

LPL Financial

Investor Presentation
Q3 2020

November 9, 2020

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the "Company") future financial and operating results, growth, opportunities, enhancements, priorities, business strategies and outlook, including forecasts, projections and statements relating to market and macroeconomic trends, future leverage, debt structure, liquidity, capital deployment, service offerings, models and capabilities, advisory and brokerage asset levels and mix, potential Gross Profit* benefits, deposit betas, interest rate sensitivities, Core G&A* and technology-related expenses (including outlooks for 2020), investments and capital returns and M&T Bank's and BMO Harris Bank's agreements to join LPL's platform, as well as any other statements that are not related to present facts or current conditions or that are not purely historical, constitute forward-looking statements. These forward-looking statements are based on the Company's historical performance and its plans, estimates and expectations as of November 9th, 2020. Forward-looking statements are not guarantees that the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity or the timing of events, to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: changes in general economic and financial market conditions, including retail investor sentiment and the effects of the COVID-19 pandemic and efforts to contain it; changes in interest rates and fees payable by banks participating in the Company's client cash programs, including those resulting from the Company's negotiations of agreements with current or additional counterparties; the Company's strategy and success in managing client cash program fees; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; the effects of competition in the financial services industry; the success of the Company in attracting and retaining financial advisors and institutions, and their ability to market effectively financial products and services; whether retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; changes in growth and profitability of the Company's fee-based business, including the Company's centrally managed advisory platform; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations; the cost of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of our reserves; changes made to the Company's services and pricing, including in response to competitive developments and current, pending and future legislation, regulation, and regulatory actions, and the effect that such changes may have on the Company's Gross Profit* streams and costs; execution of the Company's capital management plans, including its compliance with the terms of its credit agreement and the indentures governing its senior notes; the price, availability and trading volumes of shares of the Company's common stock, which will affect the timing and size of future share repurchases by the Company, if any; execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements or efficiencies expected to result from its investments, initiatives and programs, including its acquisitions involving Lucia Securities, LLC, E.K. Riley Investments, LLC and Blaze Portfolio Systems, LLC, and its expense plans and technology initiatives; the performance of third-party service providers to which business processes have been transitioned; the Company's ability to control operating risks, information technology systems risks, cybersecurity risks and sourcing risks; the successful onboarding of advisors and client assets in connection with M&T Bank's and BMO Harris Bank's agreements to join LPL's platform; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2019 Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or other filings with the SEC. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after November 9th, 2020, even if its estimates change, and statements contained herein are not to be relied upon as representing the Company's views as of any date subsequent to November 9th, 2020.

THIS PRESENTATION PRESENTS DATA AS OF SEPTEMBER 30, 2020, UNLESS OTHERWISE INDICATED.

*Notice to Investors: Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP financial measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze the Company's current performance, prospects and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP financial measures and metrics discussed herein are appropriate for evaluating the performance of the Company. **Specific Non-GAAP financial measures have been marked with an * (asterisk) within this presentation. Reconciliations and calculations of such measures can be found on page 33-36.**

Gross Profit is calculated as net revenues, which were \$1,460 million for the three months ended September 30, 2020, less commission and advisory expenses and brokerage, clearing, and exchange fees ("BC&E"), which were \$937 million and \$18 million, respectively, for the three months ended September 30, 2020. All other expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, are considered general and administrative in nature. Because the Company's Gross Profit amounts do not include any depreciation and amortization expense, the Company considers its Gross Profit amounts to be non-GAAP measures that may not be comparable to those of others in its industry. Management believes that Gross Profit amounts can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature. For a calculation of Gross Profit, please see page 33 of this presentation.

Core G&A consists of total operating expenses, which were \$1,300 million for the three months ended September 30, 2020, excluding the following expenses: commission and advisory, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, and brokerage, clearing and exchange. Management presents Core G&A because it believes Core G&A reflects the corporate operating expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as commission and advisory expenses, or which management views as promotional expense necessary to support advisor growth and retention including conferences and transition assistance. Core G&A is not a measure of the Company's total operating expenses as calculated in accordance with GAAP. For a reconciliation of Core G&A to the Company's total operating expenses, please see page 34 of this presentation. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as commission and advisory expenses, that are market-driven and over which the Company cannot exercise control. Accordingly, a reconciliation of the Company's outlook for Core G&A to an outlook for total operating expenses cannot be made available without unreasonable effort.

EBITDA is defined as net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. For a reconciliation of net income to EBITDA, please see page 35 of this presentation. In addition, the Company's EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments.

Credit Agreement EBITDA is defined in, and calculated by management in accordance with, the Company's credit agreement ("Credit Agreement") as "Consolidated EBITDA," which is Consolidated Net Income (as defined in the Credit Agreement) plus interest expense, tax expense, depreciation and amortization and further adjusted to exclude certain non-cash charges and other adjustments, including unusual or non-recurring charges and gains, and to include future expected cost savings, operating expense reductions or other synergies from certain transactions. The Company presents Credit Agreement EBITDA because management believes that it can be a useful financial metric in understanding the Company's debt capacity and covenant compliance under its Credit Agreement. Credit Agreement EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, the Company's Credit Agreement-defined EBITDA can differ significantly from adjusted EBITDA calculated by other companies. For a reconciliation of Credit Agreement EBITDA to Net Income, please see page 35 of this presentation.

EPS Prior to Amortization of Intangible Assets is defined as GAAP earnings per share ("EPS") plus the per share impact of amortization of intangible assets. The per share impact is calculated as amortization of intangible assets expense, net of applicable tax benefit, divided by the number of shares outstanding for the applicable period. The Company presents EPS Prior to Amortization of Intangible Assets because management believes the metric can provide investors with useful insight into the Company's core operating performance by excluding non-cash items that management does not believe impact the Company's ongoing operations. EPS Prior to Amortization of Intangible Assets is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to GAAP EPS or any other performance measure derived in accordance with GAAP. For a reconciliation of GAAP EPS to EPS Prior to Amortization of Intangible Assets, please see page 36 of this presentation.

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LPL Overview

Mission

We take care of our advisors so they can take care of their clients

Value Proposition

We are a leader in the retail financial advice market and the nation's largest independent broker-dealer⁽¹⁾.

Our scale and self-clearing platform enable us to provide advisors with the capabilities they need, and the service they expect, at a compelling price, including:

- **Open architecture offering** with no proprietary products
- **Choice of advisory platforms** between corporate and hybrid, as well as **centrally managed solutions** to support portfolio allocation and trading
- **Enhanced capabilities, ClientWorks technology, Client Care model, and Business Solutions**
- **Industry-leading advisor payout rates**
- **Growth capital** to expand or acquire other practices

Key Markets and Services

\$810B+ Retail Assets:

- **Advisory:** \$406B
- **Brokerage:** \$404B

17,000+ Advisors:

- **Independent Advisors:** 9,500+
- **Hybrid RIA:** 5,000+ (450+ firms)
- **Institutional Services:** 2,500+ (780+ banks and credit unions)

Key Metrics

Q3 2020 Business Metrics

| | |
|-----------------------------------|---------|
| Assets (end of period): | \$810B |
| Organic Net New Assets: | \$11.1B |
| Organic Annualized Growth: | 5.8% |
| Recruited Assets ⁽²⁾ : | \$10.7B |
| Advisors (end of period): | 17,168 |
| Accounts (end of period): | 5.9M |

Q3 2020 LTM Financial Metrics

| | |
|-----------------------------------|--------|
| Average Assets: | \$756B |
| Organic Net New Assets: | \$51B |
| Organic Annualized Growth: | 7.1% |
| Recruited Assets ⁽²⁾ : | \$41B |
| Gross Profit*: | \$2.1B |
| EBITDA*: | \$0.9B |
| EPS Prior to Intangible Assets*: | \$6.60 |

Q3 2020 Debt Metrics

| | |
|-------------------------------------|--------|
| Credit Agr. EBITDA (TTM)*: | \$1.0B |
| Total Debt: | \$2.4B |
| Net Leverage Ratio ⁽³⁾ : | 2.15x |
| Cost of Debt: | 3.83% |

Ratings & Outlooks

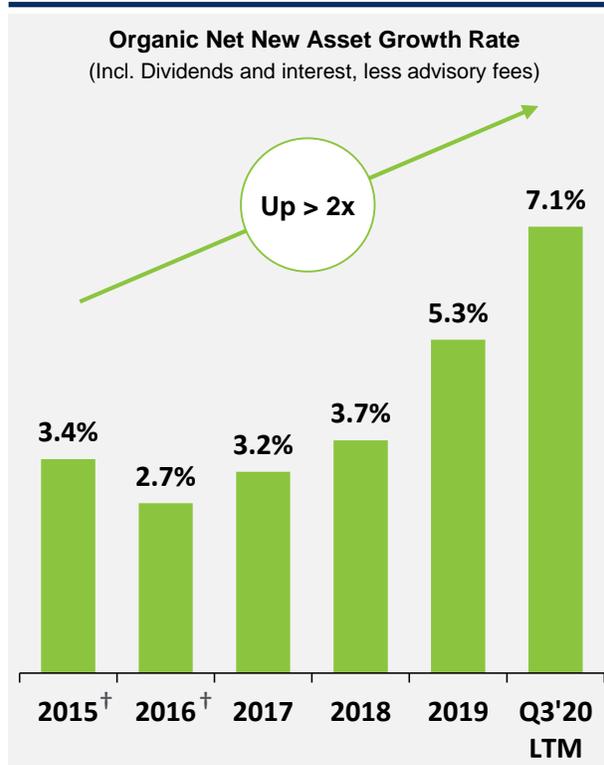
| | |
|------------------|----------|
| Moody's Rating: | Ba1 |
| Moody's Outlook: | Stable |
| S&P Rating: | BB+ |
| S&P Outlook: | Negative |

We continue to drive business and financial growth

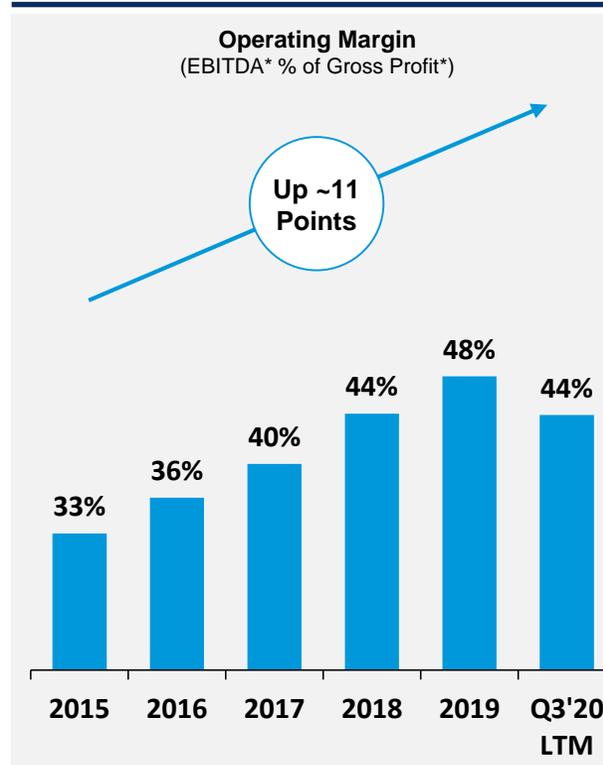
Total assets have increased by ~70%



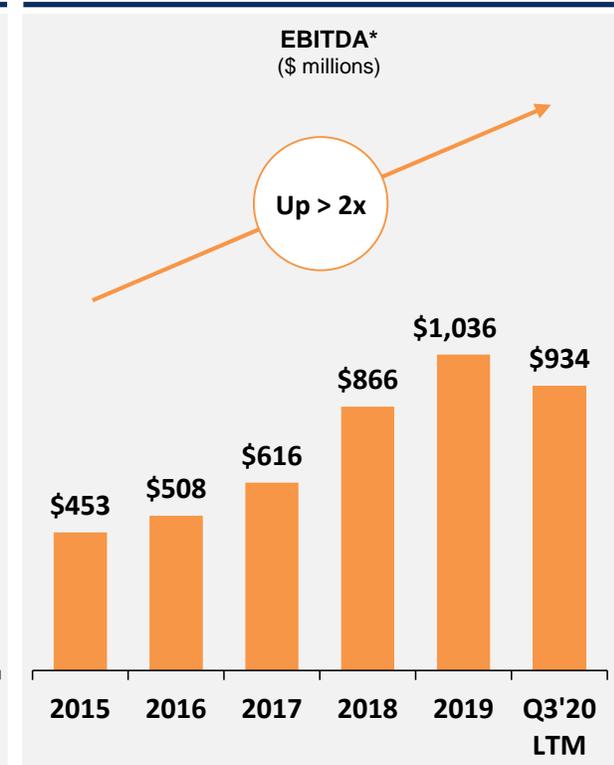
Organic asset growth has more than doubled



Operating margin has increased ~30%



EBITDA* has more than doubled



We are creating the next generation of the Independent Model



Meeting advisors where they are in the evolution of their practices

Deepen our participation across traditional independent and 3rd party bank channels

—
Redefine our industry with our new, transformative independent employee and RIA-only models



Helping advisors differentiate and win end-clients

Create a leading end-to-end platform for advisors

—
Develop and enhance end-client experiences



Delight advisors and their clients with industry-leading experiences

Transform our service model into a Customer Care model

—
Drive performance, efficiency and scale with a real-time, digital operating model

