FRANKLIN RESOURCES, INC.

Executive Earnings Commentary

Preliminary Fourth Quarter and Fiscal Year 2021 Results

November 1, 2021

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Conference Call Details:

Access to the teleconference at 11:00 AM Eastern will be available via investors.franklinresources.com or by dialing (833) 350-1245 in the U.S. and Canada or (236) 712-2205 internationally. A replay of the teleconference can also be accessed by calling (800) 585-8367 in the U.S. and Canada or (416) 621-4642 internationally using access code 1859388, after 2:00 p.m. Eastern Time on November 1, 2021 through November 8, 2021, or via investors.franklinresources.com. Analysts and investors are encouraged to review the Company's recent filings with the U.S. Securities and Exchange Commission for additional information.

Forward-Looking Statements and Non-GAAP Financial Information:

This commentary contains forward-looking statements that involve a number of known and unknown risks, uncertainties and other important factors. You should see the appendix for important information concerning such matters. This commentary also contains non-GAAP financial measures. For the reconciliations from U.S. GAAP to non-GAAP measures, you should see the appendix to this commentary and the "Supplemental Non-GAAP Financial Measures" section of the earnings release.

FOURTH QUARTER AND FISCAL YEAR 2021 HIGHLIGHTS

Key Metrics *($ in millions, except per share data)*	**Q4 2021**	**FY 2021**	**% Change**	
			Q/Q	**Y/Y**
Ending AUM[1]	$ 1,530	$ 1,530	(1%)	8%
Average AUM[1]	$ 1,553	$ 1,504	1%	81%
Adj. Revenue	$ 1,661	$ 6,317	1%	63%
Adj. Operating Income	$ 647	$ 2,379	8%	60%
Adj. Net Income[2]	$ 645	$ 1,915	31%	46%
Adj. Diluted EPS[2]	$ 1.26	$ 3.74	31%	43%
Adj. Effective Fee Rate (bps)	38.9	38.8		
Adj. Operating Margin	39.0%	37.7%		

1. Excludes approximately $11 billion of AUM in our China joint venture.
2. Includes discrete tax benefits of $155 million ($0.30 per share) in the fiscal fourth quarter and $175 million ($0.34 per share) in fiscal year 2021.

SUMMARY HIGHLIGHTS

- Adjusted operating income increased by 8% to $647 million for the quarter and 60% to $2.4 billion for the year.
- Our full year long-term attrition rate improved to 1.9% compared to 9.0% in the prior year. Excluding the previously disclosed 529 plan redemption and India credit funds, our long-term attrition rate was 1.3%.
- Investment performance strengthened across all time periods compared to the same year ago period, with 71%, 69%, 72%, and 77% of our strategy composites outperforming their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. This quarter we had 53% of mutual fund AUM in funds rated four- or five-star by Morningstar[3], compared to 43% in the year ago period.
- Executed important acquisitions supporting growth in alternative assets, customization, and distribution of investment strategies.
- The strategic and financial benefits from our acquisition of Legg Mason exceeded our goals; we are now more diversified by AUM and income and have added important growth opportunities.
- Over the course of the year, we have created a management team consisting of key representation from Franklin Templeton, Legg Mason and individual investment teams. We have maintained our culture while invigorating collaboration and innovation across the firm.

FINANCIAL RESULTS

Fourth Quarter

- Adjusted revenues of $1.7 billion were in line with last quarter, reflecting higher average AUM, an additional calendar day and a decrease in performance fees. Performance fees were $69 million compared to $103 million in the prior quarter, reflecting elevated levels in both periods. This quarter's adjusted effective fee rate[4] remained flat at 38.9 bps, excluding performance fees.
- Adjusted operating income increased by 8% to $647 million and adjusted operating margin was 39.0%.
- Adjusted net income and adjusted diluted earnings per share increased 31% to $645 million and $1.26 per share compared to the prior quarter. This quarter included a tax benefit of $155 million ($0.30 per share) primarily due to the release of certain tax reserves related to the closure of Internal Revenue Service audits and a greater ability to utilize certain tax attributes resulting from the integration of our business.

Fiscal Year 2021[5]

- Adjusted revenues were $6.3 billion, an increase of 63% over the prior year, primarily driven by the acquisition of Legg Mason. This year's adjusted performance fees were $233 million, compared to $35 million in the prior year, and included elevated adjusted performance fees of $172 million in the second half of the year.

3.
4. The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by average AUM for the period.
5. Fiscal year 2020 includes only two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition.

- Adjusted operating income increased by 60% to $2.4 billion and our adjusted operating margin was 37.7%.
- Adjusted net income increased 46% to $1.9 billion and adjusted diluted earnings per share increased 43% to $3.74 per share compared to the prior year[1], including one-time tax benefits of $175 million ($0.34 per share).

- Cash and investments totaled $6.9 billion as of September 30, 2021.
- During the year, we issued $850 million of 1.600% senior notes due 2030 and $350 million of 2.950% senior notes due 2051. We redeemed $250 million of 6.38% Legg Mason junior subordinated notes due 2056 on March 15, 2021 and $500 million of 5.450% Legg Mason junior subordinated notes due 2056 on September 15, 2021. This will result in annual net interest expense savings of $19 million.
- This year, we returned $782 million to shareholders in dividends and share repurchases, which is 41% of adjusted net income.
- During the fiscal year, we invested over $675 million in new seed and scale investments across our specialist investment managers, which are invested in products that have raised over $6 billion in new assets.

INVESTMENT PERFORMANCE

- Investment performance was strong and improved meaningfully across all time periods compared to the same year ago period, with 71%, 69%, 72%, and 77% of our strategy composites outperforming their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. This quarter we had 53% of mutual fund AUM in funds rated four- or five-star by Morningstar, compared to 43% in the year ago period.

AUM AND FLOWS

Fourth Quarter

- As previously reported, ending assets under management were $1.53 trillion as of September 30, 2021, reflecting long-term net outflows of $9.9 billion, partially offset by the acquisition of Diamond Hill's high yield-focused, U.S. corporate credit mutual funds ($3.5 billion in AUM) that closed in July. Average assets under management increased by 1.4% from the prior quarter to $1.55 trillion.
- As previously reported, this quarter's long-term net outflows included the $5.4 billion 529 plan redemption ($4.7 billion of long-term assets), a $2.0 billion fixed income institutional redemption that had minimal impact to revenue, and $0.8 billion of fixed income outflows from the non-management fee earning India credit funds that are in the process of liquidation. Reinvested dividends were $2.3 billion this quarter.
- Alternative asset net flows were $1.6 billion and multi-asset net flows turned positive in the quarter.
- Long-term inflows were $83.2 billion, in line with the prior quarter. We continue to diversify our business across products, vehicles, and asset classes while scaling smaller products with good investment track records to create broader sources of revenue.
    - The majority of our top 10 largest funds had net inflows for the quarter and the year.
    - 70% of our top 20 selling funds by net flows are in products that are not in our top 20 funds by AUM.
    - We had top decile funds in six of the top 10 net flow categories in the US, and top half funds in nine of the top 10 categories.
- We saw continued momentum in our cross-selling efforts across the business with positive net flows in our EMEA and Americas sales regions, while the U.S. saw strength in private wealth, offset by the impact of the previously reported 529 plan redemption. We also on-boarded a wide rage of product offerings with our largest global financial partners that will strengthen our distribution and cross-selling efforts going forward.

Fiscal Year 2021[1]

- Fiscal year-end AUM increased by 8% year-over-year primarily driven by market appreciation, partially offset by long-term net outflows. Our full year long-term attrition rate was 1.9% compared to 9.0% in the prior year. Excluding the 529 plan redemption and India credit funds, our long-term attrition rate was 1.3%.

1. Fiscal Year 2020 includes only two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition.

During the year we focused our efforts on transforming our global distribution model by consolidating operating readiness globally, enhancing our generalist-specialist model on a regional basis, reshaping client coverage models, and executing in our key markets during a global pandemic. Our global distribution teams made progress leveraging our operating scale with collective sales initiatives across our business in each sales region and deepening relationships, particularly with the largest global financial institutions.

- Fiscal year long-term inflows doubled to $364.7 billion from the prior year. Gross sales increased by 129% over the year.
- Total long-term net outflows improved by $36.4 billion to $25.2 billion from the prior year.
- The U.S., our largest sales region by AUM, was net flow positive for the year.

