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# LPL Financial Holdings Inc.

## Q1 2025 Investor Presentation

**May 8, 2025**

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# 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, plans, priorities, business strategies, capabilities, and outlook, including forecasts and statements relating to the Company's future advisory and brokerage asset levels and mix, organic asset growth, market share, deposit betas, Core G&A\* expenses (including outlook for 2025) and expenses associated with the Company's acquisitions of Atria Wealth Solutions, Inc. ("Atria") and Commonwealth Financial Network ("Commonwealth"), service offerings, operating margin, Gross Profit\* benefits, EBITDA\* benefits, target leverage ratio, client cash balances and yields, service and fee revenue, investments, acquisitions (including Liquidity & Succession transactions), capital returns, planned share repurchases, if any, the anticipated closing of pending transactions, and the amount and timing of the onboarding of acquired, recruited or transitioned brokerage and advisory assets, 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. They reflect the Company's expectations and objectives as of May 8, 2025 and are not guarantees that the expectations or objectives expressed or implied will be achieved. The achievement of such expectations and objectives involves risks and uncertainties that may cause actual results, levels of activity or the timing of events to differ materially from those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: the failure to satisfy the closing conditions applicable to the Company's purchase agreement with The Investment Center, Inc. ("The Investment Center") or Commonwealth, including regulatory approvals; difficulties and delays in onboarding the assets of acquired, recruited, or transitioned advisors, including the receipt and timing of regulatory approvals that may be required; disruptions in the businesses of the Company that could make it more difficult to maintain relationships with advisors and their clients; the choice by clients of acquired or recruited advisors not to open brokerage and/or advisory accounts at the Company; changes in general economic and financial market conditions, including retail investor sentiment; changes in interest rates and fees payable by banks participating in the Company's client cash programs, including the Company's success in negotiating agreements with current or additional counterparties; the Company's strategy and success in managing client cash program fees; changes in the growth and profitability of the Company's fee-based offerings and asset-based revenues; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions, and their ability to provide financial products and services effectively; whether the retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; 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 defending, settling and remediating issues related to regulatory matters or legal proceedings, including civil monetary penalties or actual costs of reimbursing customers for losses in excess of our reserves or insurance; 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 the Company's amended and restated credit agreement, the committed revolving credit facility and LPL Financial's committed revolving credit facility, and the indentures governing the Company's senior unsecured notes; strategic acquisitions and investments, including pursuant to the Company's liquidity and succession solution, and the effect that such acquisitions and investments may have on the Company's capital management plans and liquidity; 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; whether advisors affiliated with Atria, Commonwealth, First Horizon Bank, and The Investment Center and will transition registration to the Company and whether assets reported as serviced by such financial advisors will translate into assets of the Company; the 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 acquisitions, 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; and the other factors set forth in the Company's most recent 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 Securities and Exchange Commission. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after May 8, 2025 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to May 8, 2025.

**THIS PRESENTATION INCLUDES DATA AS OF MARCH 31, 2025, UNLESS OTHERWISE INDICATED**

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# 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 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.**

Adjusted EPS is defined as adjusted net income, a non-GAAP measure defined as net income plus the after-tax impact of amortization of other intangibles, acquisition costs, certain regulatory charges, losses on extinguishment of debt and amounts related to the departure of the Company's former Chief Executive Officer, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and adjusted EPS because management believes that these metrics can provide investors with useful insight into the Company's core operating performance by excluding non-cash items, acquisition costs and certain other charges that management does not believe impact the Company's ongoing operations. Adjusted net income and adjusted EPS are not measures of the Company's financial performance under GAAP and should not be considered as alternatives 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 adjusted EPS, please see the appendix of this presentation.

Gross profit is calculated as total revenue less advisory and commission expense; brokerage, clearing and exchange expense; and market fluctuations on employee deferred compensation. All other expense categories, including depreciation and amortization of property and equipment and amortization of other intangibles, 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 gross profit to be a non-GAAP financial measure that may not be comparable to similar measures used by others in its industry. Management believes that gross profit 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 expense less the following expenses: advisory and commission; depreciation and amortization; interest expense on borrowings; brokerage, clearing and exchange; amortization of other intangibles; market fluctuations on employee deferred compensation; losses on extinguishment of debt; promotional (ongoing); employee share-based compensation; regulatory charges; and acquisition costs. Management presents Core G&A because it believes Core G&A reflects the corporate 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, 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 expense as calculated in accordance with GAAP. For a reconciliation of the Company's total expense to Core G&A, please see the appendix of this presentation. The Company does not provide an outlook for its total expense because it contains expense components, such as advisory and commission, that are market-driven and over which the Company cannot exercise control. Accordingly, a reconciliation of the Company's outlook for total expense to an outlook for Core G&A cannot be made available without unreasonable effort.

EBITDA is defined as net income plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles. Adjusted EBITDA is defined as EBITDA, a non-GAAP measure, plus acquisition costs, certain regulatory charges, amounts related to the departure of the Company's former Chief Executive Officer and losses on extinguishment of debt. The Company presents EBITDA and adjusted EBITDA because management believes that they can be useful financial metrics in understanding the Company's earnings from operations. EBITDA and adjusted EBITDA are not measures of the Company's financial performance under GAAP and should not be considered as alternatives to net income or any other performance measure derived in accordance with GAAP. For a reconciliation of net income to EBITDA and adjusted EBITDA, please see the appendix of this presentation.

Adjusted pre-tax income is defined as income before provision for income taxes plus amortization of other intangibles, acquisition costs, certain regulatory charges, amounts related to the departure of the Company's former Chief Executive Officer, and losses on extinguishment of debt. The Company presents adjusted pre-tax income because management believes that it can provide investors with useful insight into the Company's core operating performance by excluding non-cash items, acquisition costs, and certain other charges that management does not believe impact the Company's ongoing operations. Adjusted pre-tax income is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative for income before provision for income taxes or any other performance measure derived in accordance with GAAP. For a reconciliation of income before provision for income taxes to adjusted pre-tax income, please see the appendix of this presentation.

Credit Agreement EBITDA is defined in, and calculated by management in accordance with, the Company's amended and restated credit agreement ("Credit Agreement") as "Consolidated EBITDA," which is consolidated net income (as defined in the Credit Agreement) plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles, and is further adjusted to exclude certain non-cash charges and other adjustments, 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. For a reconciliation of net income to Credit Agreement EBITDA, please see the appendix of this presentation.

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# LPL investment highlights

- 1 Industry leader with scale and structural tailwinds
- 2 Horizontal expansion strategy with a goal of meeting all ~300,000<sup>†</sup> advisors where they are
- 3 Vertical integration strategy, with significant capacity to invest in capabilities that enhance the advisor value proposition and drive growth
- 4 Resilient business model with natural hedges to market volatility
- 5 Disciplined expense management, enabling operating leverage
- 6 Capital-light business model with flexible allocation framework

# LPL overview

## Who we are

- We serve the advisor-mediated marketplace as the largest independent broker-dealer in the U.S.<sup>†</sup> and a top custodian
- We provide advisors with the front-, middle- and back-office support they need to serve the large and growing market for comprehensive financial advice

**#1 Independent Broker-Dealer**

*Financial Planning Magazine*

**Top RIA Custodian**

*Cerulli Associates*

**Fortune 500 Company**

## Who we serve

**~29,500 Advisors**

- Independent Advisors: ~15,800
- Advisor channel: ~\$1,320B
- Independent RIA: ~6,500 (~600 firms)
- Institution channel: ~\$480B
- Institution Services: ~7,200 (~1,200 institutions)

**~\$1.8T Assets**

## What we do

- **We serve advisors and institutions so they can...**
  - Help their clients achieve life's goals and dreams
  - Run thriving businesses
- **We deliver...**
  - Value-added capabilities that help advisors and institutions provide differentiated experiences for their clients
  - Personalized solutions from flexible and compelling affiliation models to services that help advisors and institutions run extraordinary businesses
  - Liquidity & Succession capabilities for advisors seeking to transition their business

## Our mission and vision



### Mission

Ensure the success of our clients every step of the way



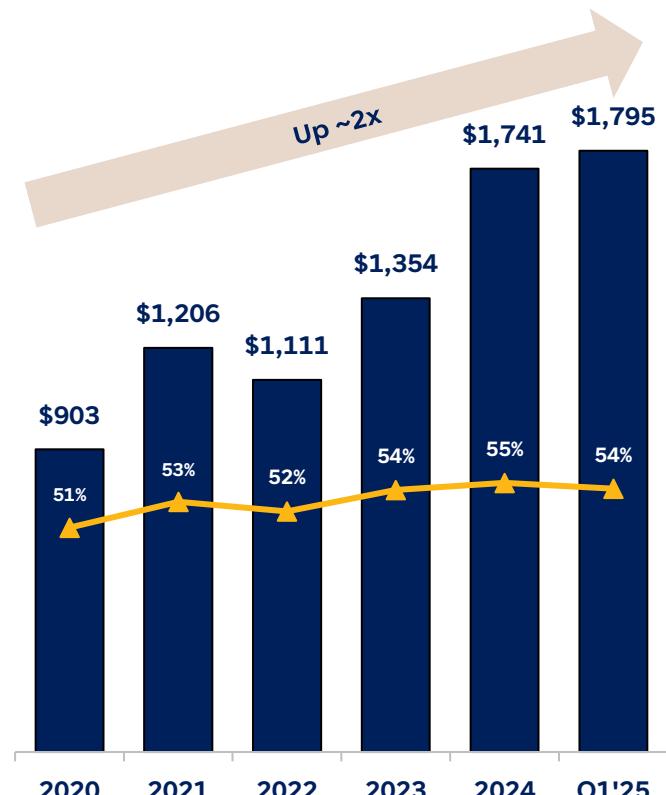
### Vision

Be the best firm in wealth management

# LPL by the numbers

## Industry-leading scale

### Total Advisory and Brokerage Assets (\$B) (end of period)



▲ Advisory % of Total Advisory and Brokerage Assets

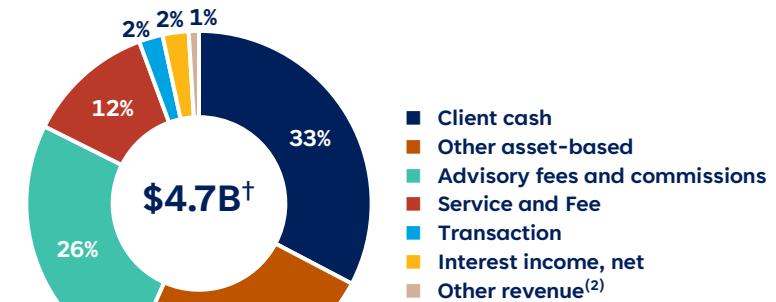
Note: Totals may not foot due to rounding

† Represents LTM results through March 31, 2025

‡ As of March 31, 2025

## Financial Highlights

### Gross Profit\* Contribution



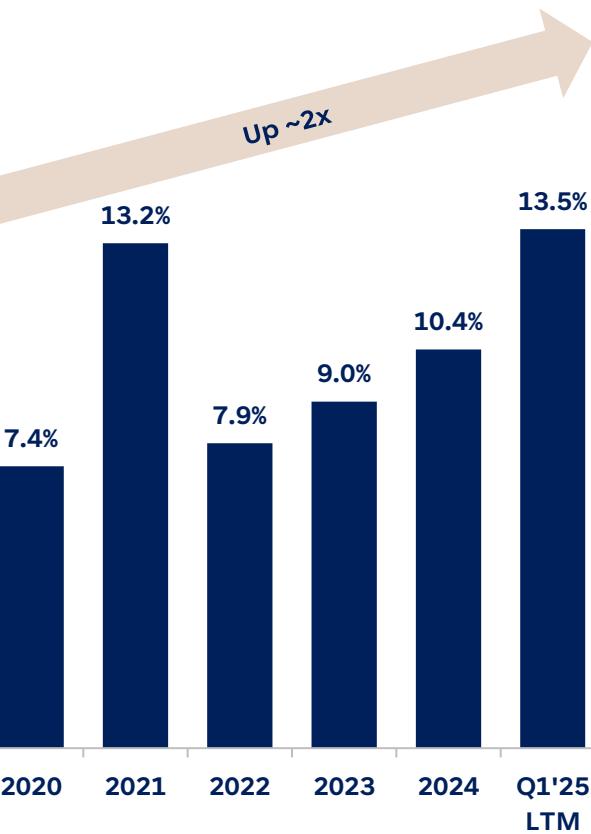
\$4.7B<sup>†</sup>

37%      Adjusted pre-tax margin\*<sup>(3)†</sup>

\$17.44      Adjusted EPS\*<sup>†</sup>

1.82x      Leverage ratio<sup>(4)‡</sup>

### Total Organic Net New Assets “NNA” Annualized Growth<sup>(1)</sup>



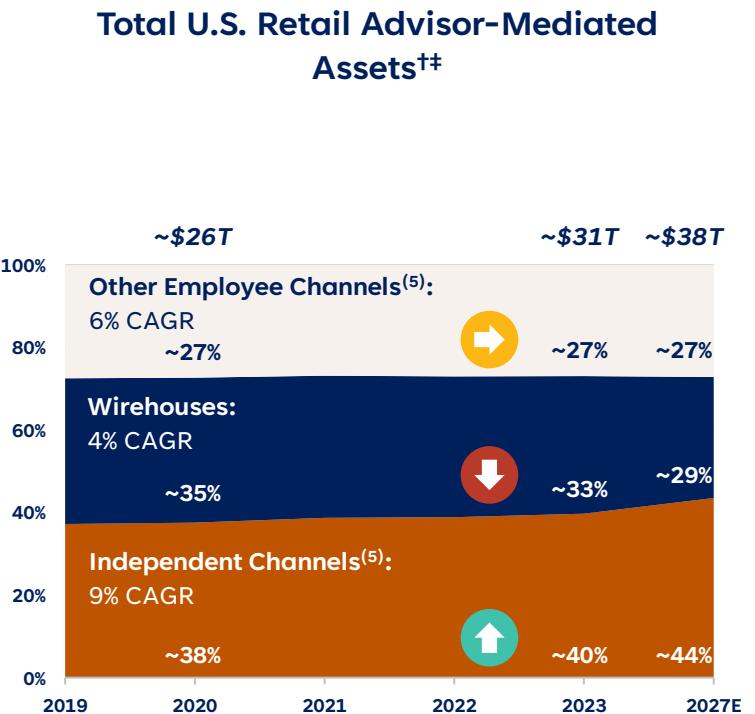
Incl. dividends and interest, less advisory fees. Prior to Q4 2021, excludes the assets of Waddell & Reed.

