is 6,450, or 23 times \$280 in S&P 500 EPS.

Any forward-looking statements including economic forecasts may not develop as predicted and are subject to change.

All data, views, and forecasts herein are as of 11/01/25.
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LPL Research advises against increasing portfolio risk beyond benchmark targets currently with stock valuations reflecting a lot of positive news.

The fixed income market remains rangebound, although downside pressure on yields could emerge as the Fed continues its rate-cutting cycle.

The STAAC's recommended tactical asset allocation includes:

- A neutral stance toward U.S. equities as elevated valuations, increasing tariff costs, and a cooling economy (that likely skirts recession) offset the opportunity for meaningful upside, in our view, despite strong earnings-driven gains for technology stocks.
- The Committee favors growth over value for exposure to the AI theme and compelling earnings growth as the economy slows.
- The Committee favors large caps over small caps, partly due to superior balance sheet quality and relatively better position to manage tariffs.
- The Committee recommends well diversified regional exposures, with benchmark-level allocations to the U.S., developed international, and emerging markets. Non-U.S. equities offer upside from a potentially weaker U.S. dollar.
- Within fixed income, the STAAC holds a neutral weight in core bonds, with a slight preference for mortgage-backed securities (MBS) over investment-grade corporates. The Committee believes the risk-reward for core bond sectors (U.S. Treasury, agency MBS, investment-grade corporates) is more attractive than plus sectors.

2025 ECONOMIC FORECASTS

U.S. Economy Expected to Slow This Year

	2025 (Y/Y, real GDP)
United States	1.5%
Eurozone	0.9%
Advanced Economics	1.5%
Emerging Markets	3.8%
Global	2.5%

Source: LPL Research, Bloomberg.
The economic forecasts may not develop as predicted.

Tactical Asset Allocation as of 11/01/2025

	Investment Objective														
	Aggressive Growth			Growth			Growth with Income			Income with Moderate Growth			Income with Capital Preservation		
	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference
STOCKS	95.0%	95.0%	0.0%	80.0%	80.0%	0.0%	60.0%	60.0%	0.0%	40.0%	40.0%	0.0%	20.0%	20.0%	0.0%
U.S. Equity	76.0%	76.0%	0.0%	64.0%	64.0%	0.0%	48.0%	48.0%	0.0%	32.0%	32.0%	0.0%	16.0%	16.0%	0.0%
Large/Mid Growth	32.0%	28.5%	3.5%	27.0%	24.0%	3.0%	20.5%	18.0%	2.5%	14.0%	12.0%	2.0%	7.0%	6.0%	1.0%
Large/Mid Value	29.5%	28.5%	1.0%	25.0%	24.0%	1.0%	18.5%	18.0%	0.5%	12.0%	12.0%	0.0%	6.0%	6.0%	0.0%
Small Growth	9.5%	9.5%	0.0%	8.0%	8.0%	0.0%	6.0%	6.0%	0.0%	4.0%	4.0%	0.0%	2.0%	2.0%	0.0%
Small Value	5.0%	9.5%	-4.5%	4.0%	8.0%	-4.0%	3.0%	6.0%	-3.0%	2.0%	4.0%	-2.0%	1.0%	2.0%	-1.0%
International Equity	19.0%	19.0%	0.0%	16.0%	16.0%	0.0%	12.0%	12.0%	0.0%	8.0%	8.0%	0.0%	4.0%	4.0%	0.0%
Developed (EAFE)	12.0%	12.0%	0.0%	10.0%	10.0%	0.0%	8.0%	8.0%	0.0%	5.0%	5.0%	0.0%	4.0%	4.0%	0.0%
Emerging Markets	7.0%	7.0%	0.0%	6.0%	6.0%	0.0%	4.0%	4.0%	0.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%
Bonds	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	35.0%	35.0%	0.0%	55.0%	53.0%	2.0%	75.0%	70.0%	5.0%
U.S. Core	0.0%	0.0%	0.0%	15.0%	15.0%	0.0%	35.0%	35.0%	0.0%	55.0%	53.0%	2.0%	75.0%	70.0%	5.0%
Treasuries	0.0%	0.0%	0.0%	7.0%	7.0%	0.0%	16.0%	16.0%	0.0%	26.5%	24.5%	2.0%	36.5%	32.5%	4.0%
MBS	0.0%	0.0%	0.0%	4.5%	4.0%	0.5%	11.0%	10.0%	1.0%	16.0%	15.0%	1.0%	21.5%	20.0%	1.5%
IG Corporates	0.0%	0.0%	0.0%	3.5%	4.0%	-0.5%	8.0%	9.0%	-1.0%	12.5%	13.5%	-1.0%	17.0%	17.5%	-0.5%
Alternatives	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%
Tactical: Global Macro	3.0%	0.0%	3.0%	2.0%	0.0%	2.0%	1.5%	0.0%	1.5%	1.0%	0.0%	1.0%	0.0%	0.0%	0.0%
Multi-Strategy	0.0%	0.0%	0.0%	1.0%	0.0%	1.0%	1.5%	0.0%	1.5%	2.0%	0.0%	2.0%	3.0%	0.0%	3.0%
Cash	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	5.0%	-3.0%	2.0%	7.0%	-5.0%	2.0%	10.0%	-8.0%