BUSINESS HIGHLIGHTS

Over the course of fiscal year 2021, we made progress in our core growth areas:

- **Alternative** asset strategies generated positive net flows in each quarter during the year and grew by 19% from the prior year to a record $145 billion in assets under management, with contributions from a diverse group of strategies. Given the opportunity in retail alternatives, we created a dedicated specialist distribution team and devoted considerable product development resources to this segment. While still early days, we saw investor demand for our retail alternative products, including absolute return, hedge funds, infrastructure, long-short, MLP, and structured products.
- Several years ago, we announced our intention to create a full range of alternative asset strategies and we have been deliberate in building our capabilities in this regard. In 2018, the acquisition of Benefit Street Partners brought us a leading alternative credit manager. In 2020, we added a world-class real estate manager with Clarion Partners. Our focus on alternative asset management led us to today's announcement of the acquisition of Lexington Partners, a global leader in secondary private equity and co-investments with current fee-based AUM of $34 billion. Since its founding in 1994, Lexington Partners has raised over $55 billion in aggregate capital commitments and currently has a team of 135 employees across 8 global offices. It is expected to generate revenue of approximately $350 million and EBITDA of approximately $150 million in 2022.
- This acquisition takes us one important step further in creating a larger and more diversified alternative asset business that is expected to result in pro forma fiscal year 2022 alternative AUM of approximately $200 billion and produce approximately $1 billion in annual management fee revenue, excluding performance fees, at a margin of approximately 40%.
- With this acquisition, we now have strong and complementary capabilities in alternative credit, real estate, hedge fund solutions, venture capital, and PE-related activities. Given the overall size and growth of private equity and the likelihood of further private markets expansion, having a specialist investment manager tied to this sector of alternative assets is a logical step in the diversification of our business.
- In addition to the acquisition of Lexington Partners, on October 18, Benefit Street Partners Realty Trust, a commercial mortgage REIT managed by Benefit Street Partners, merged with Capstead Mortgage Corporation, which created the 4th largest publicly-traded commercial mortgage REIT, adding $900 million in equity and bringing pro forma REIT equity to nearly $2 billion. The transaction brings additional scale to Benefit Street Partners' commercial real estate lending team. The REIT was renamed Franklin BSP Realty Trust (NYSE:FBRT).
- Our **SMA** business generated positive net flows in each quarter during the year and grew by 23% to $125 billion in assets under management as we leveraged the expertise and infrastructure of both the legacy Legg Mason and Franklin Templeton's resources to make progress with SMA strategies broadly across our investment platform. During the course of the year, cross-selling efforts resulted in 45% of long-term net flows coming from legacy Franklin Templeton SMAs.
  - On September 30, we announced the acquisition of O'Shaughnessy Asset Management, a leading quantitative asset management firm with $6.4 billion in AUM. Its capabilities, both as a factor-based investment manager and as a custom indexing solution via its flagship **Canvas**® platform, will enhance our existing strengths in SMA, particularly in our **tax management, factor-based, and ESG customization capabilities**. Custom Indexing represents the next progression of investing through Indexing, ETFs, and Direct Indexing and will benefit our clients across multiple channels. The transaction is subject to customary closing conditions and expected to close in the fourth quarter of calendar year 2021.

- **Vehicles**: We continued to leverage our infrastructure and the sales, marketing and product packaging expertise of the combined firm to increase diversification of our asset base across vehicles. This year we launched a number of long-dated vehicles, including private funds, CLOs and closed end funds, that will deliver more stable and predictable revenue across the life of each fund, bringing AUM in these vehicles to over $80 billion.

- **ESG**: As an active manager, incorporating sustainability and ESG factors into the investment process is a critical focus. As of quarter end, most of our AUM represents strategies that consider ESG factors as part of the investment process and ESG-specific AUM totaled over $200 billion. ESG-specific strategies were net flow positive in each quarter this fiscal year.

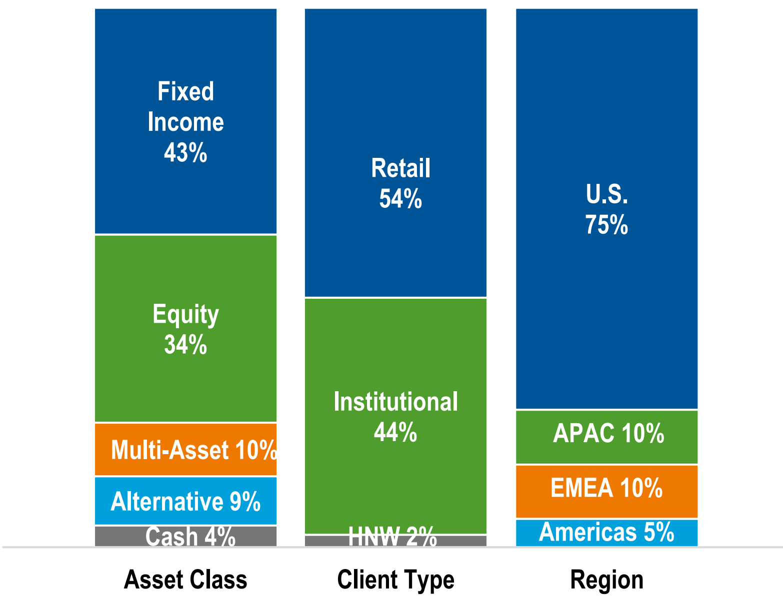
- **Financial Technology:** Digital channels are important to sales and client acquisition. Over the course of the year, we made five strategic investments/partnerships to capture the future of technology-driven distribution in the retirement space and wealth management. As we continue to explore emerging technology, our FinTech Incubator program invested in four companies, bringing the total to 12 startups in the program.

- In September we announced the talent acquisition of Aviva Investors' US-based Investment Grade Credit team, which manages over $7.5 billion in institutional AUM. This team will complement FT Fixed Income's existing credit capabilities, and expand this team's offerings further into the institutional marketplace, particularly in defined benefit and liability-driven investing. The team's differentiated investment strategy is complementary to Western's and Brandywine Global's fixed income capabilities. Aviva clients will have the opportunity to have their assets managed by the team as part of Franklin Templeton.

Assets Under Management (AUM) and Investment Performance

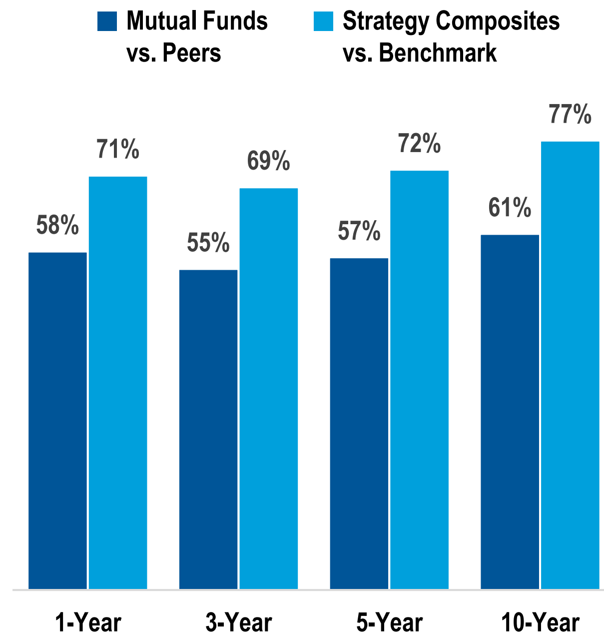
Globally Diversified by Asset Class, Client Type and Region

AUM of $1.5 trillion as of September 30, 2021



Percentage of AUM Above Peer Median and Benchmark[1]

As of September 30, 2021



- Assets under management of $1.53 trillion remain diversified across asset classes, client types, and regions.
- Investment performance was strong and improved meaningfully across all time periods compared to the prior year ago period, with 71%, 69%, 72%, and 77% of our strategy composites outperforming their respective benchmarks on a 1-, 3-, 5-, and 10-year basis.
- This quarter we had 53% of mutual fund AUM in funds rated four- or five-star by Morningstar, compared to 43% in the year ago period. Long-term mutual fund relative performance improved from the prior quarter across the 1-, 3-, and 5- year periods, primarily due to the improvement of one of our largest funds managed for yield. Long-term mutual fund relative investment performance improved over the year ago period.

1. Benchmark comparisons are based on each strategy's composite returns (composites may include retail SMA and mutual fund assets managed as part of the same strategy) as compared to a market index that has been selected to be generally consistent with the investment objectives of the account. Multi-asset strategies that lack benchmarks consistent with their investment objectives are excluded. Composite AUM measured for the 1-, 3-, 5-, and 10-year periods represent 69%, 68%, 68%, 62%, respectively of the firm's total AUM as of September 30, 2021. Mutual fund performance is sourced from Morningstar and measures the percentage of ranked fund AUM in the top two quartiles of their peer groups. Mutual Fund AUM measured for the 1-, 3-, 5- and 10-year periods represents 42%, 42%, 41% and 39%, respectively of the firm's total AUM as of September 30, 2021.

