



## LPL Financial Announces Details and Fund Companies for Its Industry-First Mutual Fund Only Platform

Jul 13, 2017

CHARLOTTE, N.C., July 13, 2017 (GLOBE NEWSWIRE) -- Leading retail investment advisory firm and independent broker/dealer LPL Financial LLC, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), today announced details of its industry-first Mutual Fund Only (MFO) platform, which has been designed to improve the way advisors offer mutual funds in brokerage accounts with participating fund companies. The platform is scheduled to be made available to LPL advisors and institutions early in 2018.

"With this platform, LPL is striving to preserve choice for investors while managing the evolving regulatory environment," said Rob Pettman, LPL executive vice president, Product and Platform Management. "We will be delivering a price competitive solution with the benefit of free exchanges across participating fund companies to help our advisors differentiate their practices in the market and serve a broad range of investors."

The platform is being designed to offer investors enhanced value in brokerage through reduced fees while standardizing compensation for financial advisors. LPL also intends for the platform to expand investor choice by offering exchangeability across fund families within the platform, and removing barriers that have tied investors to stay within a single fund family.

Some of MFO's unique features include:

- **Load-waived shares from 20 mutual fund companies**, providing free exchangeability across fund companies for broader choice and greater flexibility to move funds over time as investors' needs change.
- **Standardized mutual fund compensation to the financial advisor** through a uniform upfront onboarding commission, cross-fund-company exchangeability and consistent trail, addressing the compensation differences that exist across the mutual fund industry generally. MFO accounts will be subject to a maximum upfront onboarding commission of 3.5 percent and a 0.25 percent trail payment. Investors will be eligible for discounts based on the combined amount of brokerage assets held at LPL that are invested in MFO-eligible mutual funds.
- **Elimination of certain annual account and trading fees.**

### How MFO will work

Initially, when investors add cash to their MFO accounts, the funds will be routed through an institutional money market fund offered by Goldman Sachs Asset Management and then assessed a one-time onboarding commission by LPL. Investors who currently hold positions on LPL's brokerage platform of MFO-eligible mutual funds will be permitted to avoid the onboarding commission if they transfer those positions into an MFO account.

Once on the MFO platform, investors may move in and out of more than 1,500 mutual funds across 20 participating fund sponsors without incurring any additional upfront sales charges.

The 20 fund companies that are expected to be available on LPL's MFO platform when it launches include: AB (formerly Alliance Bernstein), American Century Investments, American Funds, BlackRock, Columbia Threadneedle Investments, Eaton Vance Investment Managers, Fidelity Investments (pending final approval), Franklin Templeton Investments, Goldman Sachs Asset Management, Invesco, J.P. Morgan Asset Management, John Hancock Investments, Legg Mason Global Asset Management, Lord Abbett, Delaware & Optimum Funds, MFS Investment Management, New York Life MainStay Investments, OppenheimerFunds, Principal Global Investors and Putnam Investments.

These fund companies were selected after an analysis of the funds that LPL advisors use currently in brokerage and the quality of fund line-ups available at fund companies. As a result, participating MFO fund sponsor companies will collectively represent the majority of funds that advisors use regularly today.

"Our research shows that screening for funds with low fees and high manager ownership will help identify equity funds with a history of superior long-term outcomes\*," said Bill Brady, senior vice president of wealth management, American Funds. "Having our funds readily available on LPL's innovative brokerage platform will allow more people to easily include them in their portfolio as they save for retirement and other long-term objectives."

"Goldman Sachs Asset Management is pleased to be working with LPL Financial on the development of its Mutual Fund Only brokerage platform, which will feature the GS Financial Square Government Money Market Fund as a vehicle to access the platform," said Matt Hostasa, managing director, Goldman Sachs Asset Management. "We believe this arrangement will help provide clients with unique investment opportunities for today's markets."

The MFO platform is currently being tested with each fund company to ensure quality, and will be beta-tested with a small group of advisors later this year with the goal of launching the platform in early 2018.

