FRANKLIN TEMPLETON

FRANKLIN RESOURCES, INC.

Executive Earnings Commentary

First Quarter Results

February 1, 2022

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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 8799701, after 2:00 p.m. Eastern Time on February 1, 2022 through February 8, 2022, 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.

FIRST QUARTER FISCAL 2022 HIGHLIGHTS

Key Metrics *($ in millions, except per share data)*	**Q1 2022**	**% Change (except Adj. EFR and Margin)** vs. Q4 2021	vs. Q1 2021
Ending AUM[1]	$1,578	3%	5%
Average AUM[1]	1,554	0%	8%
Adj. Revenue	1,722	4%	16%
Adj. Operating Income	686	6%	25%
Adj. Net Income[2]	554	(14%)	48%
Adj. Diluted EPS	$1.08	(14%)	48%
Adj. Effective Fee Rate[3] (bps)	38.7	38.9	38.3
Adj. Operating Margin	39.8%	39.0%	37.2%

SUMMARY HIGHLIGHTS

- Adjusted operating income increased to $686 million, a 6% growth from the prior quarter and 25% from the prior year quarter.
- Assets under management (AUM) reached $1.58 trillion as of December 31, 2021.
- Long-term net inflows were $24.1 billion and included elevated reinvested distributions of $23.5 billion.
- Continued progress in our key growth areas: **Alternatives, SMAs, Wealth Management and ESG**.

FINANCIAL RESULTS

- Adjusted revenues were $1.7 billion, an increase of 4% from the prior quarter due to elevated performance fees, and 16% from the prior year quarter. Adjusted performance fees were $140 million compared to $69 million in the prior quarter and $26 million in prior year quarter. This quarter's adjusted effective fee rate[3] was 38.7 bps, excluding performance fees, compared to 38.9 bps in the prior quarter and 38.3 bps in the prior year quarter.
- Adjusted operating income was $686 million for the quarter, an increase of 6% from the prior quarter and 25% from the prior year quarter. Adjusted operating margin improved to 39.8%.
- Adjusted net income was $554 million and adjusted diluted earnings per share was $1.08. The prior quarter adjusted net income of $645 million included a one-time tax benefit of $155 million ($0.30 per share). Adjusted net income improved by 48% from $373 million in the prior year quarter.

INVESTMENT PERFORMANCE

- Investment performance was strong across all time periods with 61%, 70%, 71%, and 77% of our strategy composites outperforming their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. This quarter we had 54% of mutual fund AUM in funds rated four- or five-star by Morningstar[4], compared to 41% in the prior year quarter.

1. Excludes approximately $11 billion of AUM in our China joint venture.
2. Q4 2021 included a one-time tax benefit of $155 million ($0.30 per share).
3. The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by average AUM for the period.
4.

ASSETS UNDER MANAGEMENT AND FLOWS

- AUM reached $1.58 trillion as of December 31, 2021.
- Long-term inflows were $107.0 billion, an increase of 29% from the prior quarter and 11% from the prior year quarter. This quarter's long-term outflows were $82.9 billion, an 11% improvement from the prior quarter and an 18% improvement from the prior year quarter.
- Long-term net inflows were $24.1 billion compared to long-term net outflows of $9.9 billion in the prior quarter and long-term net outflows of $4.5 billion in the prior year quarter. Reinvested distributions, which are typically higher in the first quarter, were elevated at $23.5 billion compared to $12.6 billion in the prior year quarter.
- All asset classes saw long-term net inflows for the quarter.
  - **Fixed income** net inflows were positive, exceeding the $7.4 billion of new client accounts won by the newly joined US Investment Grade Credit team, and including outflows of $280 million from our closed India credit funds that were non-management fee earning.
  - **Equity** net flows, both with and without reinvested distributions, improved significantly from prior quarter and prior year quarter.
  - **Alternatives** posted the 10th consecutive quarter of net long-term inflows with $3.0 billion in the quarter.
  - **Multi-asset** net inflows were positive despite a $3.6 billion institutional redemption that had minimal impact on revenue.
- We continued to diversify our business across products, vehicles, and asset classes to create broader sources of revenue.
  - The majority of our top 20 largest funds had net inflows for the quarter.
  - We had top quartile funds in six of the top 10 net flow categories in the U.S. and funds in the top two quartiles in eight of the top 10 categories.

KEY GROWTH AREAS

- **Alternative** asset strategies grew by 6% from the prior quarter to a record $154.3 billion in AUM, and by 21% from the prior year period, with contributions from a diverse group of strategies. We saw investor demand for our retail alternative products, including hedge funds, MLPs, real estate, and venture products.
  - On November 1, we announced the acquisition of **Lexington Partners**, a global leader in secondary private equity and co-investments to further diversify our alternative asset management capabilities. The transaction is subject to customary closing conditions and expected to close on or around April 1, 2022.
  - In December, we made a strategic investment in **North Capital**, an early-stage private securities market platform, through Fiduciary Trust International, to expand access to private securities and digital assets for high-net-worth clients. In January, we made a minority investment in **CAIS**, a market leader in providing retail investors and their advisors access to alternative investments.
- Our **SMA** business grew by 8% from the prior quarter to a record $135.7 billion in AUM, and by 20% from the prior year quarter as we continued to make progress with SMA strategies broadly across our investment platform.
  - On December 31, we closed the acquisition of **O'Shaughnessy Asset Management (OSAM)**, a leading quantitative asset management firm with $6.9 billion in AUM. OSAM's capabilities, both as a factor-based investment manager and as a Custom Indexing solution via its flagship **Canvas®** platform, will serve as an important expansion and enhancement of Franklin Templeton's existing strengths in SMA and custom solutions capabilities. Over the past year, Canvas® doubled its assets to over $2 billion, and since acquisition, the number of partner firms have increased by three-fold.

