

GUIDED WEALTH PORTFOLIOS

Platform Overview





Guided Wealth Portfolios

Guided Wealth Portfolios (GWP) is an advisor-enhanced automated solution that couples a digital investment platform with your oversight, review, and advice.

Powered by FutureAdvisor's technology and algorithms, as well as LPL Research's investment models, GWP is customized for LPL Financial and your practice. GWP's intuitive, intelligent technology can help you attract new clients and manage accounts efficiently. You're able to serve more clients in less time due to GWP's streamlined account opening, investment management, and annual review processes.

Designed for clients who:



Have less to invest, but want a financial advisor



Want a low-account minimum investing solution



Are interested in a digital investing experience



Want a lower-touch advisor service model

GWP can help you attract and support new client relationships, including those who would traditionally fall outside your standard account minimums. The platform offers clients with less to invest an access point to financial advice and may provide an avenue for a future transition to your full-service management model. However, you can also use the platform as a diversification strategy for existing clients, as GWP is an efficient way to handle accounts of all sizes, allowing you to scale your business. You decide how you want to use GWP in your business.

Not a traditional robo-advisor

The key difference between GWP and other robo solutions currently in the market is you, the advisor. Unlike straight-to-consumer robo platforms, GWP is not just an algorithm, as it includes access to you and your advice. The automated investing portal allows you to connect with clients in a different manner, but they'll still have access to your advice and support, however you choose to provide it. Your clients and you collectively benefit from the automation—clients get to see their portfolio in real time, and you get increased efficiency and potentially lowered costs—yet the client-advisor relationship still exists.

Benefits

- **Serve new client segments:** Access clients you were previously unable to serve, such as those who have smaller accounts or want an online relationship.
- **Reduce your costs:** Spend less on prospecting, onboarding, and client maintenance.
- **Retain assets across generations:** Build relationships with clients' family members who don't currently fit into your full-service model.
- **Gain efficiency:** Serve more clients in less time with an automated workflow and online service experience.
- **Improve your service offering for smaller accounts:** If it is appropriate for advisory, give your non-traded, smaller brokerage accounts the opportunity to be institutionally managed on an advisory platform.



GWP'S WORKFLOW PROVIDES SIX WAYS TO HELP YOU EFFICIENTLY MANAGE YOUR RELATIONSHIPS DIGITALLY, SO YOU CAN QUICKLY SCALE YOUR PRACTICE.

Simple, Streamlined Workflow

1 Marketing

You handle the marketing of the platform through your regular channels and on social media or other digital avenues. Prospects can access the platform via a link on your website or a link you email to them. You'll have a unique URL that includes the Guided Wealth Portfolios name as well as your business name. For example: www.lplguidedwealth.com/AdamSmithFinancial.

2 Proposal

Prospects visit the portal on your website, which can include your business name, logo, headshot, and contact information. They fill out the investor profile questionnaire (IPQ), aggregate their accounts, and receive a free proposal, which is available for 45 days. If prospects don't immediately enroll, GWP automatically generates emails to remind them of the benefits of signing up for an account. You don't have to chase down leads—GWP does it for you.

3 Enrollment

When a prospect chooses to move forward with the account, they enter the required personal information online and use DocuSign to sign the necessary paperwork and open the account.

4 Account opening

You review the account for appropriateness. If you believe the portfolio allocation is right for the prospect's risk tolerance and time to retirement, among other things, you complete the account paperwork using DocuSign. If you don't think the allocation is the best option for the prospect, you must have a conversation with the prospect to explain your concerns, discuss other possibilities, and decide how to move forward.

5 Client management

The account is live and actively managed. Clients view their accounts on the GWP website, and you view account activity on the GWP advisor dashboard within ClientWorks. If clients have questions, they can contact FutureAdvisor or you. FutureAdvisor answers the phone as the GWP team and handles all operational and technical questions. If the topic turns to investment advice, FutureAdvisor directs clients to you.

6 Annual review

The automated annual review takes place via email. Clients receive an email asking them to go into their account and make sure their IPQ is still accurate. If clients confirm their IPQ is unchanged, the annual review is complete. If clients make significant updates to their IPQ that result in a change to their portfolio allocation, you must review the new allocation for appropriateness and contact them if you have concerns.

Key features

Advisor dashboard	<p>The GWP advisor dashboard gives you a look at what your clients and prospective clients are up to on the portal. The dashboard provides the following information:</p> <ul style="list-style-type: none"> ▪ Client name and email address ▪ Assets under management in the platform ▪ Aggregated assets not yet managed by the platform ▪ Sign-up date ▪ Client stage (applied, accounts opened, accounts funded, initial rebalance, managed) <p>You're able to search through your dashboard by client name, email address, or account number and export information into a .CSV file or Excel spreadsheet. You can then easily import the data into your CRM and use it to explore potential service opportunities. For example, if a client has more to invest than is currently in GWP, you could use that information to have a conversation with them about potentially joining your full-service experience.</p>	
Minimum investment	\$5,000	
Pricing	<p>Advisor fee: 0.00%–1.00%</p> <p>Program fee: 0.35%*</p> <p><small>* Covers LPL administrative fee, overlay portfolio management fee, and transaction fee</small></p>	<p>Small account fee: \$20/year (under \$10,000)</p> <p>Exchange-Traded Fund (ETF)</p> <p>Weighted average expense ratio: 0.15%</p>
Account Types All accounts are advisory accounts. Brokerage accounts are not available in GWP.	Retirement <ul style="list-style-type: none"> ▪ Traditional IRA ▪ Roth IRA ▪ Rollover IRA ▪ Existing SEP IRA 	Retail <ul style="list-style-type: none"> ▪ Individual, individual (TOD) ▪ Joint with rights of survivorship ▪ Joint with rights of survivorship (TOD) ▪ Joint tenants in common