# We are a market leader with scale advantages and structural tailwinds

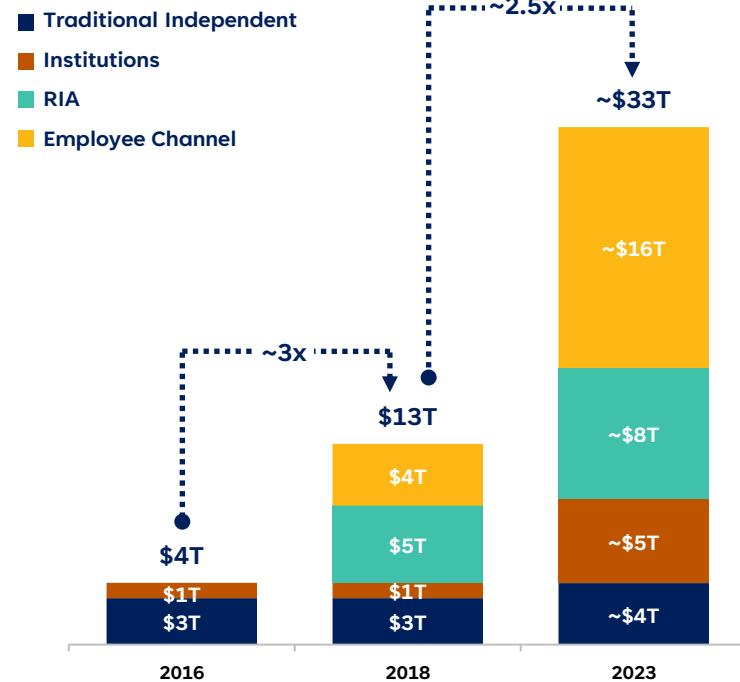
## Growing demand for advice



## Independent channel gaining share



## Market leader, with expanded addressable markets<sup>‡§</sup>



Note: Totals may not foot due to rounding.

† 2024 Cerulli U.S. Retail and Institutional Asset Management Report and Cerulli Lodestar projections. Excludes self-directed market

‡ Estimated market sizing based on 2024 Cerulli reports. See endnote (6) for additional detail

§ Figures presented reflect total assets

# We are providing value-added capabilities that drive our market expansion

## Horizontal expansion strategy



**Meet advisors and institutions where they are in the evolution of their business** by providing flexible solutions to help them design the perfect offering for their clients



**Expand the addressable market** through multiple affiliation models, positioning LPL to serve all ~300,000<sup>†</sup> advisors in the advisor-mediated marketplace



## Vertical integration strategy



**Deliver advisors and institutions end-to-end solutions** that are higher quality, better integrated, easier to use, and more cost-efficient



**Provide value-added capabilities** that empower advisors and institutions to:

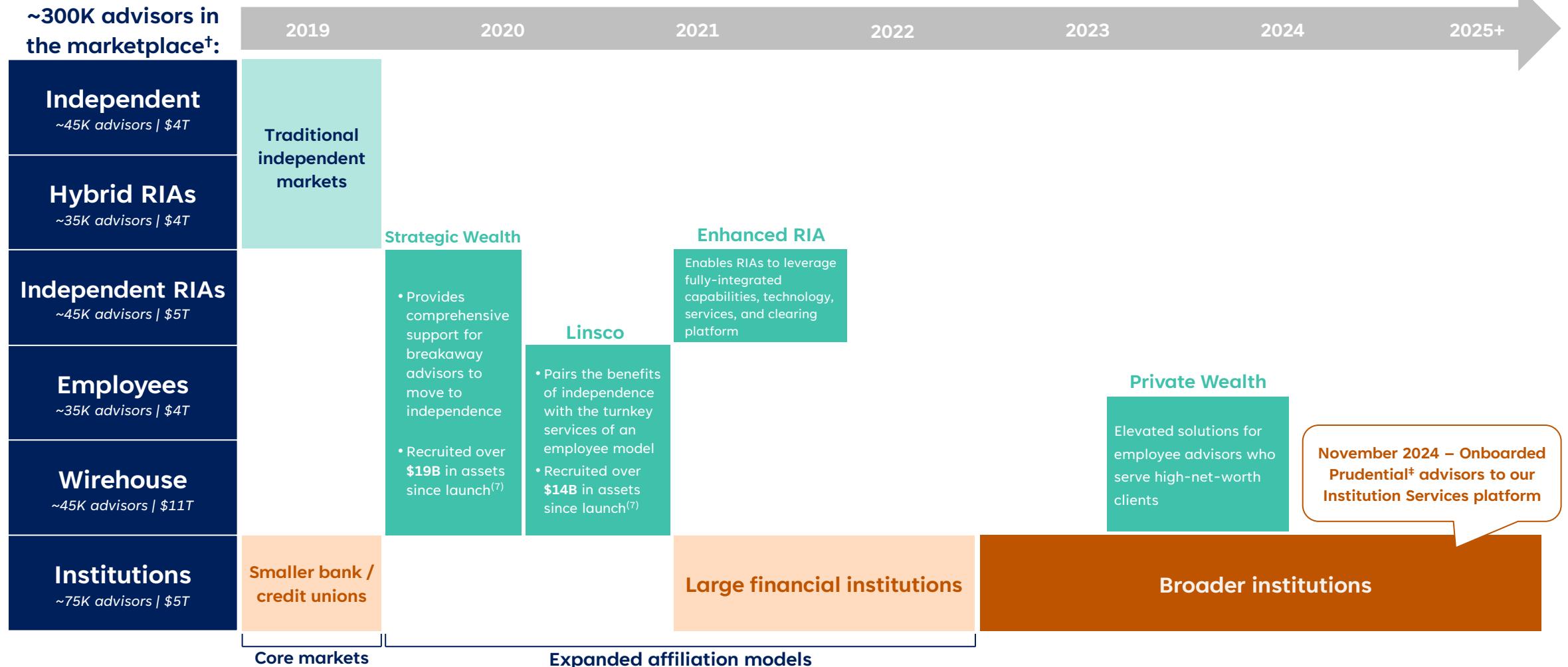
- Give great advice to differentiate & win
- Run high-performing businesses



## Foundation:

*Infrastructure that supports scalability, flexibility, and resiliency is core to our value proposition*

# Our horizontal expansion strategy enables us to meet all ~300,000<sup>†</sup> advisors where they are



<sup>†</sup> 2024 Cerulli Broker-Dealer Marketplace

<sup>‡</sup> Prudential Financial, Inc. ("Prudential")

# Our Advisor Channel serves all segments of the advisor-mediated market

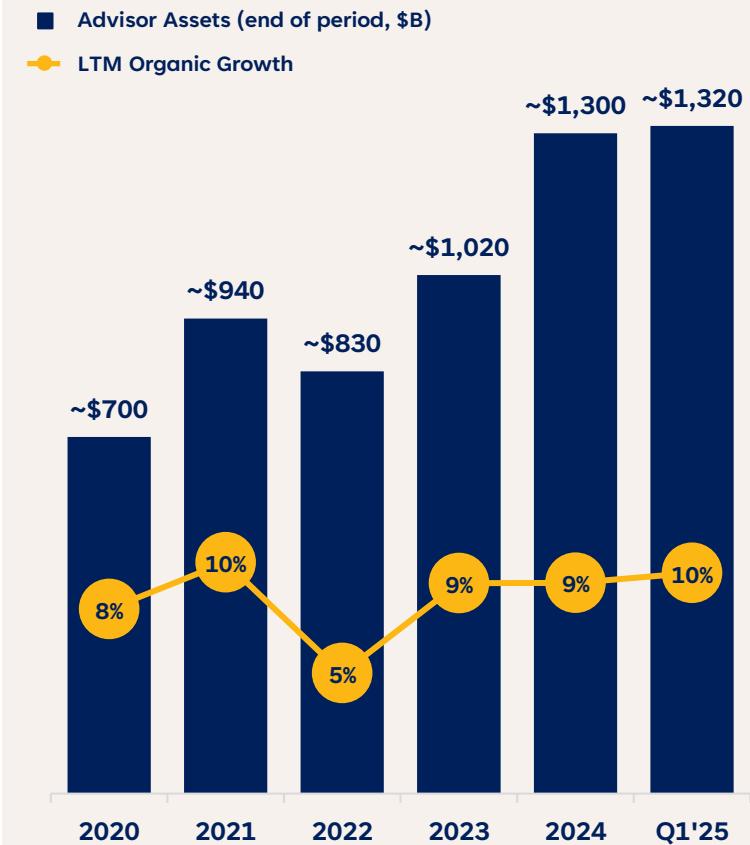
## Growing advisor opportunity

- Initially, we served advisors in the independent market, where advisors own and operate their businesses
  - We expand our market leadership through continued enhancements to capabilities and competitive pricing
- By building on what we already do well, we've unlocked the ability to support a broader set of advisors: Strategic Wealth, Independent Employee and Enhanced RIA
  - To power these expanded models, we embedded a new layer of services that extends our vertical integration, while also enhancing the overall client experience
- This combination has expanded our opportunity to serve all segments of the advisor-mediated market

## Value proposition

- Flexible Models**
  - Traditional Independent Model
  - Strategic Wealth
  - Independent Employee
  - Enhanced RIA
- Differentiated Economics**
  - Compelling ongoing economics
  - Transition assistance
  - Lower technology costs and fees
- Complete Book Ownership**
  - Advisors have complete ownership of their practice
- Value-added Capabilities**
  - Technology and operating platform
  - Integrated products and solutions
  - Compliance and risk management
- Business Services**
  - Portfolio of services to help advisors run thriving businesses
  - Solve the most compelling problems facing advisors

## Organic NNA has driven the majority of advisor asset growth



# Our Institutional Channel provides a compelling solution for institutions to outsource their wealth business

## Growing institution opportunity

- Initially, we focused on depository financial institutions as our primary opportunity for outsourced wealth management
- As we onboarded several financial institutions in recent years, we've built a number of new capabilities and continue to innovate based on learnings from those onboarding
- In doing so, we've exposed new opportunities to serve **broader institutions, expanding our addressable market from \$1T to \$5T**
- Prudential Advisors is a recent example of our opportunity with broader institutions, expanding our presence into the insurance broker-dealer market
- To capitalize on this opportunity, there are additional capabilities we are building
- Our value proposition resonates for institutions outsourcing for the first time or looking to upgrade their existing provider

## Value proposition

- Accelerate Growth**
  - Enhanced client experience
  - Attract new advisors
  - Improved capacity to invest in the business
- Reduce Cost and Risk**
  - Operational efficiency and technology:** outsourced back- and middle-office support
    - Can lead to ~10 point improvement in operating margin<sup>†</sup>
  - Regulatory and risk reduction:** transferred regulatory and compliance risk
- Seamless Conversion Process**
  - Minimize business disruption through integration and operational support
  - Dedicated onboarding team with experience transitioning several large institutions to our platform

## Institution economics

- Attractive Margins**
  - Due to size and asset mix, Gross Profit\* ROA for Large Institutions is typically ~15 bps+
  - The lower ROA is factored into our TA underwriting process
  - Given our scale, there is also a **lower cost to serve institutions**
  - Overall, new institution partnerships are **in-line with our broader margins**

## Recent and pending institution joins

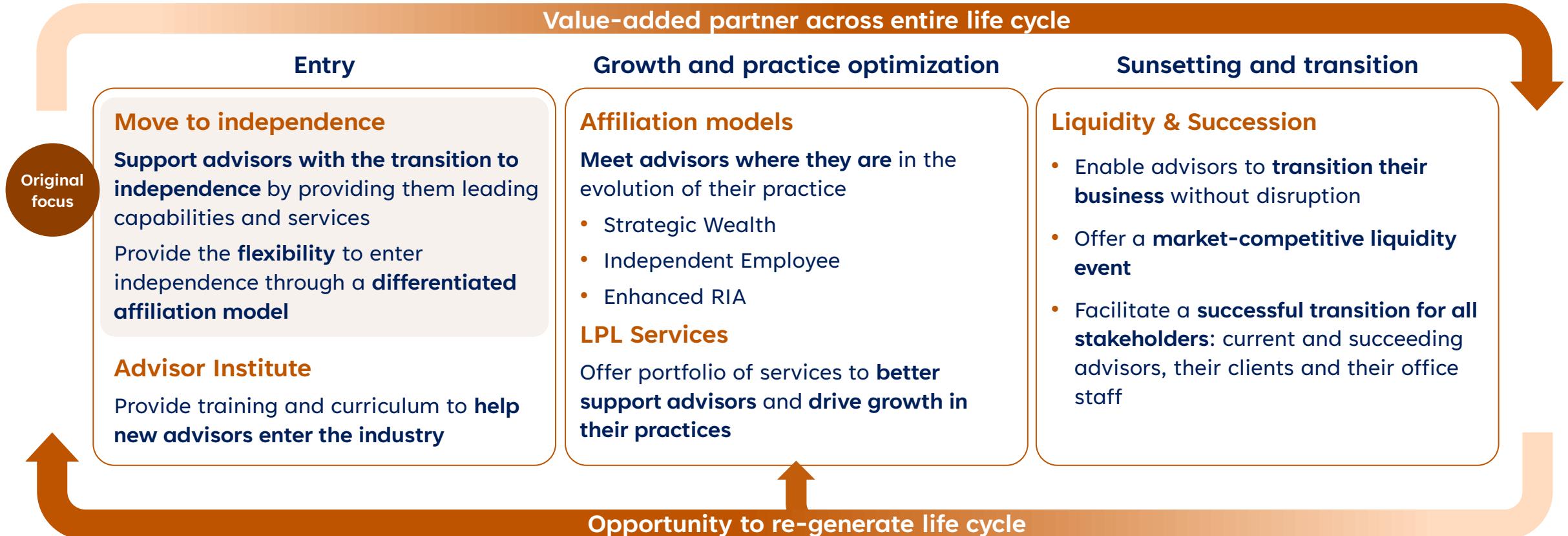
 People's United	 Commerce Bank	 Bank of the West	 Prudential	 Wintrust	 First Horizon
Q3'23 ~\$7B of assets ~90 advisors	Q3'23 ~\$4B of assets ~40 advisors	Q3'23 ~\$4B of assets ~30 advisors	Q4'24 ~\$67B of assets ~2,800 advisors	Q1'25 ~\$16B of assets ~90 advisors	2H'25 ~\$16B of assets ~110 advisors