- Our **Wealth Management business** grew by 8% from the prior quarter to a record high of $38.2 billion AUM, and by 19% from the prior year quarter. Fiduciary Trust International generated its 5th quarter of consecutive positive long-term net flows. In addition, the combined AUM of Athena Capital Advisors and Pennsylvania Trust increased by approximately 43% since acquisition demonstrating a successful and replicable inorganic strategy.

- **ESG**: As an active manager, we believe incorporating sustainability and ESG factors into the investment process is a critical focus. Investors are more focused on ESG and sustainable investing than ever, and we aim to provide a range of investment solutions to meet their highly personalized goals and objectives. Most of our AUM represents strategies that consider ESG factors as part of the investment process, which increased quarter over quarter.

    - In January, we announced the appointment of Anne Simpson as Global Head of Sustainability, a newly-created role charged with driving Franklin Templeton's overall strategic direction on stewardship, sustainability and ESG investment strategy globally. Prior to joining, she held various roles including Managing Investment Director for Board Governance & Sustainability at California Public Employees Retirement System, Senior Faculty Fellow and Lecturer at the Yale School of Management, Head of the Global Corporate Governance Forum at the World Bank, Executive Director of the International Corporate Governance Network and Joint Managing Director of Pensions and Investment Research Consultants Ltd.

OTHER HIGHLIGHTS

- **Financial Technology**: We have a long history of innovation and embracing technology. Our acquisition of OSAM's Canvas® platform allows us to participate in the coming wave of mass personalization for a wider array of investors, including the ability to enhance support for financial professionals through digital servicing capabilities. Canvas® is an innovative investing software launched in 2019 and is a next generation custom solutions platform with enhanced factor-based, ESG and tax management customization capabilities.

- In January, we sold our minority investment in UK-based Embark to Lloyds Banking Group. This created a new strategic relationship that allows us to develop further opportunities in the investment and retirement solutions space in the UK.

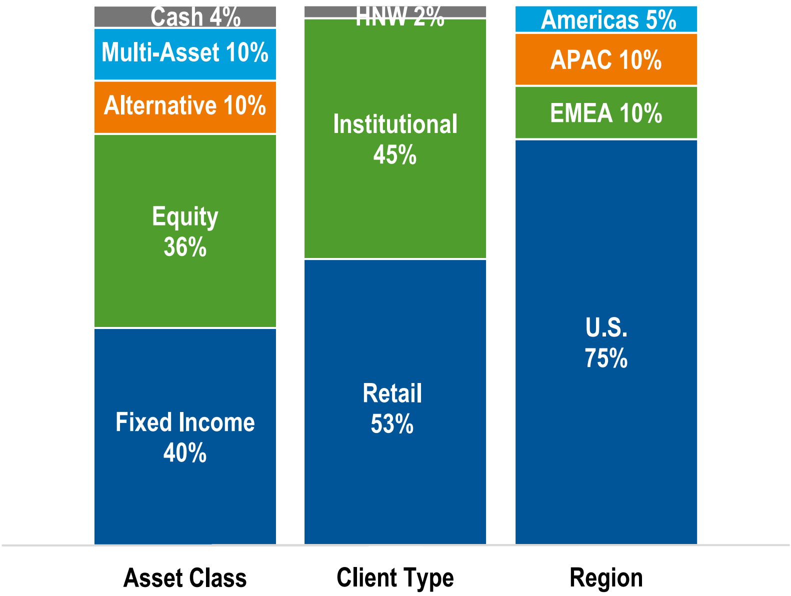
- **Outsourcing**: As previously announced, FIS, a leading provider of technology for merchants, banks and capital markets firms globally, will assume operation of our global transfer agent (TA) function through a phased transition over the coming year. The unique TA global offering will deliver an enhanced client service experience to our fund shareholders and financial professionals, allowing them to purchase and exchange all of our funds with ease. This follows previous outsourcing announcements for our fund administration and certain other technology functions.

- **Hello Progress Brand Campaign Launch:** We introduced our 'Hello Progress' campaign in January. The integrated, multi-media campaign reinforces the trusted relationships that we have built with clients for 75 years and highlights the increased breadth of the firm, as well as our commitment to finding innovative ways to meet client needs.

Assets Under Management (AUM) and Investment Performance

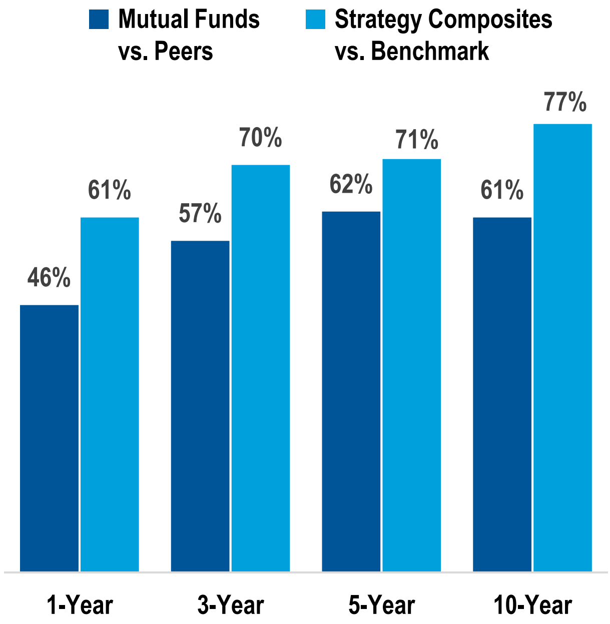
Globally Diversified by Asset Class[1], Client Type and Region

AUM of $1.58 trillion as of December 31, 2021



Percentage of AUM Above Peer Median and Benchmark[2]

