



Q3 2021 INVESTOR PRESENTATION

LPL Financial Holdings Inc.
December 8, 2021

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, priorities, business strategies and outlook, including forecasts and statements relating to the Company's future advisory and brokerage asset levels and mix, organic asset growth, deposit betas, Core G&A* expenses (including outlook for 2021), Gross Profit* benefits, EBITDA* benefits, payout ratio, client cash balances and yields, transaction and fee revenue, investments, capital returns, planned share repurchases and the expected benefits and costs of the acquisition of Waddell & Reed's wealth management business (the "Waddell & Reed Acquisition"), 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 December 8, 2021. 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 from those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: the spread of COVID-19 and its direct and indirect effects on global economic and financial conditions; changes in interest rates and fees payable by banks participating in the Company's client cash programs; the Company's strategy and success in managing client cash program fees; changes in general economic and financial market conditions, including retail investor sentiment; 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 the growth and profitability of the Company's fee-based offerings; 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 and the implementation of Regulation BI (Best Interest); the costs of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of the Company's reserves; changes made to the Company's services and pricing, and the effect that such changes may have on the Company's Gross Profit* streams and costs; execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements and/or efficiencies expected to result from its investments, initiatives, acquisitions and programs; the successful onboarding of advisors and client assets in connection with the Waddell & Reed Acquisition; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2020 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 December 8, 2021, 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 December 8, 2021.

THIS PRESENTATION INCLUDES DATA AS OF SEPTEMBER 30, 2021, 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 in the appendix of this presentation.**

EPS prior to amortization of intangible assets and acquisition costs is defined as adjusted net income, a non-GAAP measure defined as net income plus the after-tax impact of amortization of intangible assets and acquisition costs, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and EPS prior to amortization of intangible assets and acquisition costs because management believes the metrics can provide investors with useful insight into the Company's core operating performance by excluding non-cash items and acquisition costs that management does not believe impact the Company's ongoing operations. Adjusted net income and EPS prior to amortization of intangible assets and acquisition costs are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income, earnings per diluted share or any other performance measure derived in accordance with GAAP. For a reconciliation of net income and earnings per diluted share to adjusted net income and EPS prior to amortization of intangible assets and acquisition costs, please see the appendix of this presentation.

Gross profit is calculated as total revenues less advisory and commission expenses and brokerage, clearing and exchange fees ("BC&E"). 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 the appendix of this presentation.

Core G&A consists of total operating expenses less the following expenses: advisory and commission, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, BC&E, and acquisition costs. 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 advisory and commission 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 the appendix of this presentation. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as advisory and commission 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. During the third quarter of 2021, the Company changed its definition of EBITDA to include the loss on extinguishment of debt and has updated prior period disclosures to reflect this change as applicable. 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 the appendix of this presentation.

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 amortization of intangible assets, and is 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. In addition, the Company's calculation of Credit Agreement EBITDA can differ significantly from adjusted EBITDA calculated by other companies, the tax jurisdictions in which companies operate, capital investments and the types of adjustments made by such companies. For a reconciliation of Credit Agreement EBITDA to net income, please see the appendix 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

\$1.1Tr+ Retail Assets:

- **Advisory:** \$594B
- **Brokerage:** \$539B

19,000+ Advisors:

- **Independent Advisors:** 11,000+
- **Hybrid RIA:** 5,300+ (~450 firms)
- **Institutional Services:** 2,800+ (~800 institutions)

Key Metrics

Q3 2021 Business Metrics

Client Assets (end of period):	\$1.1Tr
Organic Net New Assets:	\$26.7B
Organic Annualized Growth:	10%
Recruited Assets ⁽²⁾ :	\$13B
Advisors (end of period):	19,627
Accounts (end of period):	7.1M

Q3 2021 Debt Metrics

Credit Agr. EBITDA* (LTM):	\$1.1B
Total Debt:	\$2.8B
Leverage Ratio ⁽³⁾ :	2.18x
Cost of Debt:	3.32%

Q3 2021 LTM Financial Metrics

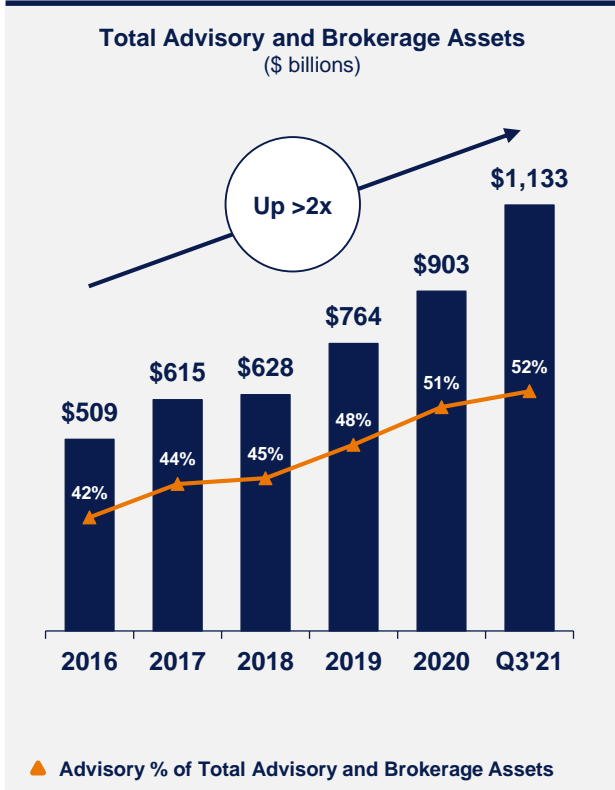
Average Client Assets:	\$1,027B
Organic Net New Assets:	\$110B
Organic Annualized Growth:	14%
Recruited Assets ⁽²⁾ :	\$83B
Gross Profit*:	\$2.3B
EBITDA*:	\$928M
EPS Prior to Amort. of Intangible Assets and Acquisition Costs*:	\$6.92

Debt Ratings⁽⁴⁾

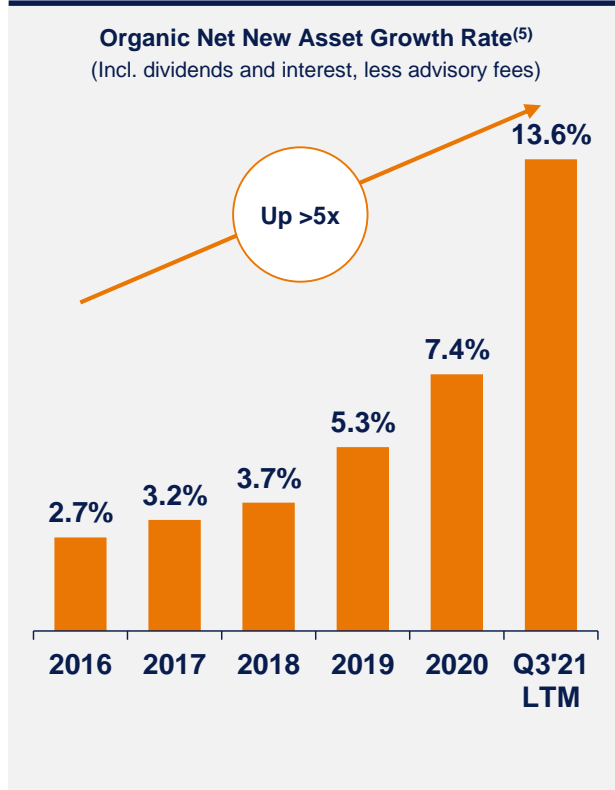
Moody's Rating:	Ba1
S&P Rating:	BB+

We continue to drive business and financial growth

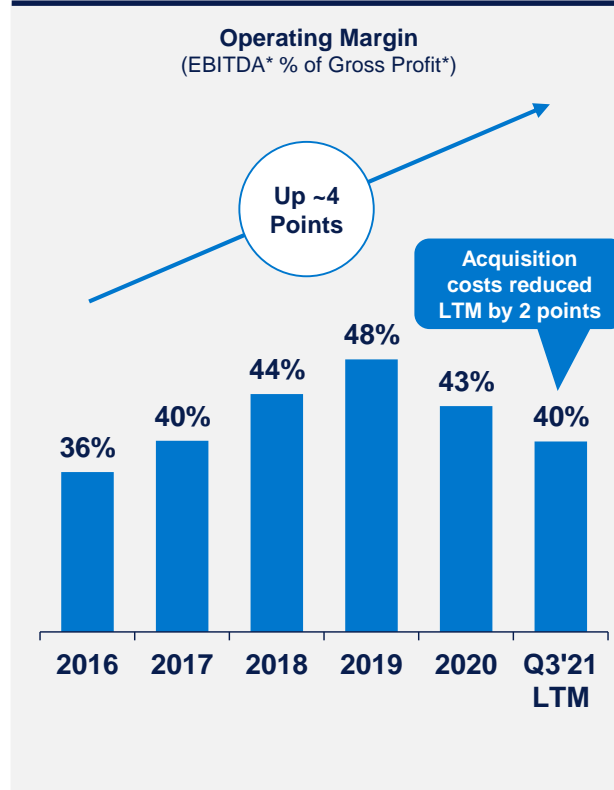
Total assets have more than doubled



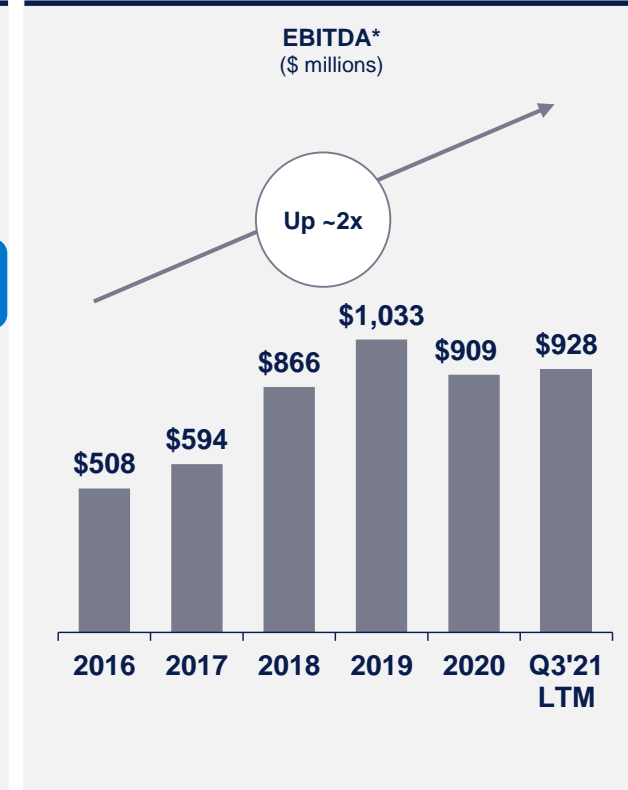
Organic asset growth has increased more than 5x



Operating margin has increased ~4 percentage points



EBITDA* has nearly 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

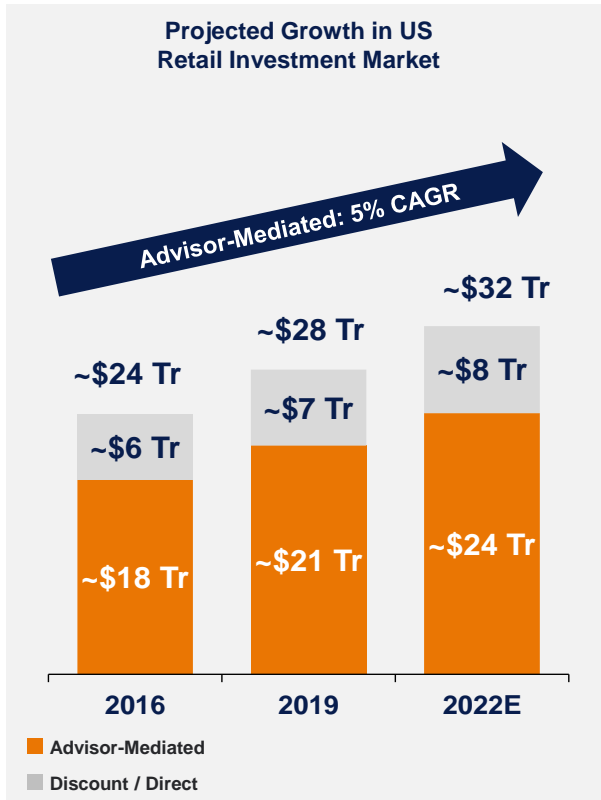
A strategy to win in the marketplace

LPL investment highlights: Significant opportunities to grow and create long-term shareholder value