## Organic NNA has driven the majority of institution asset growth



# We are extending our vertical integration by solving for the needs of advisors at every state of their practice

## Life cycle of an advisor



# Our operating platform delivers industry-leading flexibility and integrated workflows

## Lead with choice and flexibility

- Promote optionality by integrating a broad array of third-party tools
- Design and deliver proprietary capabilities as needed

## Guide advisors to best-fit solutions

- Leverage unique expertise to match advisors to the right capabilities
- Guide advisors and institutions to solutions optimized for cost

## Streamline integrated workflows

- Make it easy for advisors to execute seamlessly across our ecosystem
- Provide access to practice management insights to drive advisor growth



## ClientWorks for advisors

Establishing an **integrated ecosystem of core capabilities, journeys, and deep connectivity with a curated set of third-party providers** so that our advisors can achieve scale and optimize their business management processes

### Digital client onboarding & servicing

- New account opening
- Money movement & account transfers
- Built-in CRM and third-party integration

### Investment & model management

- Trading
- Model creation
- ClientWorks Rebalancer

### Performance reporting

- Custom benchmarking
- Client-facing reports
- Personalized branding

### Planning & proposal generation

- LPL Proposal Tool
- Client Goals (proprietary planning tool)
- Integration with third-parties

### Practice insights

- Track asset flows
- AUM insights
- Advisor peer benchmarking

### Compliance

- Manage state registrations
- Proactive advisory surveillance
- Correspondence review



## AccountView for their end-clients

Delivering a **digital end-client experience** with the flexibility for advisors and institutions to personalize on behalf of their clients, complementing their personal relationships

### Customization and branding

- Practice logo
- Office contacts
- Link to social media

### Investment performance tracking

- Value over time
- Asset allocation
- Position performance

### Self-service

- Self-enrollment
- ACH and check deposits
- Beneficiary management

### Paperless documents

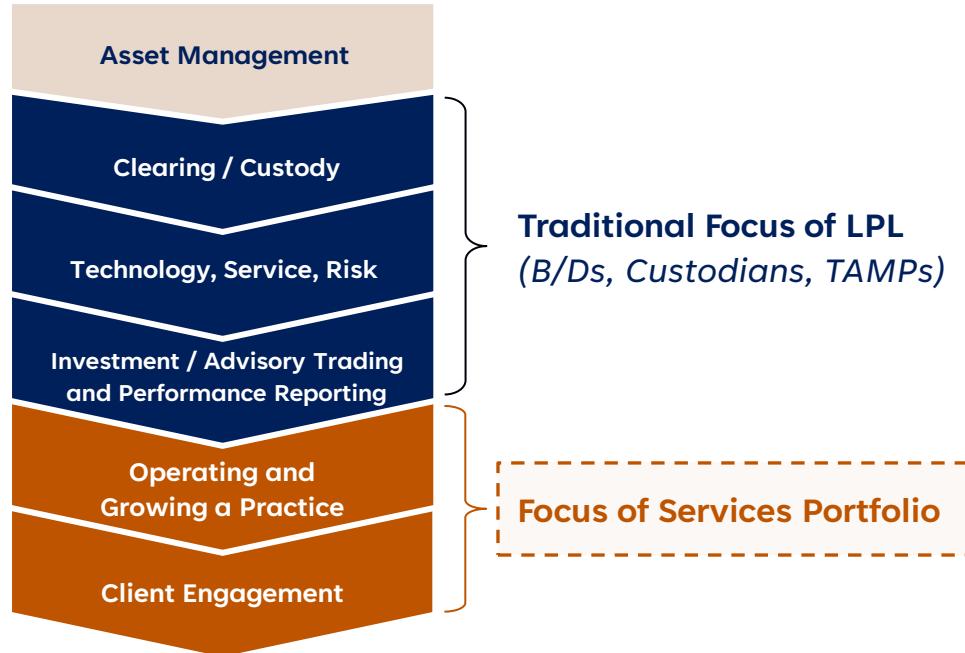
- Statements
- Trade confirmations
- Tax documents

### Advisor collaboration

- Secure messaging
- Document sharing
- WealthVision integration

# Our Services Group is an innovation engine and driver of organic growth

## Deepening our vertical integration



## Helping advisors and institutions deliver on their value proposition



## Driving Organic Growth

### New Store Sales

- Enabling ~\$45B in Recruited AUM<sup>(7)</sup> since launch
- Increasing our addressable markets by supporting expanded affiliation models
- Attracting new advisor and institution profiles

### Same Store Sales

- ~2x faster growth among users of our Services Group vs. those that don't
- Supporting advisors and institutions to acquire more new end-clients
- Giving advisors and institutions the tools to deepen relationships with existing clients

### Retention

- ~1.5x higher NPS scores among users of our Services Group vs. those that don't
- Increasing client asset retention
- More likely to recommend LPL

# We provide a range of services to advisors and institutions, strengthening their business while enhancing our returns

## We have seen a favorable mix shift in our platforms



## Key points

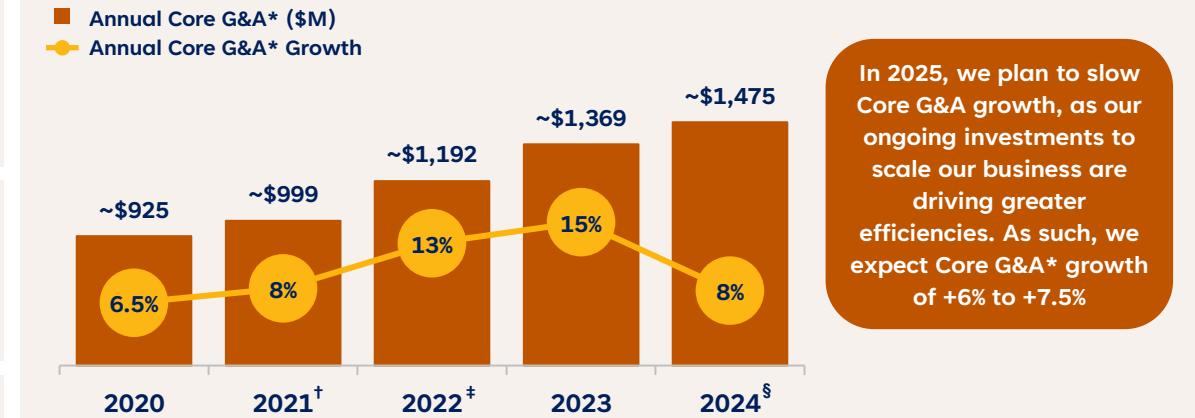
- **Brokerage:** Asset growth is driven by institutions, where asset mix is primarily brokerage
- **Advisory:** Assets are shifting from brokerage to advisory, as end-clients seek greater levels of support from advisors
  - Prior to institutions, we are shifting towards advisory at ~2%+ per year
  - About 75% of new client flows are in advisory
- **Expanded Models:** Strategic Wealth & Independent Employee models increase support for advisors and expand our addressable market
- **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 business
- **Services Group:** Support advisors and institutions through an expanded set of offerings and a subscription model

# We are advancing our capabilities to enhance our value proposition and drive growth

## Investment areas of focus



## We are making investments to drive organic growth...



## ...with a focus on Technology<sup>(11)</sup>



<sup>†</sup> Prior to Waddell & Reed

<sup>‡</sup> 2022 Core G&A\* growth is based on the Company's total 2021 Core G&A\*

<sup>§</sup> Prior to Prudential and Atria

We continued to drive solid organic growth with a net new asset growth rate of ~14% over the past year

### Total Organic Net New Assets<sup>(12)(13)</sup>

- Total Organic NNA (\$B)<sup>†</sup>
- Organic Annualized Growth Rate<sup>†</sup>



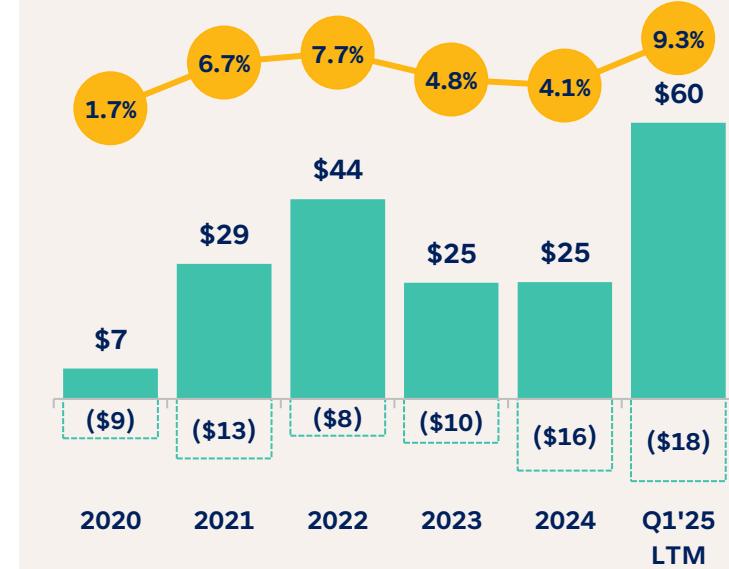
### Organic Net New Advisory Assets<sup>(14)</sup>

- Organic Net New Advisory Assets (\$B)<sup>†</sup>
- Net Brokerage to Advisory Conversions (\$B)
- Organic Annualized Growth Rate<sup>†</sup>



### Organic Net New Brokerage Assets<sup>(14)</sup>

- Organic Net New Brokerage Assets (\$B)<sup>†</sup>
- Net Brokerage to Advisory Conversions (\$B)
- Organic Annualized Growth Rate<sup>†</sup>



<sup>†</sup> Prior to Q4 2021, net new assets and net new assets growth rates exclude the assets of Waddell & Reed

# 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

### Interest Rates

Rising interest rates benefit our client cash yields

## Annual Gross Profit\* Impact

~\$15M<sup>(15)</sup>

Per 1% change in market levels

~\$35M<sup>(16)</sup>

Per 25 bps change in short-term rates

## Natural offsets to market declines

### Cash Sweep Balance

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

### Transaction Volume

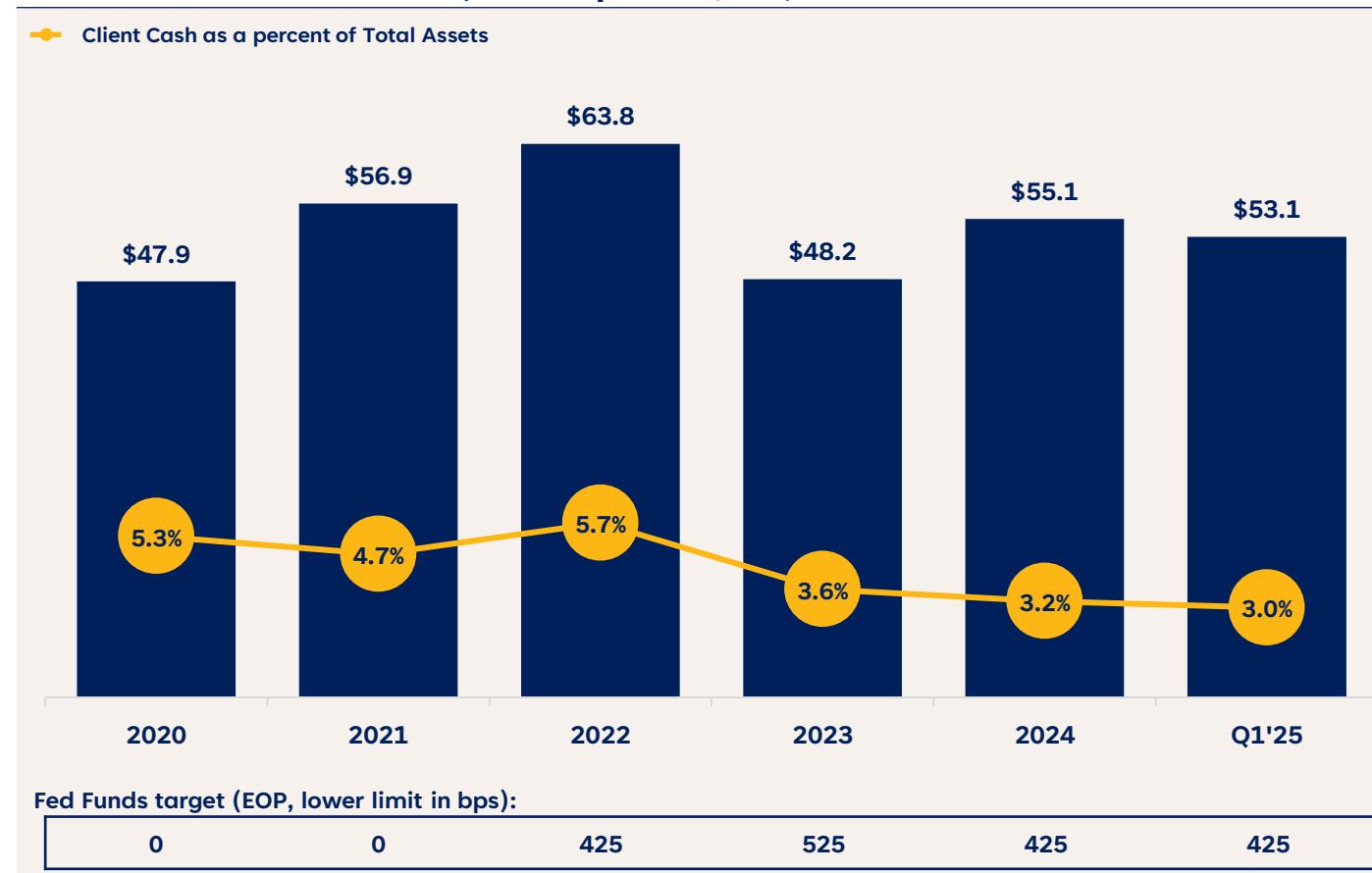
Increased risk and volatility in the market drives additional portfolio rebalancing activity and higher transaction volumes