Assets Under Management and Flows

(In US$ billions) [1]

	Three months ended September 30, 2021	Three months ended September 30, 2020	% Change	Twelve months ended September 30, 2021	Twelve months ended September 30, 2020	% Change
Beginning AUM	$ 1,552.1	$ 622.8	149%	$ 1,418.9	$ 692.6	105%
Long-term inflows	83.2	65.4	27%	364.7	182.4	100%
Long-term outflows	(93.1)	(78.0)	19%	(389.9)	(244.0)	60%
Long-term net flows	**(9.9)**	**(12.6)**	**(21%)**	**(25.2)**	**(61.6)**	**(59%)**
Cash management net flows	(3.9)	(11.1)	(65%)	(15.1)	(9.9)	53%
Total net flows	**(13.8)**	**(23.7)**	**(42%)**	**(40.3)**	**(71.5)**	**(44%)**
Acquisitions	3.5	797.4	NM	3.5	806.5	NM
Net market change, dist. & other	(11.7)	22.4	NM	148.0	(8.7)	NM
Ending AUM	**$ 1,530.1**	**$ 1,418.9**	**8%**	**$ 1,530.1**	**$ 1,418.9**	**8%**
Average AUM	**$ 1,552.9**	**$ 1,227.8**	**26%**	**$ 1,504.1**	**$ 832.9**	**81%**

1. Excludes approximately $11 billion of AUM in our China joint venture.

- As of September 30, 2021, ending assets under management were $1.53 trillion and average assets under management increased by 1.4% from the prior quarter to $1.55 trillion.

- This quarter included the $5.4 billion 529 redemption ($4.7 billion of long-term assets), a $2.0 billion fixed income institutional redemption that had minimal impact to revenue, and $0.8 billion of fixed income outflows from non-management-fee-earning India credit funds that are in the process of liquidation. We also closed the acquisition of Diamond Hill's high yield-focused, U.S. corporate credit mutual funds ($3.5 billion in AUM) in July. Reinvested dividends were $2.3 billion this quarter.

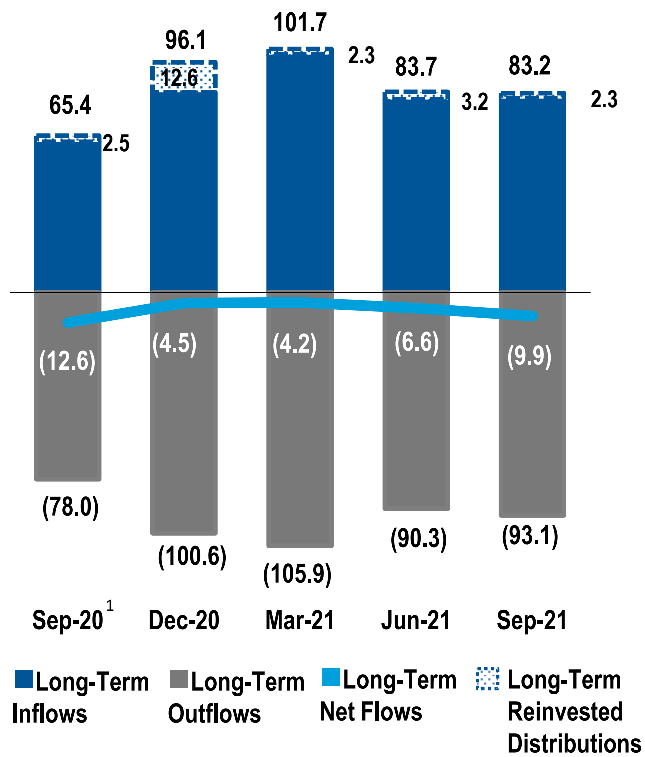
- Alternative asset net flows were $1.6 billion and multi-asset net flows turned positive.

  - Clarion Partners reached another quarter of record AUM to $68 billion with strong inflows as investor demand continued for the real estate asset class. Uncalled committed capital increased to $1.8 billion.

  - Benefit Street Partners AUM reached $33.5 billion and received new capital across private debt, CLO, real estate, and senior secured strategies.

- As of quarter-end, our institutional pipeline of won but unfunded mandates increased to $14.4 billion, a 25% increase over the prior year period. Over the year, our pipeline became more balanced across asset classes given our growth in equity and alternative mandates and more diversified across our specialist investment managers.

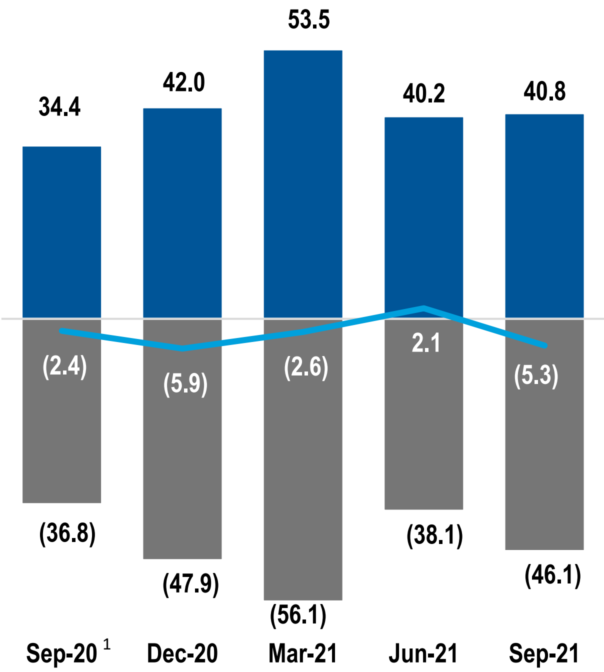
Long-Term Flows
(In US$ billions, for the three months ended)



[1] Adjusting for three months of Legg Mason results (including the pre-acquisition July 2020 flows) in the quarter ended 9/30/20, long-term net outflows would have been $15.9 billion, including $2.6 billion of reinvested distributions. Long-term outflows would have been $104.1 billion.

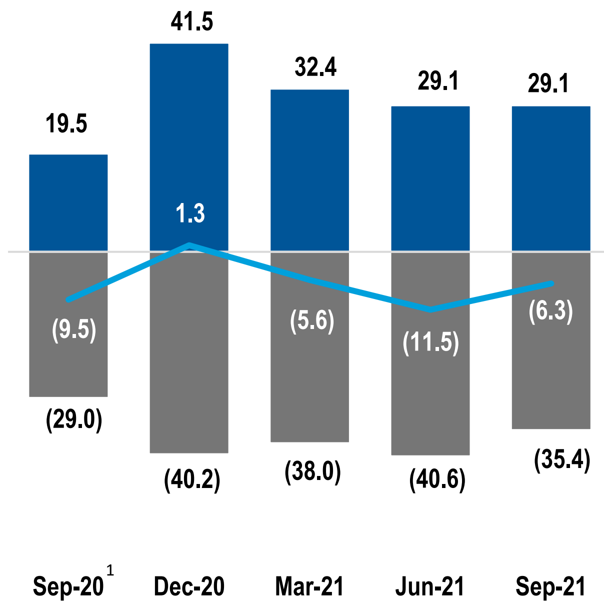
Fixed Income: $650 billion

(in US$ billions, for the three months ended)



Equity: $524 billion

(in US$ billions, for the three months ended)



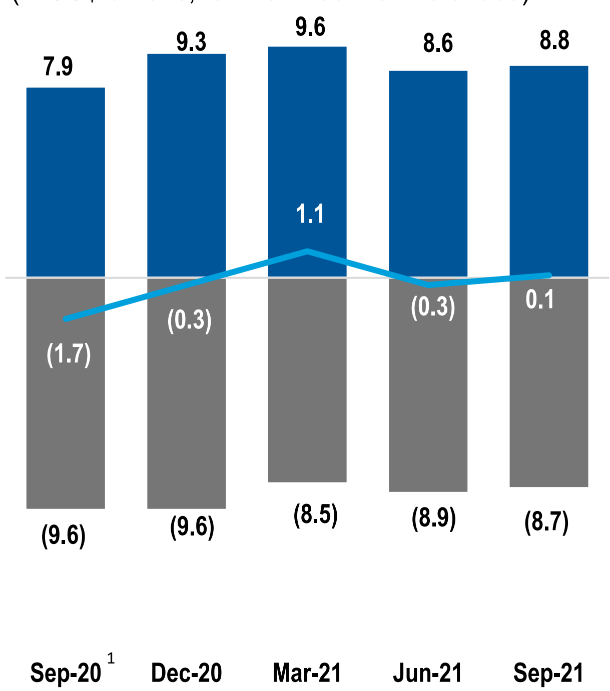
■ Long-term inflows ■ Long-term outflows ■ Long-term net flows

[1] Adjusting for three months of Legg Mason results (including the pre-acquisition July 2020 flows) in the quarter ended 9/30/20, long-term net outflows for fixed income would have been $2.1 billion.

