

LPL FINANCIAL REPORTS MONTHLY ACTIVITY FOR AUGUST 2019

SAN DIEGO – September 19, 2019 – Leading retail investment advisory firm and independent broker-dealer [LPL Financial](#) LLC, a wholly owned subsidiary of LPL Financial Holdings Inc. ([Nasdaq: LPLA](#)) (the “Company”), today released its monthly activity report for August 2019.

Total brokerage and advisory assets served at the end of August were approximately \$712 billion, a \$1 billion decrease, or 0.2 percent, compared to the end of July 2019.

Total organic net new assets for August were an inflow of \$2.5 billion. This included \$0.4 billion of outflows related to a hybrid firm that set up its own broker/dealer and departed. Prior to these outflows, total organic net new assets for August were an inflow of \$2.9 billion.

Additionally, the Company closed its acquisition of Allen & Co* on August 1. Given this, the Company has reflected \$2.8 billion of brokerage and advisory assets from Allen & Co in the Company’s August asset and net new asset totals, including \$1.8 billion of brokerage assets and \$1.0 billion of advisory assets. As a reminder, the Company expects to onboard Allen & Co. assets onto its platform by the end of 2019, after which it expects to realize run-rate EBITDA accretion** of approximately \$5 million annually.

Collectively, organic growth and assets from Allen & Co. led to August total net new assets of \$5.3 billion.

Total client cash balances at the end of August were \$31.0 billion, a \$1.1 billion increase compared to July 2019. This included \$0.1 billion of money market sweep account balances from Allen & Co. Net buying in August was \$2.8 billion.

(End of Period \$ in billions, unless noted)	August 2019	July 2019	Change M/M	August 2018	Change Y/Y
<u>Assets Served</u>					
Advisory Assets	333.0	332.1	0.3%	304.4	9.4%
Brokerage Assets	378.7	381.3	(0.7)%	374.4	1.1%
Total Brokerage and Advisory Assets	711.7	713.4	(0.2)%	678.7	4.9%
<u>Assets Served Prior to Allen & Co.</u>					
Advisory Assets	332.0	332.1	(0.0)%	304.4	9.1%
Brokerage Assets	376.9	381.3	(1.2)%	374.4	0.7%
Total Brokerage and Advisory Assets	708.9	713.4	(0.6)%	678.7	4.4%
<u>Net New Assets</u>					
Net New Advisory Assets	4.0	2.9	n/m	1.5	n/m
Net New Brokerage Assets	1.3	(0.2)	n/m	(0.2)	n/m
Total Net New Assets	5.3	2.7	n/m	1.3	n/m

Net New Assets Prior to Allen & Co.

Net New Advisory Assets	3.0	2.9	n/m	1.5	n/m
Net New Brokerage Assets	(0.5)	(0.2)	n/m	(0.2)	n/m
Total Net New Assets	2.5	2.7	n/m	1.3	n/m

Net Brokerage to Advisory Conversions	0.5	0.6	n/m	0.6	n/m
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Client Cash Balances

Insured Cash Account Balances	22.0	21.3	3.3%	21.1	4.3%
Deposit Cash Account Balances	4.5	4.2	7.1%	3.9	15.4%
Total Insured Sweep Balances	26.5	25.5	3.9%	25.0	6.0%
Money Market Sweep Accounts	2.8	3.0	(6.7)%	3.1	(9.7)%
Purchased Money Market Funds	1.7	1.3	n/m	n/a	n/a
Total Money Market Balances	4.5	4.3	4.7%	3.1	n/a
Total Client Cash Balances	31.0	29.9	3.7%	28.1	10.3%

Net Buy (Sell) Activity	2.8	3.3	n/m	3.4	n/m
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Market Indices

S&P 500 (end of period)	2,926	2,980	(1.8)%	2,902	0.8%
Fed Funds Effective Rate (average bps)	213	240	(11.3)%	191	11.5%

For additional information regarding LPL Financial business metrics, please refer to the Company's most recent earnings announcement, which is available in the [quarterly results](#) section of investor.lpl.com.

*Allen & Company of Florida, LLC ("Allen & Co.")

About LPL Financial

LPL Financial (<https://www.lpl.com>) is a leader in the retail financial advice market and the nation's largest independent broker/dealer*. We serve independent financial advisors and financial institutions, providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow thriving practices. LPL enables them to provide objective guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

+Based on total revenues, *Financial Planning* magazine June 1996-2019.

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

Forward-Looking Statements

Statements in this press release regarding the Company's future operating results and plans, including the amount and timing of future asset onboarding from Allen & Co. and future run-rate EBITDA accretion**, 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 historical performance of the Company and Allen & Co. and the Company's plans, estimates and expectations as of September 19, 2019. Forward-looking statements are not guarantees that the future levels of assets onboarded, 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 assets onboarded, actual financial or operating results, levels of activity, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. In particular, the Company can provide no assurance that the assets reported as serviced by Allen & Co.'s financial advisors will be onboarded to the Company's platform. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the clients of Allen & Co.'s advisors, which could negatively affect the Company's ability to realize revenue or expense synergies or other expected benefits of the transaction; the choice by clients of Allen & Co.'s advisors to terminate their accounts or not to open brokerage and/or advisory accounts at the Company; the Company's success in implementing its employee affiliation model; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of assets under custody; effects of competition in the financial services industry, including competitors' success in recruiting Allen & Co.'s advisors and their clients; and the other factors set forth in Part I, "Item 1A. Risk Factors" in LPL's 2018 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 September 19, 2019.

****Non-GAAP Financial Measure**

Management believes that presenting certain non-GAAP 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 measure discussed below is appropriate for evaluating the performance of the Company.

Run-rate EBITDA accretion is defined as incremental run-rate EBITDA (net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets) derived by the Company from the acquisition of Allen & Co. The Company presents run-rate EBITDA accretion because management believes that it can be a useful financial metric in understanding the Company's expected run-rate earnings from Allen & Co.'s operations following the acquisition. Run-rate EBITDA accretion is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, the Company's run-rate EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments. The Company does not provide an outlook for run-rate EBITDA because it contains certain components, over which the Company cannot exercise control. Because an outlook for run-rate EBITDA cannot be made available without unreasonable effort by the Company, a reconciliation of the Company's outlook for run-rate EBITDA to its outlook for net income also cannot be made available without unreasonable effort.