As of December 31, 2021



- AUM of $1.58 trillion remain diversified across asset classes, client types, and regions.
- Investment performance was strong with 61%, 70%, 71%, and 77% of our strategy composites outperforming their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. The decrease in our 1-year investment performance is primarily due to U.S. equity strategies in the quarter, in particular select US growth strategies, which were underweight mega-cap technology names in aggregate favoring companies that offer more attractive growth profiles and capital appreciation.
- This quarter we had 54% of mutual fund AUM in funds rated four- or five-star by Morningstar, compared to 41% in the year ago period. Long-term mutual fund relative performance improved from the prior quarter across the 3-year and 5- year periods, primarily due to the improvement of one of our largest funds managed for yield. The 1-year relative performance reflected improvement in our global/international fixed income and equities strategies offset by a decrease in the relative investment performance of our taxable US fixed income and select US equities strategies.

1. AUM reflects changes in the reported asset class of certain products as part of our integration efforts following acquisitions, effective as of October 1, 2021. These reclassifications resulted in a net increase of $16.1 billion in Equity AUM (primarily related to products previously classified as Alternative or Multi-Asset) and a net decrease of $14.1 billion in Fixed Income AUM (primarily related to products now classified as Alternative). In addition, Alternative AUM increased by a net $1.3 billion and Multi-Asset AUM decreased by a net $3.3 billion.
2. 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 December 31, 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 41%, 41%, 41% and 38%, respectively of the firm's total AUM as of December 31, 2021.

AUM and Flows

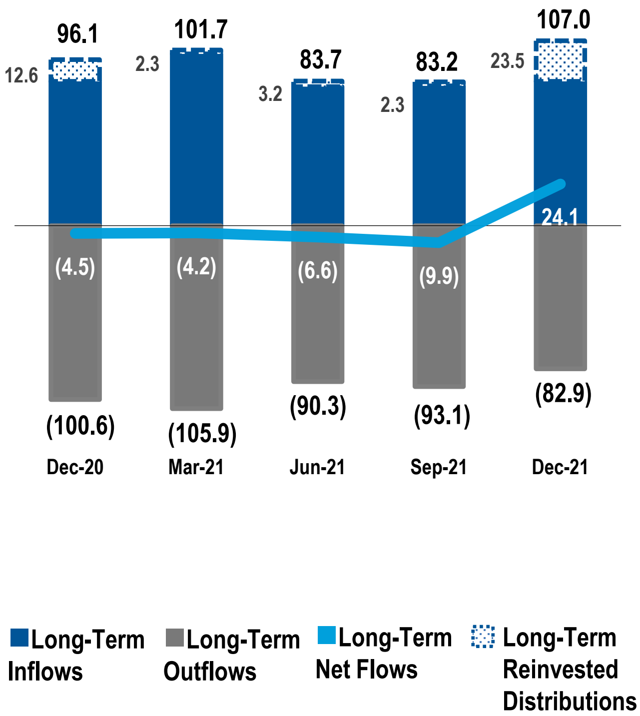
(In US$ billions)[1]	Dec-21	Sep-21	Dec-21 vs. Sep-21	Dec-20	Dec-21 vs. Dec-20
Beginning AUM	$ 1,530.1	$ 1,552.1	(1%)	$ 1,418.9	8%
Long-term inflows	107.0	83.2	29%	96.1	11%
Long-term outflows	(82.9)	(93.1)	(11%)	(100.6)	(18%)
Long-term net flows	**24.1**	**(9.9)**	**NM**	**(4.5)**	**NM**
Cash management net flows	5.8	(3.9)	NM	(10.2)	NM
Total net flows	**29.9**	**(13.8)**	**NM**	**(14.7)**	**NM**
Acquisitions	7.7	3.5	120%	-	NM
Net market change, dist. & other	10.4	(11.7)	NM	93.8	(89%)
Ending AUM	**$ 1,578.1**	**$ 1,530.1**	**3%**	**$ 1,498.0**	**5%**
Average AUM	**$ 1,554.2**	**$ 1,552.9**	**0%**	**$ 1,443.8**	**8%**

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

- As of December 31, 2021, ending AUM reached $1.58 trillion and average AUM was $1.55 trillion.
- Long-term net inflows were $24.1 billion and included the impact of elevated reinvested distributions of $23.5 billion.
- All asset classes saw positive net flows this quarter.
  - **Fixed income** net inflows were $8.1 billion, exceeding the $7.4 billion of new client accounts won by a newly joined US Investment Grade Credit team and including outflows of $280 million from our closed India credit funds that were non-management fee earning.
  - **Equity** net flows, both with and without reinvested distributions, improved significantly from the prior quarter and the prior year quarter.
  - **Alternative** net inflows were $3.0 billion, representing the 10th consecutive quarter of net long-term inflows and reached record AUM of $154.3 billion.
  - **Multi-Asset** net inflows were $0.3 billion, despite a $3.6 billion institutional redemption that had minimal impact on revenue.
- AUM also included $7.7 billion from the $6.9 billion acquisition of OSAM and the merger of Franklin BSP Realty Trust and Capstead Mortgage Corp.
- As of quarter-end, our institutional pipeline of won but unfunded mandates was $13.4 billion and diversified by asset class and across our specialist investment managers.

