



LPL Assurance Plan:

Protect Your Legacy

Valuation Summary for Sample Advisor

Estimated as of 06/04/2020

Disclosures:

The analysis presented here is for illustrative purposes and represents a preliminary indication of value. It is not an appraisal and is limited to the calculation of values using selected methods and the presentation of the results of those methods for your consideration. The scope of the analysis was limited in that it did not include an in-depth analysis of all factors generally included in the appraisal process and should not in any way be construed as our opinion of fair market value. Valuations of financial advisory practices can vary depending on a variety of influential factors including, but not limited to, the nature of the revenue streams, the age, wealth, and loyalty of the client base; the financial structure and tax consequences of the transaction; the client retention rate following execution of the deal; and other important factors. To determine final estimate of value, additional substantive procedures would be required. While the actual market value of your practice may vary considerably from these estimates, this preliminary indication of value can be useful in providing a general range of values to consider. It is important to note that, in a valuation of a closely-held business, no single method is absolute. While there are a number of acceptable methods to arrive at an estimate of the value of a business, it is expected that the estimates of value derived by the various methods will differ and the differences may be material. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof shall be disseminated to third parties by any means without the prior written consent of LPL Financial.



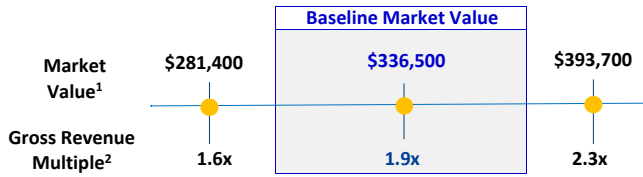
LPL Assurance Plan

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Estimated Market Value

Your estimated value based on a standard deal is as follows:



Assurance Plan Payout

The Assurance Plan offers a guaranteed buyer for your practice in the event of an unplanned exit from the industry. Your business value will immediately be realized based on a **1.5x multiple of the most recent annualized recurring revenue**.

Guaranteed Payout: **\$236,000**

LPL will then sell the book and deliver additional proceeds to your chosen beneficiary. Assurance Plan members thus have the ability to participate in the potential upside earned upon sale to the market.

Your Selected Beneficiaries³

Primary Beneficiary:	Jane Doe, 1
Contingent Beneficiary:	John Doe
First Right of Refusal:	Jane Doe, 2

Comparison to Market Multiples

Compare your value to the average multiple of recently closed deals.

Component	Gross Revenue Multiple
Your Multiple ²	1.9x
All Comparables Average Multiple ⁴	1.8x

Peer Comparable Overview⁵

Closed Deals	Gross Revenue Multiple	Firm Size (GDC)	Recurring Revenue %	Down Payment
Comp 1	2.2x	\$ 250,000	88%	33%
Comp 2	1.8x	\$ 238,662	66%	30%
Comp 4	1.4x	\$ 236,901	81%	40%
Comp 3	2.1x	\$ 201,000	88%	33%

Practice Overview

General Characteristics

Practice Location:	California
Assets Under Management (AUM)	\$34,241,405
Years in Industry:	10

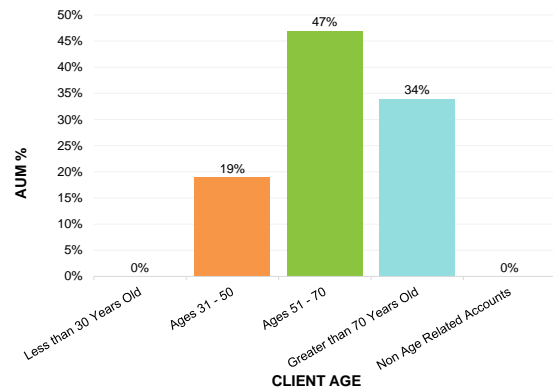
Revenue & Payout Structure

Annual GDC (Forecast)	\$213,000
Current % Recurring Revenue ⁶	74%
Effective BD/Custodian Payout	96%

Client Account Details

Average Client Tenure (years)	6
Asset Concentration ⁷	49%

Age Demographics of Clients by AUM



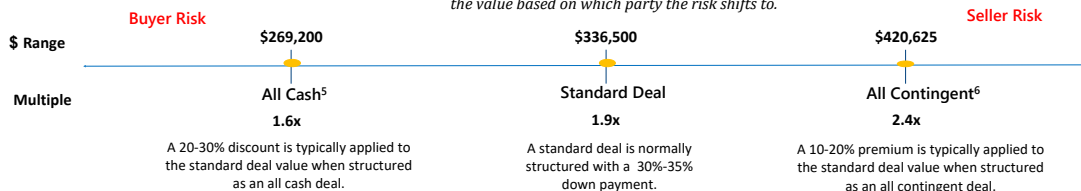
Notable Valuation Drivers

Factors that impact your estimated value positively, negatively, and/or neutrally include:

↑	% Recurring Revenue
→	Average Client Tenure (Years)
→	Asset Concentration ⁴ (Top 10% clients)
→	Asset Concentration by Age

Deal Structure Implications

Deal Structure can affect the price of your practice. A premium or discount is applied to the value based on which party the risk shifts to.