—
Develop excellence in Continuous Improvement



Helping advisors run the most successful businesses in the industry

Raise quality of execution and likelihood of success through Business Solutions

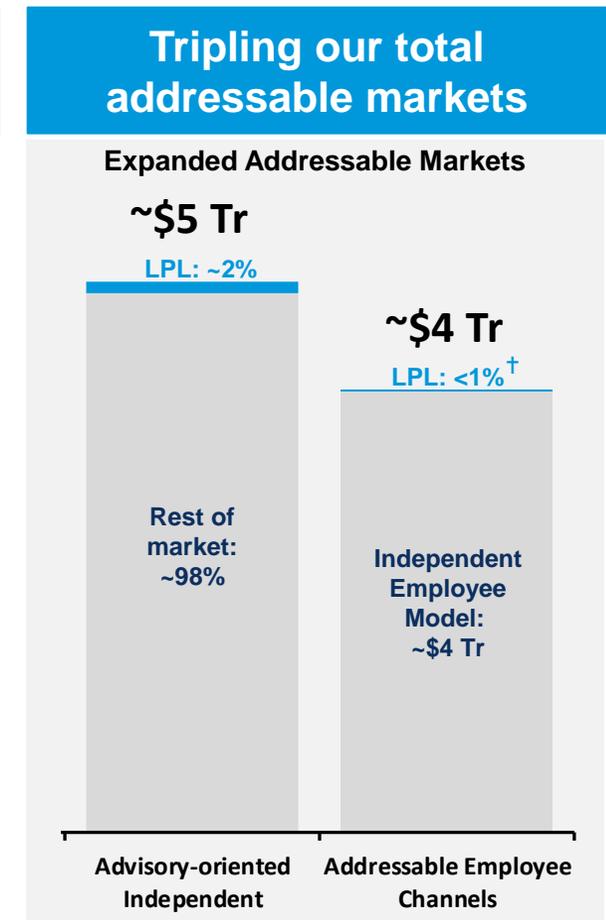
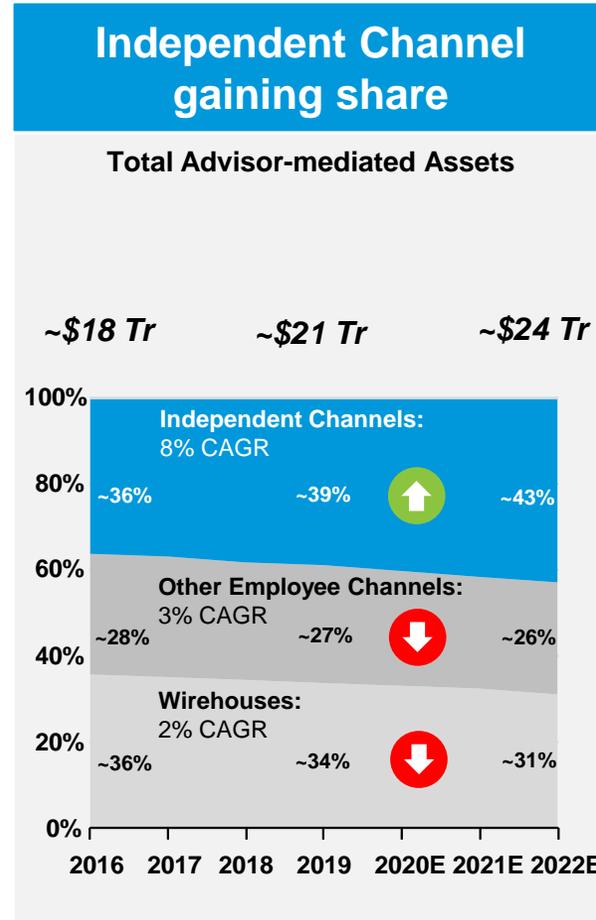
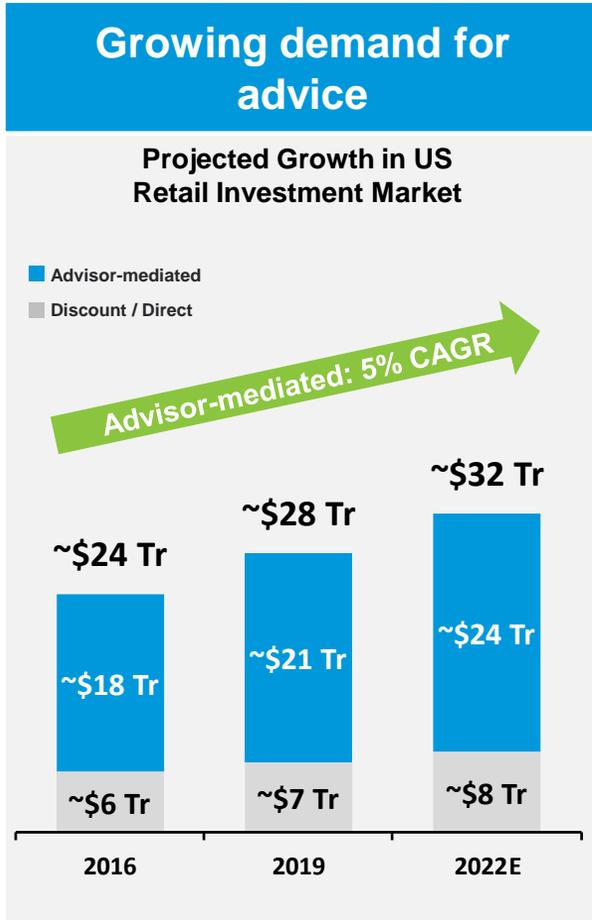
—
Unlock growth, succession and protection through innovative Growth and Capital Solutions

A strategy to win in the marketplace

LPL Investment Highlights: Significant opportunities to grow and create long-term shareholder value

- 1 Established market leader with scale advantages and structural tailwinds**
- 2 Expanded capabilities to enhance the advisor value proposition**
- 3 Organic growth opportunities through net new assets and ROA**
- 4 Resilient business model with natural hedges to market volatility**
- 5 Disciplined expense management driving operating leverage**
- 6 Capital light business model with significant capacity to deploy**
- 7 Opportunity to consolidate fragmented core markets through M&A**

We are a market leader with scale advantages and industry tailwinds



Note: LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.

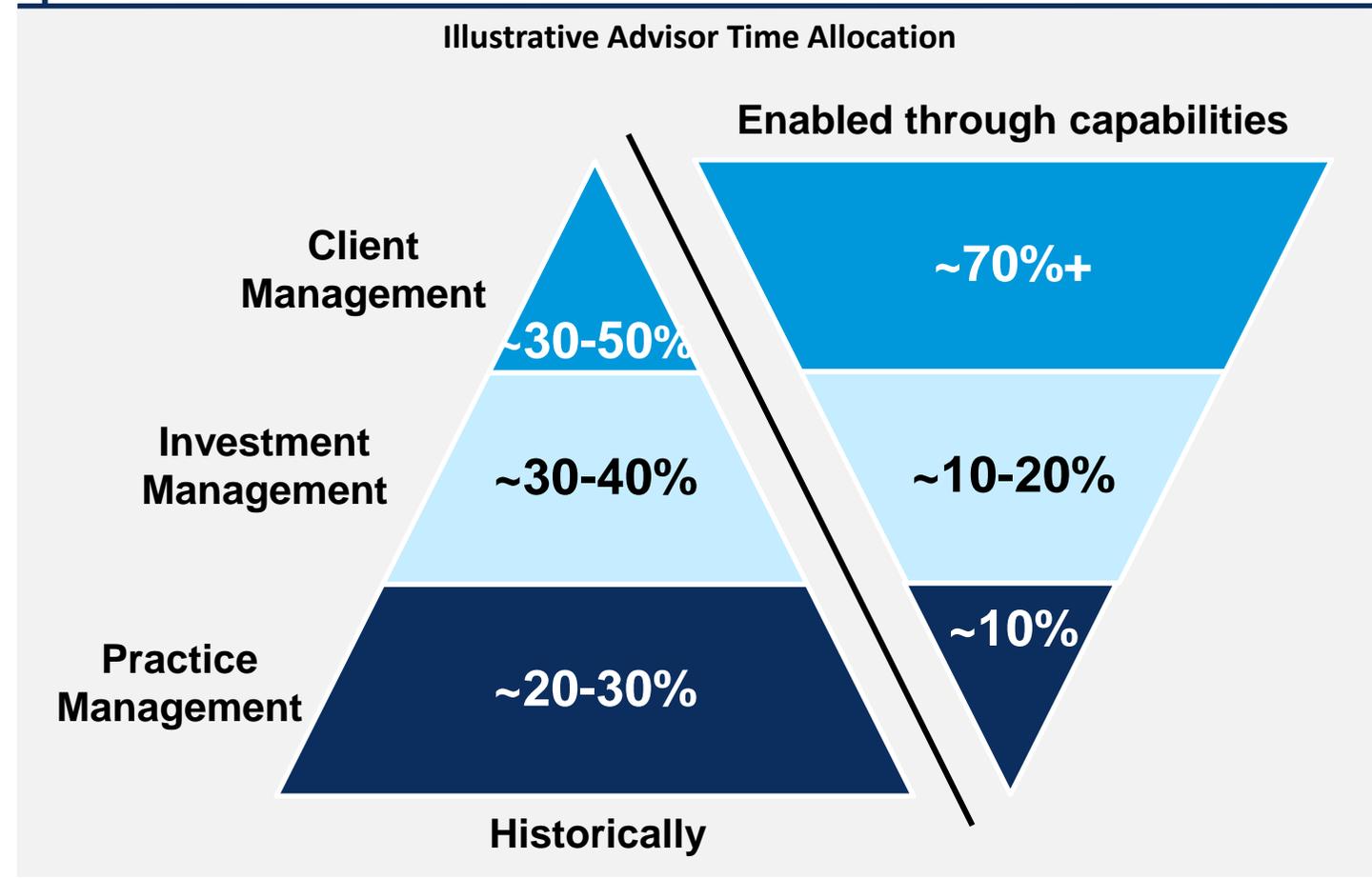
† Consists of approximately \$3 billion of advisory and brokerage assets serviced by Allen & Company advisors.

We are expanding our addressable markets by ~3x with new affiliation models

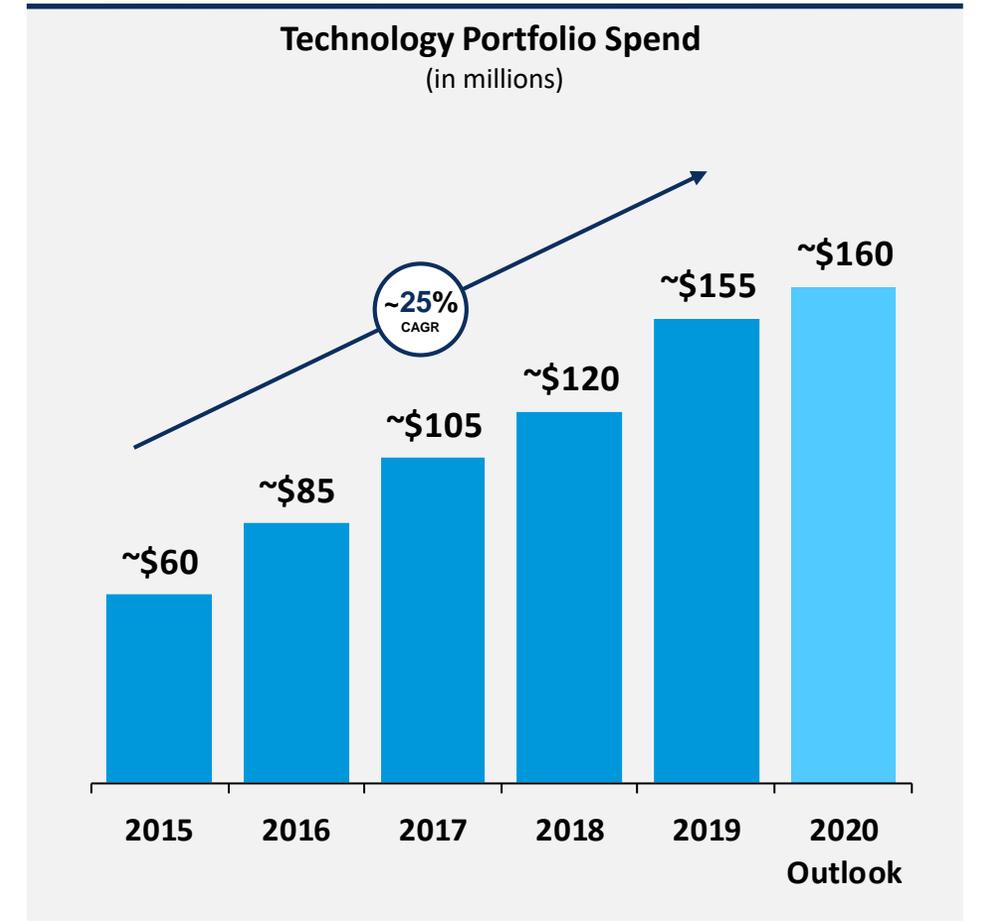
| Advisory-Oriented Independent Market New ~\$5 Tr Opportunity | | Independent Employee Market New ~\$4 Tr Opportunity |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic Wealth Services (brand launched in Q2 2020) <ul style="list-style-type: none"> • Previously referred to as our “Premium” model • Provides comprehensive support for “breakaway advisors” to move to independence • Includes enhanced, hands-on assistance through all aspects of new practice startup and transition • Delivers tailored business support through strategic consulting and Business Solutions | Fee-Only Advisory (in development) <ul style="list-style-type: none"> • Enables RIAs to leverage fully-integrated capabilities, technology, services, and clearing platform • Supported by dedicated relationship management teams along with practice-level support • Provides the flexibility to outsource risk management and compliance (Corporate RIA) or manage internally (Hybrid RIA) | Independent Employee (model launched in Q2 2020) <ul style="list-style-type: none"> • Pairs the benefits of independence with the turnkey services of an employee model • Enables advisors to own their client relationships and have the freedom to design their practices to fit their model for advice • Increases payout for advisors versus traditional employee firms through a lower-cost model |

We have increased our investments in capabilities to enhance our advisor value proposition and drive growth

We are focused on delivering capabilities that position advisors to spend more time with their clients

