FRANKLIN TEMPLETON

Franklin Resources, Inc.

Preliminary fourth quarter and fiscal year 2022 results

November 1, 2022 | Executive earnings commentary

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Contents

Conference call details:

Access to the teleconference at 11:00 AM Eastern will be available via investors.franklinresources.com or by dialing (844) 200-6205 in the US or (929) 526-1599 in other locations using access code 644052. A replay of the teleconference can also be accessed by calling (866) 813-9403 in the US or +44 204 525 0658 in other locations using access code 626370 through November 8, 2022, or via investors.franklinresources.com. Analysts and investors are encouraged to review the Company's recent filings with the US 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 US 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 2022 highlights

Key metrics

($ in millions, except AUM in billions and per share data)	Q4 2022	% Change vs. Q3 2022	FY 2022	% Change vs. FY 2021
Ending AUM[1]	$1,297.4	(6.0%)	$1,297.4	(15.2%)
Average AUM[1]	1,373.6	(4.6%)	1,469.2	(2.3%)
Adj. operating revenue	1,532.1	(4.5%)	6,473.7	2.5%
Adj. operating income	494.1	(12.8%)	2,323.5	(2.3%)[2]
Adj. net income	394.4	(5.2%)	1,855.6	(3.1%)[2]
Adj. diluted EPS	0.78	(4.9%)	3.63	(2.9%)
Adj. effective fee rate[3] (bps)	38.8	39.5	38.9	38.8
Adj. operating margin	32.2%	35.3%	35.9%	37.7%

Fiscal Year 2022 Summary

- Our industry remains in the midst of rapid change, and this fiscal year we made good progress on executing our long-term plan of further diversifying our business by expanding our investment capabilities and deepening our presence in key markets and channels. The past nine months reflected challenging market conditions with significant volatility and unprecedented correlated declines in both global equity and fixed income markets. Increasing macroeconomic and geopolitical uncertainty impacted investor sentiment and industry flows, particularly in fixed income. While our assets under management (AUM) and flows were impacted by market declines and industry-wide pressures, we continued to benefit from a diversified mix of assets.
  - While long-term inflows have been challenged in this risk-off environment, long-term outflows improved by 11% from the prior year. We generated net inflows in the Alternative and Multi-Asset categories and reduced net outflows in Equities, offset by increased outflows in Fixed Income and steep market declines. Notwithstanding flow pressures, investor interest in Fixed Income continued.
  - The shift to a regionally focused sales model resulted in improvement in our non-US business, including a 70% reduction in long-term net outflows from the prior year. EMEA long-term net flows turned positive and there was a significant decrease in long-term net outflows in our APAC region.
- Adjusted operating revenues of $6.5 billion increased by 2% from the prior year, benefiting from six months of Lexington Partners (Lexington) and increased performance fees, offset by lower average AUM. Adjusted operating expenses increased by 5% from the prior year. Adjusted operating income decreased 2%.
- We maintain a strong balance sheet with end of period cash and investments of $6.8 billion[4] approximately in line with the prior year-end and after closing two acquisitions and four minority investments related to growth initiatives. In addition, we returned $773 million to shareholders through dividends and share repurchases.
  - We significantly increased our Alternative AUM, an increasing area of client demand. Pro forma for today's closing of Alcentra, a leading European alternative credit manager, alternative assets would total $260 billion or approximately 20% of our AUM and these assets account for an even higher percentage of adjusted revenues, making Franklin Templeton one of the largest managers of alternative assets. We now have a meaningful portion of the key alternative investment categories with Lexington (secondary private equity), Clarion Partners (real estate), Benefit Street Partners and Alcentra (alternative credit), K2 (hedge funds) and Franklin Venture Partners. With the closing of Alcentra, our alternative credit AUM nearly doubles to $75 billion.
  - Our M&A activity also included Canvas®, a leading custom indexing solutions platform, through the acquisition of O'Shaughnessy Asset Management to enhance our existing strength in SMA and custom indexing solutions capabilities.

1. Excludes approximately $12 billion of AUM in our China joint venture.
2. Q4 2021 included a 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. Includes our direct investments in CIPS of $1.0 billion and approximately $300 million of employee-owned and other third-party investments made through partnerships.

Fourth quarter and fiscal year 2022 highlights

- We strengthened the foundation of our business through disciplined expense management and outsourced our global transfer agency (TA) function, simplifying our business while reducing future capital expenditures. This initiative follows the previously announced outsourcing of our fund administration and certain other technology functions.