As equity markets declined in 1H 2022, cash balances increased by ~\$13B, which translates to a ~\$550M benefit annually<sup>(17)</sup>

Transaction revenue increased ~\$7M sequentially in Q1 2022

Our client cash balances are largely operational and as a percent of client assets, have been stable across rate cycles

### Client Cash Balances<sup>(18)</sup> (end of period, \$B)



Note: Totals may not foot due to rounding

† Since the start of the previous interest rate cycle in Q4'16

### We generate economics on client cash through a third-party bank network

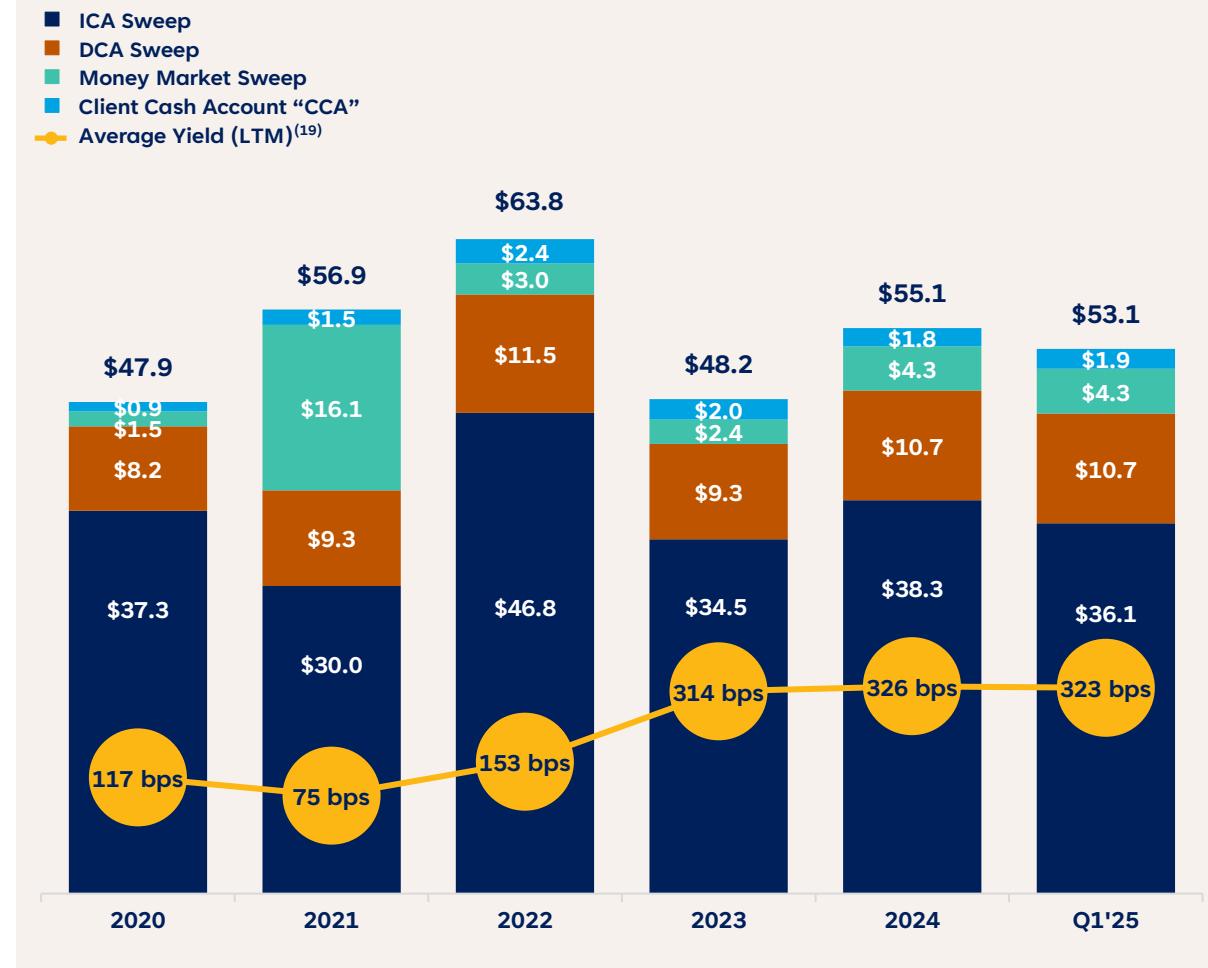
- By establishing sweep relationships across our Insured Cash Account “ICA” and “DCA” programs, we can leverage the balance sheets of our third-party bank partners
- We do this through a combination of fixed and floating rate deposit agreements

### Client cash as a % of assets has averaged ~5%<sup>†</sup>

- Our client cash balances are largely operational
  - Typically small balances used for rebalancing, paying advisory fees and customer withdrawals
  - This is reflected in the low client cash balances, which average ~5% or ~\$7K per account
- We believe the primary factor that moves that % of client cash up or down is market sentiment rather than rate seeking behavior
  - When clients are fully deployed in the markets, the ratio has gone as low as ~3%
- In Q1 2025, cash was 3.0% of client assets
  - Cash balances decreased in the quarter, driven by quarterly advisory fees

# We generate compelling economics on client cash balances

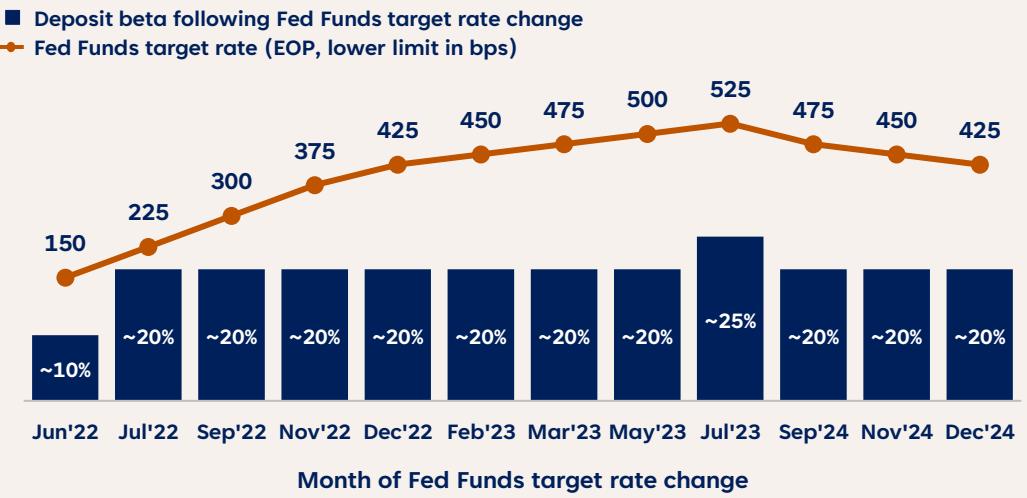
## Client Cash Balances<sup>(18)</sup> (end of period, \$B)



## Interest Rate Impact

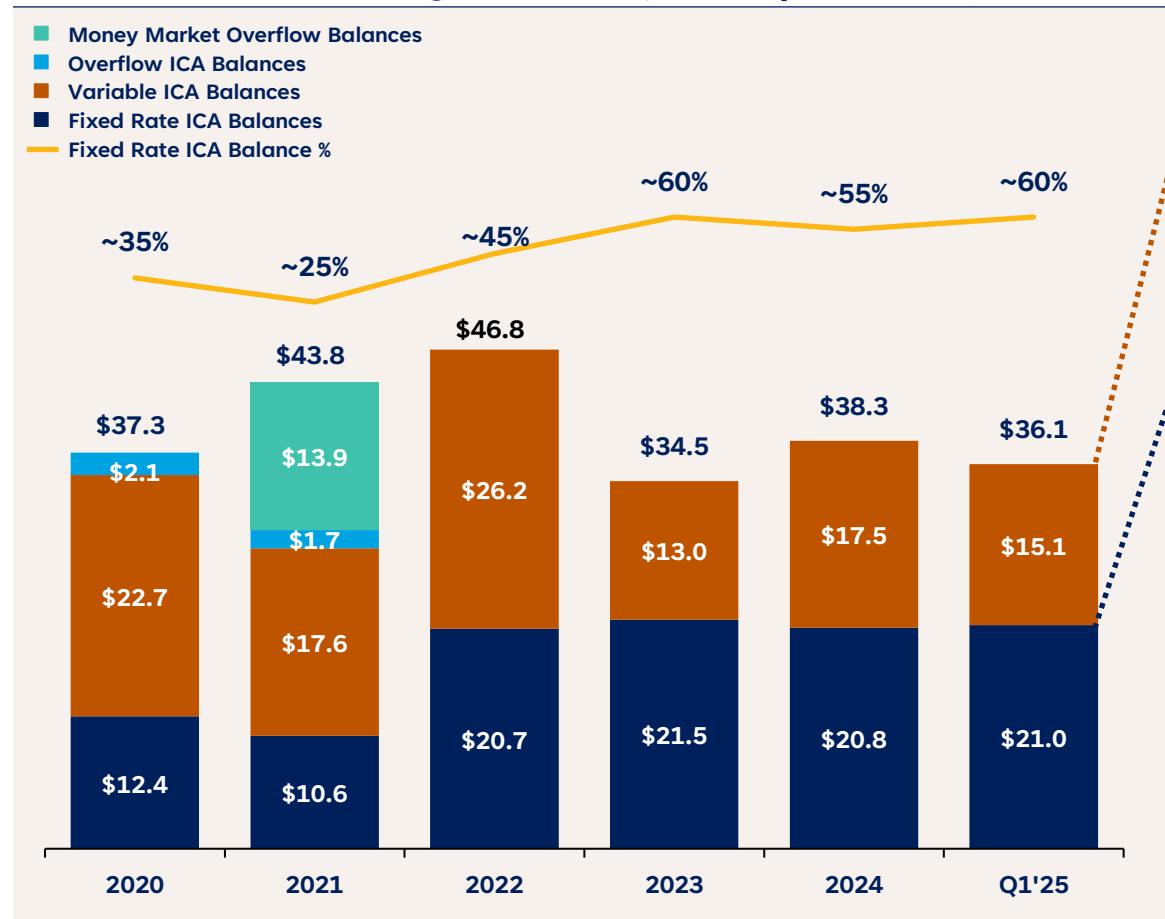
- Since Q1 2022, as the Fed increased interest rates, our deposit beta averaged ~15%
  - Deposit betas averaged ~2.5% over the first 4 hikes, and ~20% on subsequent hikes, including a peak of ~25% on the final hike
- Since the Fed started to cut interest rates in Q3 2024, deposit betas averaged ~20%
- Applying historical deposit betas to our current cash balances would yield:
  - ~\$35M of Annual Gross Profit\* per subsequent 25 bps rate adjustment, at a ~20% deposit beta

## Deposit betas on recent Fed Funds rate changes



Fixed rate balances make up ~60% of the ICA portfolio, reducing our sensitivity to movement in short-term interest rates

### ICA Balances, including Overflow (end of period, \$B)



#### Variable balances are primarily indexed to Fed Funds

- Our variable ICA balances decreased in Q1'25, driven by quarterly advisory fees
- Most variable balances are indexed to Fed Funds + a spread (~10 to ~15 bps)
- Currently, new variable contracts are averaging Fed Funds plus 10 to 20 bps

#### Fixed rate ICA balances are ~60% of the ICA portfolio

- Management target range for the ICA portfolio is 50-75% fixed rate contracts
- In Q1'25, we added \$1.0B of five-year fixed rate contracts with a yield of ~425 bps



Note: Yields shown on this page are prior to client deposit rates (~64 bps) and administrator fees (~4 bps). Money market sweep balances are not subject to these costs. Given improved bank deposit demand and the launch of CCA, we no longer have any money market overflow balances

# 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

## 2025 Core G&A\* Context

- Our 2024 Core G&A\* was \$1,475M prior to Prudential and Atria, translating to ~8% year-over-year growth
- We plan to slow Core G&A growth in 2025, as our ongoing investments to scale our business are driving greater efficiencies
- Our initial 2025 Core G&A\* outlook range prior to Prudential and Atria was 6% to 8% year-over-year growth, or \$1,560M to \$1,600M
- Given our performance to date, we are lowering the upper end of our outlook range by \$15 million
  - In addition, we continue to expect the full-year impact of Prudential and Atria to add \$170M to \$180M of Core G&A\* in 2025
- As a result, including expenses related to Prudential and Atria, our 2025 Core G&A\* outlook range is \$1,730M to \$1,765M

## Recent expense trajectory, prior to acquisitions



## Core G&A\* outlook

<b>2025 Outlook</b> Prior to Prudential and Atria	<b>\$1,560M to \$1,585M</b>
<b>Prudential and Atria</b>	<b>\$170M to \$180M</b>
<b>2025 Outlook</b> Including Prudential and Atria	<b>\$1,730M to \$1,765M</b>