For investors who have their own benchmarks, we would recommend emphasizing underweights or overweights relative to the individual benchmark at the most similar overall risk level.

Equity benchmark style weights are equally distributed across growth and value. Cap weights are based on the underlying holdings of the domestic benchmark indexes.

Bond benchmark sector allocations are based on a look-through analysis of the major sector components of the Bloomberg US Aggregate Bond Index.

Treasuries include other government related debt. MBS includes other securitized debt.

To better align with STAAC's asset allocation framework, mid caps have been combined with large caps in the TAA. Accounts with distinct mid cap allocations may disaggregate mid caps from the "Large & Mid" exposure shown in the table roughly in-line with relative market cap values: 75% Large Cap 25% Mid Cap. For a more detailed breakdown and explanation, please refer to the Supplemental Mid Cap Reference Guide on page 9.

Equity Asset Classes

Staying Fully Invested in Equities at Targets While Patiently Waiting for a Pullback

Investors may be well served by bracing for occasional bouts of volatility amid a slowing economy, increasing signs of stress in the labor market, AI investment scrutiny, and continued policy uncertainty, e.g., trade policy, tariffs, and the shutdown. Given elevated valuations, positioning, and the nearly uninterrupted rally since May, a pullback seems overdue. Given ongoing massive AI investment, big tech's significant earnings power, likely Fed rate cuts, and forthcoming fiscal stimulus boost in 2026, pullbacks are likely to be shallow and bought.

The Strategic and Tactical Asset Allocation Committee (STAAC) continues to favor large caps slightly over small caps and growth slightly over value. From a geographic perspective, the STAAC recommends benchmark level exposures to U.S., developed international, and emerging markets, with U.S. upside potential from AI, and non-U.S. upside potential if the U.S. dollar weakens.

Color Key:

● Strong Overweight ● Overweight ● Neutral ● Underweight ● Strong Underweight

	Sector	Overall View	Relative Trend	Rationale
Market Capitalization and Style	Large/Mid Growth	• ● • • •	Positive	LPL's STAAC continues to favor a modest tilt toward the growth style and large caps. A slowing economy tends to favor large caps and growth stocks. Superior, tech-led earnings power, which has been on full display during third quarter earnings season, is supportive of the growth style. Technical analysis trends are positive, helping offset rich valuations as scrutiny on AI investment increases.
	Large/Mid Value	• • ● • •	Negative	Defensive value stocks likely need a sell-off to sustain outperformance. Cyclical value faces more tariff risk, but earnings estimates are raising valuations and valuations are relatively attractive. The "One Big Beautiful Bill Act" will drive better growth and more capital investment, typically a better value environment.
	Small Growth	• • ● • •	Positive	Additional (likely) Fed rate cuts are supportive, and valuations are attractive. But additional relative upside potential may be limited if stocks pull back in the near term, as we expect. Earnings estimate have softened some. Better technical analysis picture than small value.
	Small Value	• • • ● •	Negative	Attractive valuations, financial deregulation, an impending pickup in capital investment, and likely Fed rate cuts are supportive. While some policy uncertainty has cleared, STAAC favors balance sheet strength in a slowing economy, earnings estimates are weakening, technical analysis trends are sub-par.
Region	United States	• • ● • •	No Trend	The STAAC maintains its neutral regional stance. AI investment is key to potential U.S. outperformance. While trade policy uncertainty has mostly cleared, rich valuations and continued ramp up of tariffs in a slowing economy may limit opportunities for price-to-earnings ratio expansion.
	Developed International	• • ● • •	No Trend	The STAAC remains neutral on developed international as valuations, while still reasonable, have risen, U.S. dollar weakness is far from assured, and U.S. tech strength is tough to match. Economic and earnings growth outside the U.S. has become competitive. Deficit/defense spending in Europe helps. Mixed technicals.
	Emerging Markets	• • ● • •	No Trend	Fundamental and technical improvement in EM is notable. Valuations remain attractive, China's economy has stabilized, the technology/AI outlook has improved, and trade tensions have eased. The U.S. dollar is a wildcard. Waiting for better technicals before considering an upgrade.