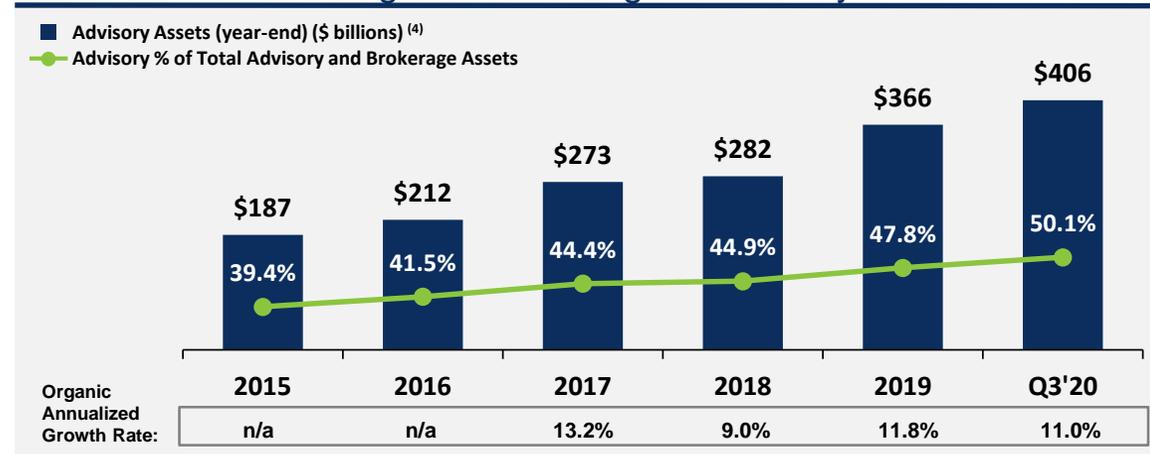


As a result, we have increased our technology investments over time



Advisory assets are now over 50% of total assets

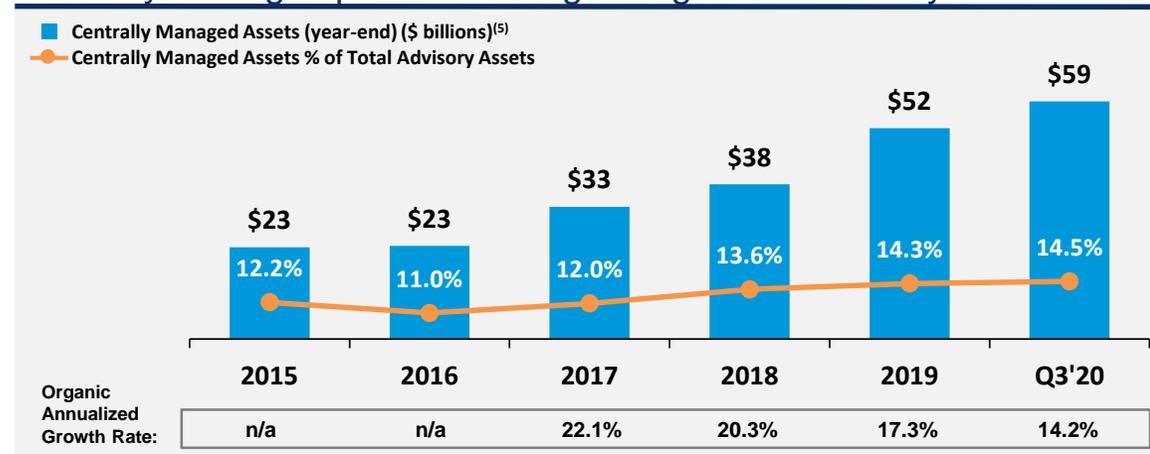
Our business is shifting from Brokerage to Advisory



The shift to Advisory can create value

- Assets are shifting from Brokerage to Advisory, consistent with industry trends, as end clients seek greater levels of support from advisors
- Our mix of Advisory is below industry levels of ~70% Advisory
- We are shifting towards Advisory at a rate of 2%+ per year
- Advisory ROA is ~10 bps higher than Brokerage ROA, so a ~2% shift is ~\$15M in annual Gross Profit* benefit

Centrally managed platforms are growing within advisory



Centrally managed platforms generate higher returns than Advisory

- Outsourcing portfolio design and management can free up advisors' time to serve clients and grow their practices
- Advisors can also continue to design their own portfolios while outsourcing investment management tasks to LPL
- Centrally managed platforms have increased as a percentage of total advisory assets at ~1% annually
- Centrally managed platform ROA is ~10 bps higher than Advisory overall, so a 1% increase is ~\$3M in annual Gross Profit* benefit

We continue to scale and expand our Business Solutions portfolio

Business Solutions have grown to ~1,200 subscribers, up ~550 year-to-date
We continue to expand the portfolio, including the launch of Assurance Plan in Q2 2020

Professional Services

- **LPL digital and employee-powered solutions** that provide practice management expertise to increase practice-level growth and operational efficiency
- Higher revenue and higher cost due to **full support from a LPL team**
- Subscriptions average **\$1,500+ per month**

Business Optimizers

- **Digital solutions** that provide risk mitigation and business continuity services to support practice operations and succession planning
- Lower revenue and lower cost since they **deliver digital capabilities**
- Subscriptions average **\$100+ per month**



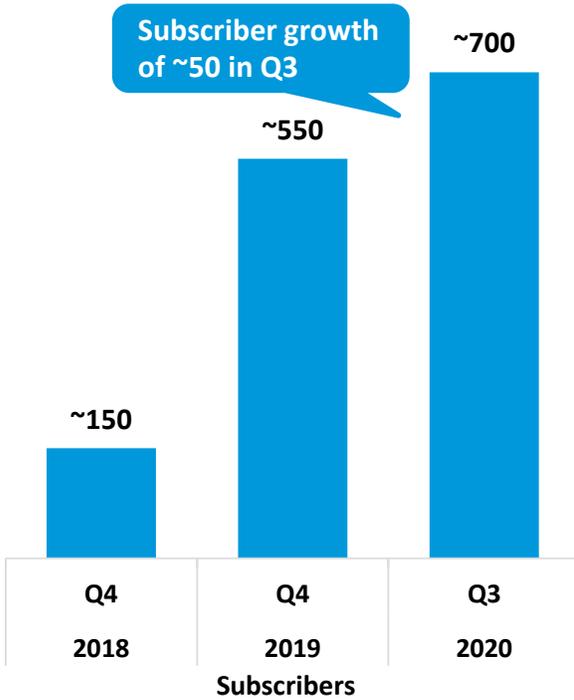
Admin Solutions
Reduce daily tasks with experienced and trained administrative help



Marketing Solutions
Unleash digital marketing to generate new prospects and connect with existing clients



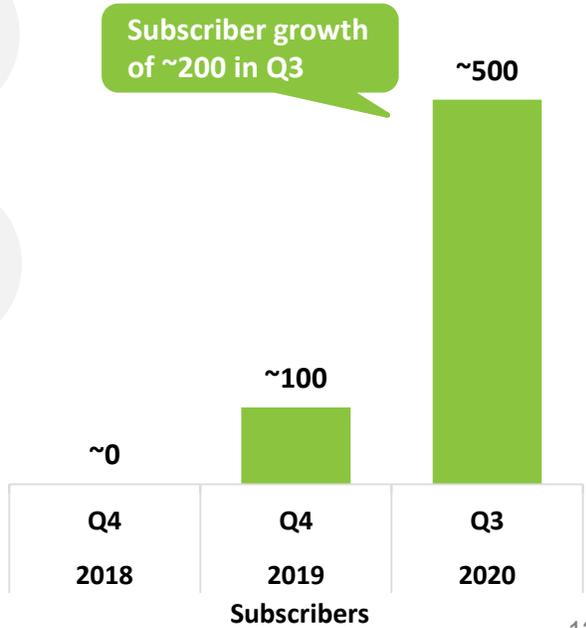
CFO Solutions
Optimize the growth, scale, and profitability of the advisor's business




Remote Office Solutions
Smart, secure office network and connectivity technology to support remote operations

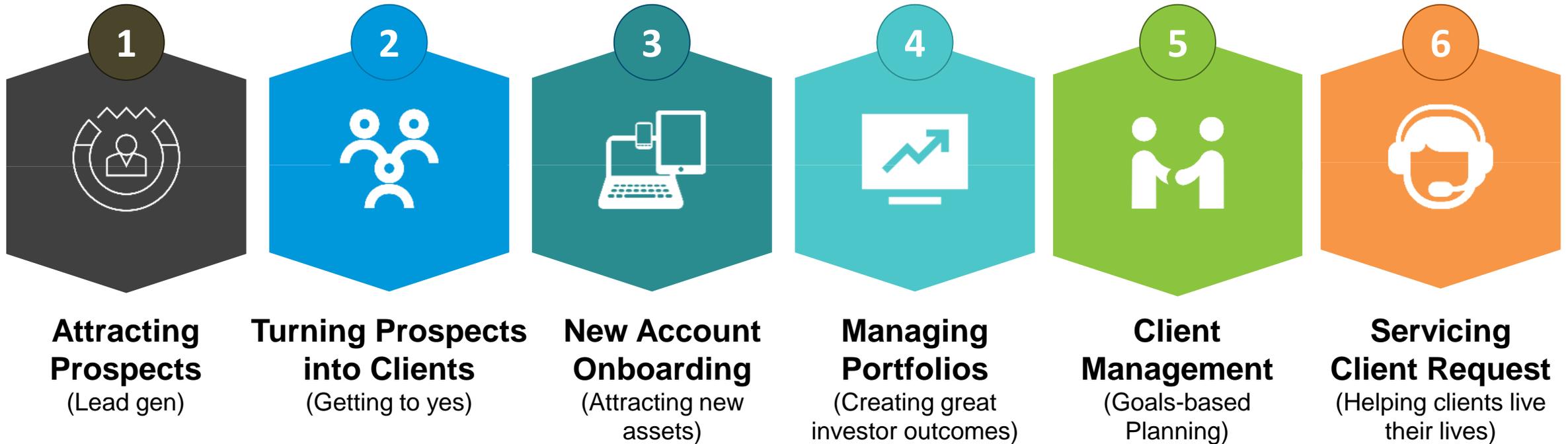


Assurance Plan
LPL-backed succession plan to protect advisors' businesses and support their families and clients



We are digitizing key advisor workflows to help drive practice scalability and efficiency

ClientWorks Connected



For each of the platforms, we are integrating a free solution as well as leading third-party options

We are supporting advisors with access to capital throughout their practice lifecycle



Transition Assistance
Capital to help advisors transition their practices to LPL



Growth Capital
Capital and expertise to support practice growth initiatives



Advisor Practice M&A
Capital and expertise to support acquisitions of other practices



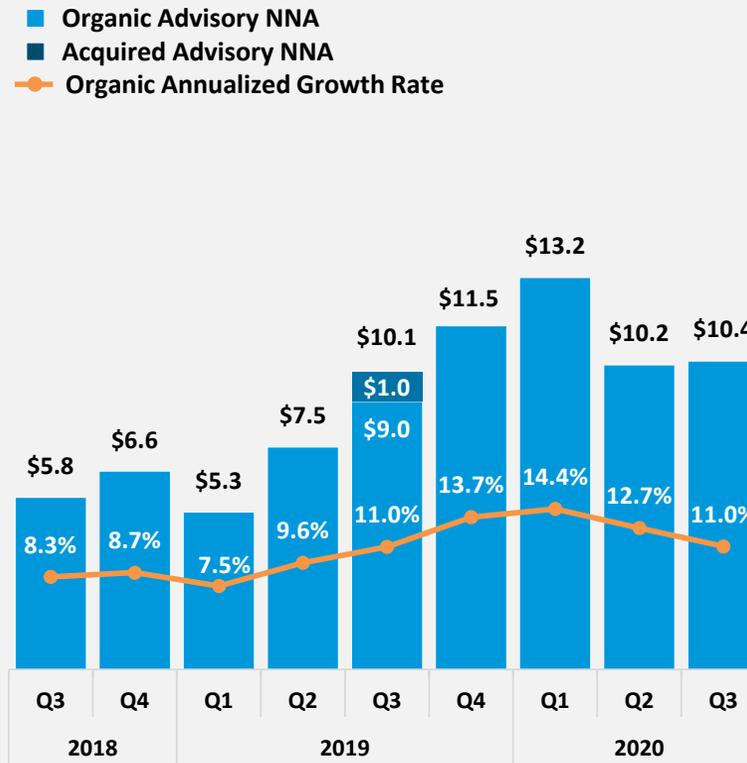
Assurance Plan
Capital and expertise to help advisors monetize and transition their practices

We continued to drive solid organic growth with an overall Net New Asset growth rate of nearly 6% in Q3 and over 7% for the past year

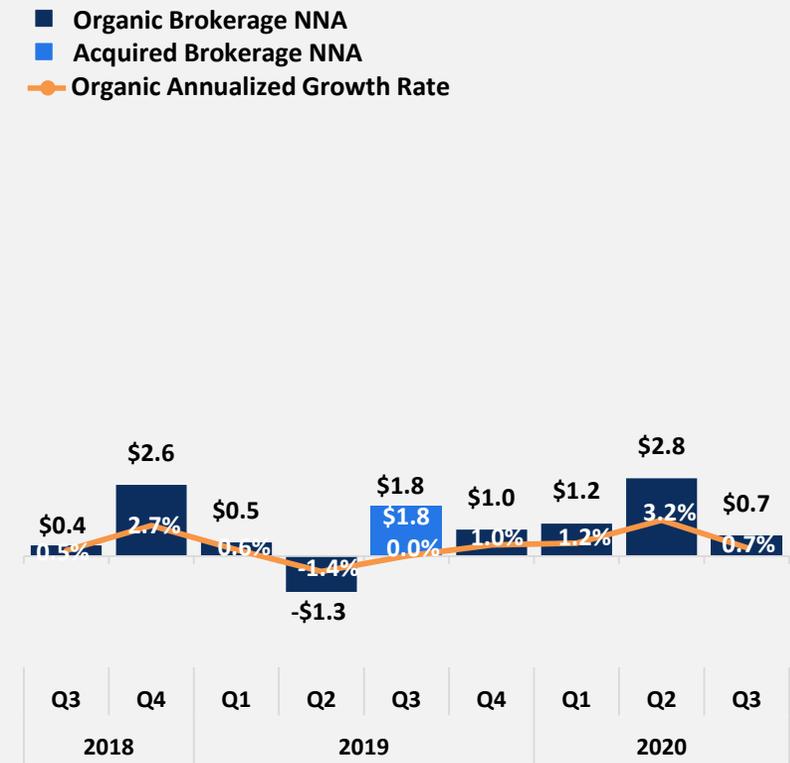
Total Net New Assets⁽⁶⁾ (\$ billions)



Net New Advisory Assets⁽⁷⁾ (\$ billions)



Net New Brokerage Assets⁽⁸⁾ (\$ billions)



Net Brokerage to Advisory Conversions⁽⁹⁾ (billions): \$1.7 \$1.4 \$1.4 \$1.8 \$1.7 \$1.9 \$2.4 \$1.6 \$2.0

We are the leading 3rd party provider to the bank channel, and the additions of M&T and BMO Harris will further strengthen our strategic position

We recently signed M&T and BMO Harris to join our Institution Services platform, and expect them to onboard in the middle of 2021

We are the largest provider of outsourced bank wealth management services

Serving **700+ institutions** with **~\$125B[†]** in assets

Background Context: The bank channel is a ~\$1T market in which broker dealers, such as LPL, provide 3rd party services to institutions such as clearing services, trading platforms, product & service offerings, technology and other advisor resources

Our Value

- We provide financial institutions with access to an array of investment solutions and wealth management platforms to enhance and scale their business.
- With LPL, banks can provide retail clients with enhanced capabilities, grow their business faster, increase profitability, and lower regulatory risk.