Financial results

Fourth Quarter

- Adjusted operating revenues of $1.53 billion decreased 4% from the prior quarter and 8% from the prior year quarter, driven primarily by lower average AUM. Adjusted performance fees were $133.3 million, compared to $127.1 million in the prior quarter and $68.8 million the prior year quarter. This quarter's adjusted effective fee rate, which excludes performance fees, was 38.8 bps, compared to 39.5 bps in the prior quarter. The prior quarter effective fee rate was slightly higher as a result of the shift in AUM mix and the timing of the closing of Lexington.
- Adjusted operating expenses were $1.04 billion, in line with the prior quarter and prior year quarter. Lower compensation and benefits expense was offset by an increase in general and administrative expenses, which includes $8 million of episodic expenses.
- Adjusted operating income was $494.1 million, a decline of 13% from the prior quarter and 24% from the prior year quarter. Adjusted operating margin was 32.2% a decline from the prior quarter of 35.3% and the prior year quarter of 39.0%.
- Adjusted net income and adjusted diluted earnings per share declined by 5% from the prior quarter to $394.4 million and $0.78, respectively. Adjusted net income and adjusted EPS declined by 39% and 38%, respectively, from the prior year quarter, which included a tax benefit of $155 million ($0.30 per share).

Fiscal Year 2022

- Adjusted operating revenues of $6.5 billion increased by 2% from the prior year, benefiting from six months of Lexington and increased performance fees, offset by lower average AUM. Adjusted performance fees of $513.6 million increased from $233.3 million in the prior year. Adjusted effective fee rate, which excludes performance fees, was 38.9 bps compared to 38.8 bps in the prior year due to a shift in AUM mix and the benefit of six months of Lexington. Excluding performance fees and the impact of six months of Lexington, adjusted operating revenue decreased by 5%.
- Adjusted operating expenses of $4.2 billion increased by 5% from the prior year, including the impact of our acquisitions partially offset by expense savings. Excluding performance fee-related compensation and the impact of six months of Lexington, adjusted operating expenses decreased by 1%.
- Adjusted operating income was $2.3 billion, a decrease of 2% from the prior year. Adjusted operating margin was 35.9%, a 180 bps decline from prior year. Excluding performance fees, performance fee compensation and the impact of six months of Lexington, adjusted operating income decreased by 11%.
- Adjusted net income and adjusted diluted earnings per share declined by 3% from the prior year to $1.9 billion and $3.63, respectively. The fourth quarter of the prior year included a tax benefit of $155 million ($0.30 per share).

Investment performance

- This quarter 41%, 48%, 58%, and 70% of our strategy composite AUM[1] outperformed their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. Compared to the prior quarter, our 1-year investment performance improved primarily due to certain global and tax-exempt fixed income strategies, and the 5-year investment performance decreased primarily due to certain US taxable fixed income strategies, partially offset by improvements in equities, including certain value strategies.

1. Composite AUM measured for the 1-, 3-, 5-, and 10-year periods represent 64%, 63%, 63%, and 59%, respectively of the firm's total AUM as of September 30, 2022.

