

JOSEPH DEITCH FOUNDED COMMONWEALTH IN 1979 AS AN OUTGROWTH OF HIS RETAIL FINANCIAL PLANNING PRACTICE, THE CAMBRIDGE GROUP. PREVIOUSLY, HE HAD BEEN AN ADVISOR WITH ANOTHER BROKER/DEALER WHOSE CREDIBILITY WAS UNDERMINED BY CONFLICTS OF INTEREST STEMMING FROM ITS OWN PROPRIETARY PRODUCTS. REALIZING THERE HAD TO BE A BETTER WAY, MR. DEITCH STARTED HIS OWN B/D.

In 1979, there weren't as many viable independent B/Ds to choose from as there are today, so the original business plan assumed that other disenfranchised financial planners would see Commonwealth as a breath of fresh air and flock to join. It took some time; while a growth rate that doubles every year sounds impressive, it means little when you start with only two advisors. Eventually, the numbers became meaningful and we began to prosper. Between 1985 and 1987, Commonwealth was recognized by *Inc.* magazine as one of the 500 fastest-growing private companies.

But growth slowed after Congress passed the Tax Reform Act of 1986 and the stock market crashed in October 1987. At Commonwealth, we put our noses to the grindstone and worked diligently to survive this severe down market.

Our continued diligence and dedication rewarded us, and as the financial markets began to sort themselves out, an amazing thing happened. We found ourselves perfectly positioned—many of our traditional competitors had either gone out of business or were too busy licking their wounds to focus on growth.

In 1991, Commonwealth won its first Broker/Dealer of the Year award from *Investment Advisor* magazine! Since this time, we have gone on to win the award an unprecedented total of 10 times.

Commonwealth completed its first and only acquisition, Kavanaugh Securities, in 1992, propelling the firm toward national prominence. During the 1990s, all resources were focused on creating a comprehensive array of financial products and services for Commonwealth's advisors. We established our web presence, pioneered practice management, and originated the fee-based asset management program Preferred Portfolio Services® (PPS).

In 1998, we surpassed the \$100 million revenue mark, and in 1999, we adopted the name Commonwealth Financial Network.® Since we no longer deal strictly in equities, this name reflects a more descriptive title of what Commonwealth has developed into—a national network of financial advisors.

Beginning in 2004, Commonwealth focused its efforts on creating a comprehensive Wealth Management department to help its advisors avoid commoditization in the industry. Investment adviser representatives are provided with the educational and marketing infrastructure necessary to simplify and manage the complexities of their clients' entire financial lives.

In the forefront of the fee-based arena, Commonwealth continues to set standards that others have tried to emulate. With payouts that rise to 98 percent and the flexibility for

our advisors to operate virtually any type of fee-based asset management practice, our PPS asset management platform continues to grow at an accelerated pace.

Since inception, our revenues have grown at an extremely healthy pace, averaging 34 percent annually. In 2015, we reached the \$1 billion mark in annual revenues, a significant milestone. Today, Commonwealth is the largest privately held independent RIA–broker/dealer in the United States.

¹ *Results are based on advisor satisfaction; Commonwealth was the top broker/dealer in its division for 1991, 1992, 1994, 1996, 1997, 1998, 1999, 2001, 2002, and 2005.*