Top 10 Banks on LPL's Platform



M&T Bank and BMO Harris will become our two largest bank clients

M&T Bank

BMO



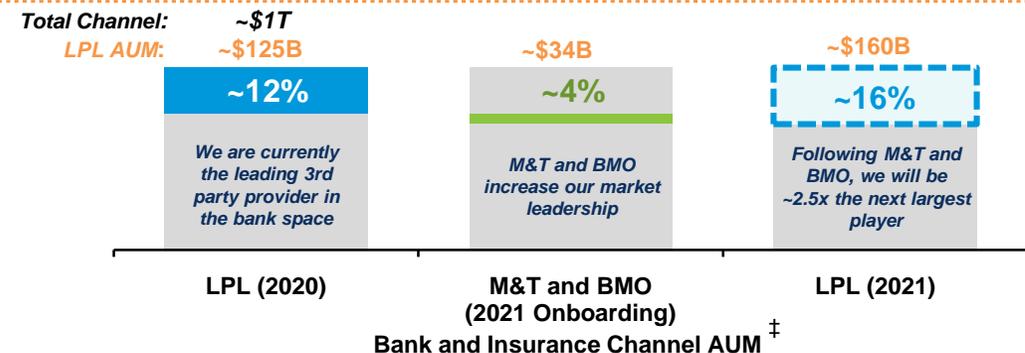
M&T Partnership

- Fortune 500 bank with 700+ branches nationwide
- ~\$20B in Assets and 170+ Advisors
- Agreement to join LPL signed in July 2020
- Expected onboarding in the middle of 2021

BMO Harris Financial Advisors

- Bank with 500+ branches nationwide
- ~\$14B in Assets and 110+ Advisors
- Agreement to join LPL signed in October 2020
- Expected onboarding by the middle of 2021

M&T and BMO Harris expand our 3rd party leadership of the bank channel

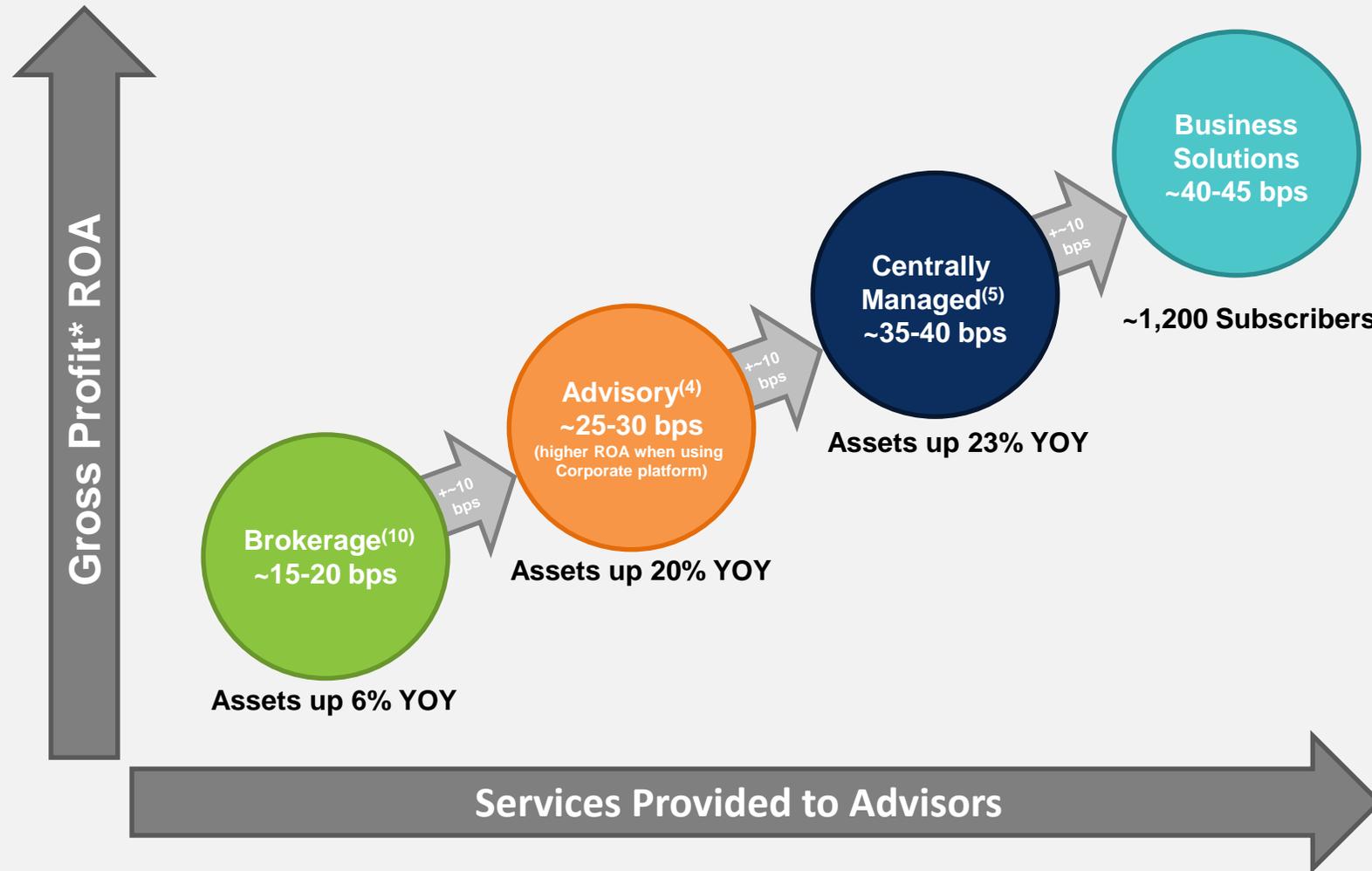


[†] LPL Institution Services AUM from banks and credit unions as of 12/31/2019.

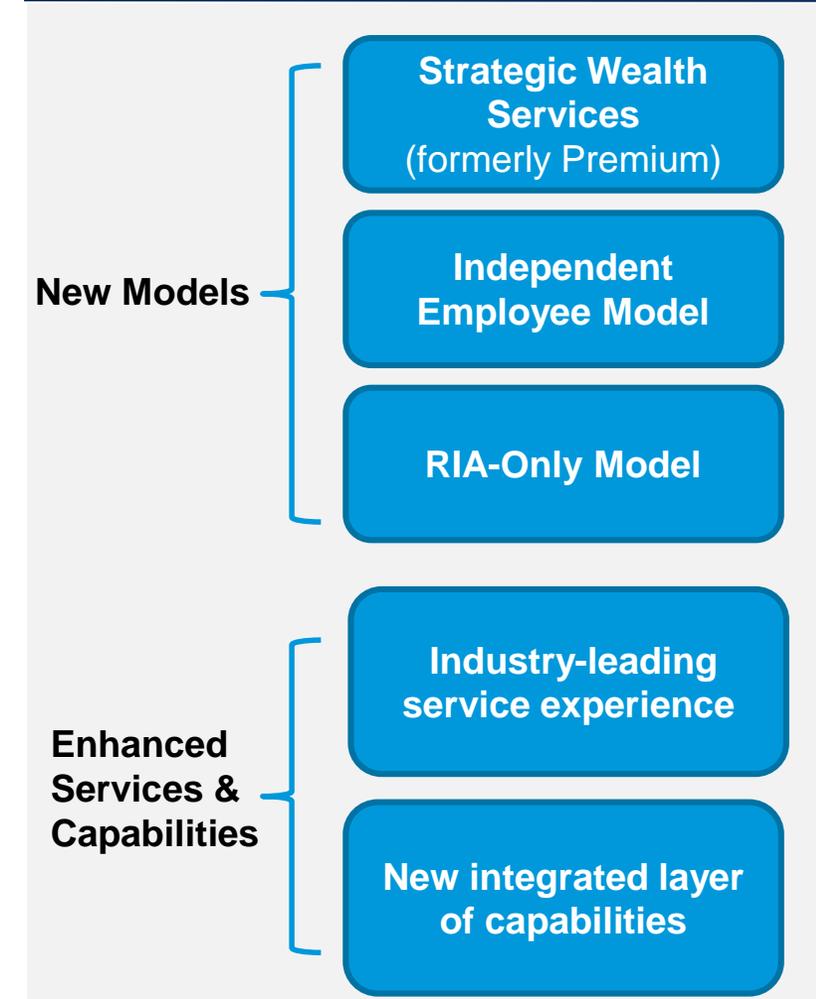
[‡] LPL market share estimates based on 2019 Cerulli channel size estimates.

As advisors use more of our services, our returns increase

We have seen a favorable mix shift in our platforms



Additional drivers of growth



Note: ROAs reflect Q3 2020 trailing twelve month averages adjusted for lower interest rates as of the end of Q3 2020. Year-over-year comparisons are based on the change from Q3 2019 to Q3 2020.

We benefit from rising market levels and interest rates, and our business model has natural hedges to market volatility

Macro benefits

Market Levels (S&P 500)

Rising market levels drive growth in assets and related revenues including Advisory Fees, Trailing Commissions, and Sponsor Revenues

Annual Gross Profit* Impact

~\$25M
Per 100pt increase in market levels

Interest Rates

Rising interest rates benefit ICA and DCA yields including estimated deposit sharing of 25-50% per rate hike

~\$25-45M[†]
Per 25 bps increase in FFE target rates

Natural offsets to market declines

Cash Sweep Balance

Increased risk and volatility in the market drives higher cash sweep balances

~\$2.5M[‡]
Per \$1B increase in cash sweep balances

Transaction Volume

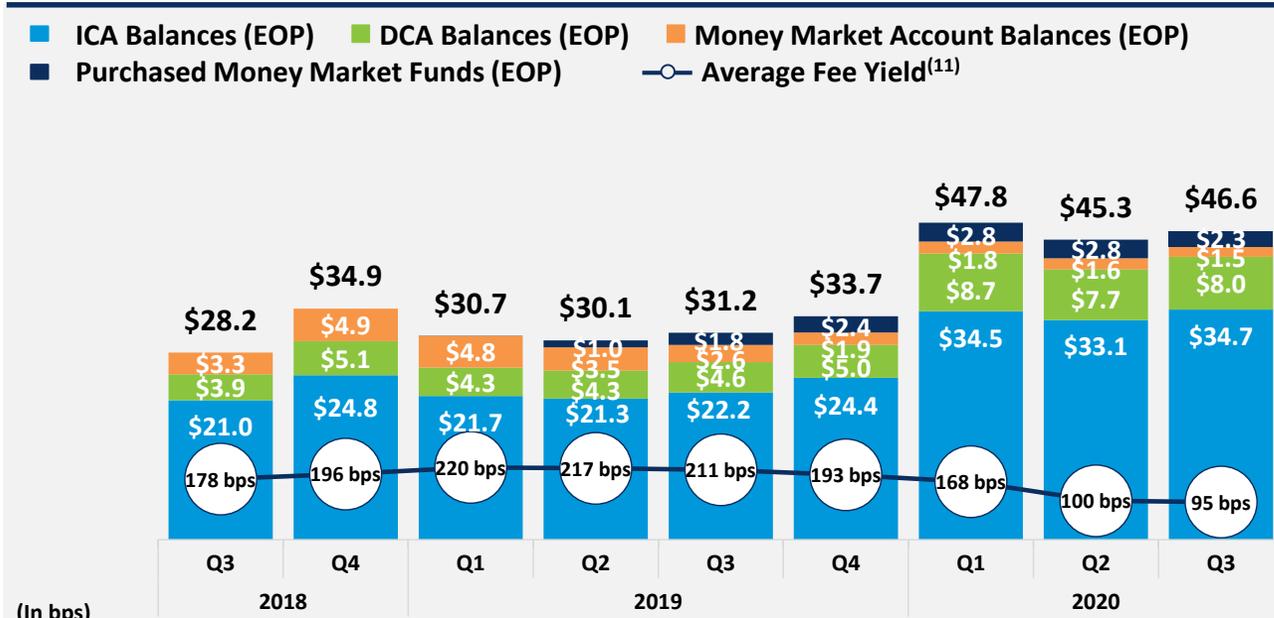
Increased risk and volatility in the market drives additional portfolio rebalancing activity and higher transaction volumes

In Q1 2020, transaction & fee revenue increased ~\$20M sequentially, primarily driven by March volatility

[†] Assumes change based on ~\$35B of ICA balances (with ~\$13B fixed), deposit betas of 25-50%, ~\$15M change in DCA revenue, and ~\$3M change in interest expense on floating rate debt.
[‡] Based on variable balances indexed to Fed Funds + a spread (~20 to ~30 bps).