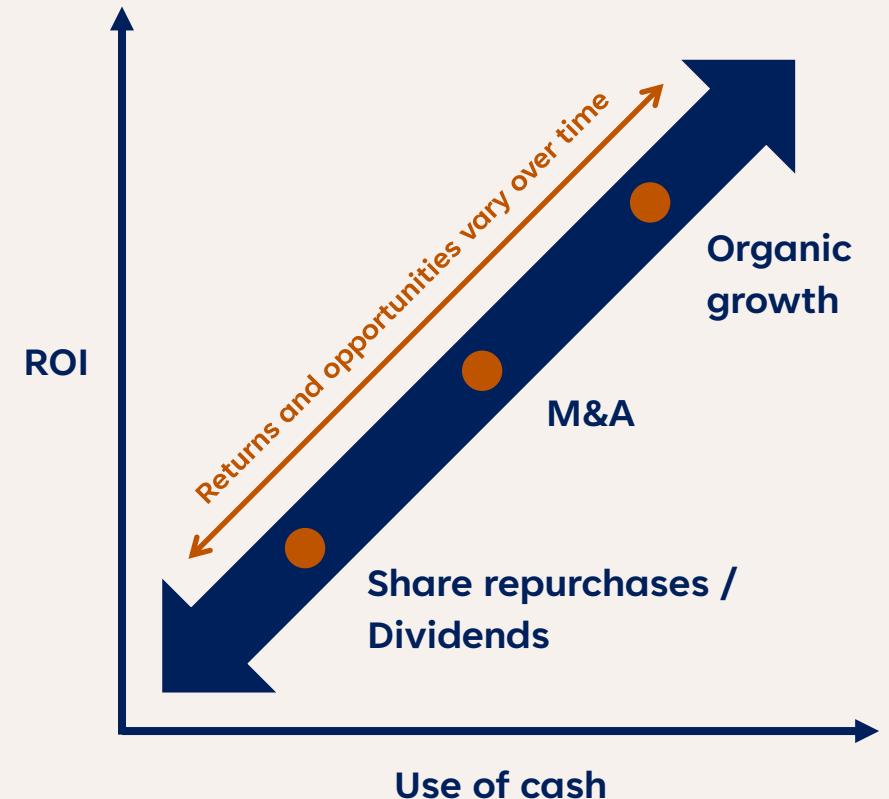
† 2022 Core G&A\* growth is based on the Company's total 2021 Core G&A\*

# 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
  - Flexible debt structure to support capital allocation
- Prioritize investments to support and drive organic growth
  - Recruiting to drive net new assets
  - Capital to support advisor and institution growth and advisor M&A
  - Investments in capabilities to attract new assets, advisors and institutions
- Capitalize on opportunistic M&A
  - Remain prepared for attractive opportunities
  - Facilitate advisor monetization and transitions through Liquidity & Succession solutions
- Return excess capital to shareholders
  - Share repurchases
  - Dividends

## Dynamic capital allocation framework

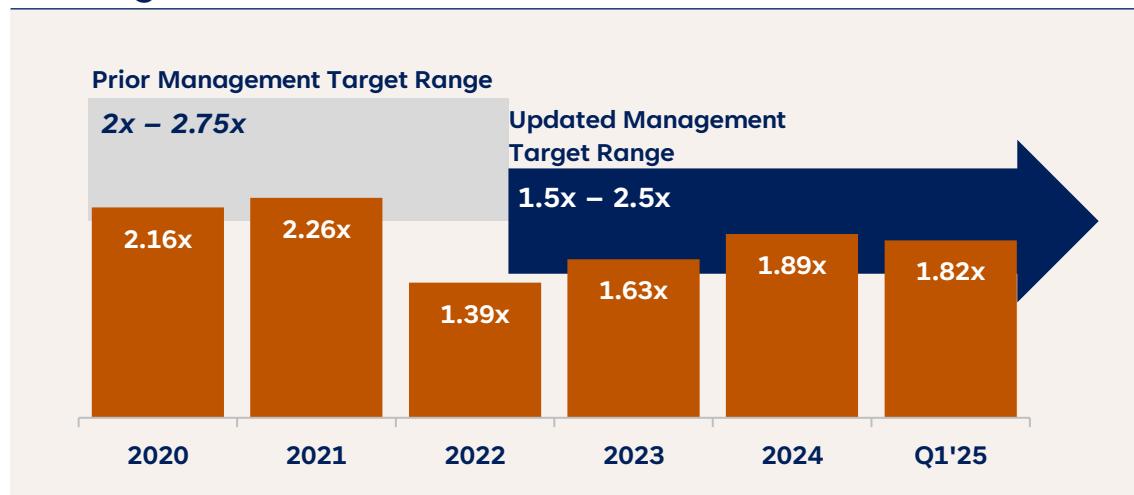


# Maintaining a strong balance sheet is critical to our strategy and a key consideration for advisors and institutions

## Balance Sheet Principles

- Maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth
- **A long-term target leverage ratio<sup>(4)</sup> range of 1.5x to 2.5x** positions our balance sheet well over a range of economic cycles and strikes the right balance between preserving balance sheet strength and investing for growth
  - In order to do so, we plan to periodically incur debt when necessary, utilizing our parent revolver for near-term needs, replacing with long-term debt as conditions warrant
  - At closing of the Commonwealth acquisition, we expect pro-forma leverage to be ~2.25x. Following the close, we have a near-term path to reduce leverage to the midpoint of our target range
- We are willing to operate temporarily above or below our target range if conditions warrant
- We maintain a management target of \$200 million in Corporate Cash<sup>(20)(21)</sup>

## Leverage Ratio<sup>(4)</sup>



## Credit Ratings<sup>†</sup>

- Maintaining a strong balance sheet is critical to our strategy and a key consideration for advisors
- We are committed to maintaining our investment grade rating and continuing to improve our positioning

MOODY'S

Baa3 | Stable

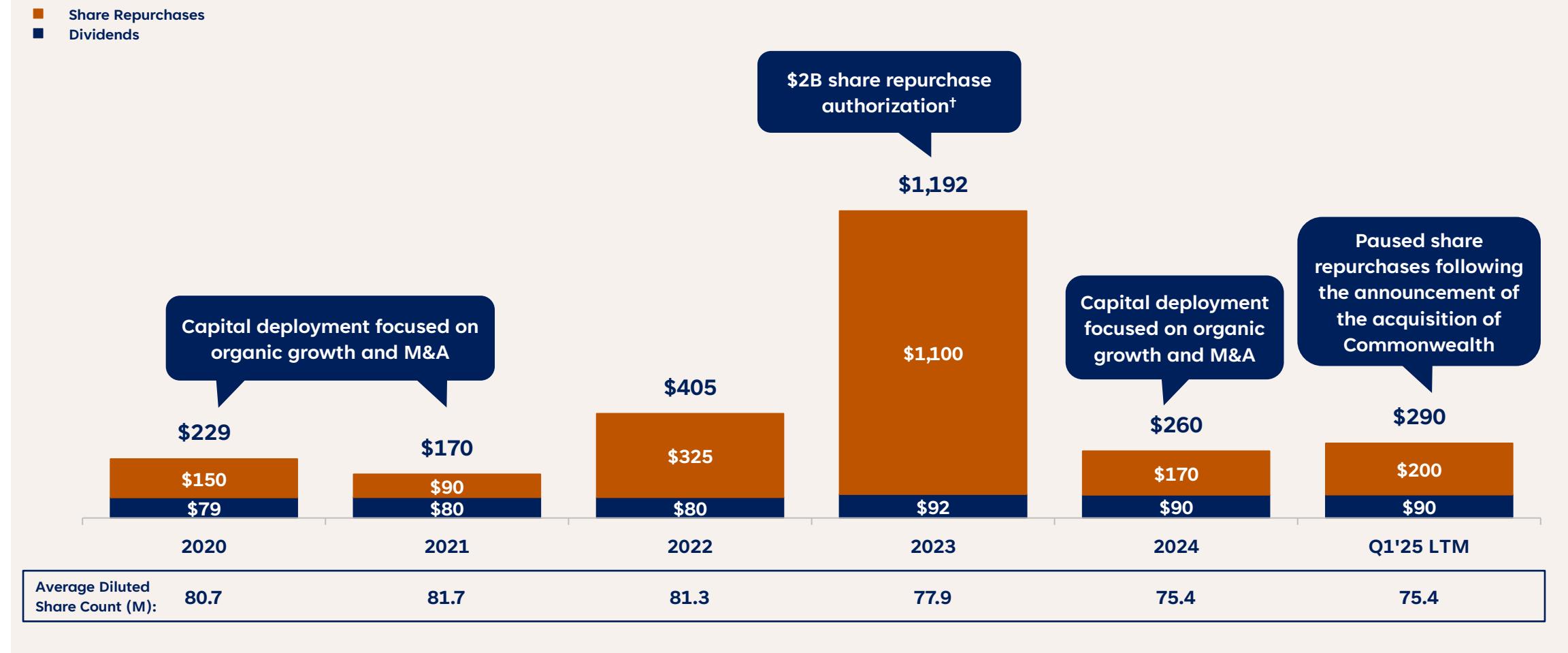
S&P Global Ratings

BBB- | Stable

<sup>†</sup> Represents Moody's senior unsecured credit ratings and S&P Issuer Credit Rating. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at anytime.

# We have continued to return capital to shareholders

## Share Repurchases and Dividends (\$M)



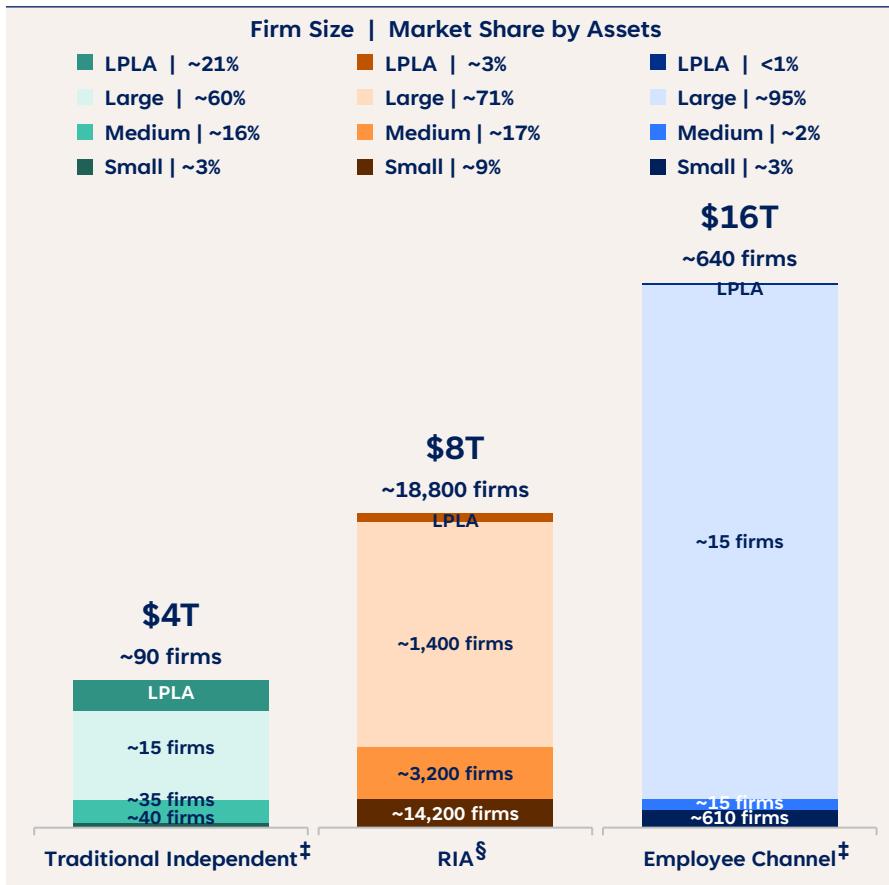
<sup>†</sup> Increased share repurchase authorization by \$2.0B as of 09/21/2022, which we started to utilize in 2023

# We see potential for consolidation given fragmented markets

## Addressable markets for advisor channel<sup>†</sup>



## Highly fragmented markets create opportunity for additional consolidation<sup>†</sup>



## Growth potential from consolidation

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

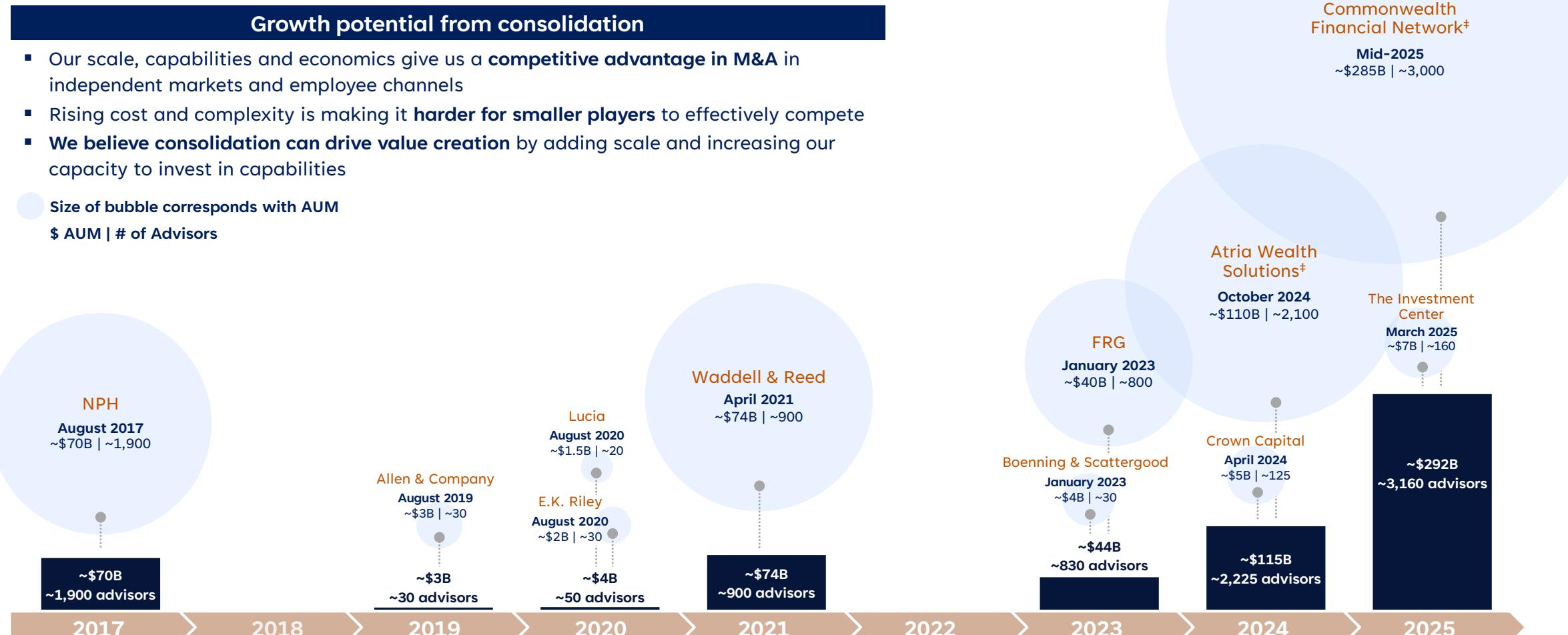
Note: Totals may not foot due to rounding.