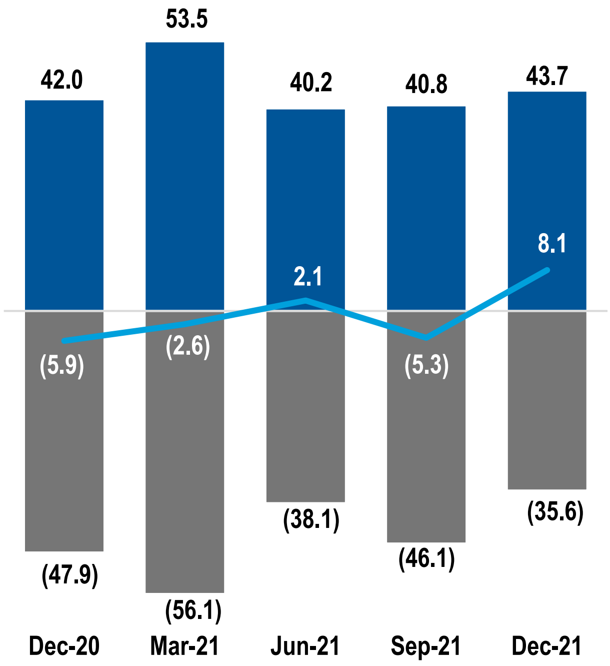
Long-Term Flows

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



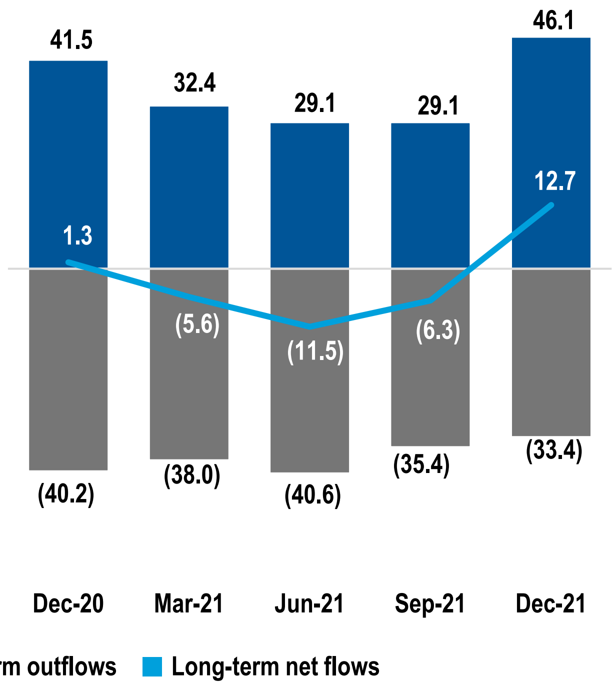
Fixed Income: $642 billion

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



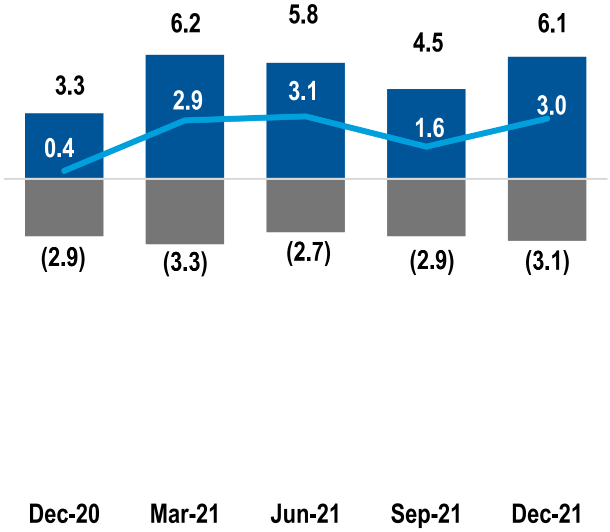
Equity: $563 billion

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



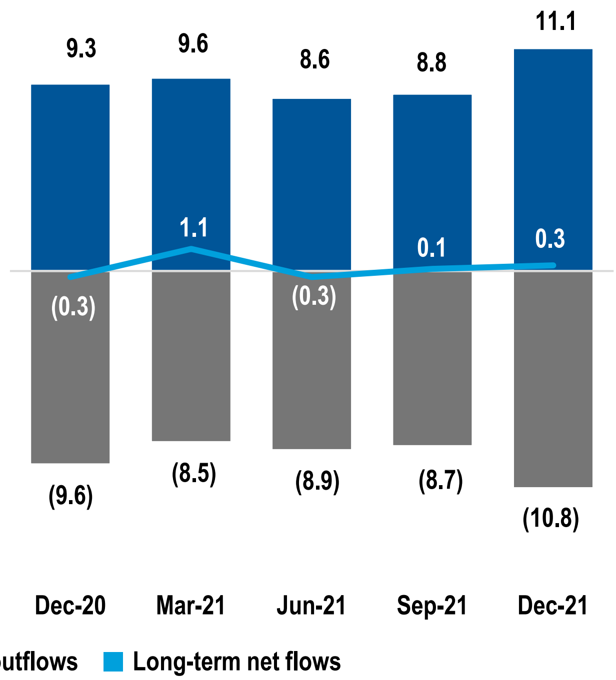
Alternative: $154 billion

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



Multi-Asset: $154 billion

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



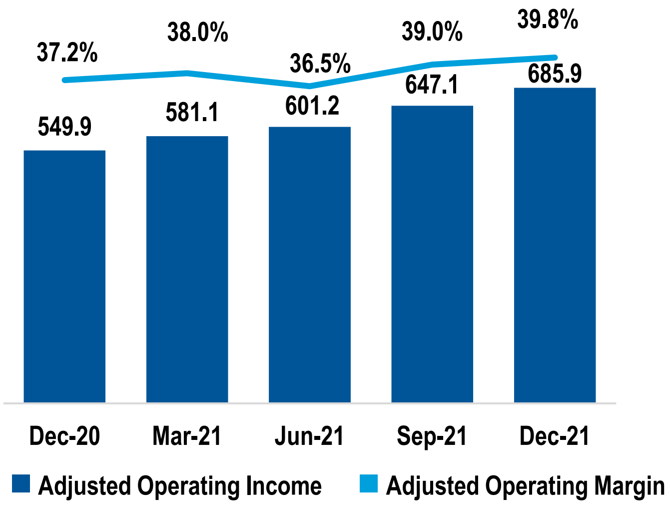
Financial Results[1]