Q3 Client Cash balances increased 3% sequentially

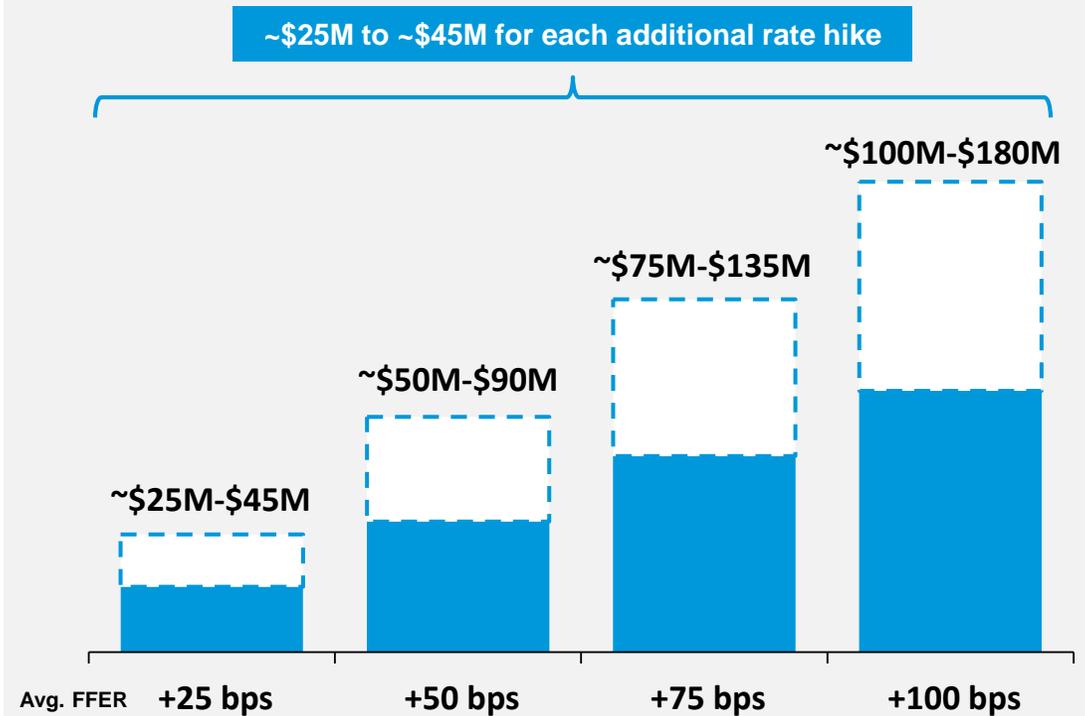
Client Cash balances (\$ billions)



| (In bps) | 2018 Q3 | 2018 Q4 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 | 2020 Q3 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ICA Fee Yield | 189 | 215 | 250 | 249 | 241 | 222 | 195 | 127 | 118 |
| DCA Fee Yield | 198 | 207 | 220 | 226 | 217 | 184 | 142 | 31 | 38 |
| Purchased MM Fee Yield | n/a | n/a | n/a | n/a | 29 | 29 | 29 | 27 | 20 |
| MM Account Fee Yield | 75 | 75 | 77 | 74 | 68 | 69 | 58 | 16 | 9 |
| Average Fee Yield : | 178 | 196 | 220 | 217 | 211 | 193 | 168 | 100 | 95 |
| Client Cash % of Total Assets: | 4.1% | 5.6% | 4.5% | 4.3% | 4.3% | 4.4% | 7.1% | 5.9% | 5.7% |

Annual potential Gross Profit* benefit from rising interest rates

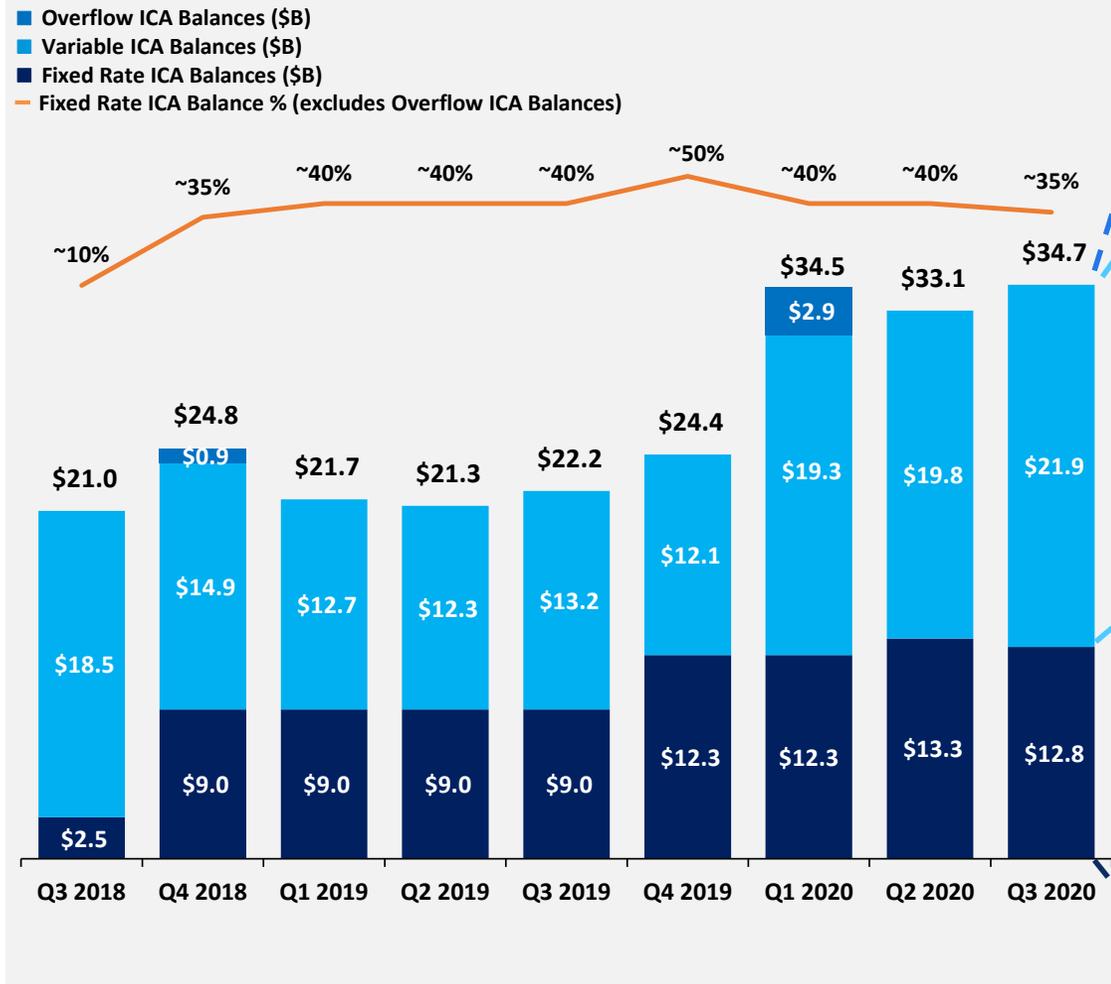
Estimated Interest Rate Sensitivity with ICA Balances of ~\$35B (with ~\$13B of fixed ICA balances)



Note: assumes change based on Q3 2020 end of period ICA balances of ~\$35B (with ~\$13B of fixed ICA balances), deposit betas of 25-50%, ~\$15M change in DCA revenue, and ~\$3M change in interest expense on floating rate debt

In Q3, ICA balances remained well above 2019 levels

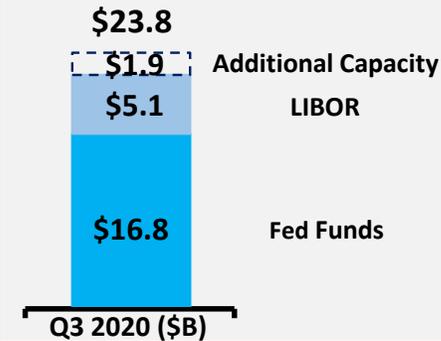
ICA balances remain elevated



Overflow balances provide capacity when balances spike

- When elevated market volatility leads ICA balances to temporarily exceed our variable contract capacity, we use overflow contracts

Variable balances are mostly indexed to Fed Funds



- Most variable balances are indexed to Fed Funds + a spread (~20 to ~30 bps)
- However, some are indexed to short-term LIBOR (1ML and 3 ML)

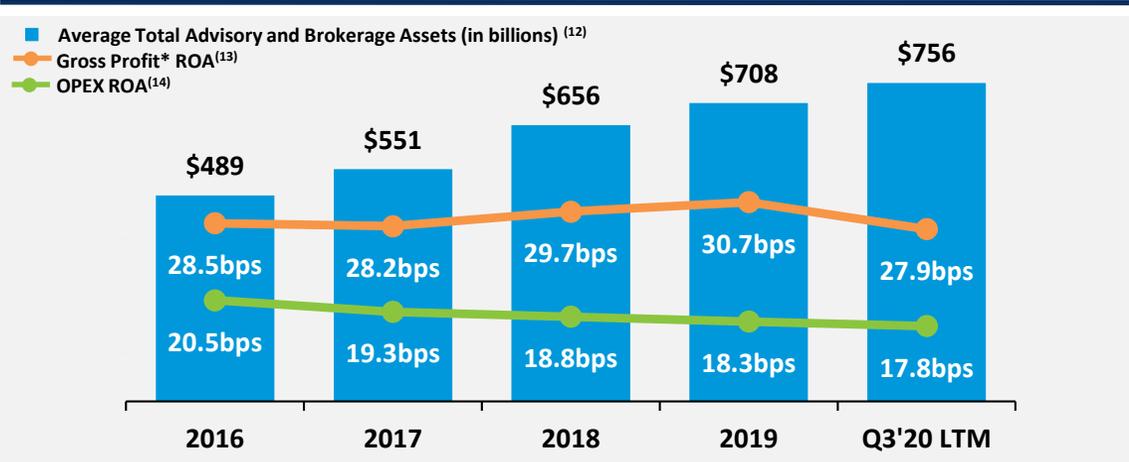
Fixed rate ICA contracts are laddered over ~5 years



Note: Yields shown on this page are prior to client deposit rates (~1 bps) and administrator fees (~4 bps).

We have driven margin expansion

Gross Profit* ROA remains solid, and OPEX ROA continued to decline



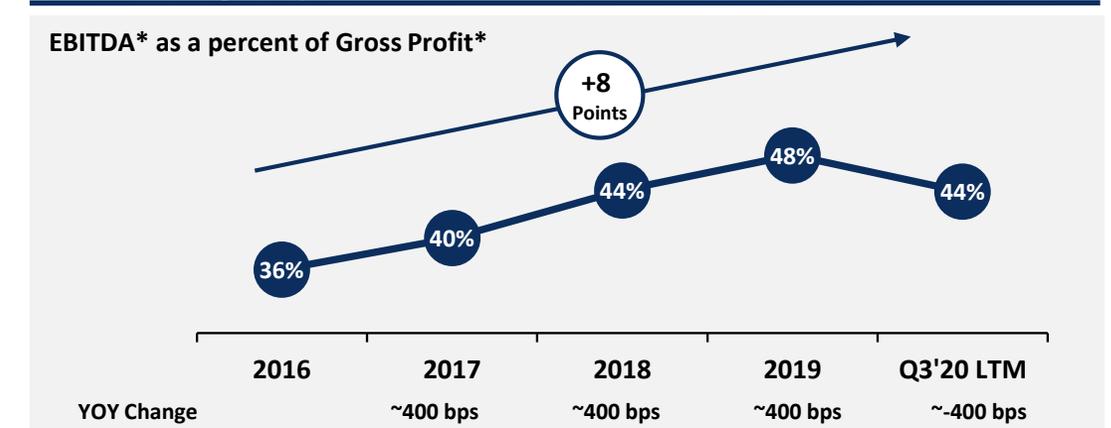
Long-term expense and investment strategy

- Deliver operating leverage in core business
- Prioritize investments that drive additional growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

As a result, EBIT ROA has grown



EBITDA* margin expanded over time



We remain focused on investing to drive organic growth while also staying flexible to adjust spending if macro conditions warrant

Long-term cost strategy

- Deliver operating leverage in core business
- Prioritize investments that drive additional growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