Operations

License	<p>Advisors must be a registered IAR in the state they are doing business. For Hybrid or RIA advisors: we will not be conducting state licensing checks on your behalf. It will be up to your firm to determine if you are appropriately registered in each state in which you are conducting business. If you would like to allow clients residing in any state to open a GWP account, you will be responsible for monitoring and abiding by the specific regulations for each state in which you may have a GWP account.</p>
Performance Reporting	Quarterly performance reporting delivered electronically
Rebalancing Review Frequency	Rebalancing and tax-loss harvesting algorithms run overnight; trades generated as indicated
Foreign Accounts	Nonresident aliens may open accounts, but no legal entities
Funding Accounts	<p>Cash, common stock, American depository receipts (ADRs), preferred stock, mutual funds, or ETFs</p> <p>Cannot use: Fixed income bonds (treasuries, corporates), private placements, derivative positions, restricted securities, or proprietary funds</p>
Minimum Deposit	\$5,000
Withdrawals	Permitted, but withdrawals can't take the portfolio below the \$5,000 minimum balance
Billing Cycle	Quarterly



Investment Process

To begin, investors provide some personal information, including their current age and savings goal. The goal they select will determine the investment process and portfolio they'll receive. Goal options include:

- **Retirement**
- **Major purchase**—home, car, etc.
- **General investing**—no specific goal; growing the account for the future

Once investors select their investment goal, they'll be asked to answer five simple risk questions to help identify their risk tolerance.

The GWP models are strategically managed by LPL Research to maintain adherence to their investment objectives. The LPL Research investment models use up to 10 beta-focused ETFs selected by LPL Research and are spread across major ETF sponsors to create a diversified portfolio.

FutureAdvisor uses LPL Research's investment models to guide rebalancing and tax-loss algorithms, which determine trades at the account level. The rebalancing and tax-loss harvesting algorithms run nightly, ensuring clients' allocations remain in line with their investment objectives.

Account aggregation

Investors can choose to aggregate any or all of their outside investment accounts.

Aggregating accounts allows investors to see all of their financial information in one place and potentially transfer their external accounts into GWP. Account aggregation benefits you as well, as it allows you to see each prospective and existing client's total assets and whether they've chosen to invest some or all of their assets in GWP.

Householding

Investors can create household accounts, where the total assets are managed to continually adhere to one investment objective for the same time horizon, helping keep the investments on track to pursue the investor's overall goals. Householding is available to investors with at least two accounts and can consist of qualified and/or non-qualified accounts. Individuals and those with spouses or spousal equivalents can participate. Householding provides a number of benefits to investors, including tax-efficient asset placement.*

Automated Client Account Transfer (ACAT)

Unlike many robo-providers, GWP accounts can be funded through the ACAT process, enabling investors to automatically transfer assets from external accounts, potentially saving them from the tax impact of selling their holdings. Once the assets arrive in the GWP account, the GWP algorithm examines each position to determine if it's a suitable replacement for one of the GWP ETFs on the securities list. If the ACAT securities aren't suitable replacements, the GWP algorithm sells the securities in a tax-efficient manner.

* Although taxable and non-taxable accounts may include different asset classes, the accounts will be managed collectively toward one goal and one investment objective. As a result, the performance and returns of one spouse may be materially different from those of the other spouse.

Who does what?

LPL is using FutureAdvisor's turnkey platform to outsource some of the operations, service support, and portfolio management overlay. However, clients see only your business name and LPL Financial branding. In turn, you share fiduciary responsibility for your clients, but the primarily online processes of GWP allow you to efficiently execute your responsibilities.

LPL Responsibilities	FutureAdvisor Responsibilities	Your Responsibilities
<ul style="list-style-type: none">▪ Investor glidepaths and model portfolios▪ ETF selection▪ Allocations to ETFs▪ Account maintenance (opening, closing, etc.)▪ Cash management and transfers▪ Executing trades▪ Advisory operations	<ul style="list-style-type: none">▪ Technology for investor and advisor portals▪ Serving as subadvisor and implementing LPL Research's investment recommendations at the account level▪ Algorithms for portfolio diversification score, rebalancing, and tax-loss harvesting▪ Automated emails sent to GWP clients on your behalf▪ Call center for technical and operational GWP questions	<ul style="list-style-type: none">▪ Initial review of asset allocation and model at account opening▪ Review of any updates clients make to their IPQ that require a change in allocation, either after annual review or on an ongoing basis▪ Client advice, if investment-related questions come up

An Opportunity for Growth

GWP is designed to give new investors an entryway to financial advice and you an opportunity for growth. The platform can complement your existing business and allow you to expand your services to clients who are looking for a low-account minimum option or a new and different way to access financial advice. By embracing GWP, you'll have a convenient and scalable way to serve more clients in less time, and a foot in the door of the future.

For more information, contact the Advisory Consulting team at (877) 318-6400 or LPLFinancialAdvisoryConsulting@lpl.com

Advisors should only recommend an advisory account if it is suitable for the client. Advisory accounts may not be appropriate for every client. Advisors need to understand that advisory relationships involve a higher standard of care than brokerage and typically require an ongoing duty to provide advice and monitoring.

There is no assurance that the advisory platforms discussed are suitable for all investors or will yield positive outcome. The purchase of certain securities will be required to affect some of the strategies. Investing involves risk including possible loss of principle.

 **Contact Information:**

Advisory Consulting

(877) 318-6400

LPLFinancialAdvisoryConsulting@lplfinancial.com