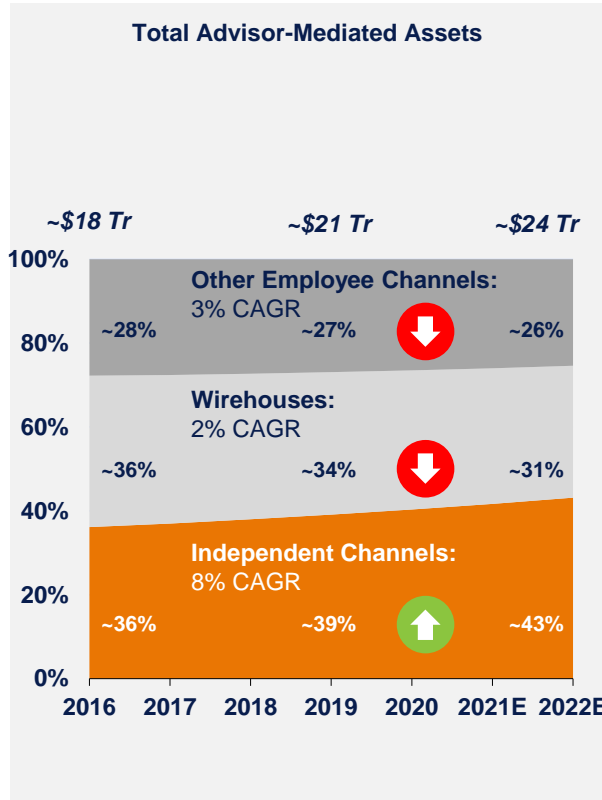
- 1 Industry leader with scale, structural tailwinds, and expanded addressable markets**
- 2 Expanded capabilities to enhance the advisor value proposition**
- 3 Organic growth opportunities through net new assets and ROA**
- 4 Resilient business model with natural hedges to market volatility**
- 5 Disciplined 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

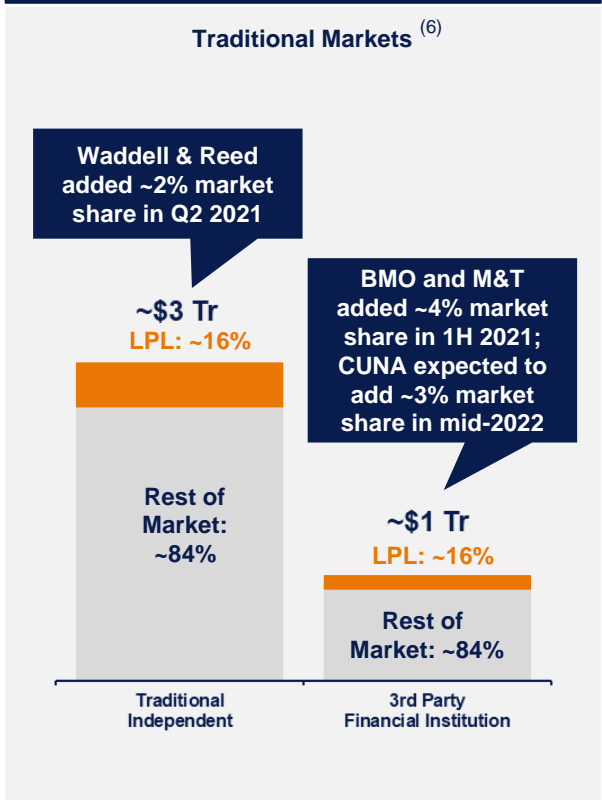
Growing Demand for Advice



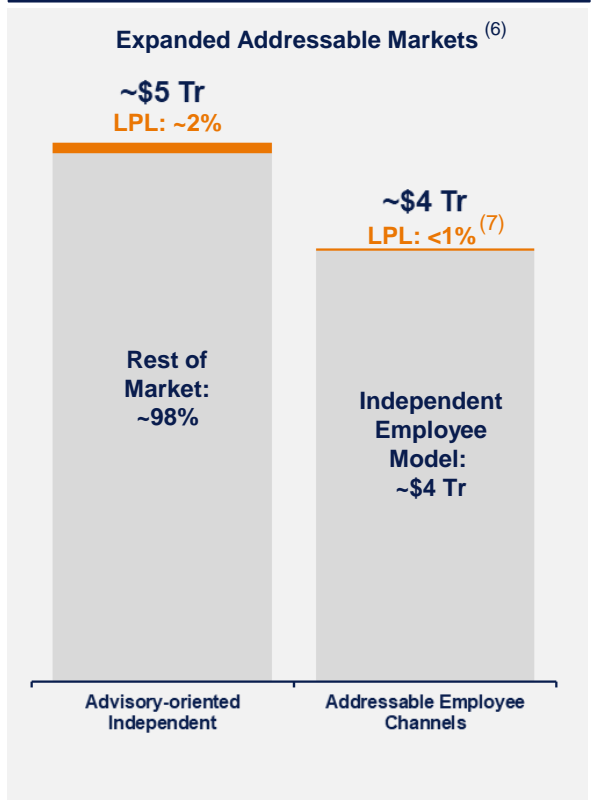
Independent Channel Gaining Share



Leading Position in Traditional Markets



Tripling our Total Addressable Markets

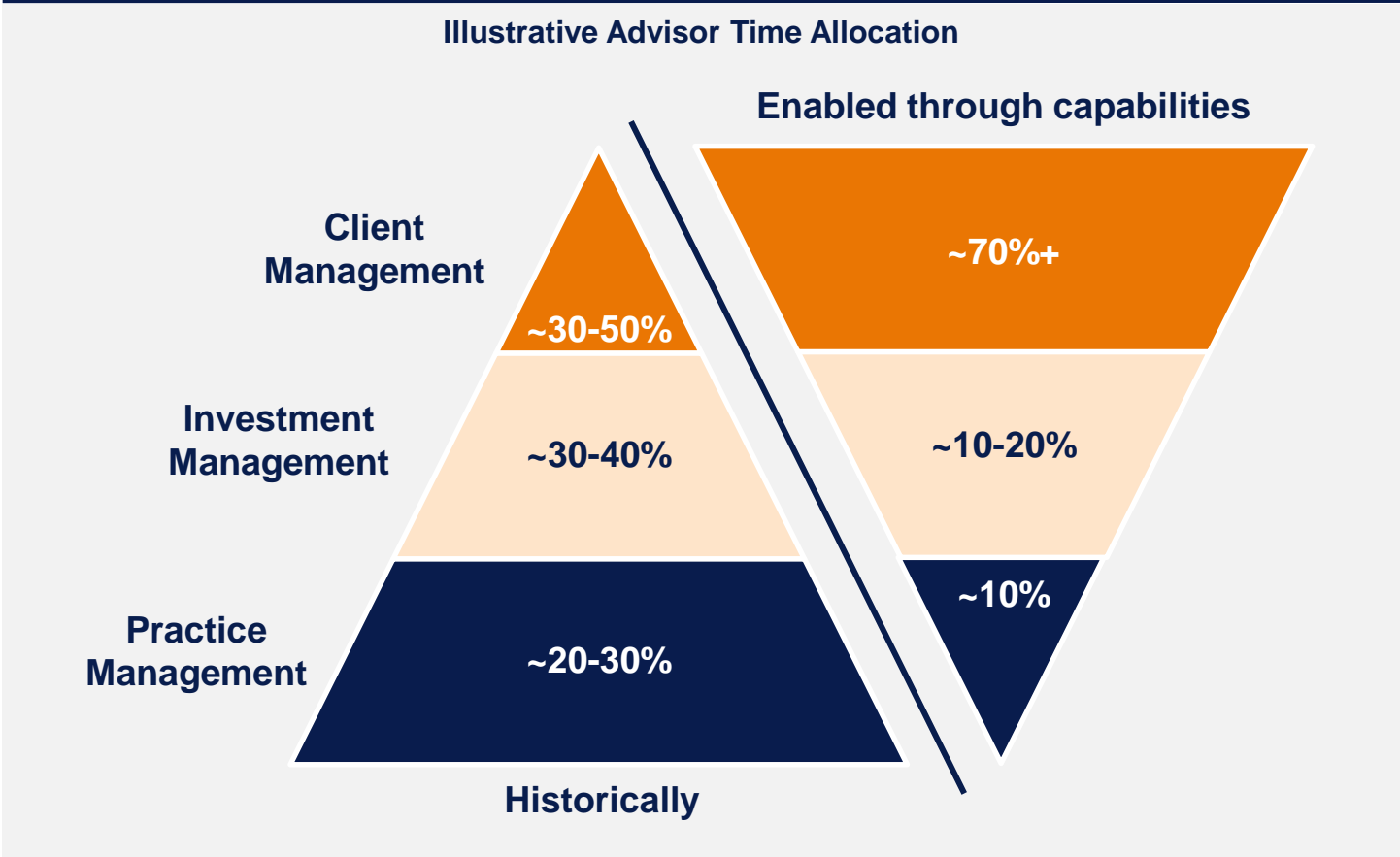


We have tripled our addressable markets with new affiliation models

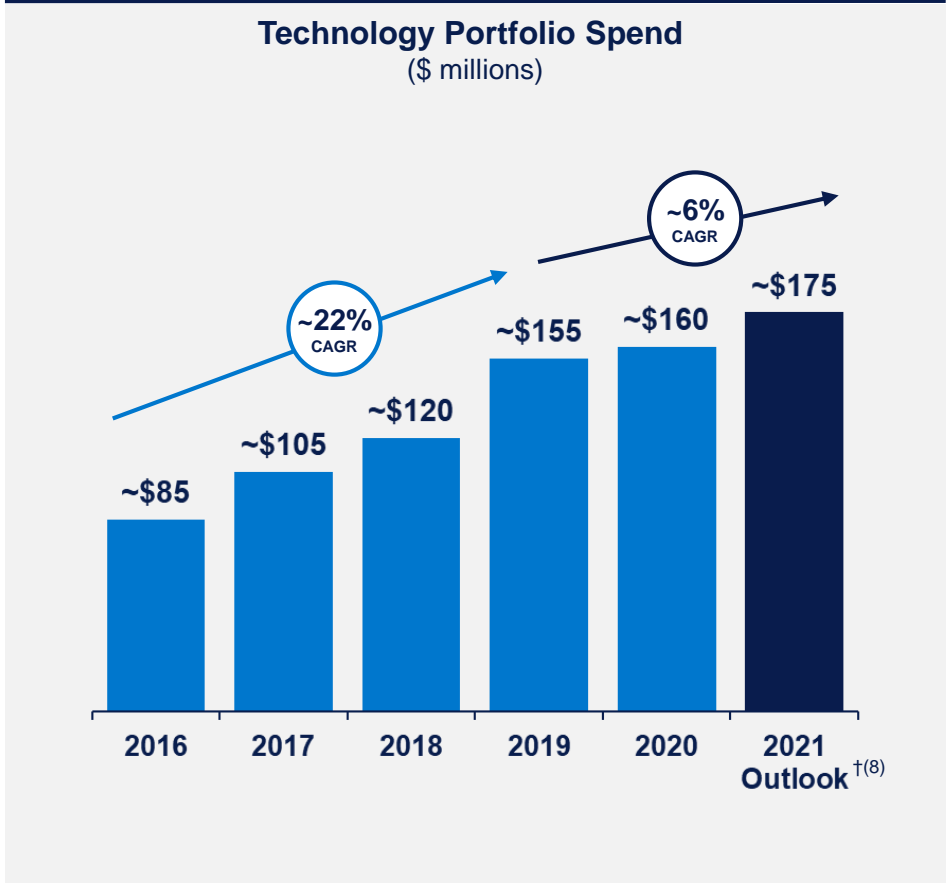
		Advisory-Oriented Independent Market <u>New ~\$5 Tr Opportunity</u>		Independent Employee Market <u>New ~\$4 Tr Opportunity</u>
		Strategic Wealth Services	RIA-Only Advisory	Independent Employee
Overview	<ul style="list-style-type: none"> Previously referred to as our “Premium” model Provides comprehensive 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 	<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) 	<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 	
Progress	<p>We have recruited 17 practices to date, serving ~\$5B in assets</p>	<p>We relaunched our model for RIA-only advisors in April 2021 and have already welcomed a number of new advisors</p>	<p>We have recruited 5 practices to date, serving ~\$1B in assets</p>	