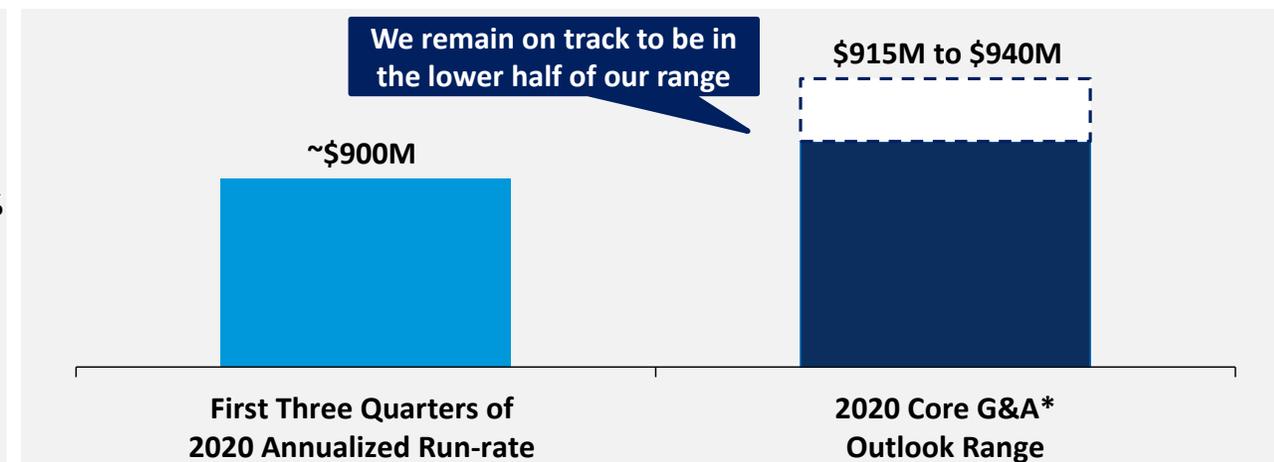
2020 Core G&A* context

- Our original plans were for a range of \$915M to \$940M (~5.5% to ~8% growth) to drive growth across existing and new markets
- Core G&A* was \$673M through the first three quarters of 2020, or an annualized rate of ~\$900M, which is below the low end of our 2020 outlook range
- We remain on track to be in the lower half of our 2020 Core G&A* outlook range

Recent expense trajectory, prior to acquisitions



Core G&A* outlook



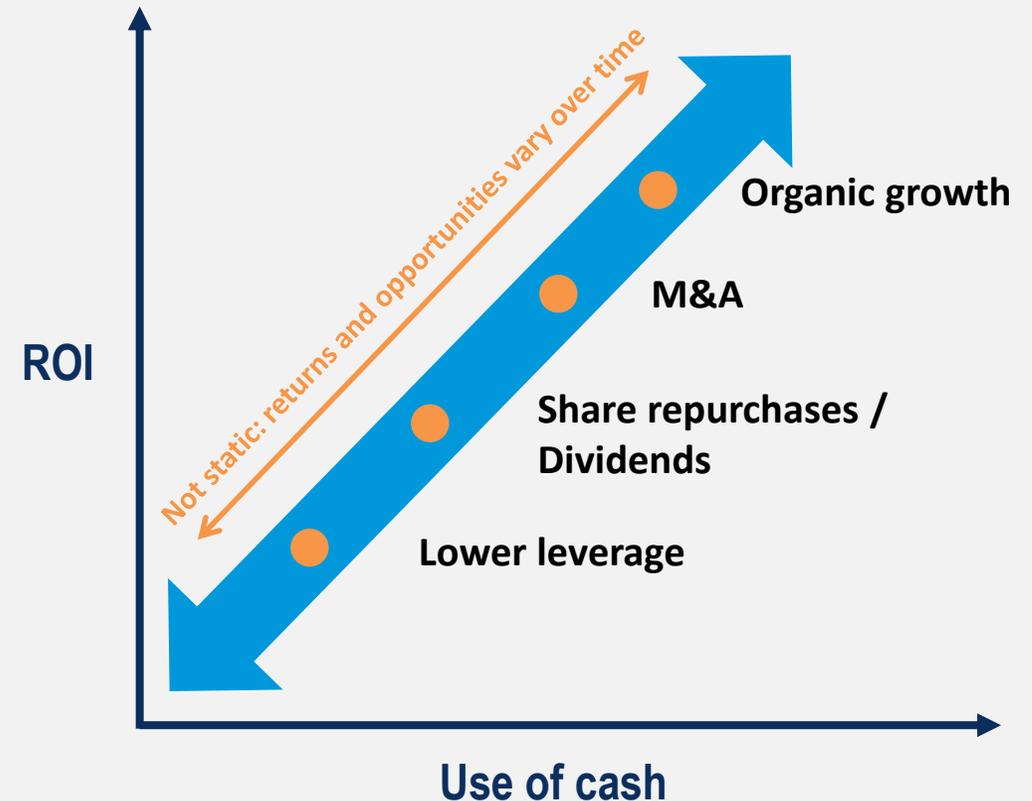
[†] Based on the Company's 2018 Core G&A* prior to NPH and AdvisoryWorld related expenses compared to the Company's 2017 Core G&A* prior to NPH-related expenses. [‡] Based on the Company's total 2018 Core G&A*.

Our capital management strategy is focused on driving growth and maximizing shareholder value

Our capital management principles

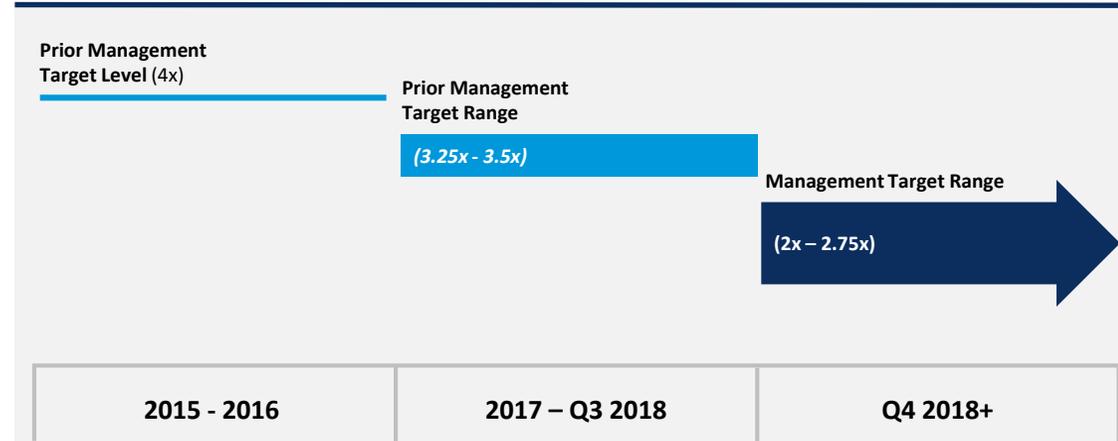
- **Disciplined capital management to drive long-term shareholder value**
- **Maintain a strong and flexible balance sheet**
 - Management target net leverage ratio range of 2x to 2.75x
 - Debt structure was refinanced to be more flexible and support growth
- **Prioritize investments that drive organic growth**
 - Recruiting to drive net new assets
 - Capital to support advisor growth and advisor M&A
 - Capability investments to add net new assets and drive ROA
- **Position ourselves to take advantage of M&A**
 - Potential to consolidate fragmented core market
 - Stay prepared for attractive opportunities
- **Return excess capital to shareholders**
 - Share repurchases
 - Dividends

Dynamic capital allocation across options



Our balance sheet strength is a key driver of our organic growth

Management Target Credit Agreement Net Leverage Ratio[†]



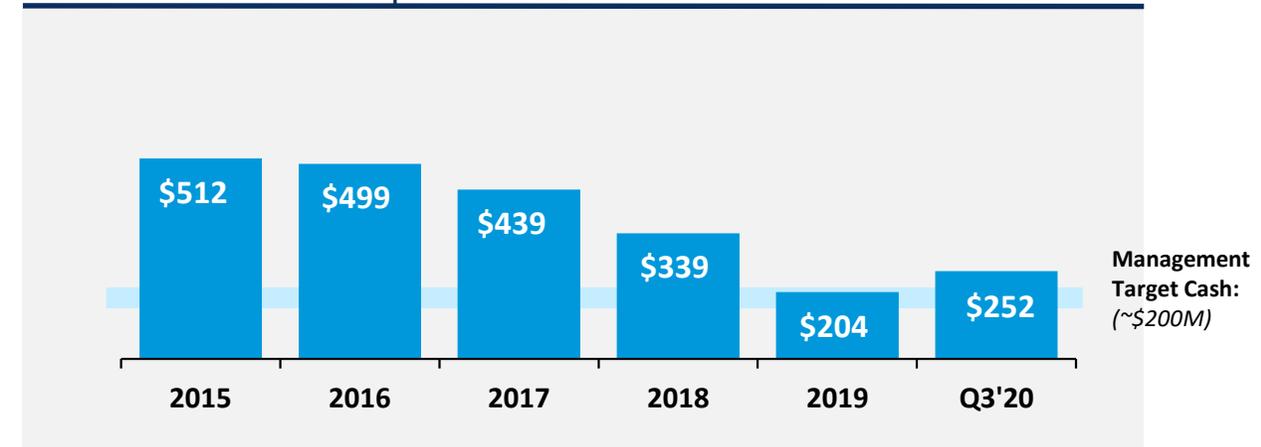
Credit Agreement Net Leverage Ratio[†]



Balance Sheet Principles

- We want to maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth
- As a result, our target leverage range is 2x to 2.75x, which we believe positions our balance sheet well
- At the same time, we are comfortable operating above or below this range temporarily if attractive M&A opportunities arise and as we continue to grow earnings

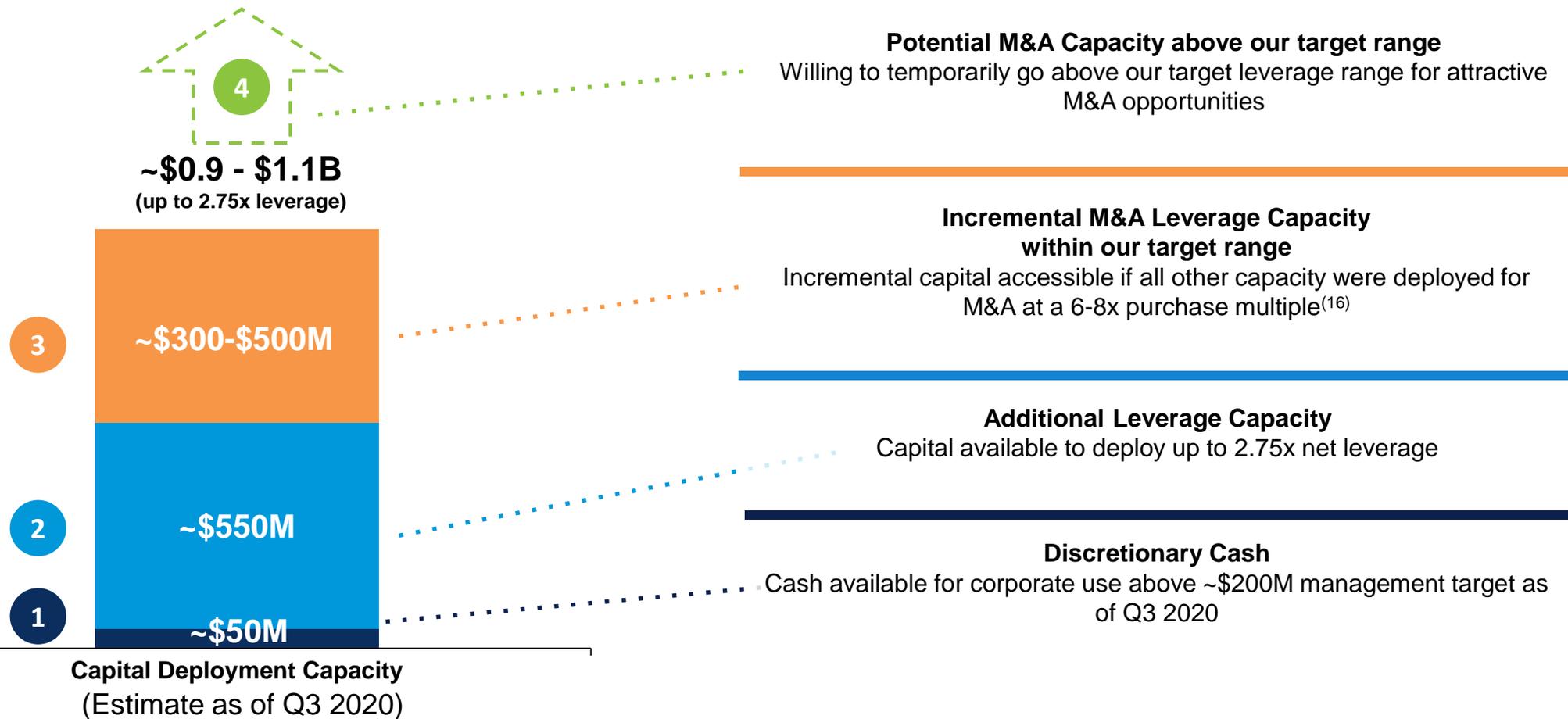
Cash Available for Corporate Use[‡]



[†] Note that the Credit Agreement Net Leverage Ratio only applies to the Company's revolving credit facility.