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

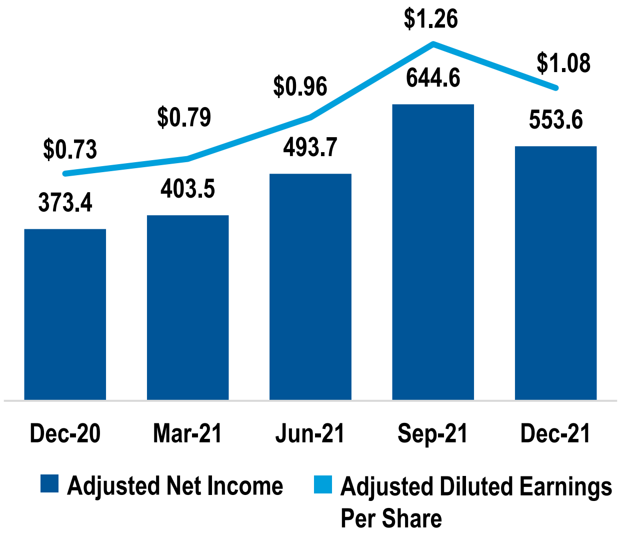
US GAAP	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Operating Income	409.1	456.3	478.1	531.5	557.7
Operating Margin	20.5%	22.0%	22.0%	24.4%	25.1%

US GAAP	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Net Income	345.3	381.8	438.4	665.7	453.2
Diluted EPS	$0.67	$0.74	$0.86	$1.30	$0.88

Adjusted Operating Income and Adjusted Operating Margin



Adjusted Net Income and Adjusted Diluted Earnings Per Share



- Adjusted operating income increased to $686 million, a 6% increase over the prior quarter and a 25% increase from the prior year quarter.
- Adjusted operating margin was 39.8%, an 80 bps increase from prior quarter and a 260 bps increase from prior year quarter.
- Adjusted net income and adjusted diluted earnings per share was $554 million and $1.08 per share, respectively. The prior quarter included a one-time tax benefit of $155 million ($0.30 per share).
- In the quarter, we achieved 100% of run-rate cost synergies of $300 million from the acquisition of Legg Mason ahead of schedule. We continue to look for opportunities for additional operational efficiencies as we integrate our business.

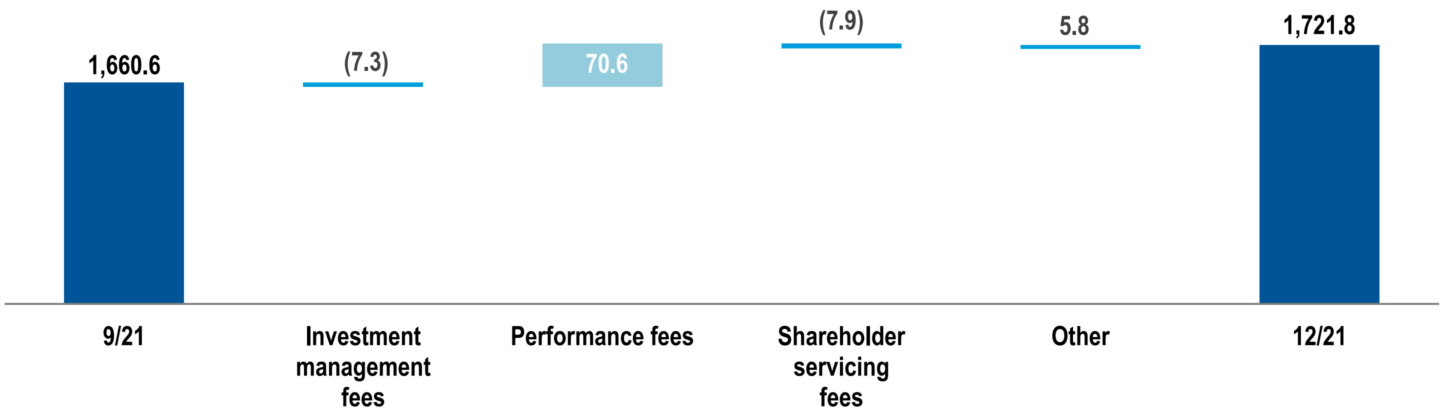
1. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Revenues

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

	Dec-21 US GAAP	Adjustments	Dec-21 Adjusted	Sep-21 Adjusted	Dec-21 Adjusted vs. Sep-21 Adjusted	Dec-20 Adjusted	Dec-21 Adjusted vs. Dec-20 Adjusted
Investment management fees, ex. performance fees	1,620.6	(103.6)	1,517.0	1,524.3	(0%)	1,394.7	9%
Performance fees	139.9	(0.4)	139.5	68.9	102%	25.8	441%
Sales and distribution fees	398.2	(398.2)	-	-	NM	-	NM
Shareholder servicing fees	47.7	-	47.7	55.6	(14%)	49.4	(3%)
Other	17.6	-	17.6	11.8	49%	8.4	110%
Total Operating Revenues	**2,224.0**	**(502.2)**	**1,721.8**	**1,660.6**	**4%**	**1,478.3**	**16%**
Effective fee rate			38.7 bps	38.9 bps		38.3 bps	

Adjusted Operating Revenues—Quarter Ended September 30, 2021 vs December 31, 2021



- Adjusted revenues of $1.7 billion increased 4% from the prior quarter, primarily due to elevated performance fees, and 16% from the prior year quarter. Adjusted performance fees were $140 million compared to $69 million in the prior quarter and $26 million in prior year quarter.
- Investment management fees, which exclude performance fees, were flat quarter-over-quarter and increased 9% from the prior year quarter.
- The adjusted effective fee rate[1] was 38.7 bps, excluding performance fees, compared to 38.9 bps in prior quarter and 38.3 bps in prior year quarter.