<sup>†</sup> Estimated market sizing based on 2024 Cerulli reports. See endnote (6) for additional detail

<sup>‡</sup> Traditional Independent and Employee Channel sizing: Small (<\$10B); Medium (\$10B - <\$50B); Large (>\$50B)

<sup>§</sup> RIA sizing: Small (<\$250M); Medium (\$250M - <\$1B); Large (>\$1B)

# M&A<sup>†</sup> is a key part of our strategy, and complements our organic growth



<sup>†</sup> Includes both closed and pending acquisitions

<sup>‡</sup> Assets and advisors as of 3/31/2025, assuming 100% retention

# We're delivering liquidity and succession capabilities for advisors seeking to transition

**L&S by the numbers:**

**~\$690M**  
Total capital deployed

**56**  
Total deals closed

**~\$10-20M**  
Average deal size<sup>§</sup>

**~30-40 deals**  
Capacity of deals per year<sup>§</sup>

## Growing opportunity

- ~1/3 of advisors are expected to retire or leave the industry over the next decade – representing **\$9.5T** of AUM<sup>†</sup>
- Historically, advisors' options were limited: 1) sell to a larger aggregator, or 2) transact with a local advisor, but often at a below-market price
- **Liquidity & Succession (L&S)** enables LPL to buy practices from advisors seeking a pathway to retirement, freedom from entrepreneurial burdens, and / or monetization
  - ✓ **Economics** – Allows advisor to monetize their business through a market-competitive transaction
  - ✓ **Support** – Empowers advisors through a fully dedicated support model, allowing advisors to rededicate their time and energy to client service
  - ✓ **Transition** – Transitions ownership of the business to successor advisors over time
- Purchase multiples consistent with our M&A framework **~6x-8x EBITDA\***

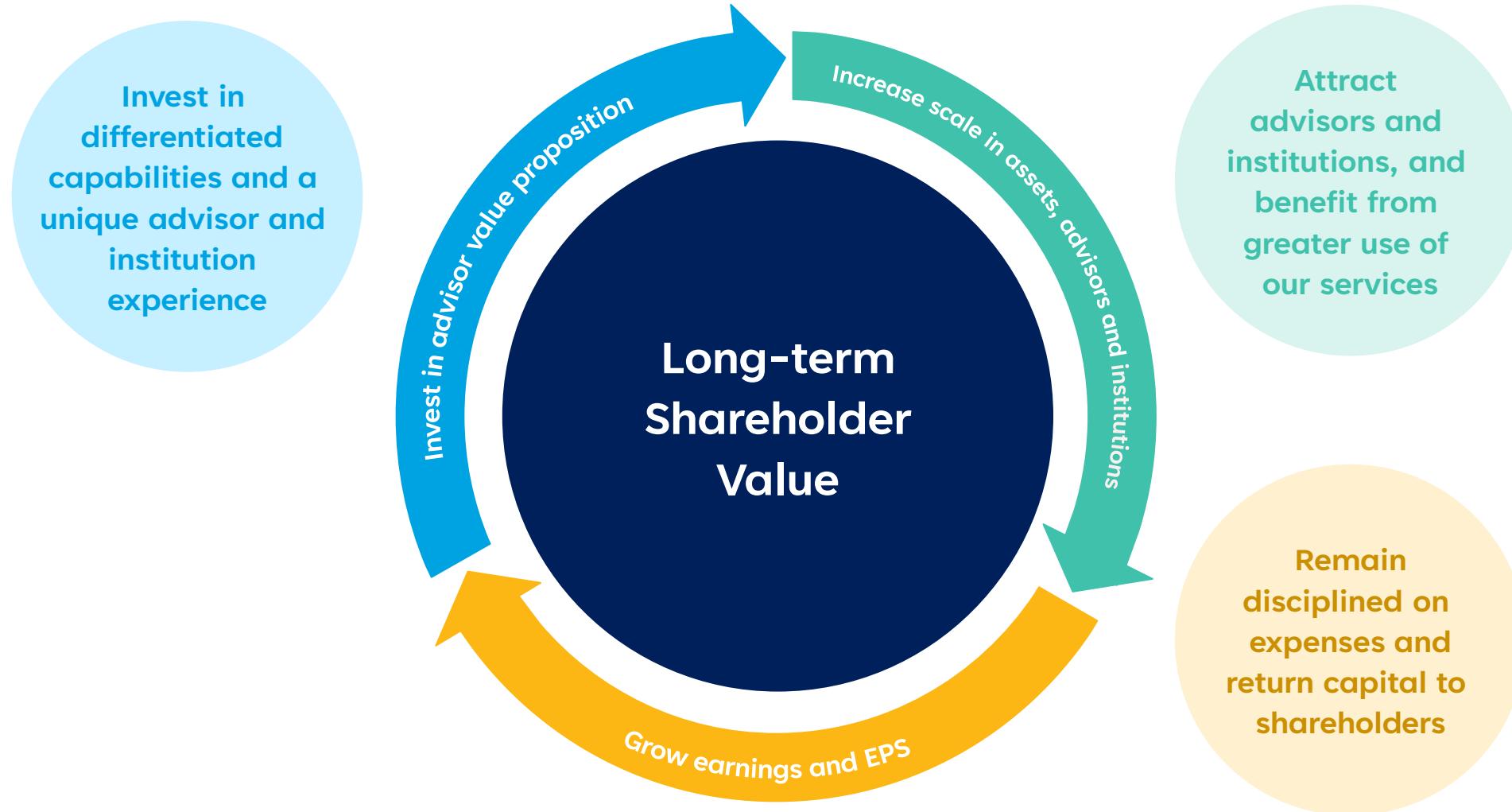
## Direct acquisition lifecycle example



<sup>†</sup> 2024 Cerulli Report U.S. Broker/Dealer Marketplace

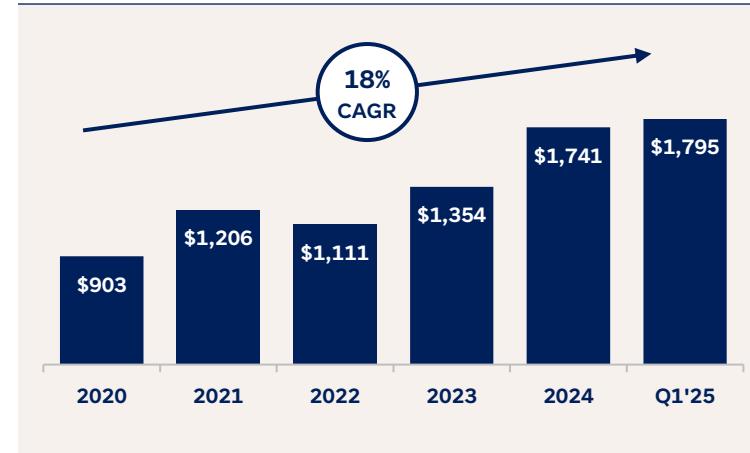
<sup>§</sup> Based on closed transactions and our pipeline

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

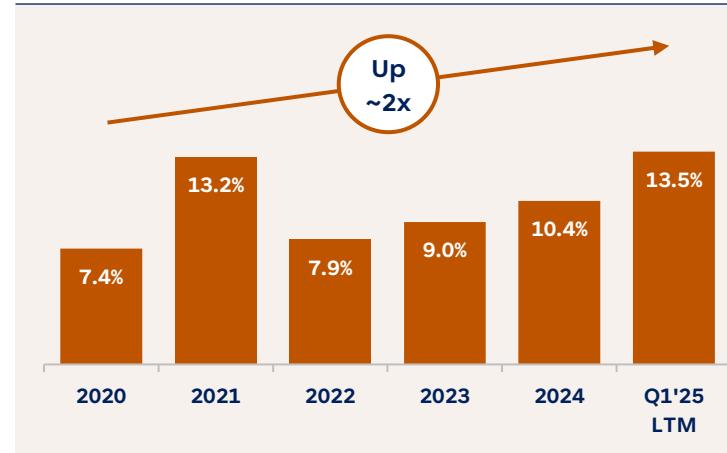


# We are focused on executing our strategy and delivering results

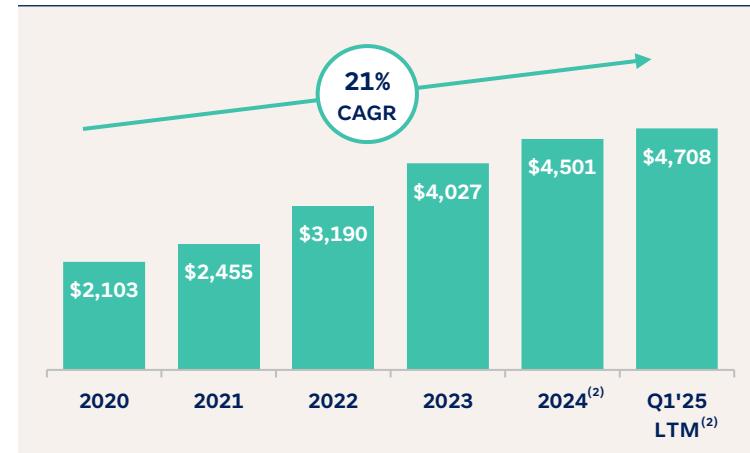
## Total Advisory and Brokerage Assets<sup>(22)</sup> (\$B)



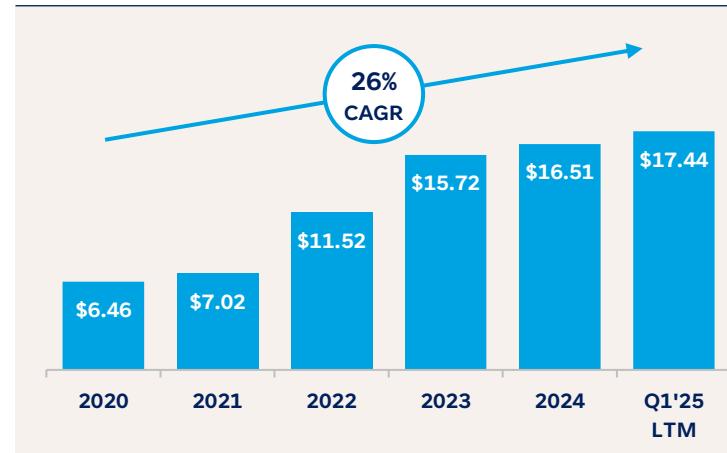
## Total Organic Net New Asset Growth



## Gross Profit\* (\$M)



## Adjusted EPS\*



## Key Earnings Growth Drivers

### Enhanced Value Proposition (Capabilities, Technology, Service)

### Increased Organic NNA (Opportunities in Traditional Markets)

### Expanded Affiliation Models (Institutions, Strategic Wealth Services, Independent Employee, Enhanced RIA)

### Greater Use of our Services (Advisory, Corporate, Centrally Managed, Business, Planning & Advice Services, 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)

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# Appendix

# Update on our Acquisition of Atria Wealth Solutions



## Transaction Details and Timing

- On February 12, 2024, we signed an agreement to acquire 100% of the equity of Atria Wealth Solutions as an equity purchase with an upfront price of **~\$805M**. Potential earn-outs of **~\$0M to ~\$230M** are based on retention ranging from 80% to 100%.
- On October 1, 2024 we closed the acquisition of Atria, with the advisors expected to onboard in **mid-2025**. Based on recruiting to-date, we are on track to meet our retention target of ~80% of client assets.



## Key Metrics<sup>†</sup>

- ~2,100** advisors, serving **~\$110B** in client assets
- ~25%** advisory and **~75%** brokerage
- ~\$70B** advisor channel and **~\$40B** institution channel
- Client cash sweep balances of **~\$2.2B**

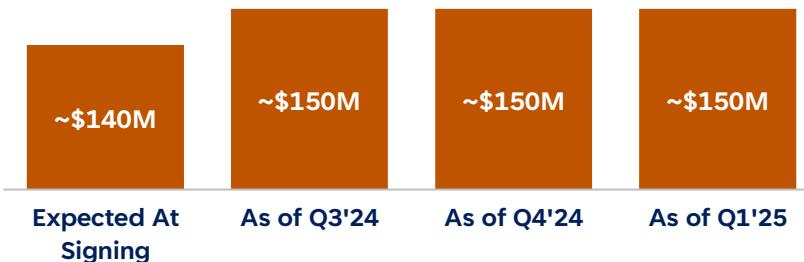
**Atria client assets were unchanged in Q1<sup>†</sup>**



## Estimated Financial Impacts

- Onboarding and integration costs of **~\$300M to ~\$350M**
- Baseline EBITDA\* at closing of **~\$40M<sup>‡</sup>**
- Following completion of onboarding and integration, revenue and expense synergies are expected to result in run-rate EBITDA\* of **~\$150M<sup>‡</sup>**