Fiscal year 2022 highlights

AUM and flows

- Ending AUM was $1.3 trillion, a decline of 15% from the prior year primarily due to market depreciation of $269.0 billion and long-term net outflows were $27.8 billion, reflecting an increase of 10% from the prior year. Average AUM decreased by 2% to $1.47 trillion. In a challenging market environment, our long-term attrition rate remained consistent at 1.9%, in line with the prior year.
- Long-term inflows of $320.4 billion decreased from the prior year of $364.7 billion. Reinvested distributions of $32.0 billion compared to $20.4 billion from the prior year. While this fiscal year's long-term inflows decreased by 12%, long-term outflows improved by 11%.
- Long-term net outflows were $27.8 billion and included a $2.0 billion fixed income institutional redemption in the fourth quarter that had minimal impact on revenue.
- Over the course of the year, we continued to benefit from a diversified mix of assets:
  - **Alternative** net inflows were $6.3 billion, including outflows in certain liquid alternative strategies. Our three largest alternative managers, Benefit Street Partners (BSP), Clarion Partners (Clarion) and Lexington, each had net inflows, with a combined total of $11.8 billion.
  - **Multi-asset** net inflows were $4.7 billion, representing a significant increase over the prior year.
  - **Fixed income:** The mutual fund industry experienced significant net outflows in fixed income over the last nine months. Our net outflows were $30.2 billion, primarily due to certain US taxable and global opportunistic strategies. However, client interest continued in the asset class and we benefitted from having a broad range of fixed income strategies with non-correlated investment philosophies. We had net inflows into certain taxable strategies including US Income, Intermediate, US Credit, and customized separate accounts.
  - **Equity** net outflows were $8.6 billion, a reduction of 61% over the prior year. The risk-off environment impacted investor sentiment on certain growth strategies, which were partially offset by net inflows into Infrastructure, Sector-specific, Emerging Markets, All Cap Core, and Equity Income strategies.
- Last year, we pivoted to a regionally focused sales model to meet the varying demands of our global business, shifting decision making and resources closer to our clients. This year, we saw the benefits of geographical diversification outside the US with net inflows in EMEA and a significant reduction in long-term net outflows in APAC. Long-term net outflows for non-US regions decreased by $19.7 billion, or 70%, from the prior year.
- We further diversified our business across products, vehicles, and asset classes to create broader sources of revenue.
  - 13 of our top 20 net inflow generating funds were outside our largest 20 funds by AUM, and represented a broad range of investment strategies.
- As always, we have been actively engaging with our clients by providing insights and thought leadership to help them navigate the latest conditions, including drawing upon the expanded resources of our various specialist investment managers and the Franklin Templeton Institute. Our focus on diversification has enabled us to provide solutions to our clients across asset classes and in market themes such as income, inflation-hedged, alternative and customized strategies.

Fiscal year 2022 highlights

Other highlights

- **Alternative:** Over the past year, we have made progress on our long-term plan to diversify and increase our alternative asset strategies, which continue to drive strong investor demand and have attractive revenue characteristics.
  - On April 1, we closed the acquisition of Lexington, a global leader in secondary private equity and co-investments. We further expanded our alternative credit capabilities this year by merging Capstead Mortgage Corp into Franklin BSP Realty. Additionally, we globalized and nearly doubled our alternative credit AUM with the closing of our acquisition of Alcentra, a leading European alternative credit manager with $35 billion in AUM as of September 30, 2022.
- **Wealth Management Alternatives**: As investors seek uncorrelated returns amid market volatility, we continue to see democratization of alternatives as an attractive opportunity, and this year, we have made progress with traditional wealth management platforms by focusing on:
  - *Product development:* This quarter, Benefit Street Partners launched its first Multi-Strategy Interval Fund. Clarion Partners Real Estate Income Fund Inc and Franklin BSP Capital Corporation, a private Business Development Corporation (BDC), were onboarded on two alternative fintech platforms that offer direct access to financial advisors and individuals.
  - *Sales and marketing*: In addition to a dedicated sales force focused on developing relationships with platforms, we are building brand awareness through our brand “Alternatives by Franklin Templeton” in wealth management channels.
  - *Client education*: Franklin Templeton Academy partnered with CAIS IQ to develop programs to educate advisors and our sales teams on how alternative investments can potentially benefit their clients’ portfolios.
- A leading **SMA** provider, particularly in model delivery, we ended the quarter at $100 billion in AUM and continued to make progress with a focus on product development.
  - Canvas®, our Custom Indexing solution platform, achieved net inflows each quarter since the platform launched in September 2019, and AUM increased over 50% since acquisition announcement.
  - This quarter, we partnered with Eaglebrook Advisors to offer two new digital asset SMAs: Digital Assets Core and Digital Assets Core Capped. Both strategies are market cap-weighted and invest in 10 to 15 of the largest digital assets.
  - This year, we launched Municipal SMAs to offer diversification, lower volatility, and tax-exempt benefits to clients. One of our largest flagship funds, the Franklin Income Fund, was also launched in SMA format.
- **ETFs** experienced net inflows of $1.5 billion and totaled at approximately $11.4 billion in AUM. This year, net inflows were balanced between US and non-US regions and geographically diverse across regions including US, EMEA and APAC.
  - Our ETF platform is differentiated with approximately 50% in actively managed strategies. This quarter, we launched two ETFs, the Metaverse UCITS ETF and the Franklin Bissett Ultra Short Duration Active ETF, and generated net inflows of $0.6 billion into the Franklin Euro Short Maturity UCITs ETF during the year.
- **Private Wealth Management** AUM ended the quarter at $29.4 billion. Fiduciary Trust International experienced its 8th quarter of consecutive long-term net inflows.
- Money Management Institute and Barron’s Institute selected Franklin Templeton as the Asset Manager of the Year ($100 billion of AUM and more category), highlighting our ability to provide clients with innovative and customized solutions, and consistent global execution of strategic priorities.