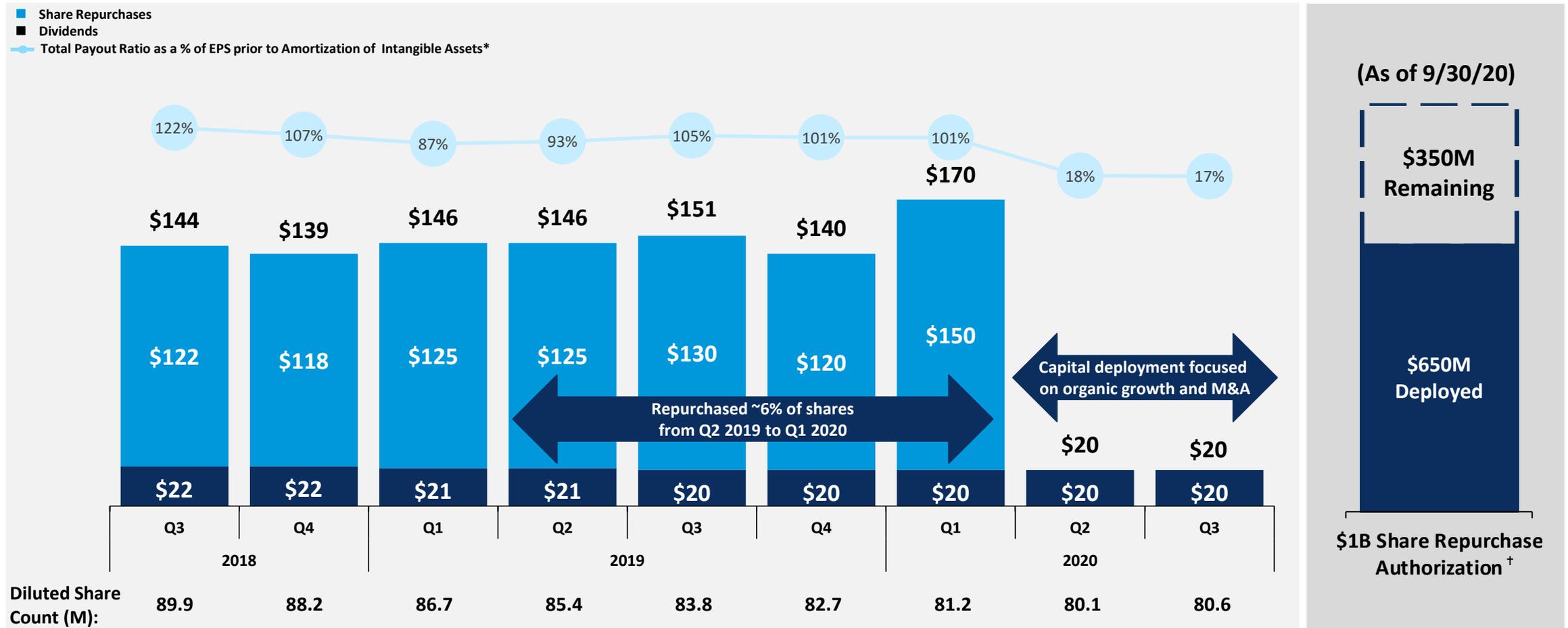
[‡] Note that these figures are as of period-end.

We have a significant amount of capital deployment capacity...



...And we are currently prioritizing capital deployment to organic growth and M&A

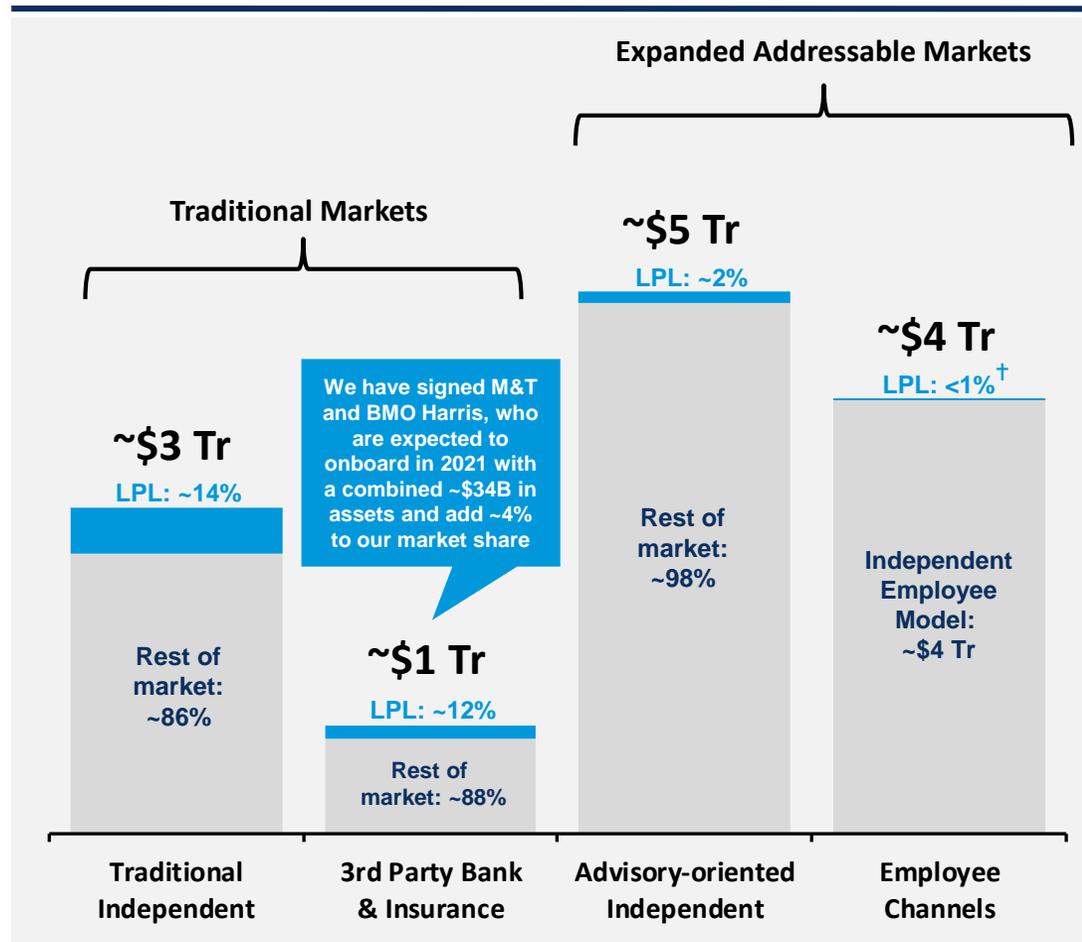
Shareholder Capital Returns (\$ millions)



† Increased share repurchase authorization to \$1B as of December 31, 2018.

Our addressable markets are fragmented, with potential for consolidation

Addressable markets



Growth potential from consolidation

- Our scale, capabilities, and economics give us **competitive advantages in M&A**
- The **traditional and advisory-oriented markets are fragmented** with consolidation opportunities
- Rising cost and complexity** is making it **harder for smaller players** to compete
- Therefore, **we believe consolidation can drive value** by adding scale, increasing our capacity to invest in capabilities, and creating shareholder value

Note: LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.

† Consists of approximately \$3 billion of advisory and brokerage assets serviced by Allen & Company advisors.

Recent acquisitions

Traditional markets



2017

~\$70B Assets transferred
~4X EBITDA* purchase multiple

- Large independent broker/dealer network
- Added to our scale and leadership position
- Increased our capacity to invest in the advisor value proposition and return capital to shareholders



2020

~\$1.5B Assets
~6X EBITDA* purchase multiple

- Leading San Diego practice with approximately 20 advisors



2020

~\$2B Assets
~6X EBITDA* purchase multiple

- Leading Seattle practice with approximately 35 advisors

- Complements organic growth and continues industry consolidation
- Closed in Q3 2020

Capabilities



2020

~Industry-leading capabilities
~\$12M purchase price †

- Advisory trading firm based in Chicago
- Innovative trading and portfolio rebalancing capabilities have strategic value as more advisors shift to models-based practices
- Delivers a sophisticated solution to help drive efficiency and scale in advisors' practices



2018

~Industry-leading capabilities
~\$28M purchase price

- Leading provider of digital tools for advisors that serves more than 30,000 U.S. financial advisors and institutions
- Capabilities include proposal generation, investment analytics, and portfolio modeling
- Enables our efforts to digitize workflows that help advisors grow and drive efficiency in their practices

New markets



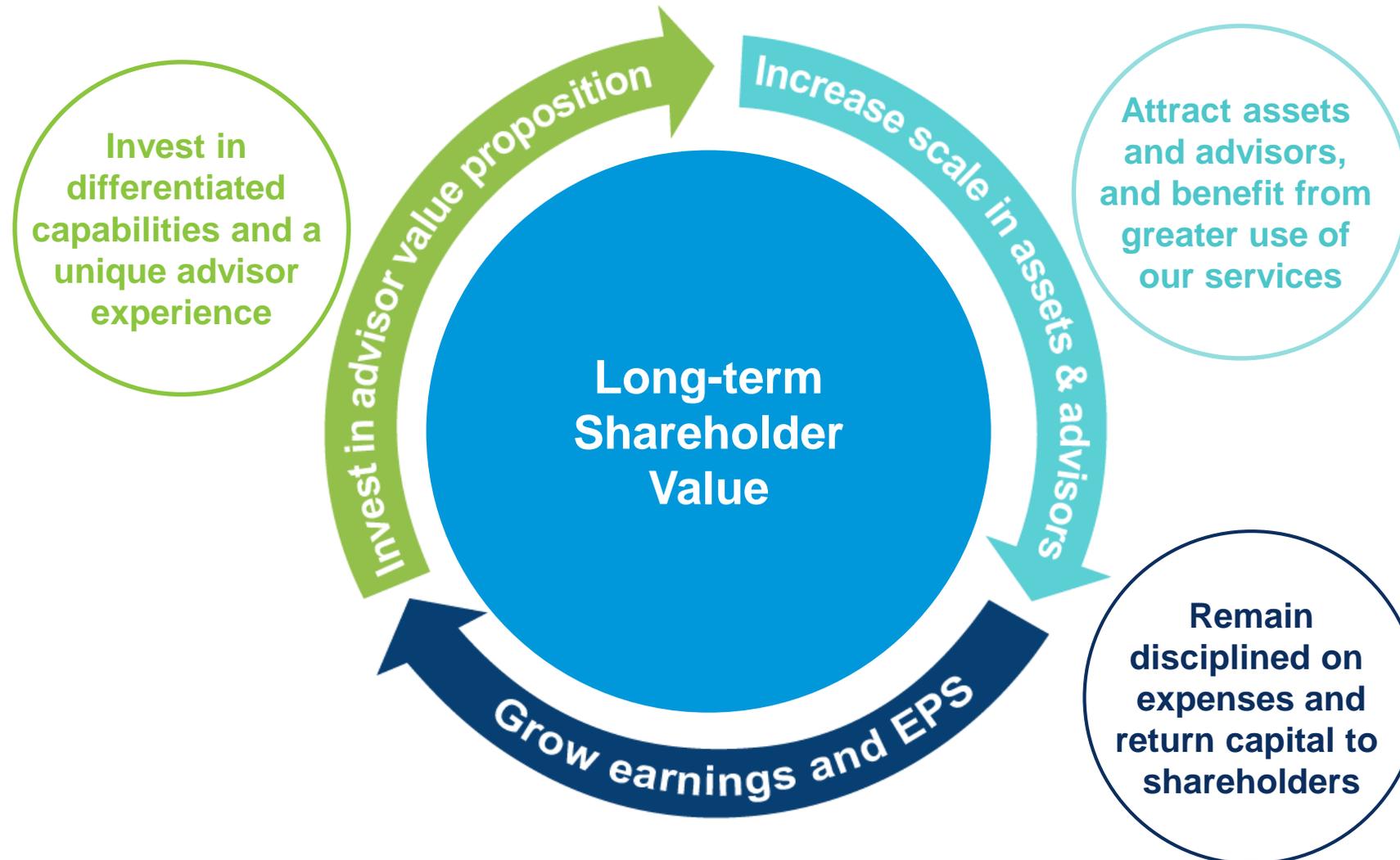
2019

~\$3B Assets transferred
~7X EBITDA* purchase multiple

- Leading Florida practice with client base and culture that are good fits for LPL
- Will affiliate under an employee model
- Transaction closed in August 2019 and assets onboarded onto LPL's platform in November 2019
- Achieved expected ~\$5M of annual run-rate EBITDA* accretion in early 2020

† The up-front purchase price for Blaze Portfolio was ~\$12M, with up to \$5M in earn-out payments.

As we continue to invest and increase our scale, we enhance our ability to drive further growth

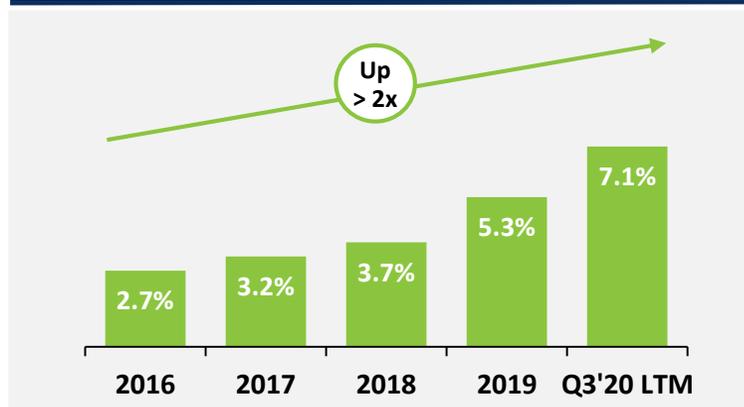


We are focused on executing our strategy and delivering results

Total Advisory and Brokerage Assets⁽¹⁷⁾ (\$B)



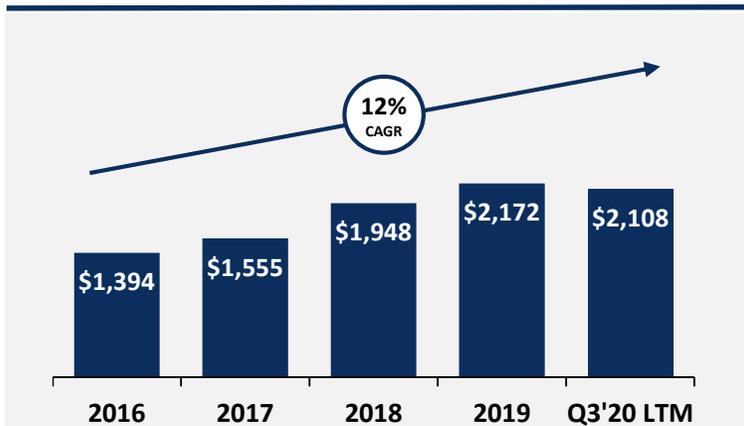
Organic Net New Asset Growth



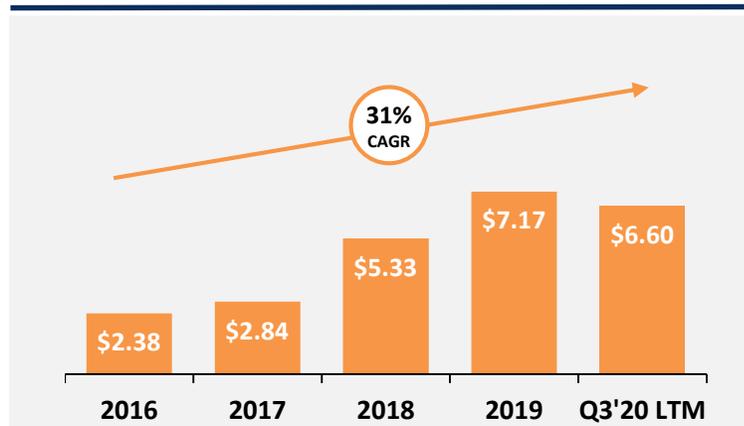
Incremental earnings growth opportunities