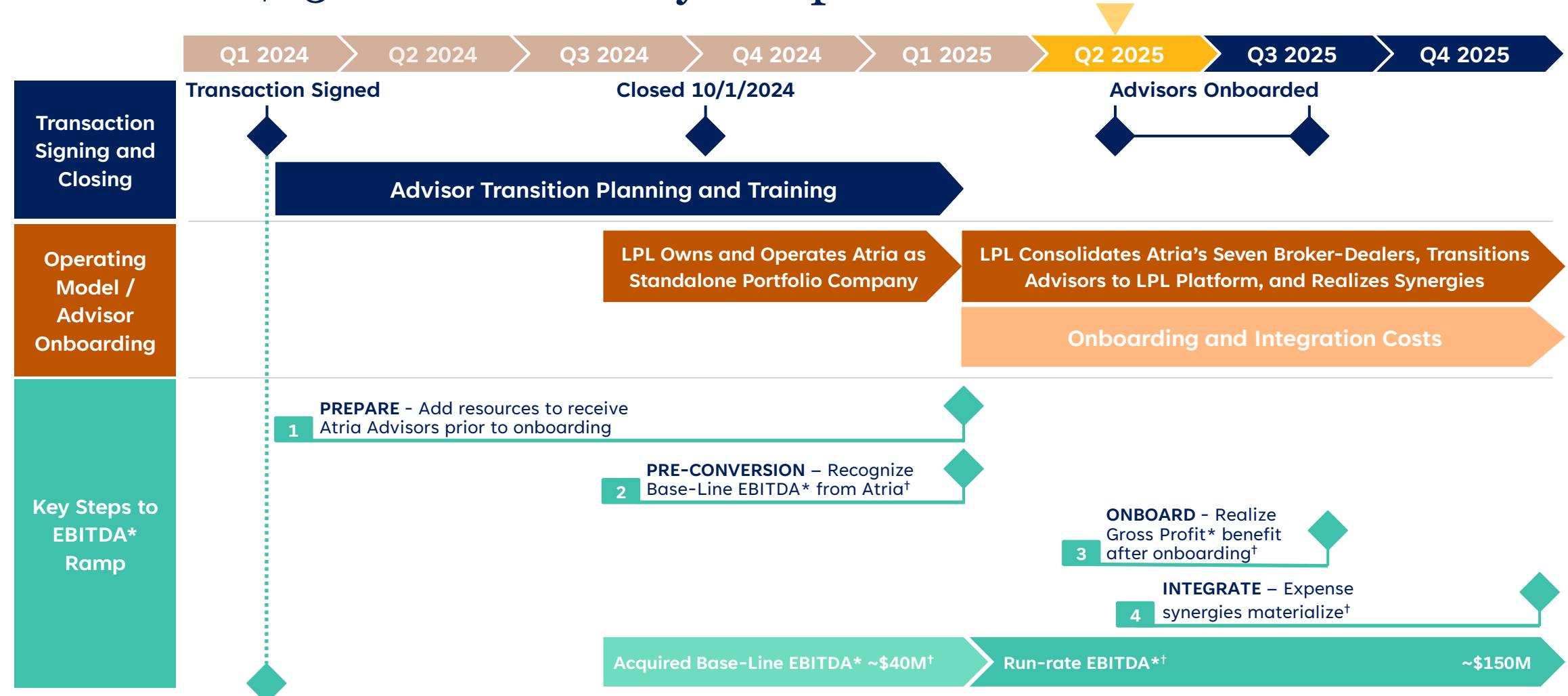
**Run-rate EBITDA\***



<sup>†</sup> Atria assets and advisors as of 3/31/2025 unless otherwise noted. Assuming 100% retention.

<sup>‡</sup> Acquired base-line EBITDA\* of ~\$40M and estimated run-rate EBITDA\* accretion of ~\$150M are based on Atria Advisors' assets as of 9/30/2024 and ~80% retention; increases with higher levels of asset retention; and is burdened by amortization from transition assistance loans.

# Atria Wealth Solutions: We estimate reaching an annual EBITDA\* benefit of \$150M+ when fully ramped



† Acquired base-line EBITDA\* is expected to be ~\$40M. Following completion of onboarding and integration of Atria, revenue and expense synergies are expected to result in run-rate EBITDA\* of ~\$150M.

# Acquisition of Commonwealth Financial Network



## Transaction Details and Timing

- On March 29, 2025, we signed an agreement to acquire 100% of the equity of Commonwealth Financial Network as an equity purchase with an upfront price of **~\$2.7B**
- We expect to close the acquisition in the second half of 2025, with advisors expected to onboard in **mid-2026** and expected retention of **~90%**
- **We will maintain the Commonwealth brand**, preserving their unique culture and advisor experience
  - **Commonwealth CEO Wayne Bloom will join LPL's leadership team** to oversee development of the new Office of Advisory Advocacy, helping elevate the experience for all LPL advisors
  - **Commonwealth founder Joe Deitch will assume an advisory role** to LPL's Board of Directors



## Overview of Commonwealth

- Commonwealth is the **largest independently owned wealth management firm** in the U.S. and a **top five** independent broker-dealer<sup>†</sup>
- They are the **standard-bearer for advisor satisfaction** through its differentiated **high-touch service model**, with dedicated advisor teams and established support infrastructure
- J.D. Power has ranked Commonwealth **#1 in Independent Advisor Satisfaction** for 11 consecutive years



## Key Metrics<sup>‡</sup>

- **~3,000** advisors, serving **~\$285B** in client assets
- **~75%** advisory and **~25%** brokerage
- Client cash balances of **~\$5B**
- Average advisor headcount retention of **98%** over the last five years<sup>††</sup>



## Estimated Financial Impacts

- Onboarding and integration costs of **~\$485M**
- Estimated technology spend of **~\$155M**, which will be capitalized and amortized over time
- Baseline EBITDA\* at closing of **~\$120M<sup>§</sup>**
- Following completion of onboarding and integration, revenue and expense synergies are expected to result in run-rate EBITDA\* of **~\$415M<sup>§</sup>**

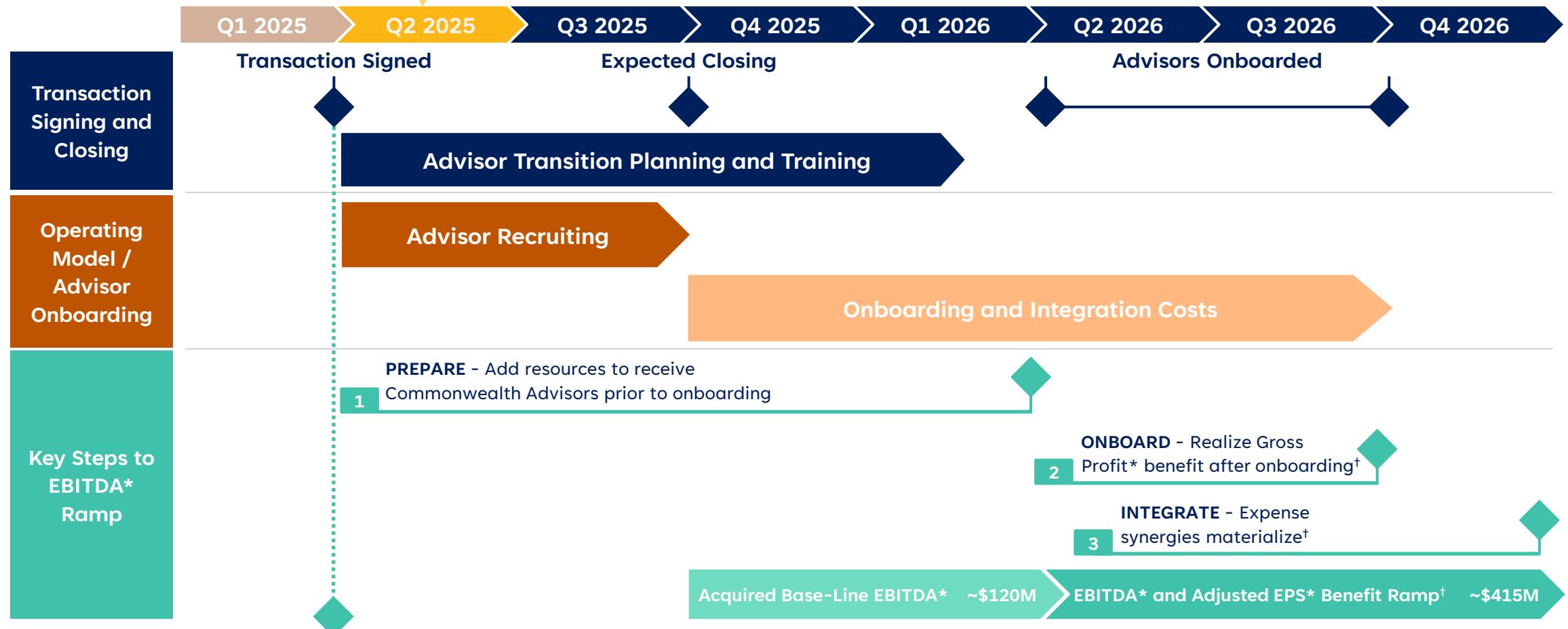
<sup>†</sup> Ranking based on total assets under management; 2024 Cerulli reports

<sup>‡</sup> As of 3/31/2025, unless otherwise noted

<sup>††</sup> As of 12/31/2024

<sup>§</sup> Based on Commonwealth Advisors' asset as of 12/31/24 and 90% retention

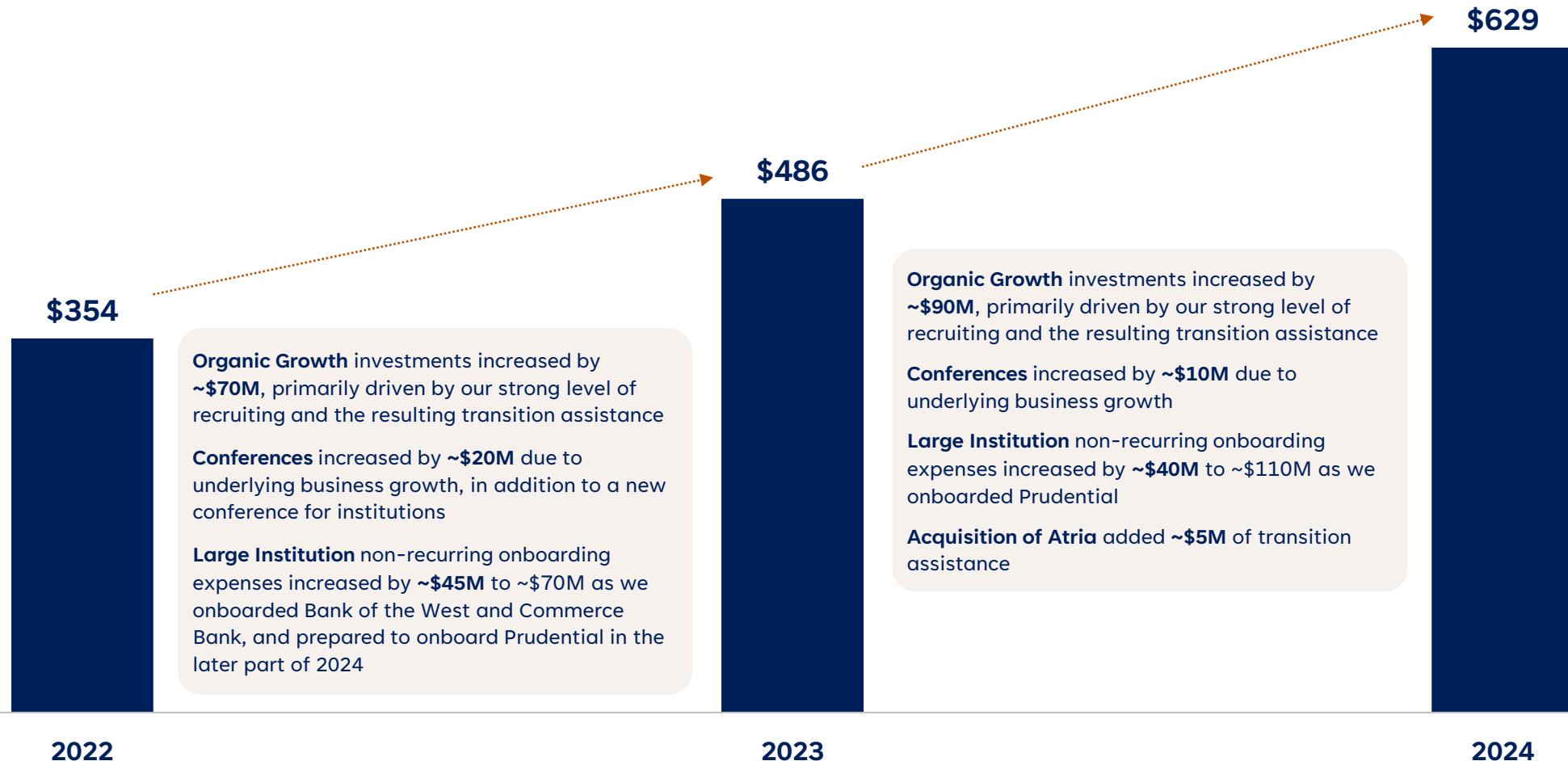
# Commonwealth Financial Network: We estimate an annual EBITDA\* benefit of ~\$415M when fully ramped



<sup>†</sup> Upon close of the transaction, acquired base-line EBITDA\* is expected to be ~\$120M. Following completion of onboarding and integration of Commonwealth, revenue and expense synergies are expected to result in run-rate EBITDA\* of ~\$415M. Based on unaudited preliminary financial information of Commonwealth for the year ended December 31, 2024.