[1] Adjusting for three months of Legg Mason results (including the pre-acquisition July 2020 flows) in the quarter ended 9/30/20, long-term net outflows for equity would have been $15.8 billion.

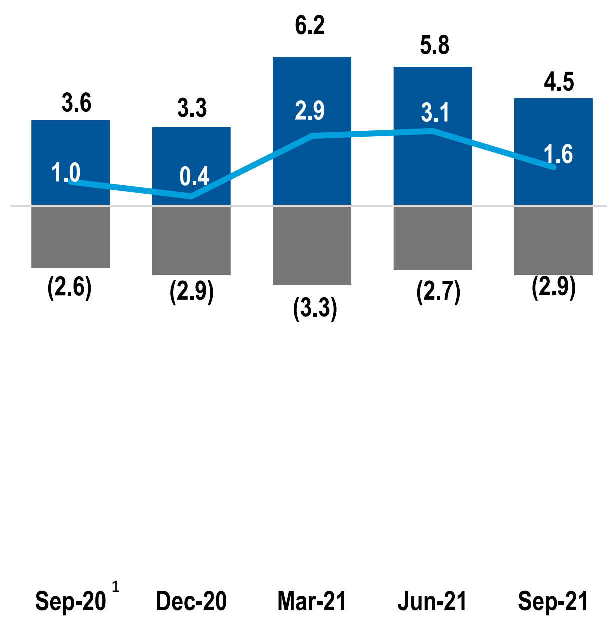
Multi-Asset: $152 billion

(in US$ billions, for the three months ended)



Alternative: $145 billion

(in US$ billions, for the three months ended)



■ Long-term inflows ■ Long-term outflows ■ Long-term net flows

[1] Adjusting for three months of Legg Mason results (including the pre-acquisition July 2020 flows) in the quarter ended 9/30/20 would not have impacted net multi-asset flows.

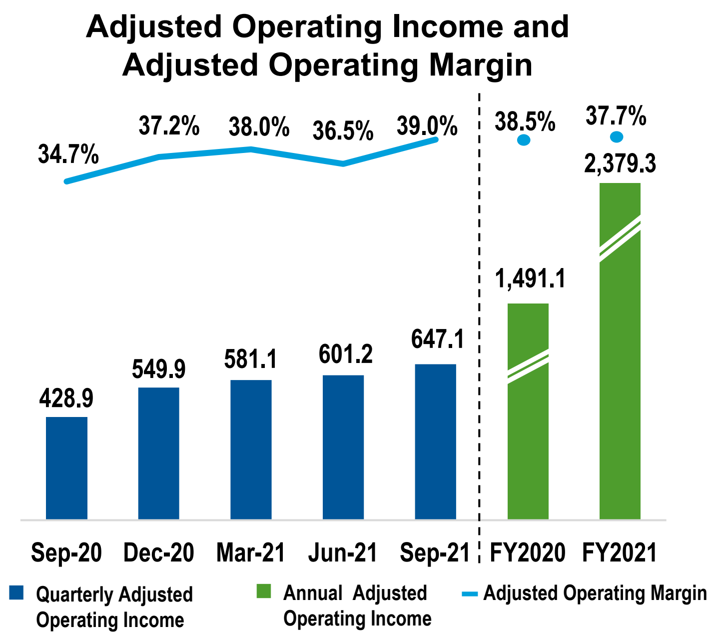
[1] Adjusting for three months of Legg Mason results (including the pre-acquisition July 2020 flows) in the quarter ended 9/30/20, long-term net inflows for alternatives would have been $3.7 billion.

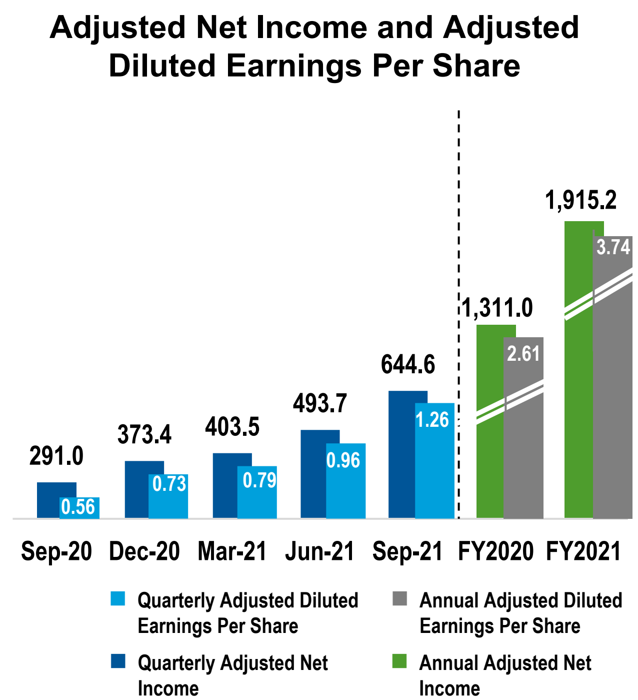
Financial Results[1]

(GAAP and non-GAAP in US$ millions except per share data, for the three months and twelve months ended)

US GAAP	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	FY2020	FY2021
Operating Income	103.6	409.1	456.3	478.1	531.5	1,048.9	1,875.0
Operating Margin	6.1%	20.5%	22.0%	22.0%	24.4%	18.8%	22.3%

US GAAP	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	FY2020	FY2021
Net Income	78.9	345.3	381.8	438.4	665.7	798.9	1,831.2
Diluted EPS	$0.15	$0.67	$0.74	$0.86	$1.30	$1.59	$3.57





- Fourth quarter adjusted operating income increased by 8% to $647 million and adjusted operating margin was 39.0%, a 250 bps increase from the prior quarter which included closed-end fund product launch costs of $45 million. Adjusted net income and adjusted diluted earnings per share was $645 million and $1.26 per share, respectively. This quarter included a one-time tax benefit of $155 million ($0.30 per share).

- Fiscal year adjusted operating income was $2.4 billion and our adjusted operating margin was 37.7%. Adjusted net income increased 46% to $1.9 billion and adjusted diluted earnings per share increased 43% to $3.74 per share compared to the prior year, including one-time tax benefits of $175 million ($0.34 per share).

- We made good progress toward achieving target cost synergies of $300 million across the combined organization as we execute our expense reduction initiatives. Approximately 85% of run-rate synergies have been achieved as of September 30, 2021 and we remain on schedule to reach a run rate of 100% of these synergies by the end of fiscal year 2022. We continue to look for opportunities for additional operational efficiencies as we integrate our business.

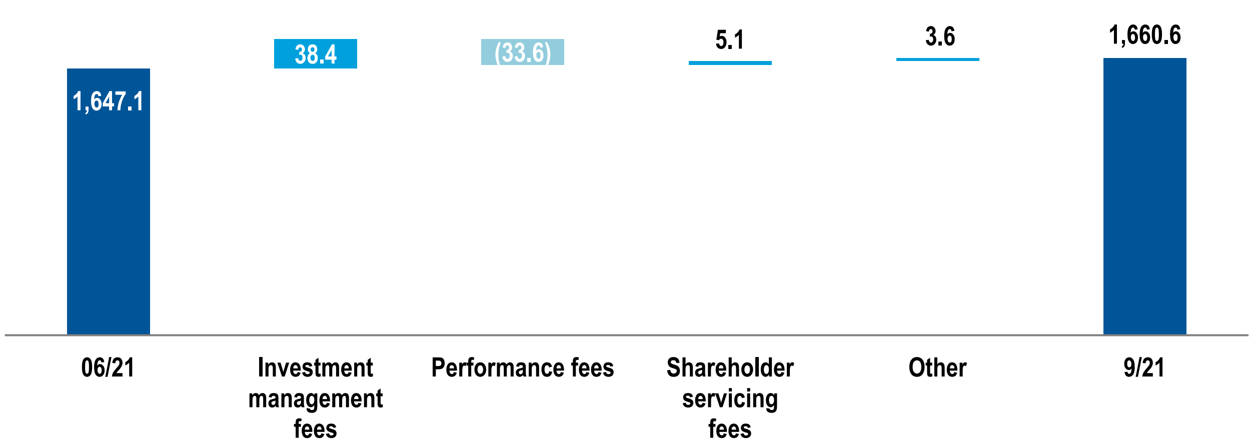
1. Fiscal year 2020 includes two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition.
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Revenues[1]