- Enhanced Advisor Value Proposition**
(Capabilities, Technology, Service)
- Greater Use of our Services**
(Advisory, Corporate, Centrally Managed, Business Solutions, Advisor Capital Solutions)
- New Models**
(Strategic Wealth Services, Independent Employee, RIA-Only)
- Increased Organic NNA**
- Drive Operating Leverage in Core Business while Investing for Additional Growth**
- Excess Capital Deployment**
(Technology, Advisor Capital, M&A, returning capital to shareholders)

Gross Profit* (\$M)



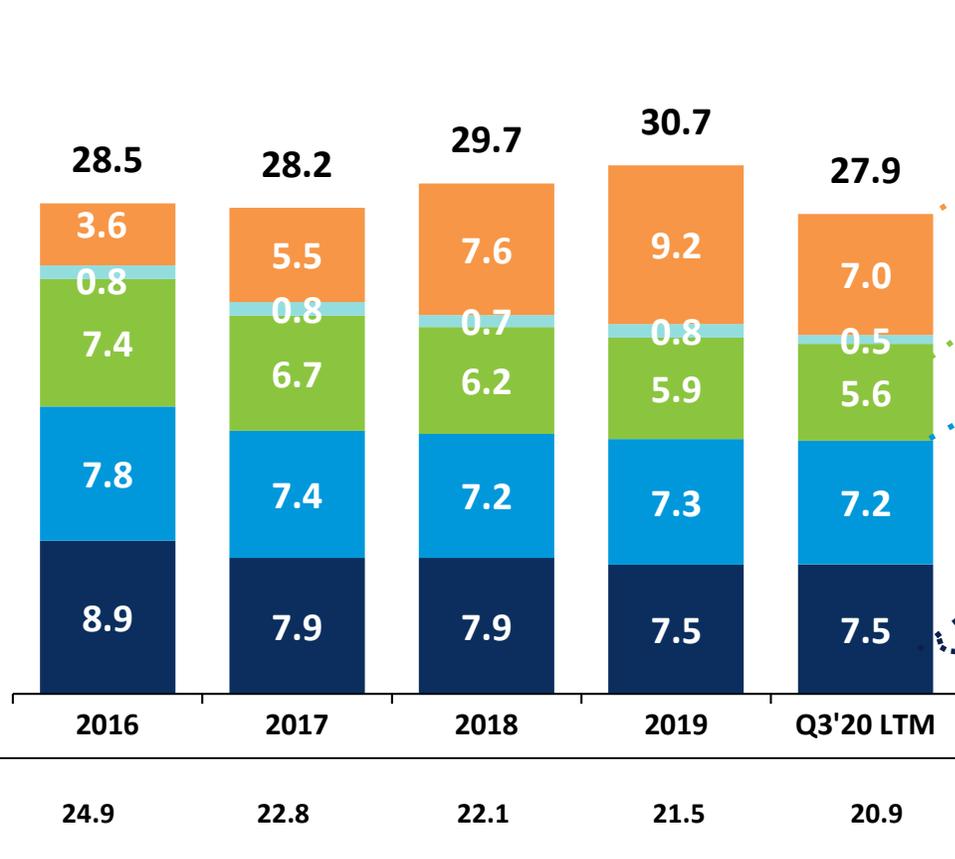
EPS Prior to Amortization of Intangible Assets* (\$)



Appendix

Our strategy and investments have helped drive positive mix shifts that stabilize return on assets prior to client cash

Gross Profit* ROA ⁽¹²⁾



■ Net Commission & Advisory Fees
 ■ Transaction & Fee, Net of BC&E
 ■ Other Asset-Based⁽¹⁹⁾
■ Interest Income and Other, net⁽¹⁸⁾
■ Client Cash

Key drivers of Gross Profit* ROA growth going forward

Client Cash Offerings
(e.g. deposit betas in the 25-50% range, extending ICA duration)

Modernize Practice Management
(e.g. Business Solutions, Advisor Capital solutions)

Asset Custody
(e.g. sponsor programs)

Advisory Services
(e.g. secular brokerage to advisory trend, enhanced hybrid capabilities, centrally managed platforms)

Portfolio Construction
(e.g. centrally managed, separately managed, Guided Wealth Portfolios)

Risk Management
(e.g. corporate vs hybrid mix shift, increased use of compliance capabilities)

New Models
(e.g. Strategic Wealth Services, Independent Employee, RIA-Only)

Calculation of Gross Profit

Gross Profit is a non-GAAP financial measure. Please see a description of Gross Profit under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Set forth below is a calculation of Gross Profit for the periods presented on pages 4 and 30:

| \$ in millions | Q3'20 LTM | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Net Revenue | \$5,738 | \$5,625 | \$5,188 | \$4,281 | \$4,049 | \$4,275 |
| Commission & Advisory Expense | 3,561 | 3,388 | 3,178 | 2,670 | 2,601 | 2,865 |
| Brokerage, Clearing and Exchange | 69 | 64 | 63 | 57 | 55 | 53 |
| Gross Profit | \$2,108 | \$2,172 | \$1,948 | \$1,555 | \$1,394 | \$1,358 |

Reconciliation of Core G&A to Total Operating Expense

Core G&A is a non-GAAP financial measure. Please see a description of Core G&A under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are reconciliations of Core G&A to the Company’s total operating expenses for the periods presented on page 22, and of Core G&A, prior to the impact of the acquisitions of NPH and AdvisoryWorld, against the Company’s total operating expense for the same periods:

| \$ in millions | Q3'20 | Q3'20 LTM | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Core G&A | \$227 | \$903 | \$868 | \$819 | \$727 | \$700 | \$695 |
| Regulatory charges | 8 | 28 | 32 | 32 | 21 | 17 | 34 |
| Promotional | 58 | 211 | 206 | 209 | 172 | 149 | 139 |
| Employee share-based compensation | 7 | 31 | 30 | 23 | 19 | 20 | 23 |
| Other historical adjustments | - | - | - | - | - | - | 13 |
| Total G&A | 301 | 1,174 | 1,136 | 1,082 | 938 | 886 | 904 |
| Commissions and advisory | 937 | 3,561 | 3,388 | 3,178 | 2,670 | 2,601 | 2,865 |
| Depreciation & amortization | 28 | 107 | 96 | 88 | 84 | 76 | 73 |
| Amortization of intangible assets | 17 | 67 | 65 | 60 | 38 | 38 | 38 |
| Brokerage, clearing and exchange | 18 | 69 | 64 | 63 | 57 | 55 | 53 |
| Total operating expense | \$1,300 | \$4,978 | \$4,750 | \$4,471 | \$3,787 | \$3,655 | \$3,933 |

| \$ in millions | 2018 | 2017 |
|----------------------------------------------------------|--------------|--------------|
| Core G&A | \$819 | \$727 |
| NPH related Core G&A | 65 | 15 |
| AdvisoryWorld related Core G&A | 2 | - |
| Total Core G&A prior to NPH and AdvisoryWorld | \$752 | \$712 |

Reconciliation of Net Income to EBITDA

EBITDA is a non-GAAP financial measure. Please see a description of EBITDA under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are reconciliations of the Company’s net income to EBITDA for the periods presented on pages 4 and 5:

| \$ in millions | Q3'20 LTM | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Net Income | \$488 | \$560 | \$439 | \$239 | \$192 | \$169 |
| Non-operating interest expense | 112 | 130 | 125 | 107 | 96 | 59 |
| Provision for Income Taxes | 157 | 182 | 153 | 126 | 106 | 114 |
| Depreciation and amortization | 107 | 96 | 88 | 84 | 76 | 73 |
| Amortization of intangible assets | 67 | 65 | 60 | 38 | 38 | 38 |
| Loss on Extinguishment of debt | 3 | 3 | - | 22 | - | - |
| EBITDA | \$934 | \$1,036 | \$866 | \$616 | \$508 | \$453 |
| Credit Agreement Adjustments | 47 | 45 | 103 | 129 | 44 | 57 |
| Credit Agreement EBITDA | \$981 | \$1,081 | \$969 | \$745 | \$552 | \$510 |

Reconciliation of EPS Prior to Amortization of Intangible Assets to GAAP EPS

EPS Prior to Amortization of Intangible Assets is a non-GAAP financial measure. Please see a description of EPS Prior to Amortization of Intangible Assets under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are the following reconciliations of EPS Prior to Amortization of Intangibles to GAAP EPS for the periods presented on pages 4 and 30 of this presentation.

| | Q3'20 LTM | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GAAP EPS | \$6.01 | \$1.29 | \$1.27 | \$1.92 | \$1.53 | \$6.62 | \$4.85 | \$2.59 | \$2.13 | \$1.74 |
| Amortization of Intangible Assets (\$ millions) | 67 | 17 | 17 | 17 | 17 | 65 | 38 | 38 | 38 | 38 |
| Tax Expense (\$ millions) | (19) | (5) | (5) | (5) | (5) | (18) | (17) | (15) | (15) | (15) |
| Amortization of Intangible Assets Net of Tax (\$ millions) | 48 | 12 | 12 | 12 | 12 | 47 | 43 | 23 | 23 | 23 |
| Diluted Share Count (millions) | 81 | 81 | 80 | 81 | 83 | 85 | 91 | 92 | 90 | 97 |
| EPS Impact | 0.59 | 0.15 | 0.15 | 0.15 | 0.15 | 0.56 | 0.48 | 0.25 | 0.26 | 0.24 |
| EPS Prior to Amortization of Intangible Assets | \$6.60 | \$1.44 | \$1.42 | \$2.06 | \$1.68 | \$7.17 | \$5.33 | \$2.84 | \$2.38 | \$1.98 |

Endnotes

- (1) Based on total revenues, Financial Planning magazine, June 1996-2020.
- (2) Represents the estimated total advisory and brokerage assets expected to transition to the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"), associated with advisors who transferred their licenses to LPL Financial during the period. The estimate is based on prior business reported by the advisors, which has not been independently and fully verified by LPL Financial. The actual transition of assets to LPL Financial generally occurs over several quarters. The actual amount transitioned may vary from the estimate.
- (3) The Company calculates its Net Leverage Ratio in accordance with the terms of its Credit Agreement.
- (4) Consists of total assets on LPL Financial's corporate advisory platform serviced by investment advisor representatives of LPL Financial or Allen & Company and total assets on LPL Financial's independent advisory platform serviced by investment advisor representatives of separate investment advisor firms ("Hybrid RIAs"), rather than of LPL Financial.
- (5) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
- (6) In April 2020, the Company updated its definition of net new assets to include dividends plus interest, minus advisory fees (see FNs 7 and 8). Net new assets figures for periods prior to Q2 2020 appearing in this presentation have been recast using the updated definition.
- (7) Consists of total client deposits into advisory accounts (including advisory assets serviced by Allen & Company) less total client withdrawals from advisory accounts, plus dividends, plus interest, minus advisory fees (see FN 6). The Company considers conversions to and from advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the current period Net New Advisory Assets divided by preceding period total Advisory Assets, multiplied by four.
- (8) Consists of total client deposits into brokerage accounts (including brokerage assets serviced by Allen & Company) less total client withdrawals from brokerage accounts, plus dividends, plus interest (see FN 6). The Company considers conversions to and from brokerage accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the current period Net New Brokerage Assets divided by preceding period total Brokerage Assets, multiplied by four.
- (9) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
- (10) Consists of brokerage assets serviced by advisors licensed with LPL Financial or Allen & Company.
- (11) Calculated by dividing client cash program revenue for the period by the average client cash program balances during the period.
- (12) Represents the average month-end Total Advisory and Brokerage Assets for the period.
- (13) Represents trailing twelve-month Gross Profit* for the period, divided by average month-end Total Advisory and Brokerage Assets for the period.
- (14) Represents trailing twelve-month operating expenses for the period, excluding production-related expense ("OPEX"), divided by average month-end Total Advisory and Brokerage Assets for the period. Production-related expense includes commissions and advisory expense and brokerage, clearing and exchange expense. For purposes of this metric, operating expenses includes Core G&A*, Regulatory, Promotional, Employee Share Based Compensation, Depreciation & Amortization, and Amortization of Intangible Assets.
- (15) Calculated as Gross Profit* ROA less OPEX ROA.
- (16) Additional leverage capacity is assumed to be generated by acquired EBITDA* from an M&A opportunity at a 6-8x purchase multiple for which capital was deployed up to 2.75x net leverage.
- (17) Consists of total advisory and brokerage assets under custody at LPL Financial or serviced by Allen & Company advisors.
- (18) Consists of interest income, net of interest expense plus other revenue, less advisor deferred compensation expense.
- (19) Consists of revenues from the Company's sponsorship programs with financial product manufacturers and omnibus processing and networking services, but does not include fees from client cash programs. Other asset-based revenues are a component of asset-based revenues and are derived from the Company's Unaudited Condensed Consolidated Statements of Income.