Fiscal year 2022 highlights

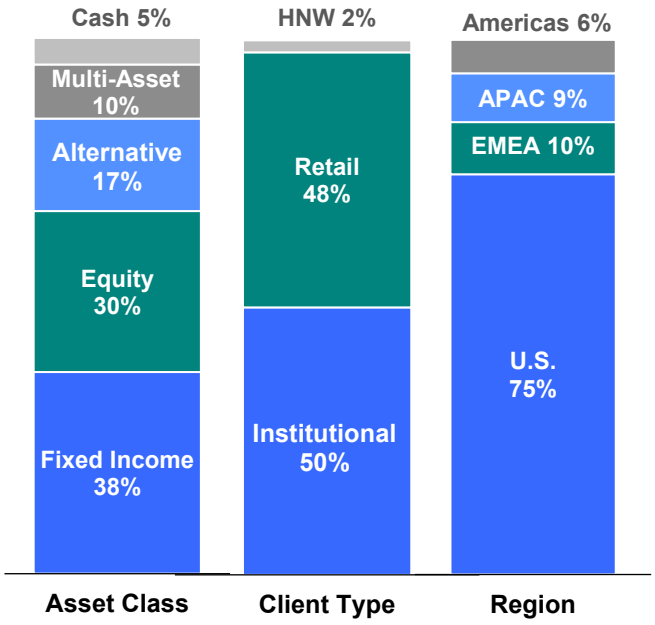
- **FinTech**. We made investments in technology-related distribution opportunities and developed our tokenization and digital asset products:
  - We made four minority investments in wealth distribution technology firms that expand access to private securities and/or digital assets to individuals: North Capital, a private securities platform for early-stage companies and high-net-worth clients, CAIS, an alternative investment platform for financial advisors, Eaglebrook, a digital asset platform that offers SMAs, and TIFIN, a wealth-tech platform that utilizes AI to drive personalization.
  - In the year, we expanded the availability of the Franklin OnChain US Government Money Fund, the first US registered mutual fund to use blockchain to process transactions and record share ownership. We also introduced two new digital asset SMA strategies, Digital Assets Core and Digital Assets Core Capped, and launched Franklin Metaverse UCITS ETF.
  - We opened a second fintech incubator in Singapore to focus on supporting innovative, early-stage companies. Our incubators have invested in 14 innovative companies in the areas of blockchain, digital distribution and wealth management technology, insurtech, sustainability and data science, among others.
- We sold our minority investment in UK-based Embark, an investment and retirement platform to Lloyds Banking Group and entered a new strategic relationship to develop further opportunities in the investment and retirement solutions space in the UK.
- **Sustainability:** We published our 2022 Corporate Social Responsibility report in recognition of our belief that being a responsible corporate citizen is essential to the long-term sustainability of our business and to the well-being of the communities in which our employees and clients live and work. We published our UK Stewardship Report and became a signatory of the UK 2022 Stewardship Code, an ambitious set of principles that challenges asset managers to provide evidence of responsible allocation, management and oversight of capital.
- **Hello progress℠ Campaign:** In celebration of the 75th anniversary of the founding of our firm, we introduced 'Hello progress', an integrated, multi-media campaign. The campaign reinforced the trusted relationships we have built with clients for 75 years, highlighted the increased breadth of the firm, and reflected our commitment to finding innovative ways to meet client needs. This award-winning campaign was rolled out across 14 key markets increasing trust and brand favorability by 26% and 25%, respectively, among investors.
- **Diversity and Inclusion**: Launched in November 2021, we developed "Changing Faces of Wealth: Dimensions and Insights", a global program to provide financial advisors with research and actionable insights to better prepare them for evolving client demographics and financial results.