(GAAP and non-GAAP results, in US$ millions, for the three months ended)

	Sep-21 US GAAP	Adjustments	Sep-21 Adjusted	Jun-21 Adjusted	Sep-21 Adjusted vs. Jun-21 Adjusted	Sep-20 Adjusted	Sep-21 Adjusted vs. Sep-20 Adjusted
Investment management fees, ex. performance fees	1,636.6	(112.3)	1,524.3	1,485.9	3%	1,171.0	30%
Performance fees	68.9	-	68.9	102.5	(33%)	9.9	596%
Sales and distribution fees	408.1	(408.1)	-	-	NM	-	NM
Shareholder servicing fees	55.6	-	55.6	50.5	10%	45.7	22%
Other	11.8	-	11.8	8.2	44%	8.0	48%
Total Operating Revenues	**2,181.0**	**(520.4)**	**1,660.6**	**1,647.1**	1%	**1,234.6**	35%
Effective fee rate			38.9 bps	38.9 bps		37.9 bps	

Adjusted Operating Revenues—Quarter Ended June 30, 2021 vs September 30, 2021



- Fourth quarter adjusted revenues of $1.7 billion were in line with last quarter, reflecting higher average AUM, an additional calendar day and a decrease in performance fees. Performance fees were $69 million compared to $103 million in the prior period. Both quarters experienced elevated levels of performance fees. This quarter's adjusted effective fee rate[2] remained flat at 38.9 bps, excluding performance fees.
- Fiscal year adjusted revenues were $6.3 billion, an increase of 63% over the prior year, primarily driven by the acquisition of Legg Mason. Adjusted performance fees were $233 million, compared to $35 million in the prior year, and included elevated adjusted performance fees of $172 million in the second half of the year.

1. Fiscal year 2020 includes two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition.
2. The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by average AUM for the period.

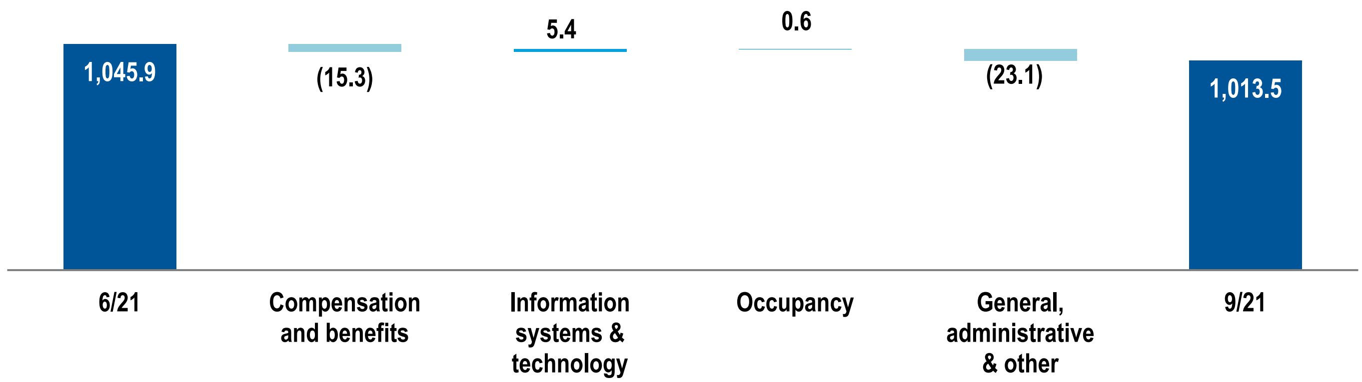
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Expenses[1]

(GAAP and non-GAAP results, in US$ millions, for the three months ended)

	Sep-21 US GAAP	Adjustments	Sep-21 Adjusted	Jun-21 Adjusted	Sep-21 Adjusted vs. Jun-21 Adjusted	Sep-20 Adjusted	Sep-21 Adjusted vs. Sep-20 Adjusted
Compensation & benefits	742.1	(38.6)	703.5	718.8	(2%)	543.8	29%
Sales, distribution & marketing	526.5	(526.5)	-	-	NM	-	NM
Information systems & technology	130.3	(7.0)	123.3	117.9	5%	102.0	21%
Occupancy	54.0	(0.1)	53.9	53.3	1%	47.5	13%
Amortization of intangible assets	57.9	(57.9)	-	-	NM	-	NM
General, administrative & other	138.7	(5.9)	132.8	155.9	(15%)	112.4	18%
Total Operating Expenses	**1,649.5**	**(636.0)**	**1,013.5**	**1,045.9**	**(3%)**	**805.7**	**26%**

Adjusted Operating Expenses—Quarter Ended June 30, 2021 vs September 30, 2021



- Fourth quarter adjusted operating expenses were $1.0 billion, reflecting a 3% decrease compared to the prior quarter, which included $45 million of closed-end fund product launch costs and elevated performance fee related compensation. Adjusted compensation and benefits expense was approximately 42% of adjusted revenues this quarter compared to 44% in the prior quarter. The $15 million or 2% decrease in adjusted compensation expense over the prior quarter was primarily due to lower performance fee compensation. Non-compensation adjusted expenses were $310 million for the quarter or 5% lower than the prior quarter. The decrease was driven primarily by $43.0 million of closed-end fund product launch costs in general, administrative & other expense in the prior quarter.

- Fiscal year adjusted operating expenses were $3.9 billion, a 65% increase over the prior year due primarily to the acquisition of Legg Mason.

1. Fiscal year 2020 includes two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

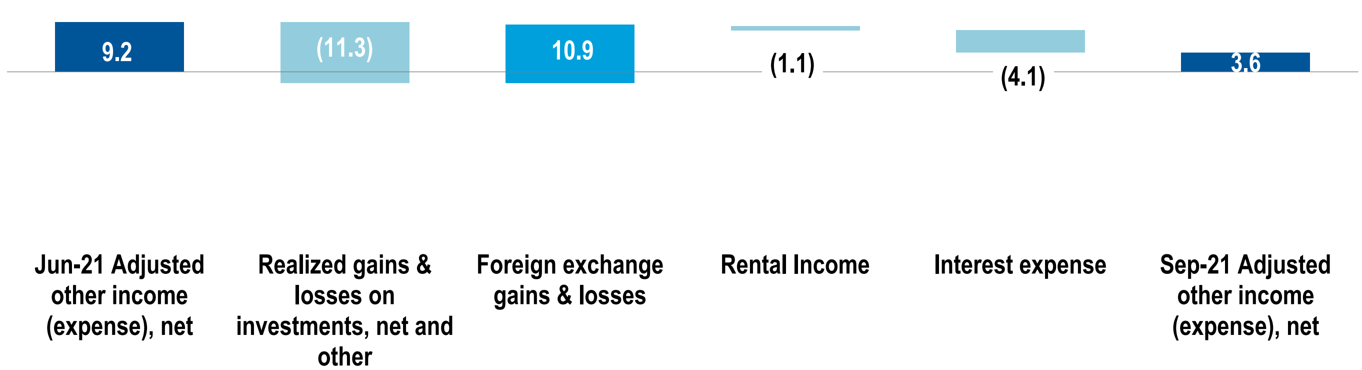
Other Income (Expense), Net

(GAAP and non-GAAP results, in US$ millions, for the three months ended)

Other Income (Expense), Net

	Sep-21 US GAAP	Adjustments	Sep-21 Adjusted	Jun-21 Adjusted	Sep-21 Adjusted vs. Jun-21 Adjusted	Sep-20 Adjusted	Sep-21 Adjusted vs. Sep-20 Adjusted
Investment and other income (losses), net	67.5	(27.7)	39.8	41.3	(4%)	33.8	18%
Interest expense	(14.1)	(22.1)	(36.2)	(32.1)	13%	(23.1)	57%
Investment and other income of CIPs	157.8	(157.8)	-	-	NM	-	NM
Expenses of CIPs	(4.7)	4.7	-	-	NM	-	NM
Other Income (Expense), Net	**206.5**	**(202.9)**	**3.6**	**9.2**	**(61%)**	**10.7**	**(66%)**