# Key drivers of promotional expense growth

## Promotional Expense (\$M)



# Reconciliation

## 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. Below is a calculation of gross profit\* for the periods presented herein:

\$ in millions	Q1'25 LTM	2024	2023	2022	2021	2020
<b>Total revenue<sup>(2)</sup></b>	<b>\$13,222</b>	<b>\$12,385</b>	<b>\$10,053</b>	<b>\$8,601</b>	<b>\$7,721</b>	<b>\$5,872</b>
Advisory and commission expense	8,371	7,751	5,916	5,325	5,180	3,697
Brokerage, clearing and exchange expense	142	128	106	86	86	71
Employee deferred compensation <sup>(23)</sup>	2	5	4	-	-	-
<b>Gross Profit<sup>(2)</sup></b>	<b>\$4,708</b>	<b>\$4,501</b>	<b>\$4,027</b>	<b>\$3,190</b>	<b>\$2,455</b>	<b>\$2,103</b>

## Adjusted EPS\* and Adjusted Net Income\*

Adjusted EPS\* and adjusted net income\* are non-GAAP financial measures. Please see a description of adjusted EPS\* and adjusted net income\* under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information. Below are reconciliations of net income and earnings per diluted share to adjusted net income\* and adjusted EPS\* for the periods presented herein:

in millions, except per share data	Q1'25 LTM		2024		2023		2022		2021		2020	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
<b>Net income / earnings per diluted share</b>	<b>\$1,089</b>	<b>\$14.45</b>	<b>\$1,059</b>	<b>\$14.03</b>	<b>\$1,066</b>	<b>\$13.69</b>	<b>\$846</b>	<b>\$10.40</b>	<b>\$460</b>	<b>\$5.63</b>	<b>\$473</b>	<b>\$5.86</b>
Amortization of other intangibles	150	1.99	135	1.79	107	1.38	88	1.08	79	0.97	67	0.83
Acquisition costs <sup>(24)</sup>	145	1.92	106	1.40	48	0.62	36	0.44	76	0.93	-	-
Regulatory charges <sup>(25)</sup>	18	0.24	18	0.24	40	0.52	-	-	-	-	-	-
Departure of former Chief Executive Officer <sup>(26)</sup>	(14)	(0.19)	(14)	(0.19)	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	4	0.05	4	0.05	-	-	-	-	-	-	-	-
Tax benefit	(77)	(1.02)	(62)	(0.82)	(37)	(0.48)	(33)	(0.40)	(41)	(0.51)	(19)	(0.23)
<b>Adjusted net income / adjusted EPS</b>	<b>\$1,313</b>	<b>\$17.44</b>	<b>\$1,245</b>	<b>\$16.51</b>	<b>\$1,224</b>	<b>\$15.72</b>	<b>\$937</b>	<b>\$11.52</b>	<b>\$574</b>	<b>\$7.02</b>	<b>\$521</b>	<b>\$6.46</b>
Average diluted share count	75.4		75.4		77.9		81.3		81.7		80.9	

# Reconciliation

## Net Income to EBITDA\*, Adjusted EBITDA\* and Credit Agreement EBITDA\*

EBITDA\*, Adjusted EBITDA\* and Credit Agreement EBITDA\* are non-GAAP financial measures. Please see a description of EBITDA\*, Adjusted EBITDA\* and Credit Agreement 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\*, Adjusted EBITDA\* and Credit Agreement EBITDA\* for the periods presented herein:

\$ in millions	Q1'25 LTM	2024	2023	2022	2021	2020
<b>Net income</b>	<b>\$1,089</b>	<b>\$1,059</b>	<b>\$1,066</b>	<b>\$846</b>	<b>\$460</b>	<b>\$473</b>
Interest expense on borrowings	300	274	187	126	104	106
Provision for income taxes	348	334	379	266	141	153
Depreciation and amortization	334	309	247	200	151	110
Amortization of other intangibles	150	135	107	88	79	67
<b>EBITDA</b>	<b>\$2,219</b>	<b>\$2,111</b>	<b>\$1,986</b>	<b>\$1,525</b>	<b>\$936</b>	<b>\$909</b>
Acquisition costs excluding interest <sup>(24)(27)</sup>	139	106	48	36	76	-
Regulatory charges <sup>(25)</sup>	18	18	40	-	-	-
Departure of former Chief Executive Officer <sup>(26)</sup>	(14)	(14)	-	-	-	-
Loss on extinguishment of debt	4	4	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$2,366</b>	<b>\$2,224</b>	<b>\$2,074</b>	<b>\$1,561</b>	<b>\$1,012</b>	<b>\$909</b>
	Q1'25 LTM	2024	2023	2022	2021	2020
<b>EBITDA</b>	<b>\$2,219</b>	<b>\$2,111</b>	<b>\$1,986</b>	<b>\$1,525</b>	<b>\$936</b>	<b>\$909</b>
<b>Credit Agreement adjustments</b>						
Acquisition costs and other <sup>(24)(25)</sup>	250	224	110	51	92	18
Employee share-based compensation	85	89	66	50	42	32
M&A accretion <sup>(28)</sup>	237	235	30	11	54	-
Advisor share-based compensation	3	3	3	3	2	2
Loss on extinguishment of debt	4	4	-	-	24	-
<b>Credit Agreement EBITDA</b>	<b>\$2,797</b>	<b>\$2,665</b>	<b>\$2,195</b>	<b>\$1,639</b>	<b>\$1,151</b>	<b>\$961</b>
Total debt	5,720	5,517	3,757	2,738	2,839	2,359
Total corporate cash	621	479	184	459	237	280
<b>Credit Agreement Net Debt</b>	<b>\$5,099</b>	<b>\$5,038</b>	<b>\$3,574</b>	<b>\$2,279</b>	<b>\$2,602</b>	<b>\$2,079</b>
<b>Leverage Ratio</b>	<b>1.82x</b>	<b>1.89x</b>	<b>1.63x</b>	<b>1.39x</b>	<b>2.26x</b>	<b>2.16x</b>

Note: Totals may not foot due to rounding

# Reconciliation

## Adjusted Pre-Tax Income\*

Adjusted pre-tax income\* is a non-GAAP financial measure. Please see a description of adjusted pre-tax income\* under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information. Below is a reconciliation of income before provision for income taxes to adjusted pre-tax income\* for the periods presented herein:

\$ in millions	Q1'25 LTM
<b>Income before provision for income taxes</b>	<b>\$1,435</b>
Amortization of other intangibles	150
Acquisition costs <sup>(24)(27)</sup>	145
Regulatory charges <sup>(25)</sup>	18
Departure of former Chief Executive Officer <sup>(26)</sup>	(14)
Loss on extinguishment of debt	4
<b>Adjusted pre-tax income</b>	<b>\$1,738</b>

# Reconciliation

## Core G&A\* to Total 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 is a reconciliation of total expense to Core G&A\* and of Core G&A, prior to the impacts of Waddell & Reed, Prudential and Atria:

\$ in millions	Q1'25 LTM	2024	2023	2022	2021	2020
<b>Total expense</b>	<b>\$11,787</b>	<b>\$10,992</b>	<b>\$8,608</b>	<b>\$7,489</b>	<b>\$7,120</b>	<b>\$5,246</b>
Advisory and commission	8,371	7,751	5,916	5,325	5,180	3,697
Depreciation and amortization	333	309	247	200	151	110
Interest expense on borrowings	300	274	187	126	104	106
Brokerage, clearing and exchange	142	128	106	86	86	71
Amortization of other intangibles	150	135	107	88	79	67
Employee deferred compensation <sup>(23)</sup>	2	5	4	-	-	-
Loss on extinguishment of debt	4	4	-	-	24	-
<b>Total G&amp;A</b>	<b>\$2,485</b>	<b>\$2,387</b>	<b>\$2,041</b>	<b>\$1,665</b>	<b>\$1,494</b>	<b>\$1,194</b>
Promotional (ongoing) <sup>(24)</sup>	649	629	486	354	288	208
Employee share-based compensation	84	89	66	50	42	32
Acquisition costs excluding interest <sup>(24)(27)</sup>	139	106	48	36	76	-
Regulatory charges <sup>(25)</sup>	47	47	71	33	29	29
<b>Core G&amp;A</b>	<b>\$1,565</b>	<b>\$1,515</b>	<b>\$1,369</b>	<b>\$1,192</b>	<b>\$1,058</b>	<b>\$925</b>
\$ in millions	2024	2021				
<b>Core G&amp;A</b>	<b>\$1,475</b>	<b>\$1,059</b>				
Waddell & Reed-related Core G&A	-	59				
Prudential and Atria-related Core G&A	40	-				
<b>Total Core G&amp;A prior to transactions</b>	<b>\$1,515</b>	<b>\$999</b>				

# Endnotes

- (1) Calculated as annualized current period organic net new assets divided by preceding period assets in their respective categories of advisory assets or total advisory and brokerage assets.
- (2) The departure of the Company's former Chief Executive Officer resulted in other income of \$26.4 million during the three months ended December 31, 2024 related to the clawback of share-based compensation awards.
- (3) Calculated by dividing adjusted pre-tax income\* for the period by gross profit\* for the period.
- (4) The Company calculates its leverage ratio as total debt less total corporate cash, divided by Credit Agreement EBITDA\* for the trailing twelve months.
- (5) Other employee channels include National & Regional B/D, Insurance B/D and Retail bank B/D channels. Independent channels include independent B/D, Hybrid RIA and Independent RIA channels.
- (6) Estimated market sizing based on 2024 Cerulli reports, unless otherwise noted. Below are reconciliations of each market:

Traditional Market	RIA Market	Employee Channel	Institution Channel
Independent B/D	Hybrid RIA	National & Regional B/D	Insurance B/D
	Independent RIA	Wirehouse	Bank Trust
		(-) Adj. to avoid double-counting Boutique B/D	Product Manufacturers*
			Boutique B/D*
			Retail bank B/D
			(-) Adj. to Retail bank B/D: Chase & Wells Fargo

\* Estimated market sizing based on LPL estimates. Product Manufacturers defined as fund companies with an adjacent traditional wealth management business serving individuals. Boutique B/D defined as National & Regional B/Ds with less than \$50B AUM, which we view as an Institution market opportunity

- (7) Represents the estimated total advisory and brokerage assets expected to transition to the Company's primary 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 and the actual amount transitioned may vary from the estimate.
- (8) Consists of brokerage assets serviced by advisors licensed with LPL Financial or one of Atria's seven introducing broker-dealer subsidiaries.
- (9) Consists of total assets on LPL Financial's corporate advisory platform serviced by investment advisor representatives of LPL Financial and total assets on LPL Financial's independent advisory platform serviced by investment advisor representatives of separate investment advisor firms ("Independent RIAs"), rather than of LPL Financial.
- (10) Consists of advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
- (11) 2022, 2023, and 2024 are prior to M&A- and institution-related onboarding spend in technology.
- (12) Organic Net New Assets include assets from Large Institutions. Below are Net New Assets from Large Institutions for the periods presented:

\$ in billions	Q1'25 LTM	2024	2023	2022	2021	2020
Net new organic advisory assets	\$25	\$18	\$2	\$1	\$8	-
Net new organic brokerage assets	57	21	9	30	27	-
<b>Total Organic Net New Assets from Large Institutions</b>	<b>\$83</b>	<b>\$40</b>	<b>\$11</b>	<b>\$31</b>	<b>\$35</b>	<b>-</b>

- (13) 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.
- (14) Consists of total client deposits into advisory or brokerage accounts less total client withdrawals from advisory or brokerage accounts, plus dividends, plus interest, minus advisory fees. The Company considers conversions from and to brokerage or advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the current period organic net new advisory or brokerage assets divided by preceding period total advisory or brokerage assets.
- (15) Calculated as a one percent change in total assets multiplied by a market correlation factor multiplied by total gross profit\* return on assets.
- (16) Assumes change based on Q1 2025 end of period ICA balances, presented on page 22.
- (17) Annual benefit measured in total revenue. Based on variable client cash balances indexed to Fed Funds.

# Endnotes

(18) During the second quarter of 2022, the Company updated its definition of client cash balances to include client cash accounts and exclude purchased money market funds. Client cash accounts include cash that clients have deposited with LPL Financial that is included in Client payables in the consolidated balance sheets. During the first quarter of 2024, the Company updated its definition of the client cash account balances to exclude other client payables. Prior period disclosures have been updated to reflect these changes as applicable.

(19) Calculated by dividing revenue for the period by the average balance during the period.

(20) Management's corporate cash target reflects a level sufficient to meet our near-term corporate debt obligations.

(21) Corporate cash, a component of cash and equivalents, includes the sum of cash and equivalents from the following: (1) cash and equivalents held at LPL Holdings, Inc., (2) cash and equivalents held at regulated subsidiaries as defined by the Company's Credit Agreement, which include LPL Financial LLC, LPL Enterprise, LLC, The Private Trust Company, N.A., and certain of Atria Wealth Solutions, Inc.'s introducing broker-dealer subsidiaries, in excess of the capital requirements of the Company's Credit Agreement, and (3) cash and equivalents held at non-regulated subsidiaries.

(22) Consists of total advisory and brokerage assets under custody at LPL Financial and Waddell & Reed, LLC, as well as assets under custody of a third-party custodian related to Atria's seven introducing broker-dealer subsidiaries. As of March 31, 2025, there were no assets under custody at Waddell & Reed.

(23) During the first quarter of 2023, the Company updated its presentation of employee deferred compensation to be consistent with its presentation of advisor deferred compensation. As a result, gains or losses related to market fluctuations on advisor and employee deferred compensation plans are presented in the same line item as the related increase or decrease in compensation expense for purposes of Management's Statements of Operations. This change has not been applied retroactively as the impact on prior periods was not material.

(24) Acquisition costs include the costs to setup, onboard and integrate acquired entities and other costs that were incurred as a result of the acquisitions. The below table summarizes the primary components of acquisition costs for the periods presented:

\$ in millions	Q1'25 LTM	2024	2023	2022	2021
Fair value mark on contingent consideration <sup>(29)</sup>	\$48	\$42	\$27	-	-
Professional services	24	21	10	12	19
Compensation and benefits	49	35	6	21	36
Promotional	13	7	4	2	14
Interest <sup>(27)</sup>	5	-	-	-	-
Other	6	1	2	1	7
<b>Acquisition costs</b>	<b>\$145</b>	<b>\$106</b>	<b>\$48</b>	<b>\$36</b>	<b>\$76</b>

(25) Regulatory charges for the three months ended September 30, 2024 and year ended December 31, 2024 include charges related to a settlement with the SEC to resolve the Company's civil investigation of certain elements of the Company's Anti-Money Laundering ("AML") compliance program. The Company has recorded an \$18.0 million charge for the quarter ended September 30, 2024 and reached a settlement with the staff of the SEC and paid the civil monetary penalty in January 2025. Regulatory charges for the year ended December 31, 2023 include a \$40.0 million charge to reflect the amount of the penalty related to the SEC's civil investigation of the Company's compliance with records preservation requirements for business-related electronic communications that was not covered by the Company's captive insurance subsidiary. The Company reached a settlement with the staff of the SEC and paid the civil monetary penalty of \$50.0 million in August 2024.

(26) The departure of the Company's former Chief Executive Officer resulted in other income of \$26.4 million related to the clawback of share-based compensation awards which was offset by share-based compensation expense of \$12.0 million related to the modification of certain stock options that were retained as per the settlement agreement that the Company reached with the former Chief Executive Officer.

(27) Acquisition costs for the three months ended March 31, 2025 include \$5.1 million in interest expense associated with the cost of issuing debt related to the acquisition of Commonwealth.

(28) M&A accretion is an adjustment to reflect the annualized expected run rate EBITDA of an acquisition as permitted by the Credit Agreement for up to eight fiscal quarters following the close of the transaction.

(29) Represents a fair value adjustment to our contingent consideration liabilities that is reflected in other expense in the consolidated statements of income.