We have increased our investment 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

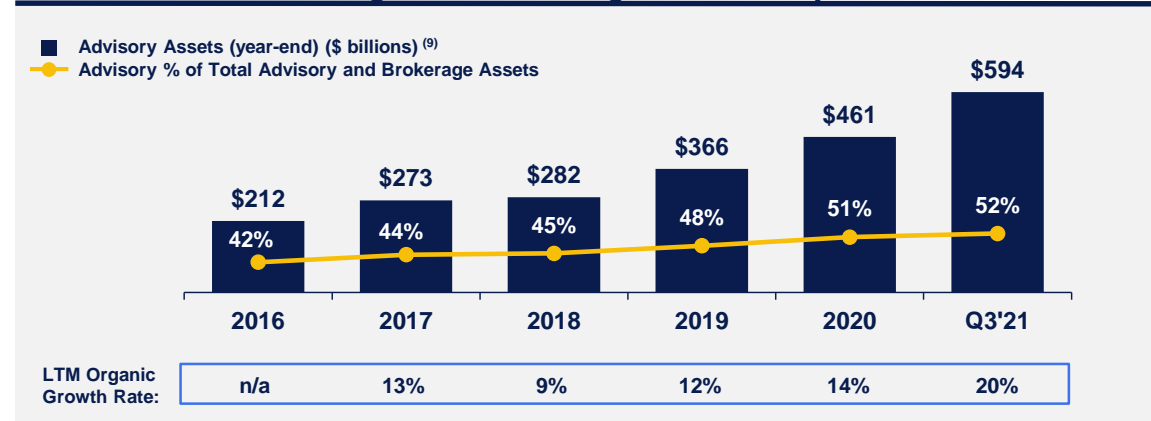


As a result, we have increased our technology investments over time



Advisory assets are over 50% of total assets

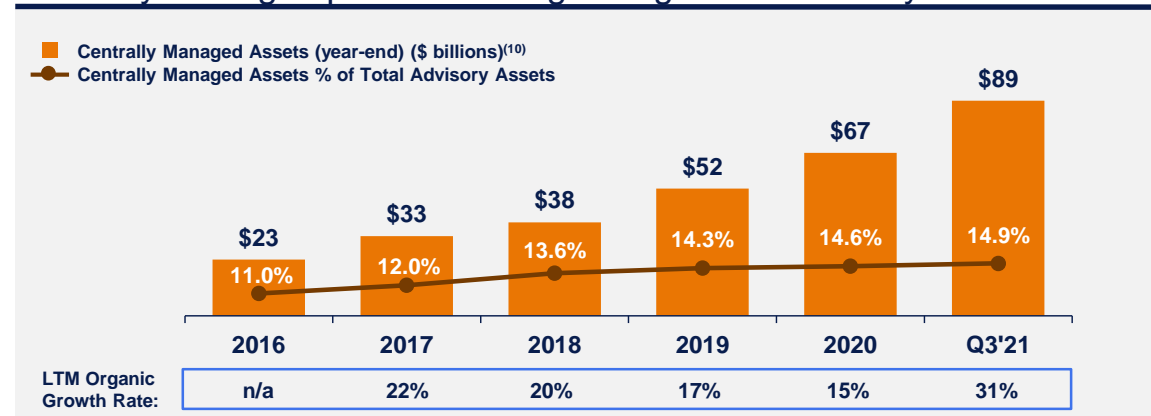
Our business is shifting from Brokerage to Advisory



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 can create additional value within 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
- Centrally managed platform ROA is ~10 bps higher than Advisory overall, so a 1% increase is ~\$6M in annual Gross Profit* benefit

We continue to scale and expand our Business Solutions portfolio

Business Solutions has grown to 2,598 subscriptions, more than double a year ago
Annualized revenue from Business Solutions has increased to ~\$25M

Professional Services

- **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**



Admin Solutions

Reduce daily tasks with experienced and trained administrative help



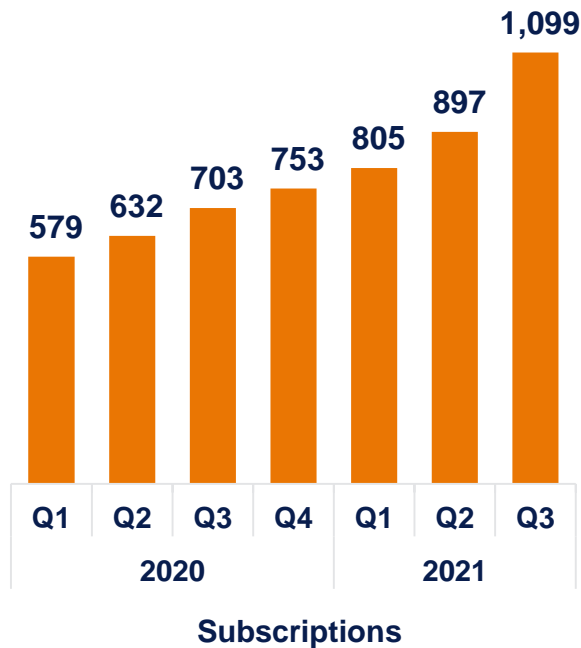
Marketing Solutions

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



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**



Assurance Plan

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



Remote Office Solutions

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



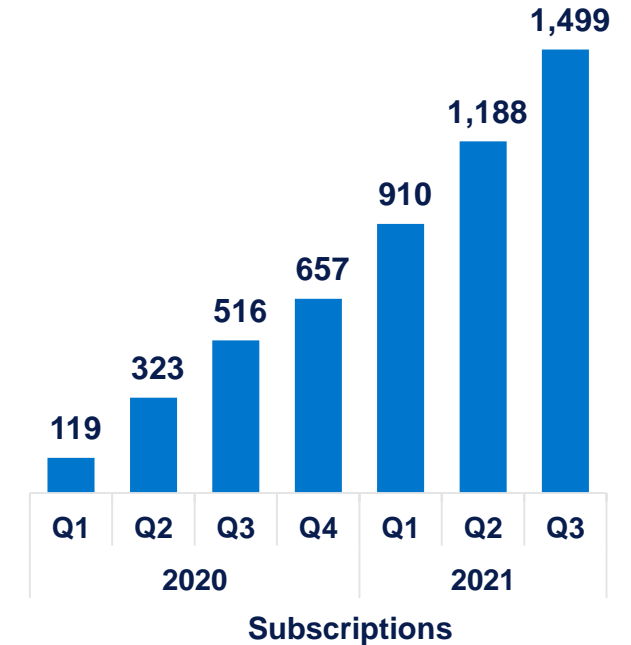
M&A Solutions

Comprehensive buyer and seller programs supporting all aspects of advisor practice M&A



Resilience Plan

Provides advisors with client service coverage during a short-term leave of absence



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

ClientWorks Connected

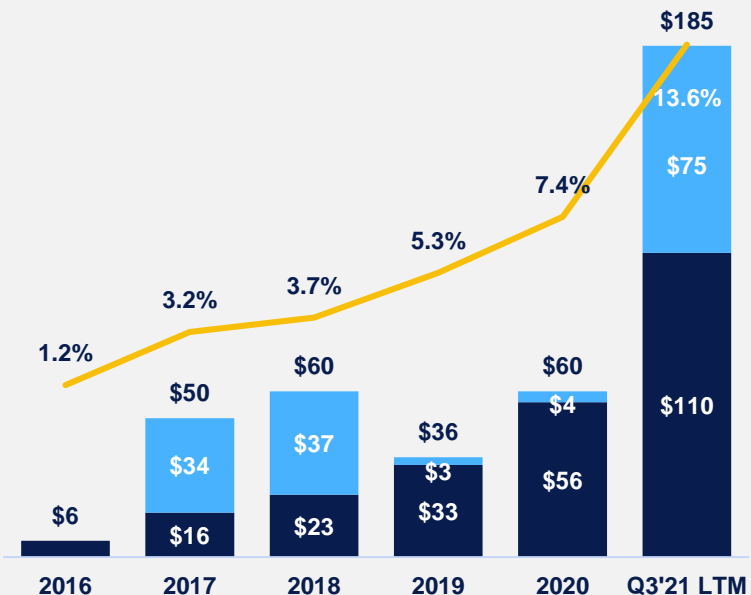


For each of the platforms, we are integrating a free solution as well as leading 3rd party options

We continued to drive solid organic growth with a Net New Asset growth rate of ~14% for the past year

Total Net New Assets⁽¹¹⁾ (\$ billions)

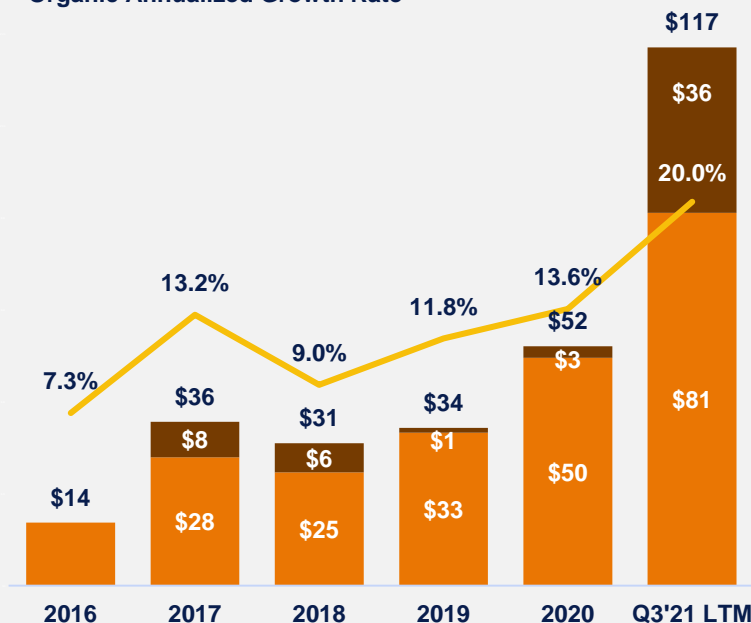
- Organic Total NNA
- Acquired Total NNA
- Organic Annualized Growth Rate



Organic Growth Rate (ex Financial Institutions): 9.3%
 Organic NNA Growth (ex Financial Institutions): \$76

Net New Advisory Assets⁽¹²⁾ (\$ billions)

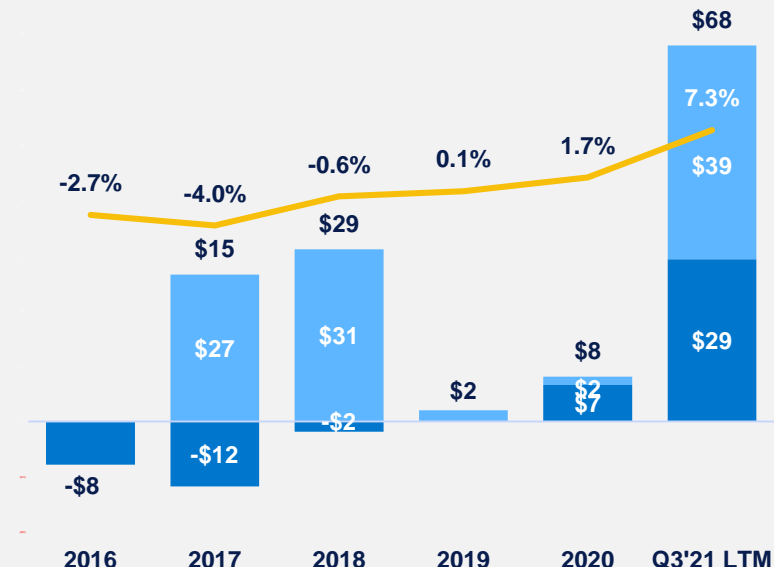
- Organic Advisory NNA
- Acquired Advisory NNA
- Organic Annualized Growth Rate



Organic Growth Rate (ex Financial Institutions): 18.0%
 Organic NNA Growth (ex Financial Institutions): \$73

Net New Brokerage Assets⁽¹³⁾ (\$ billions)

- Organic Brokerage NNA
- Acquired Brokerage NNA
- Organic Annualized Growth Rate



Organic Growth Rate (ex Financial Institutions): 0.6%
 Organic NNA Growth (ex Financial Institutions): \$3

Net Brokerage to Advisory Conversions ⁽¹⁴⁾ (\$ billions):	2016	2017	2018	2019	2020	Q3'21 LTM
	\$5.4	\$8.3	\$7.4	\$6.7	\$8.6	\$12.2

We are the leading 3rd party provider to financial institutions with CUNA, M&T and BMO Harris strengthening our strategic position

We are the leading 3rd party provider to financial institutions

Serving ~800 institutions with ~\$160B⁽¹⁵⁾ in assets

Background Context: The financial institution channel is a ~\$1Tr 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, financial institutions can provide retail clients with enhanced capabilities, grow their business faster, increase profitability, and lower regulatory risk.