Adjusted Other Income (Expense), Net —Quarter Ended June 30, 2021 vs September 30, 2021



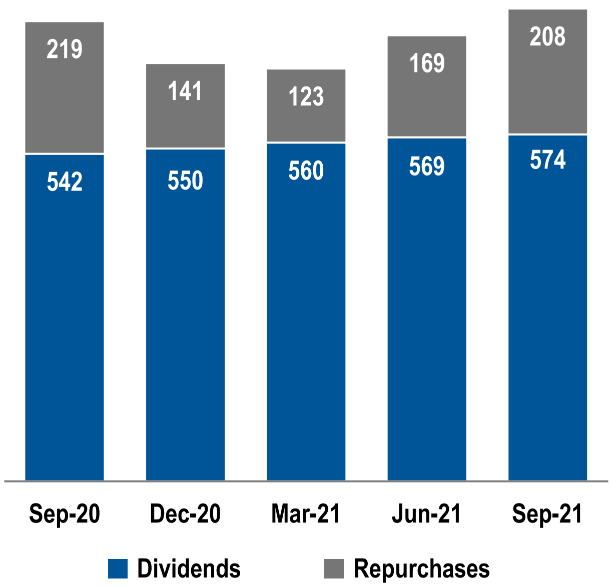
- Fourth quarter adjusted other income (expense), net was $4 million compared to $9 million in the prior quarter. The decrease from the prior quarter was primarily attributable to lower realized gains/losses and higher interest expense, partially offset by foreign exchange gains and losses. Interest due to debt holders was $31 million.
- Fiscal year adjusted other income (expense), net was $(24) million compared to $152 million in the prior year. Interest due to debt holders this fiscal year was $130 million. Our current annualized interest expense is approximately $106 million per annum.
- The fourth quarter included a tax benefit of $155 million primarily due to the release of certain tax reserves related to the closure of Internal Revenue Service audits and a greater ability to utilize certain tax attributes resulting from the integration of our business.
- Assuming our current mix of earnings and without considering proposed changes to corporate tax rates and the pending acquisitions, we anticipate our annual effective tax rate to be 23 - 24%. For the first quarter of the fiscal year, we generally see a seasonally higher effective tax rate and currently expect an effective tax rate between 26 - 27%.

1. Fiscal year 2020 includes two months of Legg Mason results, so year-over-year results are driven by the Legg Mason acquisition.

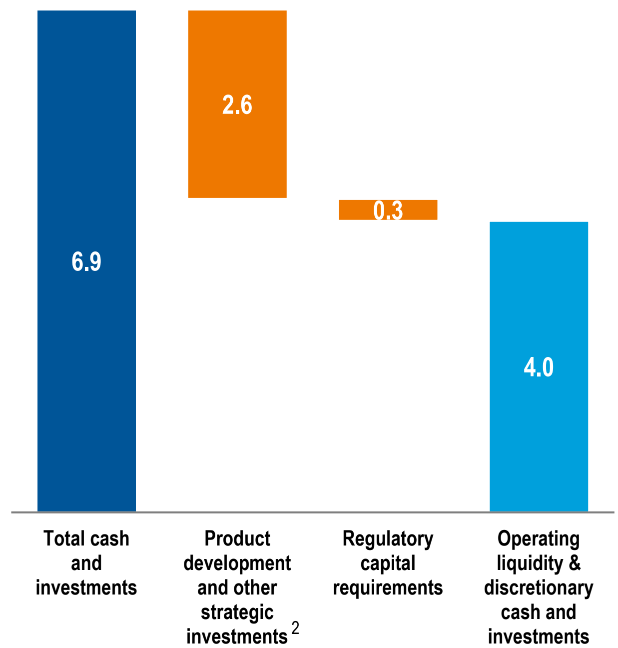
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Capital Management

Dividends and Share Repurchases
(in US$ millions, for the trailing twelve months ended)



Allocation of Cash and Investments[1]
(In US$ billions, as of September 30, 2021)



- In August, we announced a quarterly cash dividend in the amount of $0.28 per share and during the quarter we repurchased 2.2 million shares for a total cost of $70 million. During the year, we returned $782 million to shareholders in dividends and share repurchases, which is 41% of adjusted net income.
- Total cash and investments were $6.9 billion as of September 30, 2021, including our direct investments in consolidated investment products, compared to $6.4 billion at June 30, 2021. The increase in cash and investments was primarily attributable to cash generated by operations offset by our regular quarterly dividend, corporate tax payments, and share repurchases.
- During the year, we also pre-financed a large portion of legacy Legg Mason debt with a lower cost of debt reflecting our credit profile. Specifically, we issued $850 million of 1.600% senior notes due 2030, and $350 million 2.950% notes due 2051. We redeemed $250 million of 6.38% Legg Mason junior subordinated notes due 2056 on March 15, 2021 and $500 million of 5.450% Legg Mason junior subordinated notes due 2056 on September 15, 2021. This will result in annual net interest expense savings of $19 million.
- Product development related investments and strategic corporate investments increased $12 million compared to the previous quarter, primarily due to market appreciation that offset net redemptions across those two investment pools.
- This fiscal year we invested over $675 million in new seed and scale investments across our specialist investment managers, which are in products that have raised over $6 billion in new assets.

1. Includes direct investments in CIPs of $1.0 billion.
2. Includes undrawn capital commitments of $285 million.

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended September 30, 2021

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Benefits	Unrealized investment (gains) losses	Legacy LM Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**1,705.5**	6.1	(118.4)	-	-	-	-	**1,593.2**
Sales and distribution fees	**408.1**	-	(408.1)	-	-	-	-	**-**
Shareholder servicing fees	**55.6**	-	-	-	-	-	-	**55.6**
Other	**11.8**	-	-	-	-	-	-	**11.8**
Total Operating Revenues	**2,181.0**	**6.1**	**(526.5)**	**-**	**-**	**-**	**-**	**1,660.6**
Expenses								
Compensation and benefits	**742.1**	-	-	(34.5)	(5.3)	-	1.2	**703.5**
Sales, distribution and marketing	**526.5**	-	(526.5)	-	-	-	-	**-**
Information systems and technology	**130.3**	-	-	(7.0)	-	-	-	**123.3**
Occupancy	**54.0**	-	-	(0.1)	-	-	-	**53.9**
Amortization of intangible assets	**57.9**	-	-	(57.9)	-	-	-	**-**
General, administrative and other	**138.7**	-	-	(5.9)	-	-	-	**132.8**
Total Operating Expenses	**1,649.5**	**-**	**(526.5)**	**(105.4)**	**(5.3)**	**-**	**1.2**	**1,013.5**
Operating Income	**531.5**	**6.1**	**-**	**105.4**	**5.3**	**-**	**(1.2)**	**647.1**
Other Income (Expense)								
Investment and other income (losses) net	**67.5**	74.7	-	-	-	(104.7)	2.3	**39.8**
Interest expense	**(14.1)**	-	-	(22.1)	-	-	-	**(36.2)**
Investment and other income of CIPs	**157.8**	(157.8)	-	-	-	-	-	**-**
Expenses of CIPs	**(4.7)**	4.7	-	-	-	-	-	**-**
Total Other Income (Expense)	**206.5**	**(78.4)**	**-**	**(22.1)**	**-**	**(104.7)**	**2.3**	**3.6**
Income before taxes	**738.0**	**(72.3)**	**-**	**83.3**	**5.3**	**(104.7)**	**1.1**	**650.7**
Taxes on income	**(4.8)**	-	-	20.8	0.5	(27.0)	0.3	**(10.2)**
Net income	**742.8**	**(72.3)**	**-**	**62.5**	**4.8**	**(77.7)**	**0.8**	**660.9**
Less: Net income (loss) attributable to noncontrolling interests	**77.1**	(55.2)	-	-	-	(5.6)	-	**16.3**
Net Income Attributable to Franklin Resources, Inc.	**665.7**	**(17.1)**	**-**	**62.5**	**4.8**	**(72.1)**	**0.8**	**644.6**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**27.2**							**26.3**
Net Income Availalble to Franklin Resources, Inc. Common Stockholders	**638.5**							**618.3**
Diluted EPS	**$1.30**			**Adjusted Diluted EPS**				**$1.26**
Diluted Shares Outstanding	**489.7**			**Diluted Shares Outstanding**				**489.7**
Operating Margin	**24.4%**			**Adjusted Operating Margin**				**39.0%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended June 30, 2021