2023 Priorities

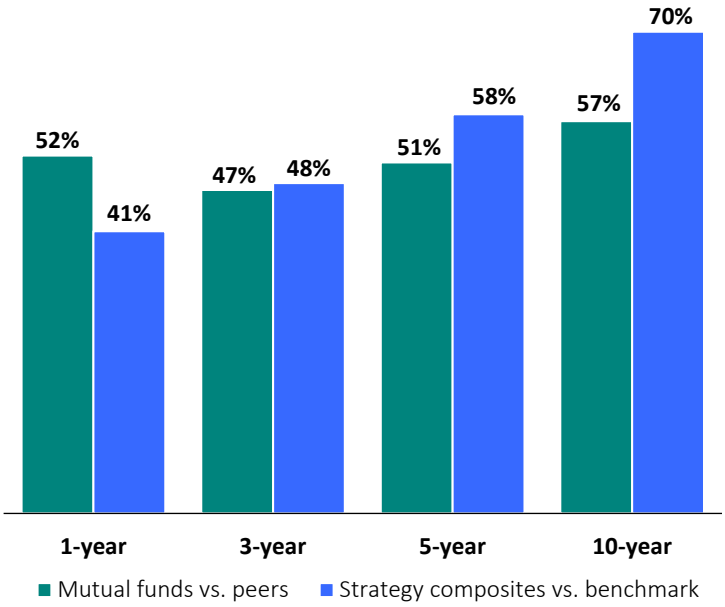
- We will continue to further diversify our business by product, asset class, distribution channel and geography and invest in key areas of growth:
  - Alternative capabilities, including wealth management initiatives
  - Customization and solutions for our clients
  - Technology-related distribution
  - Private wealth management
- In the current environment in particular, we will remain focused on disciplined expense management and operational efficiencies.
- Our capital management strategy prioritizes shareholder value for the long-term, including consistent return of capital to shareholders through dividends, which have increased every year since 1981, and share repurchases. In addition, as in previous years, we will review growth acceleration opportunities via targeted M&A.

AUM and investment performance

Diversified by asset class, client type and region
AUM of $1.3 trillion as September 30, 2022



Percentage of AUM above peer median and benchmark[1]
As of September 30, 2022



- AUM of approximately $1.3 trillion are diversified across asset classes, client types, and regions.
- This quarter 41%, 48%, 58%, and 70% of our strategy composite AUM outperformed their respective benchmarks on a 1-, 3-, 5-, and 10-year basis. Compared to the prior quarter, our 1-year investment performance improved primarily due to certain global and tax-exempt fixed income strategies, and the 5-year investment performance decreased primarily due to certain US taxable fixed income strategies, partially offset by improvements in equities, including certain value strategies.
- Investment performance resulted in 52%, 47%, 51%, and 57% of our mutual funds AUM outperforming their peers on a 1-, 3-, 5-, and 10-year basis. While mutual fund relative performance remained consistent from the prior quarter in the 1-year period, our 3-year and 10-year relative performance improved due to global and tax-exempt fixed income strategies and in certain equity strategies.

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 64%, 63%, 63%, and 59%, respectively of the firm's total AUM as of September 30, 2022. 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 36%, 36%, 36% and 34%, respectively of the firm's total AUM as of September 30, 2022.

AUM and flows

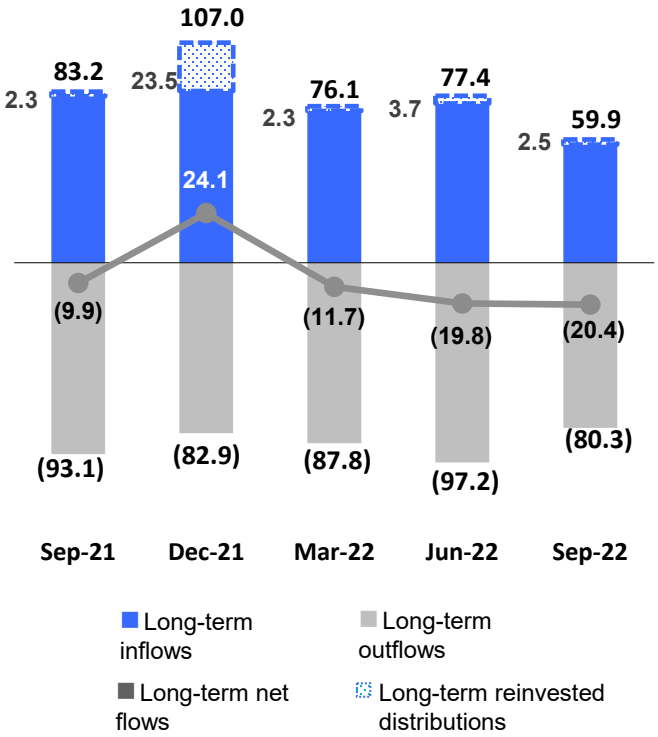
(In US$ billions)[1]	Three months ended Sep 30, 2022	Jun 30, 2022	% Change	Twelve months ended September 30, 2022	2021	% Change
Beginning AUM	$ 1,379.8	$ 1,477.5	(7%)	$ 1,530.1	$ 1,418.9	8%
Long-term inflows	59.9	77.4	(23%)	320.4	364.7	(12%)
Long-term outflows	(80.3)	(97.2)	17%	(348.2)	(389.9)	11%
Long-term net flows	**(20.4)**	**(19.8)**	**(3%)**	**(27.8)**	**(25.2)**	**(10%)**
Cash management net flows	0.1	0.4	(85%)	(0.8)	(15.1)	95%
Total net flows	**(20.3)**	**(19.4)**	**(5%)**	**(28.6)**	**(40.3)**	**29%**
Acquisitions	-	57.2	NM	64.9	3.5	NM
Net market change, dist. & other	(62.1)	(135.5)	NM	(269.0)	148.0	NM
Ending AUM	**$ 1,297.4**	**$ 1,379.8**	**(6%)**	**$ 1,297.4**	**$ 1,530.1**	**(15%)**
Average AUM	**$ 1,373.6**	**$ 1,439.8**	**(5%)**	**$ 1,469.2**	**$ 1,504.1**	**(2%)**