Relative trend is an assessment of the intermediate term price trend and performance between various asset classes and sectors. For regions and styles, the relative trends are compared to each other.

Equity Sectors

Sticking With Economically Sensitive Posture as Bull Market Continues

The STAAC continues to recommend a slight tilt toward more economically sensitive sectors, but the Committee has taken a slightly more cautious stance with its recent downgrade of financials on waning relative strength. The Committee continues to favor the communication services sector amid robust investment in AI and reasonable valuations, though earnings have lost some momentum. The intra-month utilities upgrade to neutral reflected strong AI power demand and improved technical analysis trends. Rare earth demand, the AI data center buildout, and fiscal stimulus are supportive of materials at neutral, balanced against soft technical analysis trends and mixed earnings. The real estate underweight reflects deteriorating relative strength and a preference for economic sensitivity.

Color Key:

● Strong Overweight ● Overweight ● Neutral ● Underweight ● Strong Underweight

	Sector	Overall View	Relative Trend	S&P Wgt.	Rationale
Cyclical	Basic Materials	* * ● * *	Negative	1.7	Worst S&P sector performer for second straight month in October (-5.1%). Chemical, ag, and packaging stock weakness drown out metals gains. U.S.-China calm clearly didn't help last month but U.S. fiscal stimulus in 2026 will provide some support.
	Consumer Cyclical	* * ● * *	No Trend	10.5	In line performer in October (+2.4%). Gains in travel, autos, and Amazon (AMZN) offset by weakness in cruise lines, homebuilders, and restaurants. Positives: wealth effect, possible tariff refunds, fair valuations. Layoffs are a near-term risk.
	Financial Services	* * ● * *	Negative	13.2	Slipped 2.95% in October. Some deterioration in relative strength and cracks in leveraged loan market reduce chances of near-term outperformance. Reasonable valuations, healthy capital markets, a steep yield curve, and de-regulation are supportive of a neutral stance.
	Real Estate	* * * ● *	Negative	1.9	Fell 2.7% in October. Intra-month downgrade was driven mostly by weakening technical trends. The sector has not made a new high all year and continues to underperform the market. Technical evidence points to continued underperformance ahead, though reasonable valuations and quality may provide support.
Sensitive	Communication Services	* ● * * *	Positive	10.1	Slight laggard in October (+1.7%) on weakness in legacy telecom players and Paramount Skydance (PKSY), offset by strength in Warner Brothers Discovery (WBD) and Alphabet (GOOG/L). Reasonable valuations help offset softer technicals.
	Energy	* * ● * *	Negative	2.9	Underperformed in October (-1.2%) on oil price weakness but off to a good start in November as top sector through 11/7. Abundance of global supply and slowing global growth weighing on sentiment. Reasonable valuations. Sub-par technicals.
	Industrials	* * ● * *	Negative	8.2	Rose 0.4% in October, lagging the S&P 500. Strength in trucking and logistics and Caterpillar (CAT) were standout performers to the upside, while Equifax (EFX), Fastenal (FAST), and Verisk (VRSK) were the biggest decliners. Beneficiary of AI data center buildouts and near-shoring. Full valuations suggest waiting for a dip.
	Technology	* * ● * *	Positive	35.0	Topped all S&P 500 sectors with a 6.2% gain in October and outperformed for the sixth time in seven months. AI enthusiasm drove semis higher, including AMD (AMD), Micron (MU), and Intel (INTC). Valuations are high but momentum is strong, and earnings are set to grow nearly 30% in Q3.
Defensive	Consumer Defensive	* * ● * *	Negative	4.9	Lagged again in October (-2.6%) on lackluster growth while defensive sectors remained out of favor. Food-related stocks lagged, while beverages and Target (TGT) rebounded. SNAP delays don't help. Reasonable valuations. Poor technicals.
	Healthcare	* * ● * *	Positive	9.3	Strong October performer (+3.5%) on bargain shopping as policy headwinds have cleared around drug pricing. Tariff exemptions have also helped. Attractive valuations. Okay earnings outlook. Firming technicals/mean reversion candidate.
	Utilities	* * ● * *	No Trend	2.4	Slight October underperformer (+2.0%), helped by rally in Constellation (CEG) and slightly lower interest rates. Intra-month upgrade to neutral on improved technicals, AI power demand. Likely outperformer in a market sell-off.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services.