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Benefits	Unrealized investment (gains) losses	Legacy LM Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**1,697.3**	5.2	(114.1)	-	-	-	-	**1,588.4**
Sales and distribution fees	**416.9**	-	(416.9)	-	-	-	-	**-**
Shareholder servicing fees	**50.5**	-	-	-	-	-	-	**50.5**
Other	**8.2**	-	-	-	-	-	-	**8.2**
Total Operating Revenues	**2,172.9**	**5.2**	**(531.0)**	**-**	**-**	**-**	**-**	**1,647.1**
Expenses								
Compensation and benefits	**771.4**	-	-	(39.1)	(3.9)	-	(9.6)	**718.8**
Sales, distribution and marketing	**531.0**	-	(531.0)	-	-	-	-	**-**
Information systems and technology	**121.8**	-	-	(3.9)	-	-	-	**117.9**
Occupancy	**54.6**	-	-	(1.3)	-	-	-	**53.3**
Amortization of intangible assets	**58.0**	-	-	(58.0)	-	-	-	**-**
General, administrative and other	**158.0**	-	-	(2.1)	-	-	-	**155.9**
Total Operating Expenses	**1,694.8**	**-**	**(531.0)**	**(104.4)**	**(3.9)**	**-**	**(9.6)**	**1,045.9**
Operating Income	**478.1**	**5.2**	**-**	**104.4**	**3.9**	**-**	**9.6**	**601.2**
Other Income (Expense)								
Investment and other income (losses) net	**52.9**	37.0	-	(0.1)	-	(38.0)	(10.5)	**41.3**
Interest expense	**(25.7)**	-	-	(6.4)	-	-	-	**(32.1)**
Investment and other income of CIPs	**61.0**	(61.0)	-	-	-	-	-	**-**
Expenses of CIPs	**(10.9)**	10.9	-	-	-	-	-	**-**
Total Other Income (Expense)	**77.3**	**(13.1)**	**-**	**(6.5)**	**-**	**(38.0)**	**(10.5)**	**9.2**
Income before taxes	**555.4**	**(7.9)**	**-**	**97.9**	**3.9**	**(38.0)**	**(0.9)**	**610.4**
Taxes on income	**83.8**	-	-	24.5	0.9	(10.2)	(0.3)	**98.7**
Net income	**471.6**	**(7.9)**	**-**	**73.4**	**3.0**	**(27.8)**	**(0.6)**	**511.7**
Less: Net income (loss) attributable to noncontrolling interests	**33.2**	(7.3)	-	-	-	(7.9)	-	**18.0**
Net Income Attributable to Franklin Resources, Inc.	**438.4**	**(0.6)**	**-**	**73.4**	**3.0**	**(19.9)**	**(0.6)**	**493.7**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**19.4**							**21.9**
Net Income Available to Franklin Resources, Inc. Common Stockholders	**419.0**							**471.8**
Diluted EPS	**$0.86**				**Adjusted Diluted EPS**			**$0.96**
Diluted Shares Outstanding	**489.9**				**Diluted Shares Outstanding**			**489.9**
Operating Margin	**22.0%**				**Adjusted Operating Margin**			**36.5%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended September 30, 2020

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Benefits	Unrealized investment (gains) losses	Legacy LM Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**1,284.6**	5.4	(99.7)	(9.4)	-	-	-	**1,180.9**
Sales and distribution fees	**366.7**	0.3	(367.0)	-	-	-	-	**-**
Shareholder servicing fees	**45.7**	-	-	-	-	-	-	**45.7**
Other	**8.0**		-	-	-	-	-	**8.0**
Total Operating Revenues	**1,705.0**	**5.7**	**(466.7)**	**(9.4)**	**-**	**-**	**-**	**1,234.6**
Expenses								
Compensation and benefits	**732.3**	-	-	(141.2)	(46.1)	-	(1.2)	**543.8**
Sales, distribution and marketing	**466.7**	-	(466.7)	-	-	-	-	**-**
Information systems and technology	**102.0**	-	-	-	-	-	-	**102.0**
Occupancy	**47.5**	-	-	-	-	-	-	**47.5**
Amortization of intangible assets	**40.1**	-	-	(40.1)	-	-	-	**-**
General, administrative and other	**212.8**		-	(100.4)	-	-	-	**112.4**
Total Operating Expenses	**1,601.4**	**-**	**(466.7)**	**(281.7)**	**(46.1)**	**-**	**(1.2)**	**805.7**
Operating Income	**103.6**	**5.7**	**-**	**272.3**	**46.1**	**-**	**1.2**	**428.9**
Other Income (Expense)								
Investment and other income (losses) net	**25.1**	34.0	-	2.9	-	(26.9)	(1.3)	**33.8**
Interest expense	**(18.4)**	-	-	(4.7)	-	-	-	**(23.1)**
Investment and other income of CIPs	**95.6**	(95.6)	-	-	-	-	-	**-**
Expenses of CIPs	**(6.3)**	6.3	-	-	-	-	-	**-**
Total Other Income (Expense)	**96.0**	**(55.3)**	**-**	**(1.8)**	**-**	**(26.9)**	**(1.3)**	**10.7**
Income before taxes	**199.6**	**(49.6)**	**-**	**270.5**	**46.1**	**(26.9)**	**(0.1)**	**439.6**
Taxes on income	**73.1**	-	-	57.1	10.8	(5.6)	-	**135.4**
Net income	**126.5**	**(49.6)**	**-**	**213.4**	**35.3**	**(21.3)**	**(0.1)**	**304.2**
Less: Net income (loss) attributable to noncontrolling interests	**47.6**	(51.1)	-	16.7	-	-	-	**13.2**
Net Income Attributable to Franklin Resources, Inc.	**78.9**	**1.5**	**-**	**196.7**	**35.3**	**(21.3)**	**(0.1)**	**291.0**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**4.9**							**18.1**
Net Income Attributable to Franklin Resources, Inc. Common Stockholders	**74.0**							**272.9**

Diluted EPS	**$0.15**	**Adjusted Diluted EPS**	**$0.56**
Diluted Shares Outstanding	**491.7**	**Diluted Shares Outstanding**	**491.7**
Operating Margin	**6.1%**	**Adjusted Operating Margin**	**34.7%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Fiscal year ended September 30, 2021

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Benefits	Unrealized investment (gains) losses	Legacy LM Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**6,541.6**	22.8	(470.3)	(25.3)	-	-	-	**6,068.8**
Sales and distribution fees	**1,635.5**	-	(1,635.5)	-	-	-	-	**-**
Shareholder servicing fees	**211.2**	-	-	-	-	-	-	**211.2**
Other	**37.2**	-	-	-	-	-	-	**37.2**
Total Operating Revenues	**8,425.5**	**22.8**	**(2,105.8)**	**(25.3)**	**-**	**-**	**-**	**6,317.2**
Expenses								
Compensation and benefits	**2,971.3**	-	-	(189.0)	(27.1)	-	(22.7)	**2,732.5**
Sales, distribution and marketing	**2,105.8**	-	(2,105.8)	-	-	-	-	**-**
Information systems and technology	**486.1**	-	-	(15.0)	-	-	-	**471.1**
Occupancy	**218.1**	-	-	1.7	-	-	-	**219.8**
Amortization of intangible assets	**232.0**	-	-	(232.0)	-	-	-	**-**
General, administrative and other	**537.2**	-	-	(22.7)	-	-	-	**514.5**
Total Operating Expenses	**6,550.5**	**-**	**(2,105.8)**	**(457.0)**	**(27.1)**	**-**	**(22.7)**	**3,937.9**
Operating Income	**1,875.0**	**22.8**	**-**	**431.7**	**27.1**	**-**	**22.7**	**2,379.3**
Other Income (Expense)								
Investment and other income (losses) net	**264.7**	182.5	-	(2.0)	-	(308.1)	(23.9)	**113.2**
Interest expense	**(85.4)**	-	-	(51.4)	-	-	-	**(136.8)**
Investment and other income of CIPs	**421.1**	(421.1)	-	-	-	-	-	**-**
Expenses of CIPs	**(31.2)**	31.2	-	-	-	-	-	**-**
Total Other Income (Expenses)	**569.2**	(207.4)	-	(53.4)	-	(308.1)	(23.9)	**(23.6)**
Income before taxes	**2,444.2**	**(184.6)**	**-**	**378.3**	**27.1**	**(308.1)**	**(1.2)**	**2,355.7**
Taxes on income	**349.6**	-	-	94.0	5.9	(67.9)	(0.3)	**381.3**
Net income	**2,094.6**	**(184.6)**	**-**	**284.3**	**21.2**	**(240.2)**	**(0.9)**	**1,974.4**
Less: Net income (loss) attributable to noncontrolling interests	**263.4**	(181.8)	-	-	-	(22.4)	-	**59.2**
Net Income Attributable to Franklin Resources, Inc.	**1,831.2**	**(2.8)**	**-**	**284.3**	**21.2**	**(217.8)**	**(0.9)**	**1,915.2**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**77.7**							**81.4**
Net Income Attributable to Franklin Resources, Inc. Common Stockholders	**1,753.5**							**1,833.8**