Top 10 Financial Institutions on LPL's Platform

We onboarded BMO Harris and M&T in 1H 2021, and we expect to onboard CUNA in mid-2022

- Wealth management business of CUNA Mutual Group
- ~\$36B[†] in assets and 500+ advisors
- Agreement to join LPL signed June 2021
- Expected to onboard in mid-2022

- Fortune 500 bank with 700+ branches nationwide
- ~\$20B in assets and 170+ advisors
- Agreement to join LPL signed July 2020
- Onboarded in Q2 2021

- Bank with 500+ branches nationwide
- ~\$15B in assets and 115+ advisors
- Agreement to join LPL signed October 2020
- Onboarded in Q1 2021

CUNA, M&T and BMO Harris expand our 3rd party leadership with financial institutions

Total Channel: ~\$1Tr

LPL AUM: ~\$125B

~12%

Leading 3rd party provider in the financial institution space

LPL 2020

Financial Institutions Channel AUM⁽⁶⁾

~\$70B

~7%

CUNA, M&T and BMO increase our market leadership

CUNA, M&T and BMO Harris

~\$195B

~19%

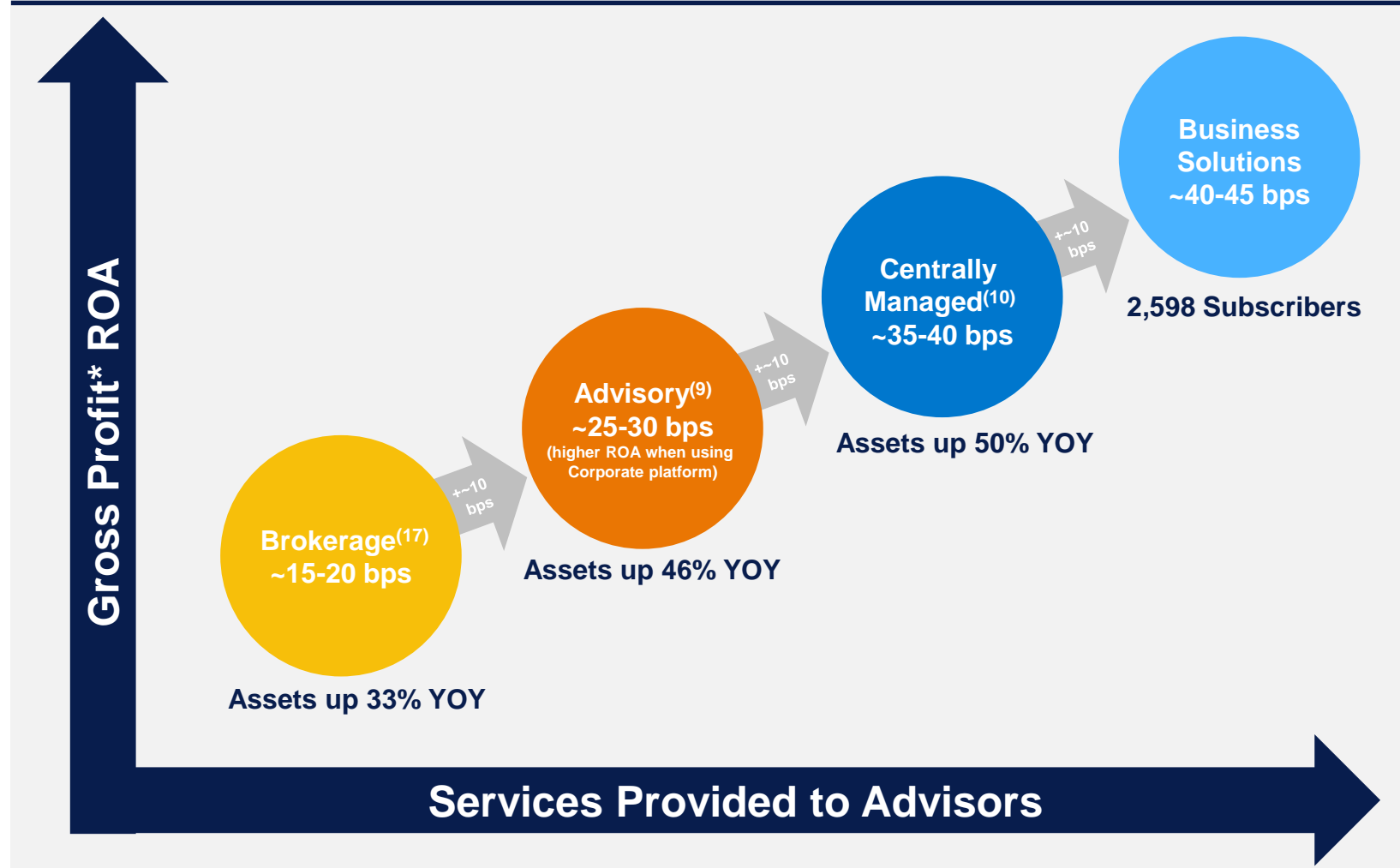
Following CUNA, M&T and BMO, we will be ~2.5x the next largest player

LPL 2022

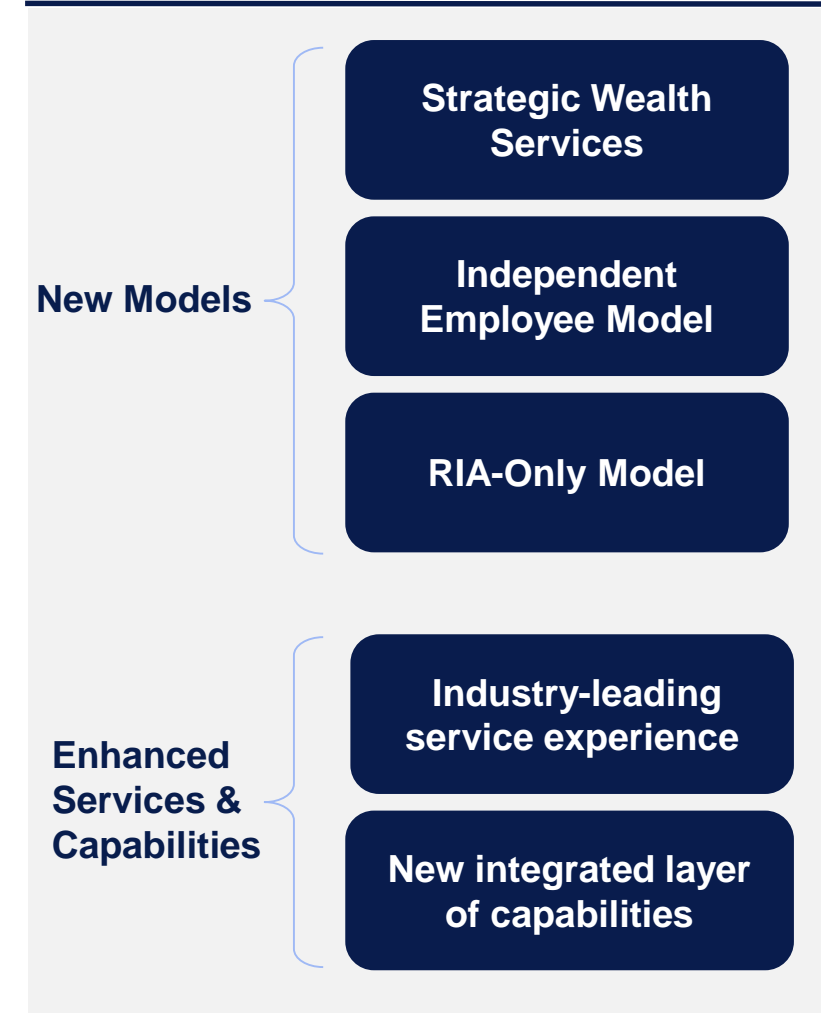
Note: AUM and market share do not reflect equity market growth.
 † Includes approximately \$4.4 billion of assets on 3rd party management platforms, which LPL does not include in its reporting of total advisory and brokerage assets.

As advisors use more of our services, our returns increase

We have seen a favorable mix shift in our platforms⁽¹⁶⁾



Additional drivers of growth



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, with our deposit beta averaging ~15% over the last cycle and ~2.5% over the first 4 Fed rate hikes

~\$320M⁽¹⁸⁾

Over first 4 rate hikes

Natural offsets to market declines

Cash Sweep Balance

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

As equity markets declined in early 2020, ICA balances increased by ~\$10B, which translates to a **~\$10M benefit annually⁽¹⁹⁾**

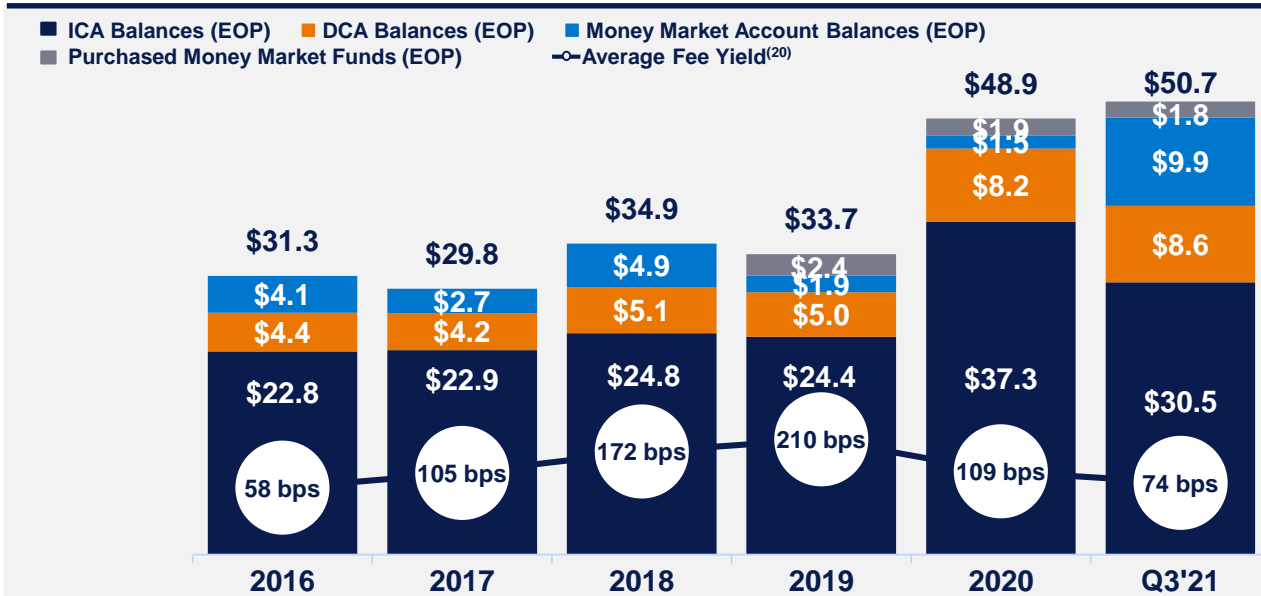
Transaction Volume

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

Transaction & fee revenue increased **~\$20M** sequentially in Q1 2020

We are well positioned to benefit from rising interest rates

Client Cash balances (\$ billions)