1. The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by average AUM for the period.

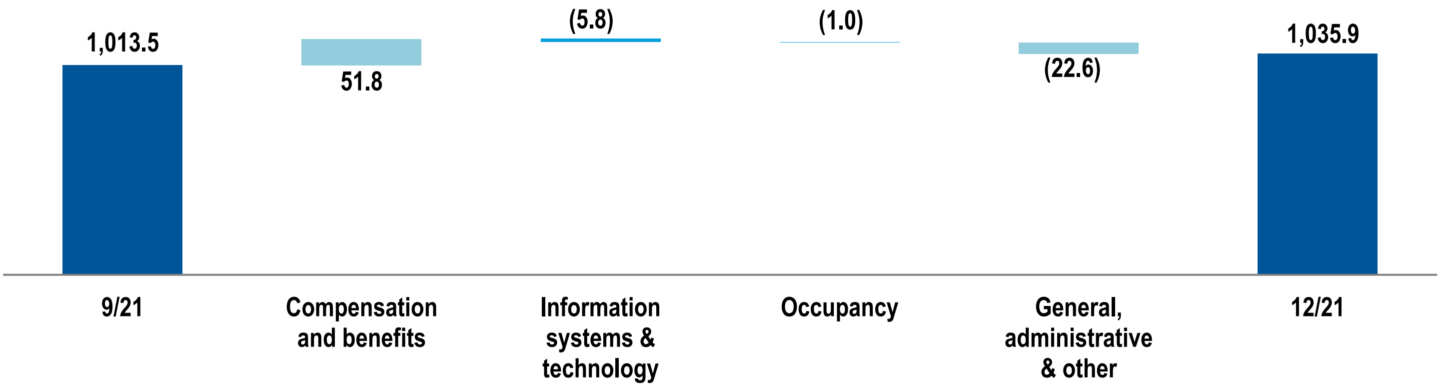
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Expenses

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

	Dec-21 US GAAP	Adjustments	Dec-21 Adjusted	Sep-21 Adjusted	Dec-21 Adjusted vs. Sep-21 Adjusted	Dec-20 Adjusted	Dec-21 Adjusted vs. Dec-20 Adjusted
Compensation & benefits	802.6	(47.3)	755.3	703.5	7%	644.5	17%
Sales, distribution & marketing	510.1	(510.1)	-	-	NM	-	NM
Information systems & technology	123.8	(6.3)	117.5	123.3	(5%)	115.5	2%
Occupancy	56.3	(3.4)	52.9	53.9	(2%)	55.7	(5%)
Amortization of intangible assets	58.3	(58.3)	-	-	NM	-	NM
General, administrative & other	115.2	(5.0)	110.2	132.8	(17%)	112.7	(2%)
Total Operating Expenses	**1,666.3**	**(630.4)**	**1,035.9**	**1,013.5**	**2%**	**928.4**	**12%**

Adjusted Operating Expenses—Quarter Ended September 30, 2021 vs December 31, 2021



- Adjusted operating expenses were $1.0 billion, an increase of 2% from prior quarter and 12% from prior year quarter, primarily due to compensation and benefits expense related to higher revenues.
- Adjusted compensation and benefits expense was approximately 44% of adjusted revenues this quarter compared to 42% in the prior quarter and in line with 44% in the prior year quarter. The increase in adjusted compensation expense over the prior quarter was primarily due to higher performance fee compensation.
- Non-compensation adjusted expenses were $281 million for the quarter or 9% lower than the prior quarter. The decrease was driven primarily by general, administrative and other expense, which included approximately $10 million of non-recurring reductions.

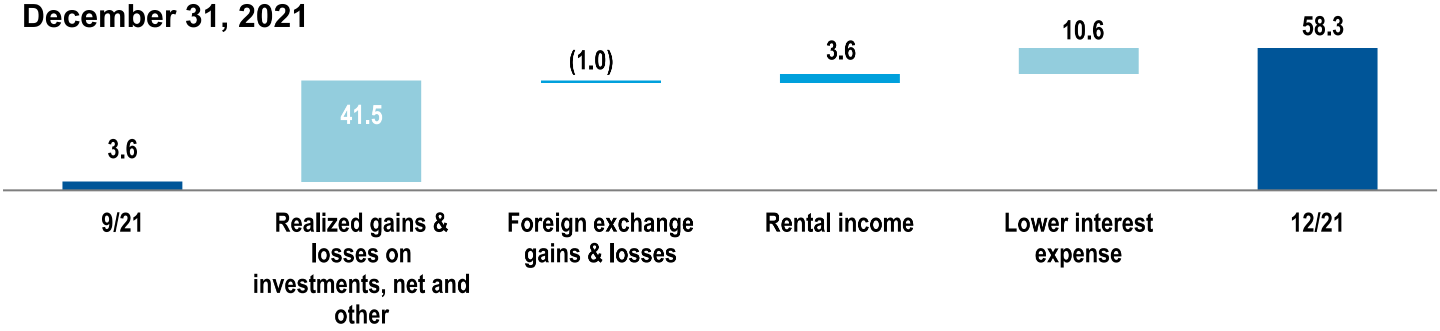
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Other Income (Expense), Net