Fixed Income

The Cleanest Dirty Shirt

So far this year, the U.S. Treasury market has outperformed most other developed market countries. Despite the ongoing concerns about debt and deficit spending, tariff uncertainty, and the potential perceived loss of Fed independence, the 10-year Treasury yield is lower by 0.49% (through October 31), whereas other country 10-year government debt yields are higher. We think this trend can continue throughout the rest of the year and prefer U.S. debt over non-U.S. developed debt markets.

We continue to think high-quality sectors within the fixed income universe (Treasury, MBS and shorter-maturity corporates) offer attractive risk-return opportunities. Spreads for most bond sectors, particularly plus sectors, remain at or near secular tights.

Color Key:

● Strong Overweight ● Overweight ● Neutral ● Underweight ● Strong Underweight

		Low	Med	High	Rationale
Current Stance	Credit Quality Preference			✓	Recommend an up-in-quality approach in allocating to fixed income sectors. While all-in yields for lower quality remain near longer-term averages, we think the risk-reward favors owning core bond sectors over the riskier sectors.
		Short	Inter.	Long	Rationale
	Duration Preference		✓		Yields remain under pressure from conflicting narratives: slowing growth (lower yields) but stickier inflation and large budget deficits (higher yields), which will likely keep rates directionless (but volatile) until/unless the economic data softens enough to price in a deeper rate cutting campaign by the Fed. We think the yield curve can continue to steepen, led by a fall in shorter maturity yields. We remain neutral duration.
		Neg.	Neut.	Pos.	Rationale
	Municipal Bond View		✓		Over the past few months, the muni market has mostly overcome record levels of supply and has outperformed many taxable alternatives. Tax-equivalent yields remain attractive, particularly relative to taxable corporate bonds. Curve steepness suggests intermediate term allocations are worth a look.
		Overall View		Overall Trend	Rationale
Core Sectors	U.S. Treasuries	• • ● • •		Positive	Treasury yields were mostly lower in October with the 10-year Treasury yield lower by 0.07%. We think the 10-year will trade between 4.0–4.5% throughout the rest of the year. To get Treasury yields much lower though, economic data will need to show further deterioration. Technically, 10-year yields have reversed a short-term downtrend after clearing resistance at 4.10%, leaving 4.20% as the next major resistance hurdle to clear.
	Mortgage-Backed Securities	• ● • • •	Positive	We remain constructive on agency MBS. Yields and spreads have come down recently but are still attractive, particularly relative to lower-rated corporates. Interest rate volatility has fallen, and bank demand has increased — both remain supportive for future outperformance.	
	Investment-Grade Corporates	• • • ● •	Positive	We recommend an underweight to benchmarks, but we think there is an opportunity to invest in shorter to intermediate maturity corporate securities without taking on elevated levels of interest rate or credit risk. Fundamentals remain solid, but valuations are stretched.	
	TIPS	• • ● • •	Positive	Real yields remain near the highest levels in 20 years. All-in yields for TIPS remain attractive, particularly shorter maturity TIPS, and could provide a good hedge against unexpected inflation surprises. Breakeven inflation expectations remain well anchored.	
Plus Sectors	Preferred Securities	• • ● • •		Negative	Valuations/spreads are back to historical averages, so no longer as attractive for tactical models, but all-in yields remain attractive for income-oriented investors. Recent Fed stress tests continue to show large, money-center bank fundamentals are generally sound, but the environment favors active management.
	High-Yield Corporates	• • ● • •	Positive	High-yield markets have priced out most risks with spread volatility collapsing and spreads near secular tights across quality buckets. Yields for high-yield bonds are below historical averages, and we think the risk/reward is unattractive for most investors. The asset class is better suited for income-oriented investors.	
	Bank Loans	• • ● • •	No Trend	Downgrades and defaults have increased and could increase still if the economy slows/contracts. Given current economic uncertainty, high-risk credit sectors could underperform safer "core" sectors.	
	Foreign Bonds	• • ● • •	No Trend	Yields have moved higher recently but are still generally lower than U.S. markets despite ongoing political dysfunction in France and monetary policy normalization in Japan. Currency volatility is a risk. The asset class is more attractive for U.S. dollar hedged investors.	
	EM Debt	• • ● • •	Positive	Valuations are relatively attractive, but idiosyncratic risks remain, and ongoing trade wars could negatively impact smaller emerging countries.	