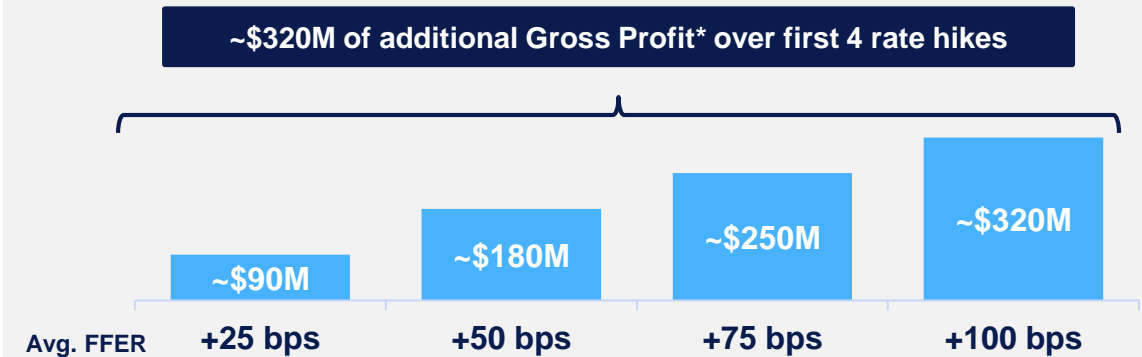
Average Fee Yields (in bps)

ICA	67	113	184	240	133	101
DCA	37	90	183	211	53	24
Purchased MM	n/a	n/a	n/a	29	23	7
MM Account	36	64	73	73	22	3
Average	58	105	172	210	109	74
Client Cash % of Total Assets	6.1%	4.8%	5.6%	4.4%	5.4%	4.5%

Annual potential Gross Profit* benefit from rising interest rates

- Over the last interest rate cycle, our deposit beta averaged ~15%
 - Early in the cycle, deposit betas were much lower, and ours averaged ~2.5% over the first 4 Fed rate hikes
- If we applied those deposit betas from the last cycle to our current client cash balances, this would translate to:
 - ~\$320M of Annual Gross Profit* over the first 4 rate hikes, equivalent to ~\$90M per rate hike for the first 2 and ~\$70M per rate hike for the next 2, at a ~2.5% deposit beta
 - After the first 4 rate hikes, ~\$50M of annual Gross Profit* per rate hike at a ~25% deposit beta

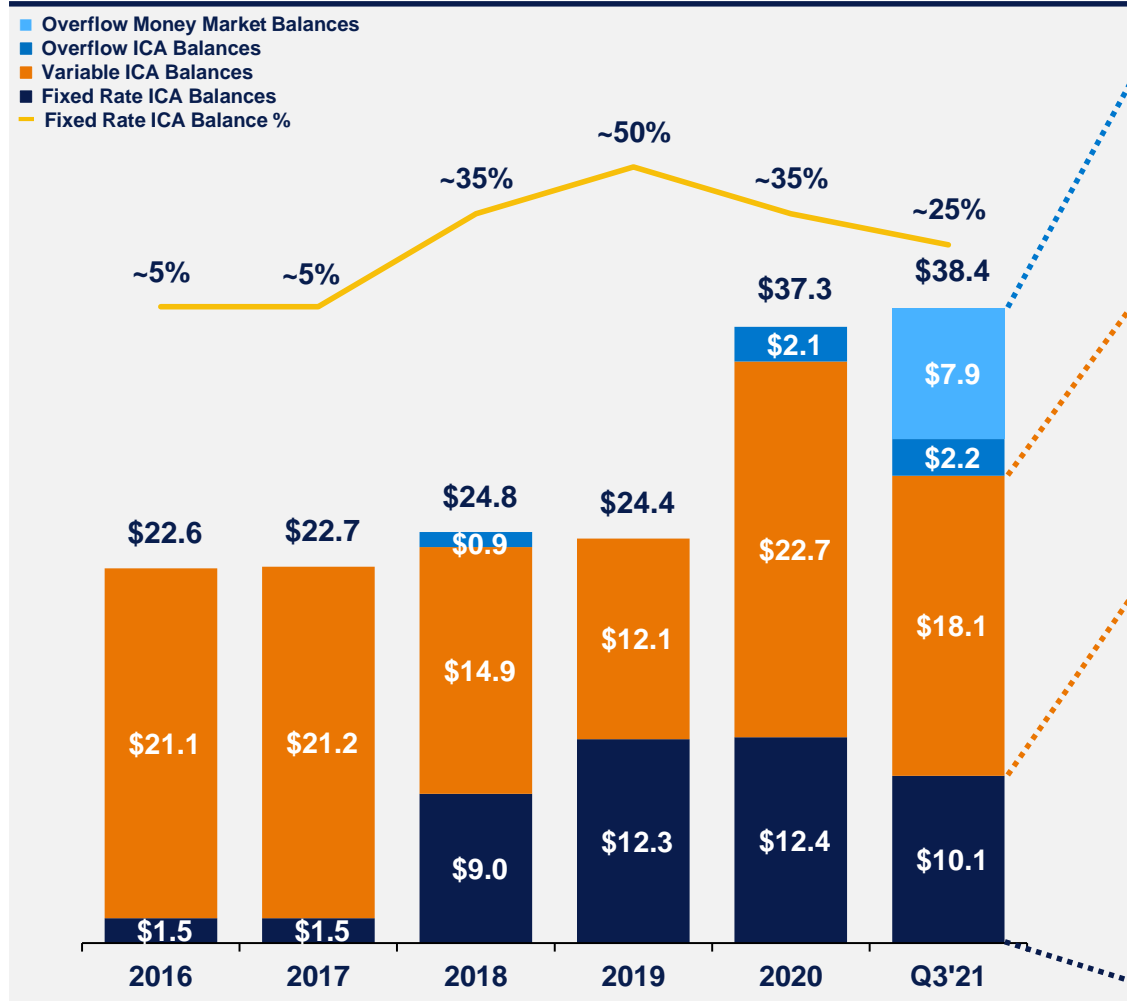
Estimated Interest Rate Sensitivity based on current balances and last interest rate cycle deposit betas



Note: Assumes change based on Q3 2021 end of period ICA balances. Additionally, as money market overflow balances shift back into ICA, there would be an additional upside of ~\$20M per rate hike after the first two rate hikes at a ~2.5% deposit beta.

In Q3, we added a new ~\$1 billion fixed rate ICA contract

ICA balances remain elevated



Overflow balances provide capacity when balances spike

- When ICA balances exceed our fixed and variable contract capacity, we use ICA and money market overflow contracts
- In the current interest rate environment, the interest rate earned on overflow ICA contracts averages 1 to 2 basis points, while money market sweep contracts earn ~4 basis points

Variable balances are mostly indexed to Fed Funds

Index	Amount (\$B)
LIBOR	\$2.0
Fed Funds	\$16.1
Total	\$18.1

- Most variable balances are indexed to Fed Funds + a spread (~20 to ~30 bps)
- However, some are indexed to one month LIBOR
- In the current environment, new variable contracts are averaging Fed Funds flat

Fixed rate ICA contracts are laddered over ~4 years

- New fixed rate contracts:** In Q3, we added ~\$1 billion of 3 year fixed rate balances maturing in 2024, with a ~45 bps yield consistent with the 3-year point at the curve when contracted
- Maturities during Q3:** ~\$2.3 billion of fixed rate contracts which were earning ~160 bps

Year	Amount (\$B)
2021	\$3.8
2022	\$2.3
2023	\$5.0
2024	\$2.1
2025	\$0.8

Year	Yield (bps)
2021	N/A
2022	~295
2023	~330
2024	~115
2025	~170

Weighted average yield across ladder is ~265 bps

Note: Yields shown on this page are prior to client deposit rates (~1 bps) and administrator fees (~4 bps). Money market sweep balances are not subject to these costs.

We remain focused on investing to drive organic growth while delivering long-term operating leverage in our core business

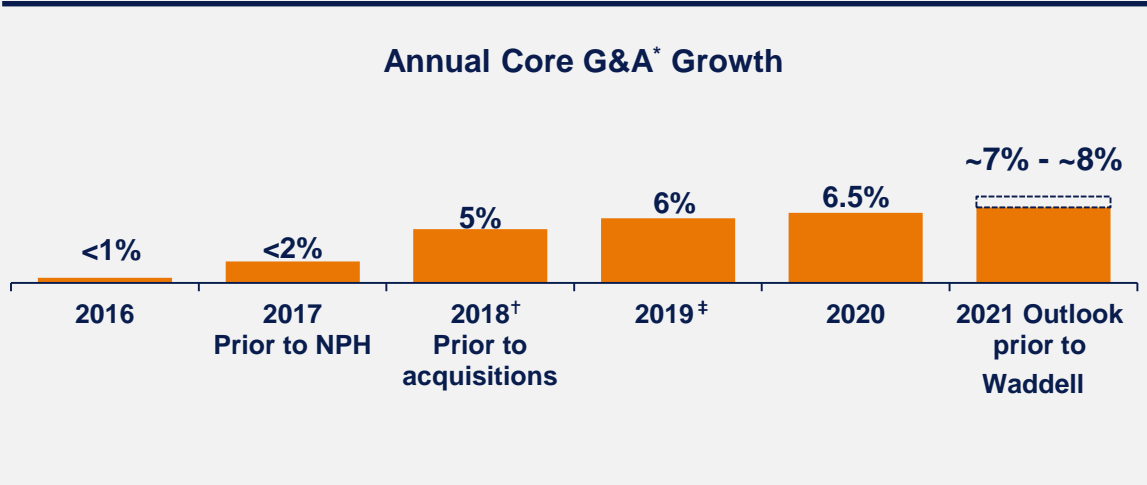
Long-term cost strategy

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

2021 Core G&A* context

- Our initial 2021 Core G&A* plans were for a range of \$975 million to \$1,000 million prior to Waddell & Reed (~5.5% to ~ 8% growth)
- Given strong levels of organic growth, we are tightening our Core G&A* outlook to a range of \$990 million to \$1,000 million, and we expect to be in the upper half of that range
- Additionally, now that we have onboarded Waddell & Reed, we are including those costs in our overall Core G&A* outlook. We expect Waddell & Reed to add \$55 million to \$60 million of Core G&A*
- As a result, our new Core G&A* outlook range is \$1,045 million to \$1,060 million

Recent expense trajectory, prior to acquisitions



Core G&A* outlook

2021 Outlook – prior to Waddell & Reed	\$990M to \$1,000M
Waddell & Reed	\$55M to \$60M
2021 Outlook – including Waddell & Reed	\$1,045M to \$1,060M

[†] 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.

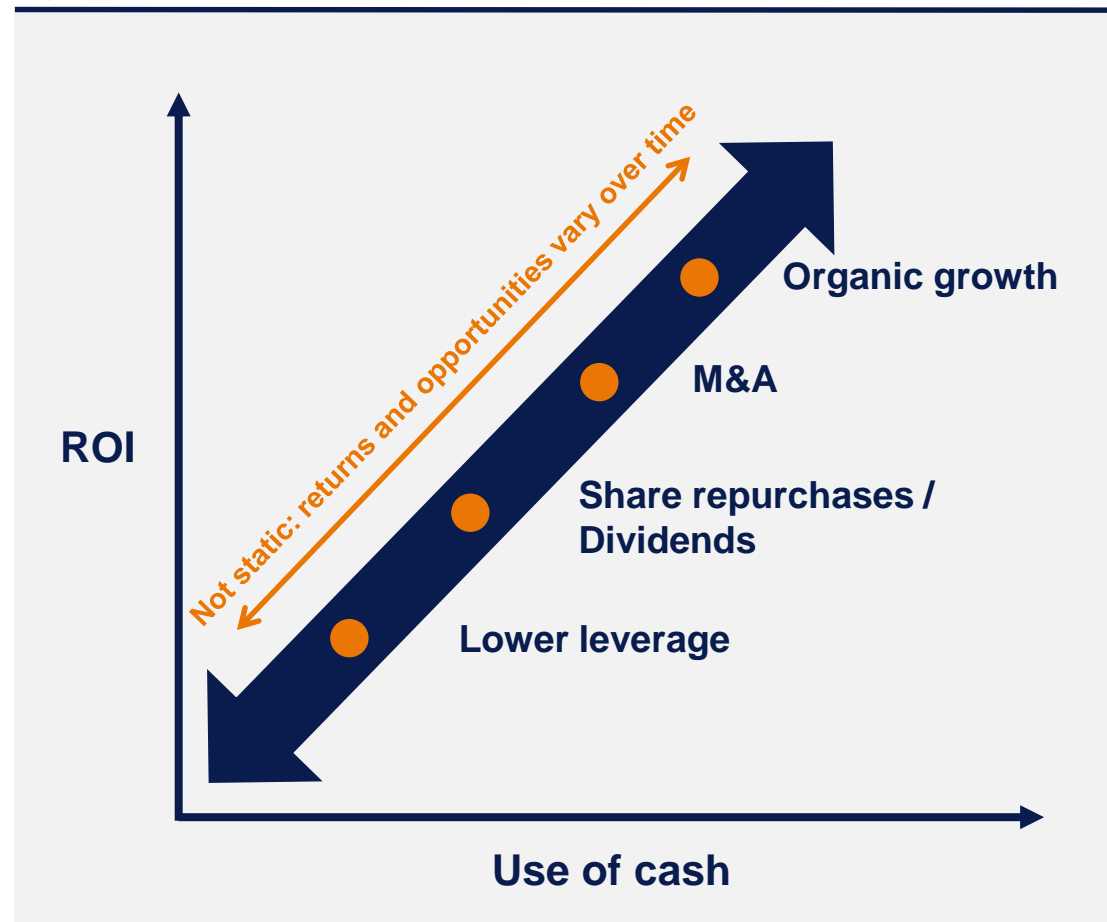
[‡] Based on the Company's total 2018 Core G&A*.