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

	Dec-21 US GAAP	Adjustments	Dec-21 Adjusted	Sep-21 Adjusted	Dec-21 Adjusted vs. Sep-21 Adjusted	Dec-20 Adjusted	Dec-21 Adjusted vs. Dec-20 Adjusted
Investment and other income, net	57.0	26.9	83.9	39.8	111%	24.6	241%
Interest expense	(19.3)	(6.3)	(25.6)	(36.2)	(29%)	(35.7)	(28%)
Investment and other income of CIPs	104.7	(104.7)	-	-	NM	-	NM
Expenses of CIPs	(4.2)	4.2	-	-	NM	-	NM
Other Income (Expense), Net	**138.2**	**(79.9)**	**58.3**	**3.6**	**NM**	**(11.1)**	**NM**

Adjusted Other Income (Expense), Net —Quarter Ended September 30, 2021 vs December 31, 2021



- Adjusted other income (expense), net was $58.3 million compared to $3.6 million in the prior quarter. The increase from the prior quarter was primarily attributable to an increase in realized gains and losses on investments.

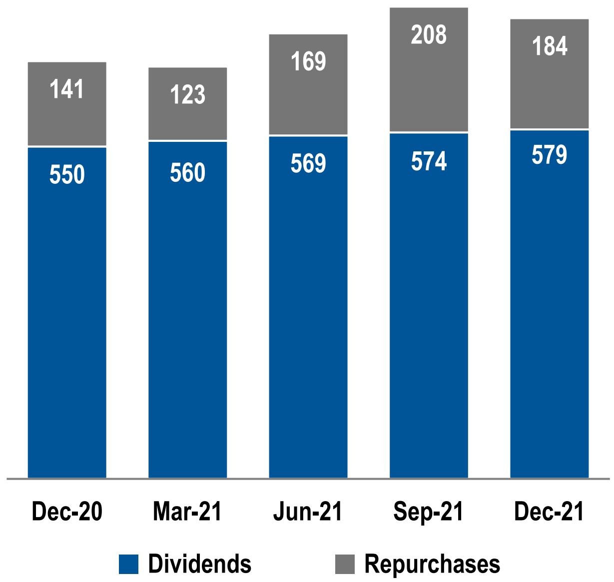
- Interest due to debt holders was $26.9 million, a decrease of $4.1 million from the prior quarter. Rental income was $9.7 million, an increase from $6.1 million of rental income in the prior quarter and $7.7 million in the prior year quarter.

- We typically see a seasonally higher effective tax rate in the first quarter; however, this quarter our GAAP tax rate was 21.7% due to discrete tax benefits. 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%.

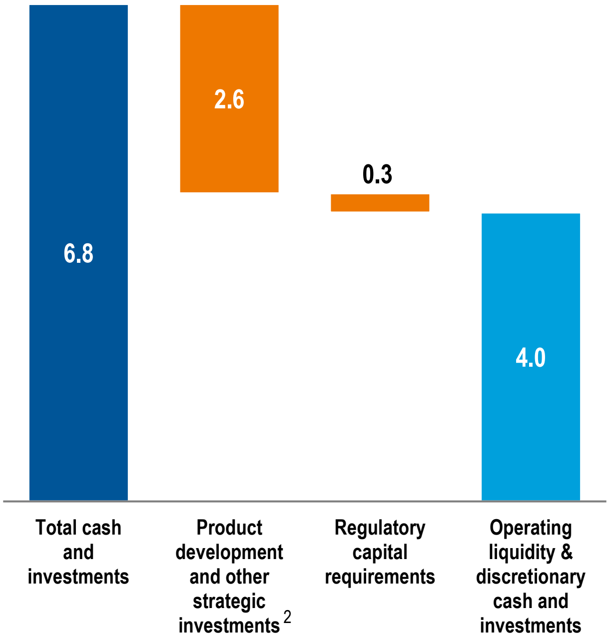
For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

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 December 31, 2021)



- In December, we announced a quarterly cash dividend in the amount of $0.29 per share, representing an approximately 4% increase over dividends paid in the prior quarter and the prior year quarter. During the quarter we repurchased 0.7 million shares for a total cost of $21.7 million.

- Total cash and investments were $6.83 billion as of December 31, 2021, including our direct investments in consolidated investment products, compared to $6.91 billion at September 30, 2021. The change in cash and investments was primarily attributable to cash consideration paid for the acquisition of OSAM and Capstead Mortgage Corp (merged into Franklin BSP Realty Trust), largely offset by cash generated by operations.

- In addition to the aforementioned cash and investments, on January 10, we entered into a bi-lateral credit agreement with Bank of America, N.A. to establish a 364 day revolving credit facility with aggregate commitments of $500 million and currently there are no amounts outstanding.

1. Numbers may not exactly foot due to rounding and includes direct investments in CIPs of $1.0 billion.
2. Includes undrawn capital commitments of $231 million.