Footnotes

- Represents your market value based on a standard deal structure; typically defined as 30%-50% down payment.
- Your gross revenue multiple is calculated as the baseline market value in a standard deal divided by your annualized recurring gross revenue.
- To change your beneficiary or right of first refusal, please contact LPL at practice.transitions@lpl.com.
- Referencing our database of several hundred closed acquisitions of various sizes and deal structures, we know that the average multiples across all deals is 1.8x.
- We narrowed down valuations of other practices that are similar to your peer market using GDC and percentage of recurring revenue as the main criteria.
- Recurring revenues are defined as existing trail commissions and advisory fees generated through LPL.
- Represents the amount of AUM that resides with the top 10% of your clients.



LPL Assurance Plan Due Diligence Summary for Sample Advisor

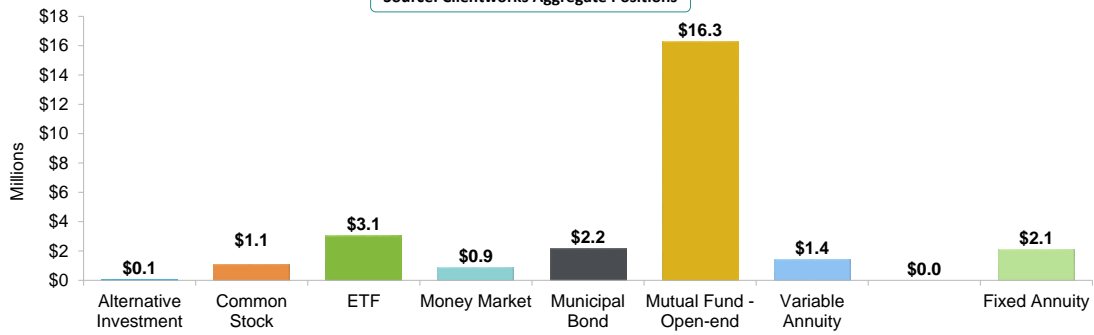
Estimated as of 06/04/2020

Due Diligence Summary

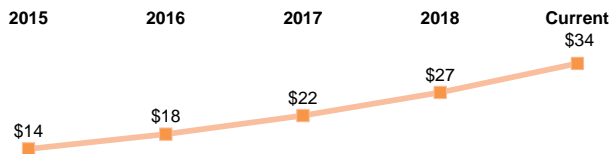
Understand the historical context and current state of your business

Aggregate Positions (Assets)

Source: Clientworks Aggregate Positions

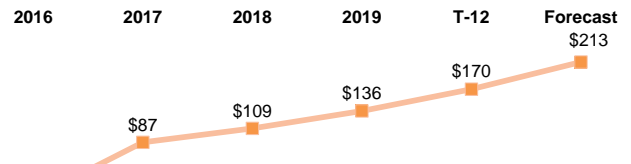


AUM History (\$ Millions)



Source: LPL's Internal Enhanced Financial Analytics Database

Revenue History (\$ Thousands)



Source: LPL's Internal Enhanced Financial Analytics Database

Product Platform Revenue Breakdown

Review of the current composition of recurring and non-recurring revenues

Forecasted Revenue by Product					
Fee-Based (Advisory)		Trail-Based (Brokerage)		Transactional	
Manager Access Network	-	All Annuity Trails	3,519	Alternative Investment	\$ -
Manager Access Select	16,452	All Insurance Trails	-	Brokerage - Other	-
Manager Select	-	Alternative Investment Trails	-	Direct Mutual Funds	9,043
Model Wealth Portfolios	-	Direct Mutual Fund Trails	12,913	Disability & Long Term Care	-
Model Wealth Portfolios - RIA	32,797	Financial Planning	-	Equity	3,325
Optimum Market Portfolios - Advisory	-	Mutual Fund Trails	14,900	Financial Planning	-
Optimum Market Portfolios - RIA	-	Net Misc Trails	-	Fixed Annuities	37,186
Optimum Market Portfolios Trails	-	Unit Investment Trust	-	Fixed Income	-
Personal Wealth Portfolios	-			Life Insurance	91
SAM I	-			Mutual Funds	2,882
SAM II	-			Unit Investment Trusts	106
Strategic Wealth Management	-			Variable Annuities	2,817
Strategic Wealth Management II	70,215			Variable Life Insurance	-
Advisory Services - Other	-				
Total Fee-Based	\$ 119,464	Total Trail-Based	\$ 31,332	Total Fee-Based	\$ 55,450

Source: Clientworks Production Analysis Based on T-12 GDC