Commodities and Currencies

Commodity Market Winning Streak Continues

The Bloomberg Roll Select Commodity Total Return Index (BCOMRST), an index developed to address the issue of negative roll yields, rose for a third straight month in October. Relatively broad-based buying pressure — unfazed by a stronger dollar — drove the index up 2.6% to 709, marking its highest level in over three years. The breakout last month now opens the door for a retest of the 2022 highs near 780, representing about 10% upside from end of October levels. Surprisingly, the advance over the last three months has had no support from oil markets as both Brent and West Texas Intermediate (WTI) crude oil, a collective 15% weight within the index, have declined for three consecutive months. The administration's trade truce with China underpinned strength across most of the agricultural (ag) space, while buy-the-dip flows supported a late-month recovery in the high momentum metals sector.

Natural gas rallied 25% last month and was a notable exception to broader energy sector weakness. The threat of a polar vortex this winter, colder near-term weather forecasts across the U.S., and surging demand for liquified natural gas (LNG) drove the rally. Technically, natural gas reversed a downtrend off the March highs, leaving \$4.90 as the next resistance hurdle to clear. WTI shed 2.2% on the month and remained stuck below a downtrend. Ongoing oversupply concerns kept a lid on geopolitical flare ups and OPEC+'s decision to pause production output increases beginning in the first quarter of 2026.

Metals were led higher by a 14% rally in palladium. Tight supply and rotational flows from crowded positioning in other metals catalyzed the outperformance. Gold and silver notched gains of around 4% despite significant volatility. Profit-taking pressures from extremely overbought conditions in gold dragged prices down 10% intramonth before buyers stepped in at support near \$3,900. Silver suffered a similar drawdown before dip buying demand returned at \$45.50. Industrial metals also advanced, with aluminum leading the charge with a 7.3% gain. The advance pushed prices out of a yearlong consolidation phase, potentially paving the way for upside toward \$3,085.

The U.S.-China trade truce supported most of the ag space. Soybeans were a primary beneficiary of the deal as prices rallied nearly 10% after the administration announced China will buy 12 million metric tons of soybeans by the end of this year and 25 million tons for each of the next three years. The advance drove prices out of a yearlong bottom. Wheat and corn also rose in October as China ended tariff imports of both products.

Color Key: ● Positive ● Neutral ● Negative

Sector	Overall View		Overall Trend	Rationale
Energy	-	●	-	Neutral
Precious Metals	●	-	-	Positive
Industrial Metals	-	●	-	Neutral
Agriculture (Ag) & Livestock	-	●	-	Neutral
U.S. Dollar	-	●	-	Neutral

The Bloomberg Commodity Index (BCOM) is made up of 24 exchange-traded futures on physical commodities, representing 22 commodities which are weighted to account for economic significance and market liquidity

Any futures referenced are being presented as a proxy, not as a recommendation. The fast price swings in commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

Precious metal investing involves greater fluctuation and potential for losses.