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 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

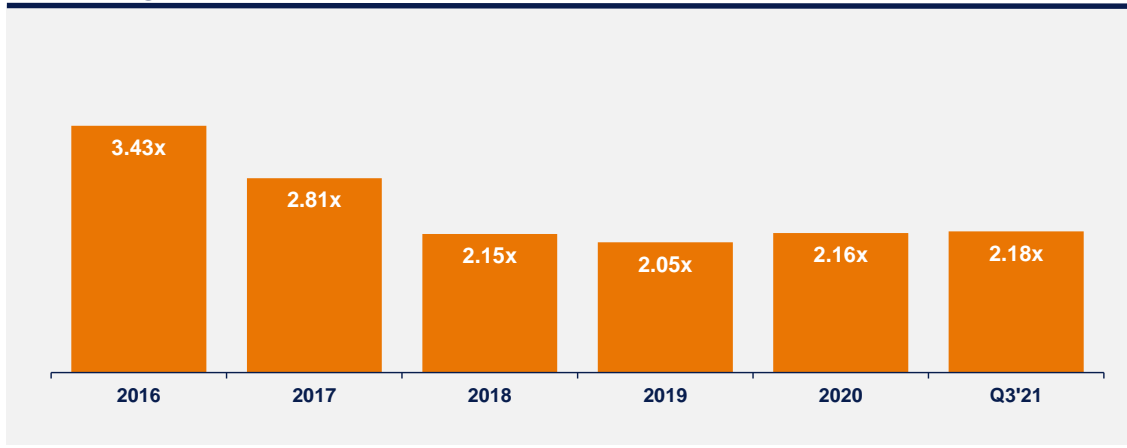


Our balance sheet strength is a key driver of our organic growth

Management Target Leverage Ratio⁽²¹⁾



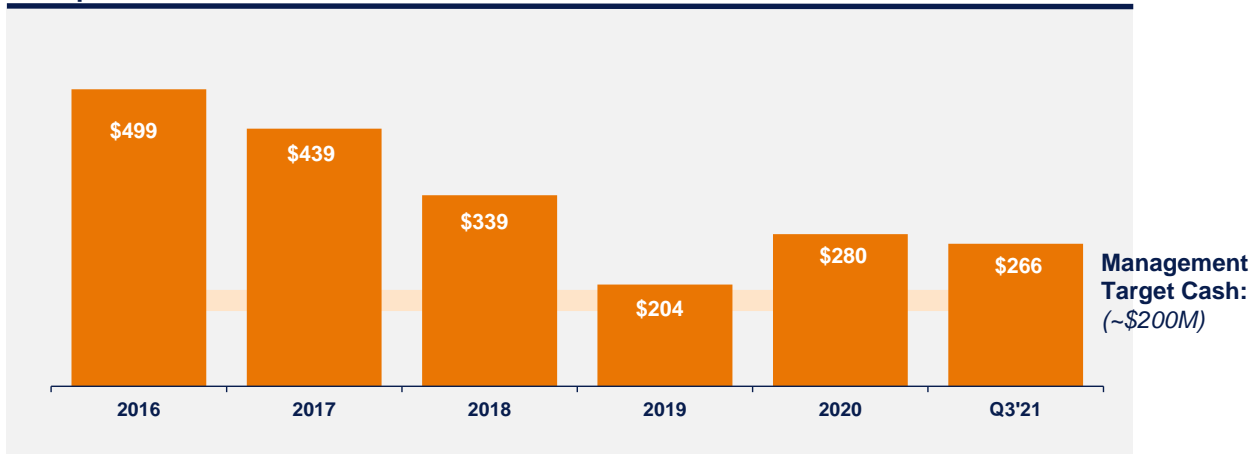
Leverage Ratio⁽²¹⁾



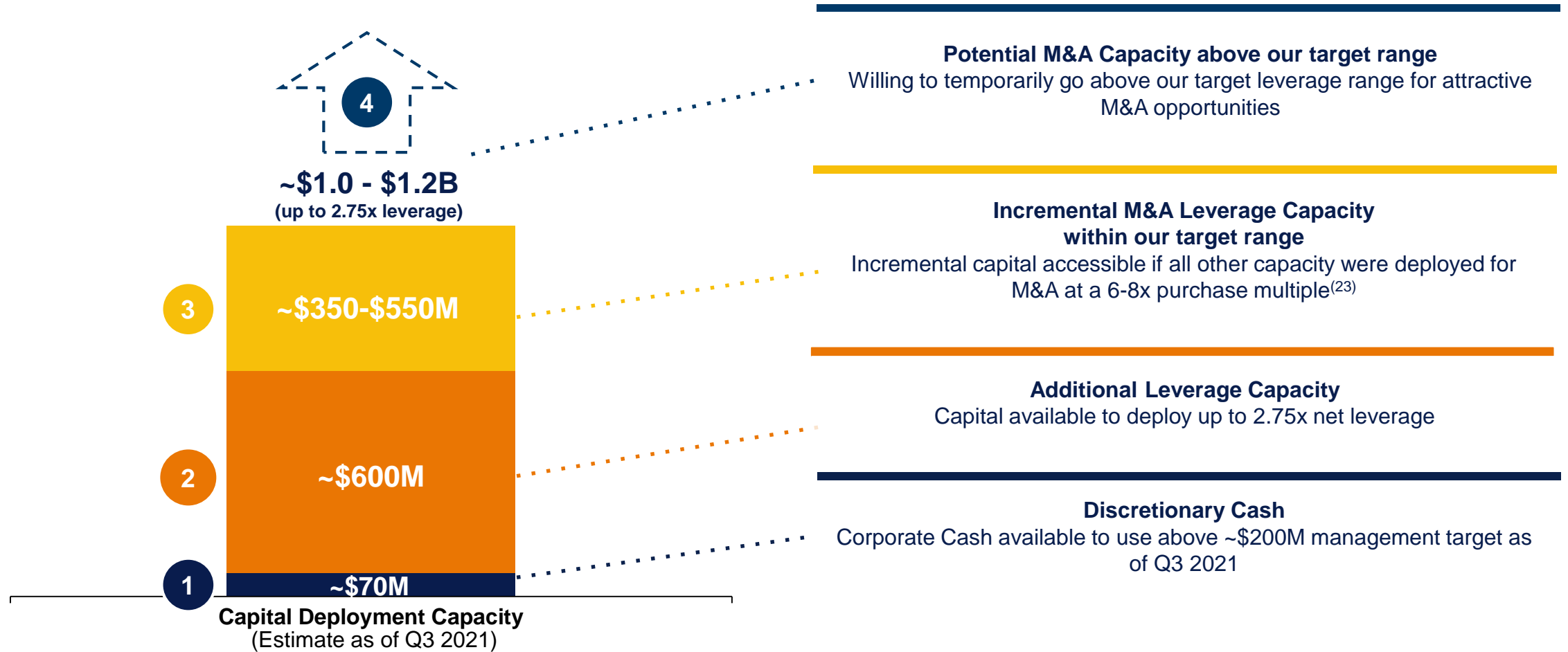
Balance Sheet Principles

- 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

Corporate Cash⁽²²⁾

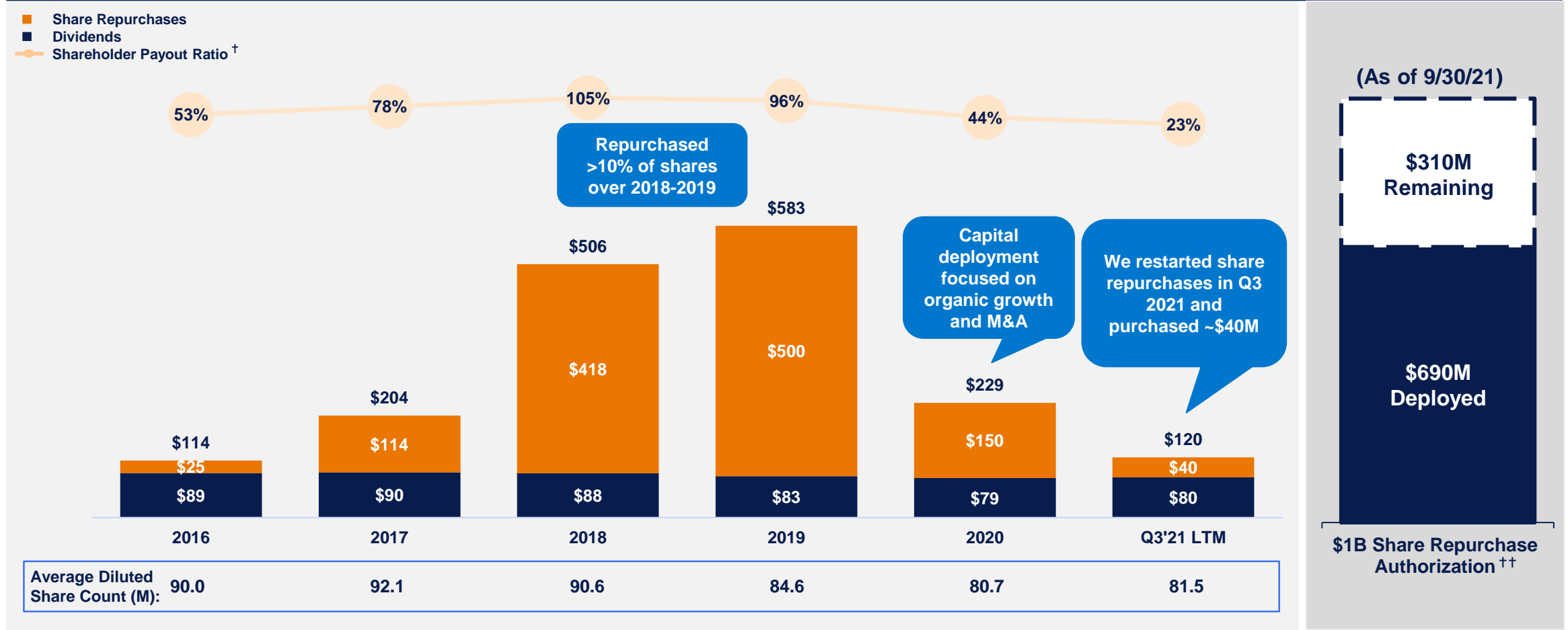


We have a significant amount of capital deployment capacity...



