



For Immediate Release

LPL FINANCIAL RESEARCH PUBLISHES MIDYEAR INVESTMENT OUTLOOK 2016

Provides a vote of confidence in the current economic recovery and bull market

BOSTON – July 13, 2016 – Leading retail investment advisory firm and independent broker/dealer LPL Financial LLC, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ: LPLA), today announced that its research publication, *Midyear Outlook 2016: A Vote of Confidence*, is now available for download. Published by LPL Financial's Research department ("LPL Research"), the publication contains investment insights and market guidance for investors in the second half of 2016.

It has been a volatile year thus far, leaving some to question the continued strength for the second-longest bull market in history, which began in March 2009. LPL Research provides a vote of confidence in the economic recovery, the bull market potentially continuing through 2016 and beyond, and most importantly, in investors' ability to remain focused on long-term goals.

LPL Research reports that through this steady, although slow, economic growth, the following four themes will potentially influence success for the remainder of 2016:

- **Federal Reserve (Fed) rate hikes.** In part due to the political and economic uncertainty created by the Brexit vote, LPL Research has reduced its forecast for Fed rate hikes in 2016 from two to one, with additional rate increases next year. Should financial and economic conditions tighten more than expected, the Fed could remain on the sidelines all year.
- **International opportunities.** LPL Research remains cautious in its global outlook, but continues to look for opportunities, especially in emerging markets.
- **Corporate America investments.** A pickup in economic growth and an energy sector turnaround may boost companies' investments in their future growth, an element that has been lacking recently.
- **Possible second half turnarounds: oil, dollar, earnings.** These three turnaround stories are key for the rest of 2016. Despite heightened political uncertainty in Europe, LPL Research expects continued stabilization in oil prices and the U.S. dollar, both of which have been an earnings drag in the past several quarters. Should these drags ease, an earnings rebound may occur in the second half of the year.

Against this backdrop, LPL Research forecasts the following within the report:

- **Slow and steady U.S. economic growth.** LPL Research expects the U.S. economy—as measured by real gross domestic product (GDP)—may grow between 2–2.5% in 2016, based upon expectations of a dollar tailwind, stable oil prices, steady consumer spending, record high household net worth, and a slowing, but still solid labor market. But even at just over 2%, actual GDP is growing faster than potential GDP (the maximum pace the economy can grow without

causing inflation), taking up slack and slowly pushing up wages and inflation. If this persists, the Fed is likely on a path of one more rate hike this year.

- **Mid-single-digit returns for the S&P 500.** LPL Research maintains the forecast for mid-single-digit returns for the S&P 500 in 2016, consistent with historical mid-to-late cycle economic performance. Those gains are expected to be driven by mid- to high-single-digit earnings growth over the second half 2016, supported by steady U.S. economic growth and stability in oil prices and the U.S. dollar. Given we are in the later stage of the business cycle, investors must stay poised to experience more bouts of volatility.
- **Improving, but still limited bond environment.** LPL Research has increased its full-year 2016 total return forecast for high-quality bonds to a low- to mid-single-digit total return, up from flat. A reduced number of Fed rate hikes, continued aggressive easing policy by overseas central banks (most notably the European Central Bank and Bank of Japan), and below-trend economic growth translate to a more supportive backdrop for bonds globally. The recent Brexit vote and potential implications have added support to these forces.

"We may be entering the eighth year of this economic recovery and bull market, but that doesn't mean the memories of the Great Recession have faded away; and the volatility we've seen this year revives those memories and takes an emotional toll," said LPL Financial Chief Investment Officer Burt White. "A vote of confidence means having the belief that someone or something has the ability to succeed. It is more than being positive or negative, a bull or a bear. It is about trusting our assessments of the opportunities—and risks—that may lie ahead, formulating a solid investment plan, and sticking with it through the ups and downs we may face in the coming months and beyond."

The full publication is available on the firm's website: <http://www.lpl.com>

About LPL Research

LPL Financial's Research department ("LPL Research"), led by Managing Director and Chief Investment Officer Burt White, provides strategic, objective investment insights to advisors who leverage LPL Financial's Research platforms. The group's mission is to be a trusted partner to our advisors, who in turn provide investors with choices to help meet their financial goals. The team provides those advisors with market, investment management, portfolio construction, and due diligence advice. LPL Research's *Outlook* publications, produced semiannually, serve as the backdrop for all the team's investment recommendations and communications efforts for the year ahead.

About LPL Financial

LPL Financial, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), is a leader in the retail financial advice market and served approximately \$486 billion in advisory and brokerage assets as of May 31, 2016. LPL is one of the fastest growing RIA custodians and is the nation's largest independent broker-dealer (based on total revenues, Financial Planning magazine June 1996-2016). The Company provides proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to more than 14,000 independent financial advisors and over 700 banks and credit unions, enabling them to help their clients turn life's aspirations into financial realities. Advisors associated with LPL also serviced an estimated 45,000 retirement plans with an estimated \$121 billion in retirement plan assets, as of March 31, 2016. LPL also supports approximately 4,200 financial advisors licensed and affiliated with insurance companies with customized clearing, advisory platforms, and technology solutions. LPL Financial and its affiliates have more than 3,400 employees with primary offices in Boston, Charlotte, and San Diego. For more information, please visit www.lpl.com.

Important Disclosures

All performance referenced is historical and is no guarantee of future results.

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.

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.

Because of their 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.

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

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.

Securities and advisory services offered through LPL Financial. A registered investment advisor, member FINRA/SIPC.

####

Media Contacts:

Christine Cannon
(631) 776-0247
ccannon@markettalknow.com

Lauren Hoyt-Williams
(980) 321-1232
Lauren.Hoyt-Williams@lpl.com

Connect with Us!    