Alternative Investments

Macro Strength Continues

Alternative investment performance was broadly positive in October, led by the continued rally in the HFRX Macro and HFRX Macro: Systematic Diversified Index which gained 1.4% and 1.7%, respectively. While the rebound in performance is promising, investors should be mindful of the elevated long equity positioning across the trend-following industry. In the event of an equity market sell-off, this exposure would be a significant drag on performance, unless position in their bond, currency, or commodity trading were able to offset those losses.

Long/short equity managers performed in line with their beta profile and lead all sub-strategy returns year to date. Both gross (measured as the sum of long and short positions) and net exposure remain elevated versus the past several years. Exposure to artificial intelligence remains in place and should be monitored going forward, as a sell-off in the growth space would negatively impact the industry, unless short positions are able to offset losses from long exposure. Positioning crowding is another area to watch. While it's not an inherently negative concern, especially during stable, momentum driven markets, in the event of an unwind, crowded trades can quickly unwind and have an outsized impact on returns.

Overall, with economic and policy uncertainty likely to continue through year end, we remain positive on alternative investment strategies, as we believe they can help strengthen portfolio stability during periods of volatility. Our preferred approaches include equity market-neutral, nimble discretionary global macro, and a range of managed futures strategies.

In private markets, infrastructure, secondary private equity investments, and private credit remain our preferred strategies. Secondary private equity investments have seen strong momentum in deal volumes and a pickup in the number of participants. With more limited partners, including pensions and endowments, looking to monetize some of their holdings and rebalance their portfolios, as well as general partners looking to create continuation funds, the space has become more liquid and efficient, making it a more viable standalone strategy.

Color Key: ● Positive ● Neutral ● Negative

	Sector	Overall View			Rationale
Fundamental	Long/Short Equity	●	.	.	A rise in volatility and stock market dispersion may create good trading opportunities for market-neutral stock pickers. For more long-biased managers, international equities could provide attractive opportunities.
	Event Driven	.	●	.	Mergers and acquisitions (M&A) and initial public offerings (IPO) have improved relative to the low levels of prior years. Distressed debt opportunities remain limited as credit spreads continue to tighten.
Tactical	Global Macro	●	.	.	Agile discretionary macro managers should continue to capitalize on economic and policy shifts, along with intermittent spikes in market volatility.
	Managed Futures	●	.	.	We continue to favor holding a diversified mix of sub-strategies, including but not limited to, short-term momentum, volatility breakout, pattern recognition, and trend following. Diversification within trend following in terms of markets and time frame is encouraged as well.
Multi-Strategy	Multi-PM Single Funds	●	.	.	Multi-strategy funds should continue to benefit from the ability to dynamically invest across alternative investment strategies.
	Specialty Strategies	●	.	.	Volatility arbitrage and cross-asset tail risk strategies with minimal carrying cost may be good additional diversifiers in portfolios.

Please see <https://www.hfr.com/indices> for further information on the indices.

Definition: The HFRI 400 (US) Hedge Fund Indices are global, equal-weighted indices comprised of the largest hedge funds that report to the HFR Hedge Fund Research

Supplemental Mid Cap Reference Guide

Rationale for Large and Mid Cap Aggregation

The STAAC's decision to aggregate mid cap equities with large caps is driven by a desire to construct asset allocation models using distinct and efficient building blocks that either a) materially enhance expected returns, or b) materially reduce expected risk relative to our benchmark. We believe that a four-box framework, segmented by size and style, provides the most impactful differentiation for our investment decision making. Additionally, this is most aligned with our investment universe, given most active large cap managers benchmark to the Russell 1000 (which has significant overlap with the Russell Midcap Index, 800 stocks representing over 25% of market cap).

We also believe that reducing the number of style boxes improves capital efficiency and lowers trading costs and turnover. By streamlining these classifications, we can avoid such inefficiencies.

Disaggregated U.S. Mid Cap and Large Cap Tactical Asset Allocation as of 09/01/2025

The 75% Large Cap / 25% Mid Cap decomposition provided below is intended as a general reference for advisors who prefer to maintain a distinct mid cap allocation. The exact percentage mix may fluctuate moderately throughout the year based on the relative market cap weights of each component within the Russell 1000. The STAAC's official position is to treat large and mid caps as a combined category within the TAA as shown on page 3.