...And we restarted share repurchases in Q3, focused on offsetting dilution, with ~\$40M purchased in the quarter

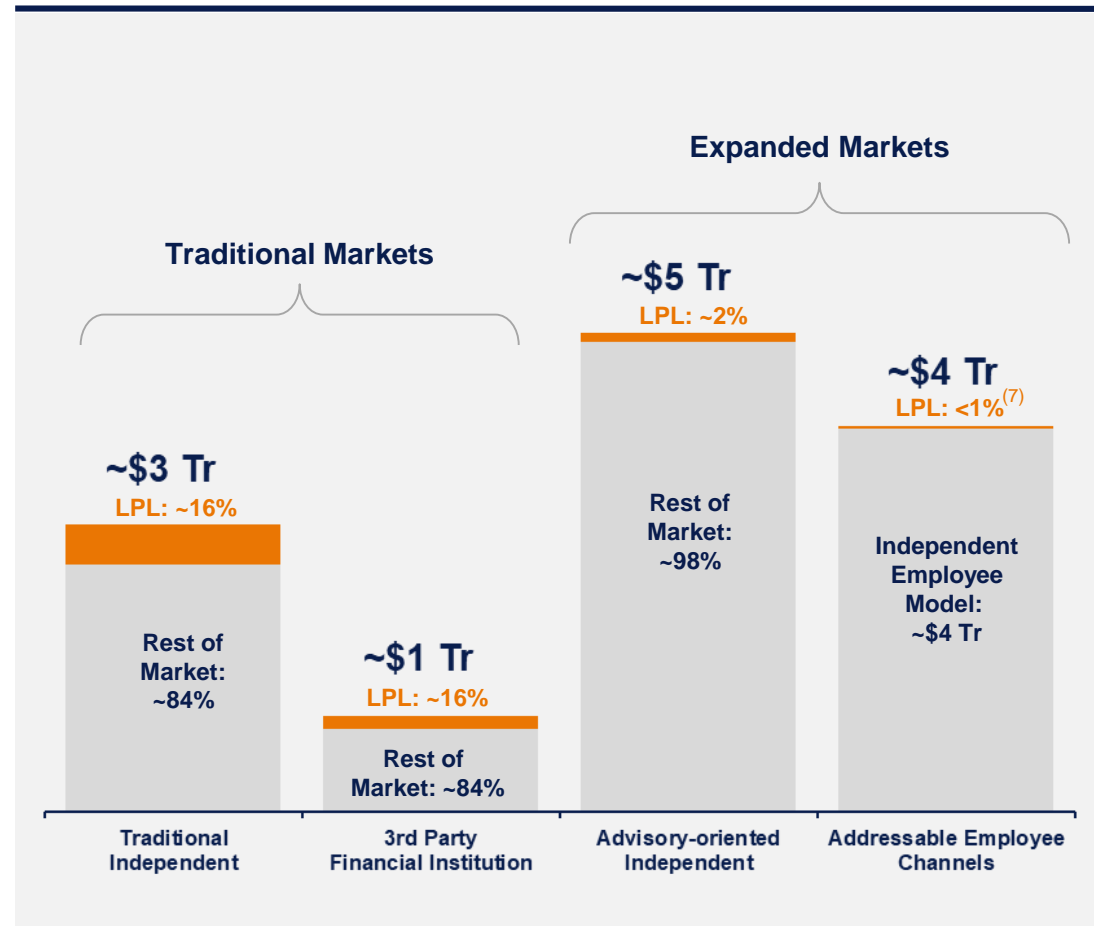
Share Repurchases and Dividends (\$ millions)



† Shareholder Payout Ratio is defined as (Dividends + Share Repurchases) / (Net Income + Amortization of Intangible Assets, net of Tax)
 †† Increased share repurchase authorization to \$1B as of December 31, 2018

Our addressable markets are fragmented, with potential for consolidation

Addressable markets⁽⁶⁾



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

Recent acquisitions

Traditional Markets			New Markets	Capabilities
 <p>2021 ~\$71B assets as of Sep. 2021†</p> <ul style="list-style-type: none"> Transaction closed on April 30, 2021 for a purchase price of \$300M Estimated annualized run-rate EBITDA* of \$85M+ by the end of Q2 2022 Increases our scale and capacity to invest in capabilities, technology, and service to help existing advisors serve their clients and differentiate in the marketplace 	 <p>2017 ~\$70B assets transferred</p> <ul style="list-style-type: none"> 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 	 <p>2020 ~\$1.5B assets</p> <ul style="list-style-type: none"> Leading San Diego practice with approximately 20 advisors <hr/>  <p>2020 ~\$2B assets</p> <ul style="list-style-type: none"> Leading Seattle practice with approximately 35 advisors 	 <p>2019 ~\$3B assets transferred</p> <ul style="list-style-type: none"> Leading Florida practice with client base and culture that are good fits for LPL Affiliated under our employee model 	 <p>2020 ~Industry-leading capabilities ~\$12M purchase price⁽²⁴⁾</p> <ul style="list-style-type: none"> Innovative trading and rebalancing capabilities to drive efficiency and scale in advisors' practices <hr/>  <p>2018 ~Industry-leading capabilities ~\$28M purchase price</p> <ul style="list-style-type: none"> Leading provider of digital tools for advisors that serves more than 30,000 U.S. financial advisors and institutions

† Onboarding complete with ~99% asset retention of Waddell & Reed total assets at the end of September 2021. LPL does not include retirement plan assets as part of total advisory and brokerage assets, so September 2021 results do not include ~\$2.4 billion of retirement plan assets from Waddell & Reed.

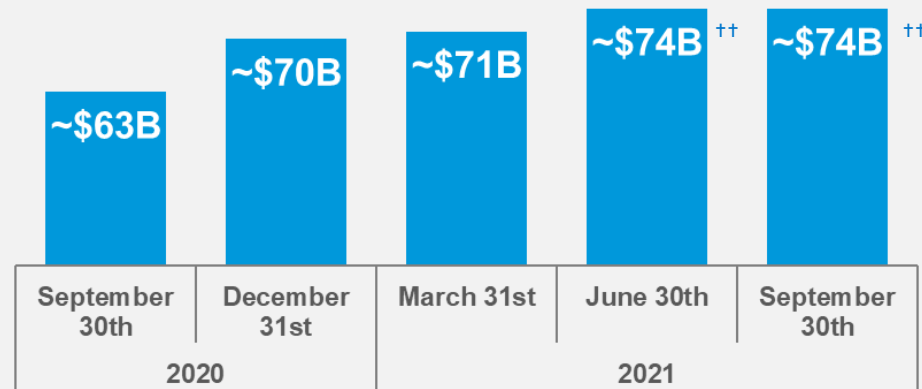
Waddell & Reed update: Completed onboarding with ~99% retention

Transaction Details at Signing

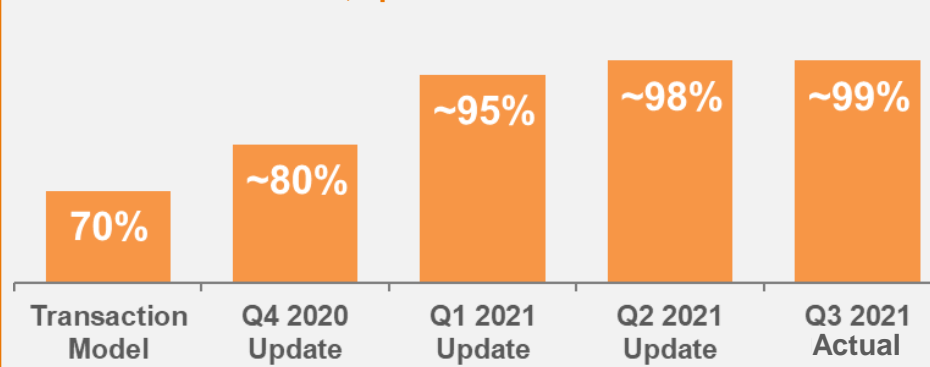
- On December 2nd, we signed an agreement to acquire Waddell & Reed's wealth management business
- Transaction structured primarily as an equity purchase with a price of \$300M
- Waddell & Reed's wealth management client assets were ~\$63B with asset mix of ~45% advisory and ~55% brokerage (as of September 30, 2020)
- Waddell & Reed's wealth management business had over 900 advisors, serving ~\$70M of client assets per advisor (as of September 30, 2020)

Retention Update

Waddell & Reed's wealth management client assets were roughly flat in Q3, with greater retention [†]



Final asset retention rate from Waddell & Reed increased to ~99% in Q3, up from an estimated ~98% in Q2

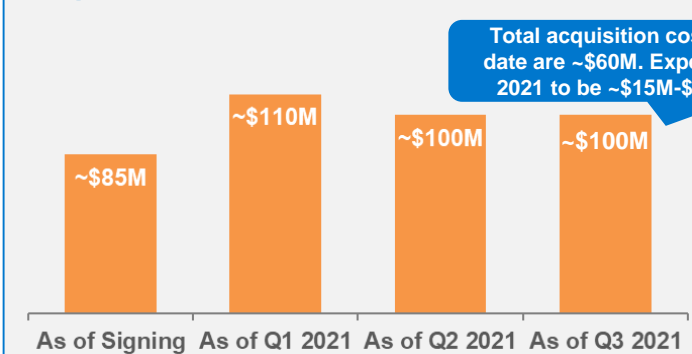


Financial Update

Estimated Run-Rate EBITDA* expectation remains at \$85M+



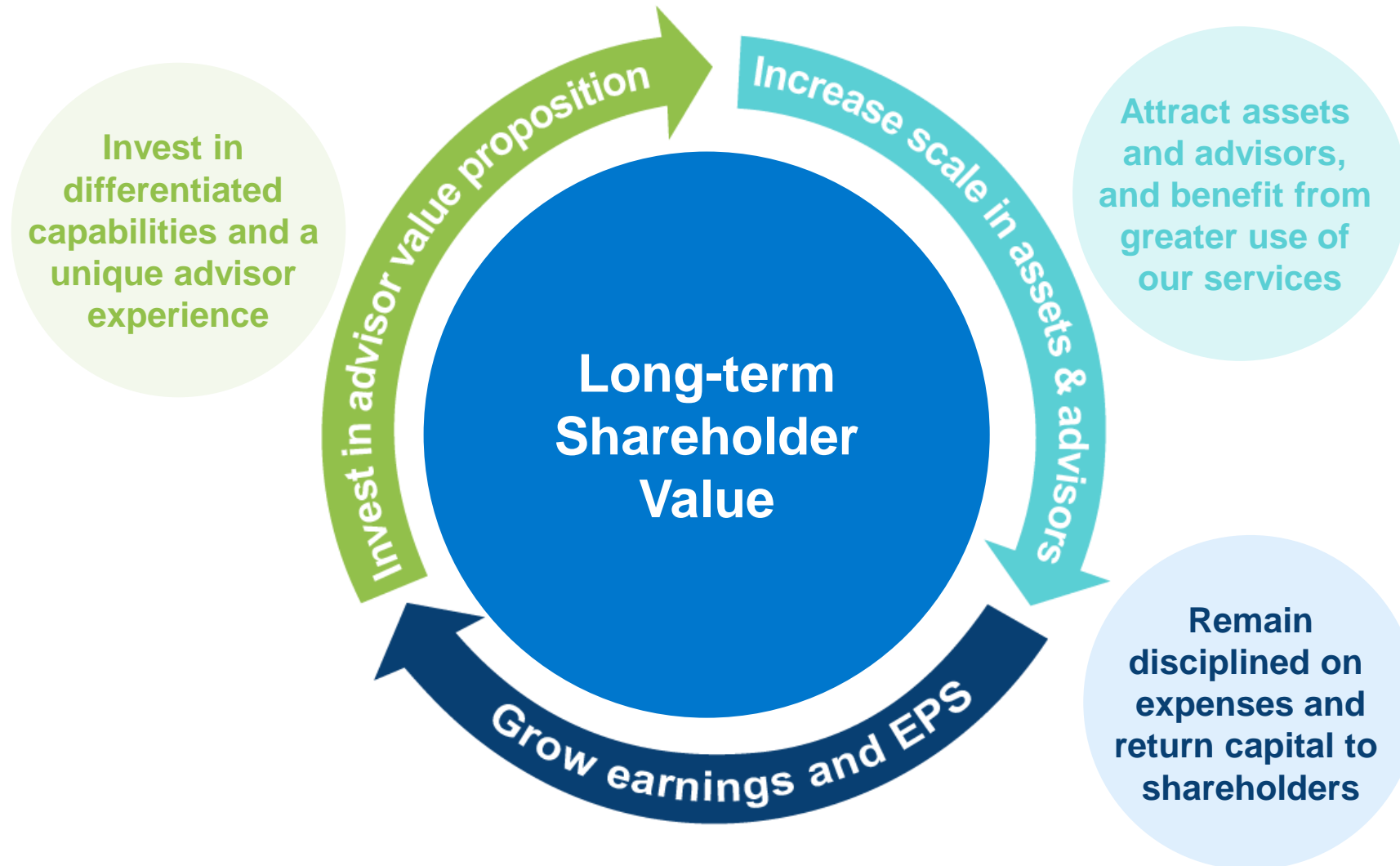
Acquisition Costs are estimated to be ~\$100M



Total acquisition costs to date are ~\$60M. Expect Q4 2021 to be ~\$15M-\$20M.