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended December 31, 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	Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**1,760.5**	8.3	(111.9)	(0.4)	-	-	-	**1,656.5**
Sales and distribution fees	**398.2**	-	(398.2)	-	-	-	-	**-**
Shareholder servicing fees	**47.7**	-	-	-	-	-	-	**47.7**
Other	**17.6**	-	-	-	-	-	-	**17.6**
Total Operating Revenues	**2,224.0**	**8.3**	**(510.1)**	**(0.4)**	**-**	**-**	**-**	**1,721.8**
Expenses								**-**
Compensation and benefits	**802.6**	-	-	(40.4)	(2.7)	-	(4.2)	**755.3**
Sales, distribution and marketing	**510.1**	-	(510.1)	-	-	-	-	**-**
Information systems and technology	**123.8**	-	-	(6.3)	-	-	-	**117.5**
Occupancy	**56.3**	-	-	(3.4)	-	-	-	**52.9**
Amortization of intangible assets	**58.3**	-	-	(58.3)	-	-	-	**-**
General, administrative and other	**115.2**	-	-	(5.0)	-	-	-	**110.2**
Total Operating Expenses	**1,666.3**	**-**	**(510.1)**	**(113.4)**	**(2.7)**	**-**	**(4.2)**	**1,035.9**
Operating Income	**557.7**	**8.3**	**-**	**113.0**	**2.7**	**-**	**4.2**	**685.9**
Other Income (Expense)								
Investment and other income (losses) net	**57.0**	28.0	-	0.4	-	3.0	(4.5)	**83.9**
Interest expense	**(19.3)**	-	-	(6.3)	-	-	-	**(25.6)**
Investment and other income of CIPs	**104.7**	(104.7)	-	-	-	-	-	**-**
Expenses of CIPs	**(4.2)**	4.2	-	-	-	-	-	**-**
Total Other Income (Expense)	**138.2**	**(72.5)**	**-**	**(5.9)**	**-**	**3.0**	**(4.5)**	**58.3**
Income before taxes	**695.9**	**(64.2)**	**-**	**107.1**	**2.7**	**3.0**	**(0.3)**	**744.2**
Taxes on income	**151.1**	-	-	25.3	0.6	(4.9)	(0.1)	**172.0**
Net income	**544.8**	**(64.2)**	**-**	**81.8**	**2.1**	**7.9**	**(0.2)**	**572.2**
Less: Net income (loss) attributable to noncontrolling interests	**91.6**	(74.2)	-	-	-	1.2	-	**18.6**
Net Income Attributable to Franklin Resources, Inc.	**453.2**	**10.0**	**-**	**81.8**	**2.1**	**6.7**	**(0.2)**	**553.6**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**19.3**							**23.4**
Net Income Availalble to Franklin Resources, Inc. Common Stockholders	**433.9**							**530.2**
Diluted EPS	**$0.88**				**Adjusted Diluted EPS**			**$1.08**
Diluted Shares Outstanding	**490.6**				**Diluted Shares Outstanding**			**490.6**
Operating Margin	**25.1%**				**Adjusted Operating Margin**			**39.8%**

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	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 December 31, 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	Deferred Comp Plan	Non-GAAP Basis
Revenues								
Investment management fees	**1,540.4**	5.7	(109.6)	(16.0)	-	-	-	**1,420.5**
Sales and distribution fees	**396.9**	-	(396.9)	-	-	-	-	**-**
Shareholder servicing fees	**49.4**	-	-	-	-	-	-	**49.4**
Other	**8.4**		-	-	-	-	-	**8.4**
Total Operating Revenues	**1,995.1**	**5.7**	**(506.5)**	**(16.0)**	**-**	**-**	**-**	**1,478.3**
Expenses								
Compensation and benefits	**725.5**	-	-	(59.5)	(7.4)	-	(14.1)	**644.5**
Sales, distribution and marketing	**506.5**	-	(506.5)	-	-	-	-	**-**
Information systems and technology	**116.5**	-	-	(1.0)	-	-	-	**115.5**
Occupancy	**55.7**	-	-	-	-	-	-	**55.7**
Amortization of intangible assets	**58.2**	-	-	(58.2)	-	-	-	**-**
General, administrative and other	**123.6**		-	(10.9)	-	-	-	**112.7**
Total Operating Expenses	**1,586.0**	**-**	**(506.5)**	**(129.6)**	**(7.4)**	**-**	**(14.1)**	**928.4**
Operating Income	**409.1**	**5.7**	**-**	**113.6**	**7.4**	**-**	**14.1**	**549.9**
Other Income (Expense)								
Investment and other income (losses) net	**77.2**	60.4	-	(1.8)	-	(95.9)	(15.3)	**24.6**
Interest expense	**(29.7)**	-	-	(6.0)	-	-	-	**(35.7)**
Investment and other income of CIPs	**91.1**	(91.1)	-	-	-	-	-	**-**
Expenses of CIPs	**(10.4)**	10.4	-	-	-	-	-	**-**
Total Other Income (Expense)	**128.2**	**(20.3)**	**-**	**(7.8)**	**-**	**(95.9)**	**(15.3)**	**(11.1)**
Income before taxes	**537.3**	**(14.6)**	**-**	**105.8**	**7.4**	**(95.9)**	**(1.2)**	**538.8**
Taxes on income	**142.5**	-	-	25.8	1.7	(18.0)	(0.3)	**151.7**
Net income	**394.8**	**(14.6)**	**-**	**80.0**	**5.7**	**(77.9)**	**(0.9)**	**387.1**
Less: Net income (loss) attributable to noncontrolling interests	**49.5**	(35.8)	-	-	-	-	-	**13.7**
Net Income Attributable to Franklin Resources, Inc.	**345.3**	**21.2**	**-**	**80.0**	**5.7**	**(77.9)**	**(0.9)**	**373.4**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**14.6**							**15.8**
Net Income Attributable to Franklin Resources, Inc. Common Stockholders	**330.7**							**357.6**
Diluted EPS	**$0.67**				**Adjusted Diluted EPS**			**$0.73**
Diluted Shares Outstanding	**491.7**				**Diluted Shares Outstanding**			**491.7**
Operating Margin	**20.5%**				**Adjusted Operating Margin**			**37.2%**

Forward-Looking Statements

Some of the statements herein may include forward-looking statements that reflect our current views with respect to future events, financial performance and market conditions. 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,” “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 that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements, including pandemic-related risks, market and volatility risks, investment performance and reputational risks, global operational risks, competition and distribution risks, third-party risks, technology and security risks, human capital risks, cash management risks, and legal and regulatory risks. 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, 2021 and our subsequent Quarterly Reports on Form 10-Q.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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