Diluted EPS	**$3.57**	**Adjusted Diluted EPS**	**$3.74**
Diluted Shares Outstanding	**490.6**	**Diluted Shares Outstanding**	**490.6**
Operating Margin	**22.3%**	**Adjusted Operating Margin**	**37.7%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Fiscal year ended September 30, 2020

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Benefits	Unrealized investment (gains) losses	Legacy LM Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**3,981.7**	21.9	(339.4)	(9.4)	-	-	-	**3,654.8**
Sales and distribution fees	**1,362.0**	1.7	(1,363.7)	-	-	-	-	**-**
Shareholder servicing fees	**195.1**	-	-	-	-	-	-	**195.1**
Other	**27.7**	-	-	-	-	-	-	**27.7**
Total Operating Revenues	**5,566.5**	**23.6**	**(1,703.1)**	**(9.4)**	**-**	**-**	**-**	**3,877.6**
Expenses								
Compensation and benefits	**1,873.9**	-	-	(205.2)	(54.8)	-	(1.2)	**1,612.7**
Sales, distribution and marketing	**1,703.1**	-	(1,703.1)	-	-	-	-	**-**
Information systems and technology	**288.4**	-	-	-	-	-	-	**288.4**
Occupancy	**147.9**	-	-	-	-	-	-	**147.9**
Amortization of intangible assets	**54.0**	-	-	(54.0)	-	-	-	**-**
General, administrative and other	**450.3**	-	-	(112.8)	-	-	-	**337.5**
Total Operating Expenses	**4,517.6**	**-**	**(1,703.1)**	**(372.0)**	**(54.8)**	**-**	**(1.2)**	**2,386.5**
Operating Income	**1,048.9**	**23.6**	**-**	**362.6**	**54.8**	**-**	**1.2**	**1,491.1**
Other Income (Expense)								
Investment and other income (losses) net	**(38.4)**	7.2		1.2		221.0	(1.3)	**189.7**
Interest expense	**(33.4)**			(4.7)				**(38.1)**
Investment and other income of CIPs	**70.2**	(70.2)						**-**
Expenses of CIPs	**(29.4)**	29.4						**-**
Total Other Income (Expenses)	**(31.0)**	(33.6)	-	(3.5)	-	221.0	(1.3)	**151.6**
Income before taxes	**1,017.9**	**(10.0)**	**-**	**359.1**	**54.8**	**221.0**	**(0.1)**	**1,642.7**
Taxes on income	**230.8**	-	-	77.6	12.8	11.0	-	**332.2**
Net income	**787.1**	**(10.0)**	**-**	**281.5**	**42.0**	**210.0**	**(0.1)**	**1,310.5**
Less: Net income (loss) attributable to noncontrolling interests	**(11.8)**	(5.4)	-	16.7	-	-	-	**(0.5)**
Net Income Attributable to Franklin Resources, Inc.	**798.9**	**(4.6)**	**-**	**264.8**	**42.0**	**210.0**	**(0.1)**	**1,311.0**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**15.4**							**25.3**
Net Income Attributable to Franklin Resources, Inc. Common Stockholders	**783.5**							**1,285.7**

Diluted EPS	**$1.59**	**Adjusted Diluted EPS**	**$2.61**
Diluted Shares Outstanding	**492.4**	**Diluted Shares Outstanding**	**492.4**
Operating Margin	**18.8%**	**Adjusted Operating Margin**	**38.5%**

Forward-Looking Statements

The financial results in this commentary are preliminary. Some of the statements herein may include forward-looking statements that reflect our current views with respect to future events and financial performance. Such statements are provided under the "safe harbor" protection of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts and generally can be identified by words or phrases written in the future tense and/or preceded by words such as "anticipate," "believe," "could," "depends," "estimate," "expect," "intend," "likely," "may," "plan," "potential," "preliminary," "seek," "should," "will," "would," or other similar words or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements.

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors, some of which are listed below, that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. While forward-looking statements are our best prediction at the time that they are made, you should not rely on them and are cautioned against doing so. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other possible future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. They are neither statements of historical fact nor guarantees or assurances of future performance. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them.

These and other risks, uncertainties and other important factors are described in more detail in our recent filings with the U.S. Securities and Exchange Commission, including, without limitation, in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020 and our subsequent Quarterly Reports on Form 10-Q:

- Our business and operations are subject to adverse effects from the outbreak and spread of contagious diseases such as COVID-19, which adverse effects may continue.
- Volatility and disruption of our business and the capital and credit markets, and adverse changes in the global economy may significantly affect our results of operations and may put pressure on our financial results.
- The amount and mix of our AUM are subject to significant fluctuations.
- We are subject to significant risk of asset volatility from changes in the global financial, equity, debt and commodity markets.
- Our funds may be subject to liquidity risks or an unanticipated large number of redemptions and fund closures.
- A shift in our asset mix toward lower fee products may negatively impact our revenues.
- We may not effectively manage risks associated with the replacement of benchmark indices.
- Poor investment performance of our products could reduce the level of our AUM or affect our sales, and negatively impact our revenues and income.
- Harm to our reputation may negatively impact our revenues and income.
- Our completed acquisition of Legg Mason, Inc. remains subject to integration risks.
- Our business operations are complex and a failure to perform operational tasks properly or comply with applicable regulatory requirements could have an adverse effect on our revenues and income.
- Failure to establish adequate controls and risk management policies, or the circumvention of controls and policies, could have an adverse effect on our global operations, reputation and financial position.
- We face risks, and corresponding potential costs and expenses, associated with conducting operations and growing our business in numerous countries.
- Our focus on international markets as a source of investments and sales of our products subjects us to increased exchange rate and market-specific political, economic or other risks that may adversely impact our revenues and income generated overseas.
- We may review and pursue strategic transactions that could pose risks to our business.

Forward-Looking Statements (continued)

- Failure to properly address the increased transformative pressures affecting the asset management industry could negatively impact our business.
- Strong competition from numerous and sometimes larger companies with competing offerings and products could limit or reduce sales of our products, potentially resulting in a decline in our market share, revenues and income.
- Increasing competition and other changes in the third-party distribution and sales channels on which we depend could reduce our income and hinder our growth.
- Any failure of our third-party providers to fulfill their obligations, or our failure to maintain good relationships with our providers, could adversely impact our business.
- We may be adversely affected if any of our third-party providers is subject to a successful cyber or security attack.
- Our ability to manage and grow our business successfully can be impeded by systems and other technological limitations.
- Any significant limitation, failure or security breach of our information and cyber security infrastructure, software applications, technology or other systems that are critical to our operations could disrupt our business and harm our operations and reputation.
- Our inability to recover successfully, should we experience a disaster or other business continuity problem, could cause material financial loss, regulatory actions, legal liability, and/or reputational harm.
- We depend on key personnel and our financial performance could be negatively affected by the loss of their services.
- Our ability to meet cash needs depends upon certain factors, including the market value of our assets, our operating cash flows and our perceived creditworthiness.
- We are dependent on the earnings of our subsidiaries.
- We are subject to extensive, complex, overlapping and frequently changing rules, regulations, policies, and legal interpretations.
- We may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation of existing laws and regulations, in the U.S. and other jurisdictions.
- Global regulatory and legislative actions and reforms have made compliance in the regulatory environment in which we operate more costly and future actions and reforms could adversely impact our financial condition and results of operations.
- Failure to comply with the laws, rules or regulations in any of the jurisdictions in which we operate could result in substantial harm to our reputation and results of operations.
- Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and liquidity.
- Regulatory and governmental examinations and/or investigations, litigation and the legal risks associated with our business, could adversely impact our AUM, increase costs and negatively impact our profitability and/or our future financial results.
- Our contractual obligations may subject us to indemnification costs and liability to third parties.
- Failure to protect our intellectual property may negatively impact our business.

If a circumstance occurs after the date of this press release that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

The information in this commentary is provided solely in connection with this commentary, and is not directed toward existing or potential investment advisory clients or fund shareholders.

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