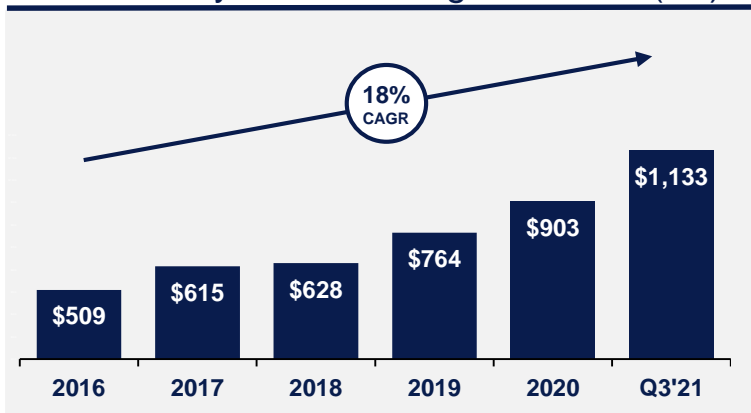
[†] Q3 and Q4 2020 as reported by Waddell & Reed in its Earnings Release and Q1 2021 as reported by Waddell & Reed in the April press release.
^{††} The ~\$74B of Waddell & Reed assets includes ~\$2B of retirement assets, which LPL does not include in total asset reporting, and ~\$1B of assets that did not convert.

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

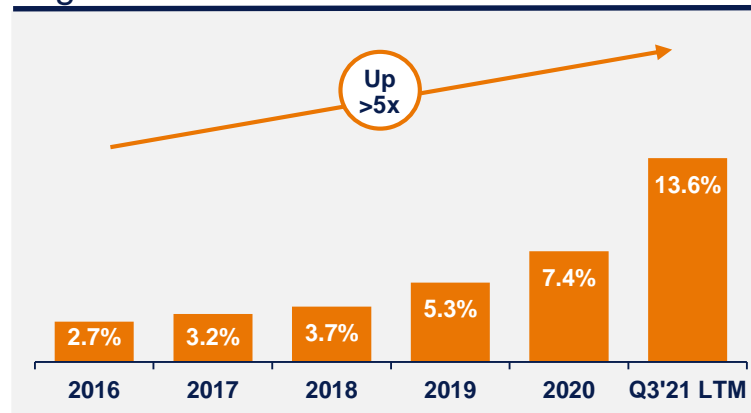


We are focused on executing our strategy and delivering results

Total Advisory and Brokerage Assets⁽²⁵⁾ (\$B)



Organic Net New Asset Growth



Key Earnings Growth Drivers

Enhanced Advisor Value Proposition

(Capabilities, Technology, Service)

Increased Organic NNA

(Opportunities in Traditional Markets and Financial Institutions)

New Affiliation Models

(Strategic Wealth Services, Independent Employee, RIA-Only)

Greater Use of our Services

(Advisory, Corporate, Centrally Managed, Business Solutions, Advisor Capital Solutions)

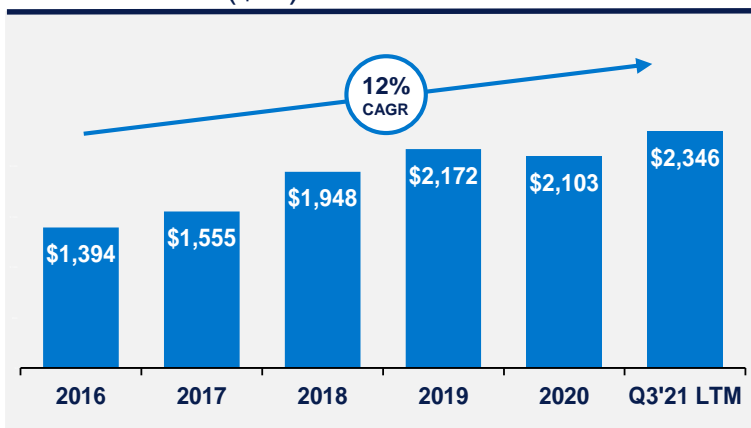
Drive Operating Leverage in Core Business while Investing for Additional Growth

Increased Scale and Capabilities through M&A

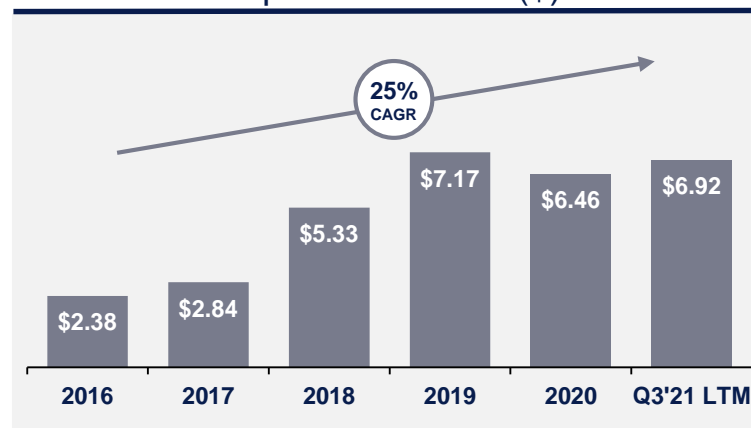
Excess Capital Deployment

(Technology, Advisor Capital, Returning Capital to Shareholders)

Gross Profit* (\$M)



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





APPENDIX

Calculation of Gross Profit and Reconciliation of Net Income to EBITDA and Credit Agreement EBITDA

Gross profit, EBITDA and Credit Agreement EBITDA are non-GAAP financial measures. Please see descriptions of gross profit, EBITDA and Credit Agreement EBITDA under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Set forth below are calculations of gross profit for the periods presented on pages 4 and 29:

\$ in millions	Q3'21 LTM	2020	2019	2018	2017	2016
Total revenues	\$7,208	\$5,872	\$5,625	\$5,188	\$4,281	\$4,049
Advisory and commission expenses	4,779	3,697	3,388	3,178	2,670	2,601
Brokerage, clearing and exchange fees	83	71	64	63	57	55
Gross profit	\$2,346	\$2,103	\$2,172	\$1,948	\$1,555	\$1,394

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

\$ in millions	Q3'21 LTM	2020	2019	2018	2017	2016
Net income	\$463	\$473	\$560	\$439	\$239	\$192
Non-operating interest expense and other	102	106	130	125	107	96
Provision for income taxes	147	153	182	153	126	106
Depreciation and amortization	139	110	96	88	84	76
Amortization of intangible assets	76	67	65	60	38	38
EBITDA	\$928	\$909	\$1,033	\$866	\$594	\$508
Credit agreement adjustments	213	52	48	103	151	44
Credit agreement EBITDA	\$1,142	\$961	\$1,081	\$969	\$745	\$552

Note: Totals may not foot due to rounding.

Reconciliation of EPS Prior to Amortization of Intangible Assets and Acquisition Costs to GAAP EPS

EPS prior to amortization of intangible assets and acquisition costs and adjusted net income are non-GAAP financial measures. Please see a description of EPS prior to amortization of intangible assets, acquisition costs, and adjusted net income 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 intangible assets and acquisition costs to GAAP EPS for the periods presented on pages 4 and 29 of this presentation.

	Q3'21 LTM		2020		2019		2018		2017		2016	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
\$ in millions, except per share data												
Net income/ earnings per diluted share	\$463	\$5.69	\$473	\$5.86	\$560	\$6.62	\$439	\$4.85	\$239	\$2.59	\$192	\$2.13
Amortization of intangible assets	76	0.92	67	0.83	65	0.76	60	0.66	38	0.41	38	0.42
Acquisitions costs	62	0.76	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Tax benefit	(37)	(0.45)	(19)	(0.23)	(18)	(0.21)	(17)	(0.19)	(15)	(0.16)	(15)	(0.17)
Adjusted net income / EPS prior to amortization of intangible assets and acquisition costs	\$564	\$6.92	\$521	\$6.46	\$607	\$7.17	\$482	\$5.33	\$262	\$2.84	\$215	\$2.38
Average diluted share count	82		81		85		91		92		90	

Note: Totals may not foot due to rounding.

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 expense for the periods presented on page 20, 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 2021	2020	2019	2018	2017	2016
Total operating expense	\$1,856	\$5,140	\$4,750	\$4,471	\$3,787	\$3,655
Advisory and commission	1,367	3,697	3,388	3,178	2,670	2,601
Depreciation and amortization	38	110	96	88	84	76
Amortization of intangible assets	22	67	65	60	38	38
Brokerage, clearing and exchange expense	23	71	64	63	57	55
Total G&A	\$406	\$1,194	\$1,136	\$1,082	\$938	\$886
Promotional (ongoing) ⁽²⁶⁾	84	208	206	209	172	149
Acquisition costs	36	-	-	-	-	-
Employee share-based compensation	10	32	30	23	19	20
Regulatory charges	6	29	32	32	21	17
Core G&A	\$271	\$925	\$868	\$819	\$727	\$700

\$ 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	\$757	\$712

Note: Totals may not foot due to rounding.

Endnotes

- (1) Based on total revenues, Financial Planning magazine, June 1996-2021.
- (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 Leverage Ratio in accordance with the terms of its Credit Agreement.
- (4) Represents Moody's Corporate Family Rating and S&P Issuer Credit Rating. Moody's changed LPL's outlook to positive from stable on September 21, 2021.
- (5) 2016 Net New Assets results shown assumed ~1.5% of benefit from the combination of dividends and interest less advisory fees. 2017 to current results include actual calculation of the benefit, which has averaged ~1.5% per year.
- (6) LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.
- (7) Consists of approximately \$3 billion of advisory and brokerage assets serviced by Allen & Company of Florida LLC ("Allen & Company").
- (8) 2021 outlook is prior to M&A and large bank related onboarding spend in technology.
- (9) 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.
- (10) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
- (11) In April 2020, the Company updated its definition of net new assets to include dividends plus interest, minus advisory fees. Unless otherwise noted, net new assets figures for periods prior to Q2 2020 appearing in this presentation have been recast using the updated definition.
- (12) 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. The Company considers conversions to and from advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the LTM period Net New Advisory Assets divided by the quarter preceding the LTM period's total Advisory Assets.
- (13) 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. The Company considers conversions to and from brokerage accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the LTM period Net New Brokerage Assets divided by the quarter preceding the LTM period's total Brokerage Assets.
- (14) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
- (15) LPL Institution Services AUM from banks and credit unions as of 6/30/2021.
- (16) Year-over-year comparisons are based on the change from Q3 2020 to Q3 2021.
- (17) Consists of brokerage assets serviced by advisors licensed with LPL Financial and Waddell & Reed, LLC.
- (18) Assumes change based on Q3 2021 end of period ICA balances, presented on page 18. Additionally, as money market overflow balances shift back into ICA, there would be an additional upside of ~\$20M per rate hike after the first two rate hikes at a ~2.5% deposit beta.
- (19) Based on variable ICA balances indexed to Fed Funds + a spread (~20 to ~30 bps).
- (20) Calculated by dividing client cash program revenue for the period by the average client cash program balances during the period.
- (21) Leverage Ratio only applies to the Company's revolving credit facility.
- (22) We define corporate cash as the sum of cash and cash equivalents from the following: (1) cash held at LPL Holdings, Inc., (2) excess cash at LPL Financial per the Credit Agreement, which is the net capital held at LPL Financial in excess of 10% of its aggregate debits, or five times the net capital required in accordance with Exchange Act Rule 15c3-1, and (3) other available cash, which includes cash and cash equivalents held at The Private Trust Company, N.A. in excess of Credit Agreement capital requirements, excess cash held at Waddell & Reed, LLC per the Credit Agreement, or the net capital held in excess of 10% of its aggregate indebtedness, and cash and cash equivalents held at non-regulated subsidiaries.
- (23) 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.
- (24) The up-front purchase price for Blaze Portfolio was ~\$12M, with up to \$5M in earn-out payments.
- (25) Consists of total advisory and brokerage assets under custody at LPL Financial and Waddell & Reed, LLC.
- (26) The Company incurred \$12.4 million of promotional expenses as part of acquisitions during the third quarter of 2021 that are presented in the Acquisition Costs line item.