*\* This statement by American Funds has not been independently and fully verified by LPL Financial.*

### **Forward-Looking Statements**

Statements in this press release regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, including LPL Financial LLC, the "Company") future Mutual Fund Only platform, including its anticipated cost structure and its expected future benefits to financial advisors' and institutions' service capabilities and business growth, as well as to investor growth, and the Company's related plans and future service offerings, 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 plans, intentions and expectations as of July 13, 2017. Forward-looking statements are not guarantees that 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 levels of operating results, levels of activity, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. In particular, the Company can provide no assurance that the proposed Mutual Fund Only platform will ultimately provide the anticipated benefits or functionality, be widely implemented and/or adopted by financial advisors or institutions, generate efficiencies and/or cost savings for, complement and/or result in the expansion of the business of financial advisors or institutions, or that the current and/or future clients of such financial advisors or institution will widely utilize the platform. Important factors that could cause or contribute to such differences include: changes in general economic and financial market conditions, including retail investor sentiment; whether the Mutual Fund Only platform adequately addresses the needs of advisors and their clients; effects of competition in the financial services industry, including with regard to similar platforms and/or solutions; the ability of financial advisors and institutions to effectively market the Company's Mutual Fund Only platform; the effect of current, pending and future legislation, regulation and regulatory actions, and disciplinary actions imposed by federal and state securities regulators or self-regulatory organizations; the Company's success in developing and maintaining the Mutual Fund Only platform, including the integration of the Company's technology systems with those of any third-party providers on which the Company may rely in providing its Mutual Fund Only platform; the Company's ability to control operating risks and information technology systems risk; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2016 Annual Report on Form 10-K and any subsequent SEC filing. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this press release, even if its estimates change, and you should not rely on those statements as representing the Company's views as of any date subsequent to the date of July 13, 2017.

### **About LPL Financial**

LPL Financial LLC, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), is a leader in the retail financial advice market and provided service to approximately \$540 billion in brokerage and advisory assets as of May 31, 2017. LPL is one of the fastest growing RIA custodians and the nation's largest independent broker-dealer (based on total revenues, Financial Planning magazine June 1996-2017), and the firm and its financial advisors were ranked No. 1 in net customer loyalty in a 2016 Cogent Reports™ study. The Company provides proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to more than 14,000 financial advisors and over 700 financial institutions, enabling them to provide a range of financial services including wealth management, retirement planning, financial planning and other investment services to help their clients turn life's aspirations into financial realities. As of March 31, 2017, financial advisors associated with LPL served more than 4 million client accounts across the U.S. as well as an estimated 46,000 retirement plans with an estimated \$135 billion in retirement plan assets. Additionally, LPL supports approximately 3,900 financial advisors licensed and affiliated with insurance companies with customized clearing, advisory platforms, and technology solutions. LPL Financial and its affiliates have more than 3,300 employees with primary offices in Boston, Charlotte, and San Diego. For more information, visit [www.lpl.com](http://www.lpl.com).

Securities and Advisory Services offered through LPL Financial. A Registered Investment Advisor, Member FINRA/SIPC.

### **Important Disclosures**

Amounts in mutual funds are subject to fluctuations in value and market risk. Shares, when redeemed, may be worth more or less than their original cost.

Investors should consider the investment objectives, risks, charges and expenses of a particular investment company carefully before investing. The applicable prospectus and, if available, the summary prospectus contain this and other important information about an investment company. Investors can obtain a prospectus and summary prospectus from their financial representatives. Read carefully before investing.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of an investor's investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.

Connect with Us!

<https://twitter.com/lpl>

<https://www.linkedin.com/company/lpl-financial>

<https://www.facebook.com/LPLFinancialLLC>

<https://www.youtube.com/user/lpfinancialllc>

Media Contact:

Jeff Mochal

704-733-3589 ☐

Jeffrey.mochal@lp1.com