Asset Class	Investment Objective														
	Aggressive Growth			Growth			Growth with Income			Income with Moderate Growth			Income with Capital Preservation		
	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference	TAA	Benchmark	Difference
Large Growth	24.000%	21.375%	2.625%	20.250%	18.000%	2.250%	15.375%	13.500%	1.875%	10.500%	9.000%	1.500%	5.250%	4.500%	0.750%
Mid Growth	8.000%	7.125%	0.875%	6.750%	6.000%	0.750%	5.125%	4.500%	0.625%	3.500%	3.000%	0.500%	1.750%	1.500%	0.250%
Large Value	22.125%	21.375%	0.750%	18.750%	18.000%	0.750%	13.875%	13.500%	0.375%	9.000%	9.000%	0.000%	4.500%	4.500%	0.000%
Mid Value	7.375%	7.125%	0.250%	6.250%	6.000%	0.250%	4.625%	4.500%	0.125%	3.000%	3.000%	0.000%	1.500%	1.500%	0.000%

Important Disclosures

This material has been prepared for informational purposes only, and is not intended as specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors and they do not take into account the particular needs, investment objectives, tax and financial condition of any specific person. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing. Any economic forecasts set forth may not develop as predicted and are subject to change.

Stock investing involves risk including loss of principal. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole and can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks. Bonds are subject to market and interest rate risk if sold prior to maturity.

Asset Class Disclosures

Because of its narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies. Relative trend is an assessment of the intermediate term price trend and performance between various asset classes and sectors. For sectors each sector's relative trend is versus the S&P 500.

Yield spread is the difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings, and risk. Bank loans are loans issued by below investment-grade companies for short-term funding purposes with higher yield than short-term debt and involve risk. For the purposes of this publication, intermediate-term bonds have maturities between three and 10 years, and short-term bonds are those with maturities of less than three years.

Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Corporate bonds are considered higher risk than government bonds. Municipal bonds are subject to availability and change in price. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply. U.S. Treasuries may be considered "safe haven" investments but do carry some degree of risk including interest rate, credit, and market risk. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

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 risk.

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. Credit ratings are published rankings based on detailed

financial analyses by a credit bureau specifically as it relates to the bond issue's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. It is expressed as a number of years.

Preferred stock dividends are paid at the discretion of the issuing company. Preferred stocks are subject to interest rate and credit risk. As interest rates rise, the price of the preferred falls (and vice versa). They may be subject to a call feature with changing interest rates or credit ratings.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses. Alternative investments include non-traditional asset classes. This may include hedge funds, private equity/debt/credit, etc. This may also include Business Development Companies (BCDs) and Opportunity Zone investments. These are not registered securities and there may be significant restrictions on purchase and suitability requirements. Please contact your advisor for any further information.

The HFRX Absolute Return Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

The HFRX Equity Hedge Index measures the performance of the hedge fund market. Equity hedge strategies maintain positions both long and short in primarily equity and equity derivative securities.

The HFRI® Indices are broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions.

The HFRI Institutional Macro Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD \$500MM which report to the HFR Database and are open to new investments.

Event driven strategies, such as merger arbitrage, consist of buying shares of the target company in a proposed merger and fully or partially hedging the exposure to the acquirer by shorting the stock of the acquiring company or other means. This strategy involves significant risk as events may not occur as planned and disruptions to a planned merger may result in significant loss to a hedged position. Managed futures are speculative, use significant leverage, may carry substantial charges, and should only be considered suitable for the risk capital portion of an investor's portfolio.

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. The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings. Any futures referenced are being presented as a proxy, not as a recommendation. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. Precious metal investing involves greater fluctuation and potential for losses.

Precious metal investing involves greater fluctuation and potential for losses.

Important Disclosures

Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy. Precious metal investing involves greater fluctuation and potential for losses.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

All index data from FactSet.

The Strategic and Tactical Asset Allocation Committee (STAAC) is a division of LPL Research.

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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
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