1. Excludes approximately $12 billion of AUM in our China joint venture.

Fourth Quarter

- Ending AUM was $1.3 trillion, reflecting a decline of 6% from the prior quarter primarily due to market depreciation of $62.1 billion and long-term net outflows of $20.4 billion. Average AUM decreased by 5%.
- Long-term inflows of $59.9 billion decreased from the prior quarter of $77.4 billion, driven by the risk-off environment and fixed income. Reinvested distributions were $2.5 billion.
- This quarter's long-term outflows reduced to $80.3 billion compared to $97.2 billion in the prior quarter.
- Long-term net outflows were $20.4 billion and included a $2.0 billion fixed income institutional redemption that had minimal impact on revenue.
  - **Alternative** net inflows were $1.2 billion this quarter and included outflows in certain liquid alternative strategies. Our three largest alternative managers, BSP, Clarion, and Lexington, each had net inflows, with a combined total of $3.1 billion.
  - **Multi-asset** net inflows were $0.5 billion, compared to $1.6 billion in the prior quarter.
  - **Fixed income:** Net outflows of $16.1 billion were primarily due to certain US taxable and global opportunistic strategies. Client interest continued and we benefitted from having a broad range of fixed income strategies with non-correlated investment philosophies, including net inflows into certain Emerging Markets, Global Income, US Income strategies and customized separate accounts. In October, we experienced a $2.0 billion fixed income institutional redemption with minimal impact on revenue.
  - **Equity** net outflows were $6.0 billion, a 35% reduction over the prior quarter.

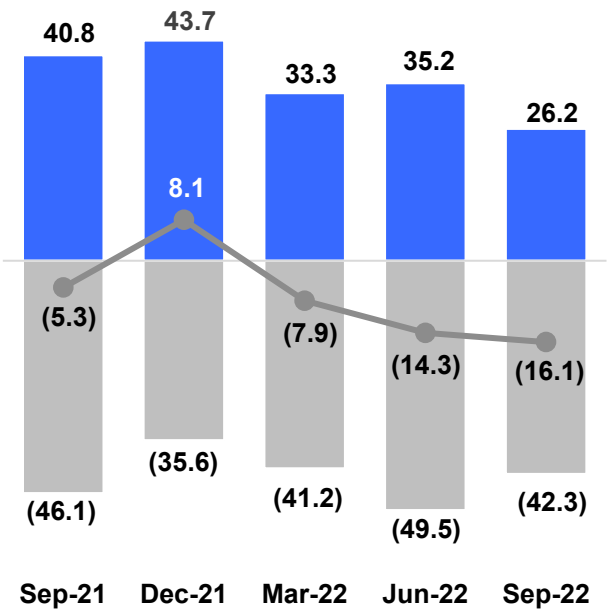
Long-term flows
(In US$ billions, for the three months ended)



- Our institutional pipeline of won but unfunded mandates increased to $15.0 billion and remained diversified by asset class and across our specialist investment managers, with an increase in fixed income, equity and alternative strategies.

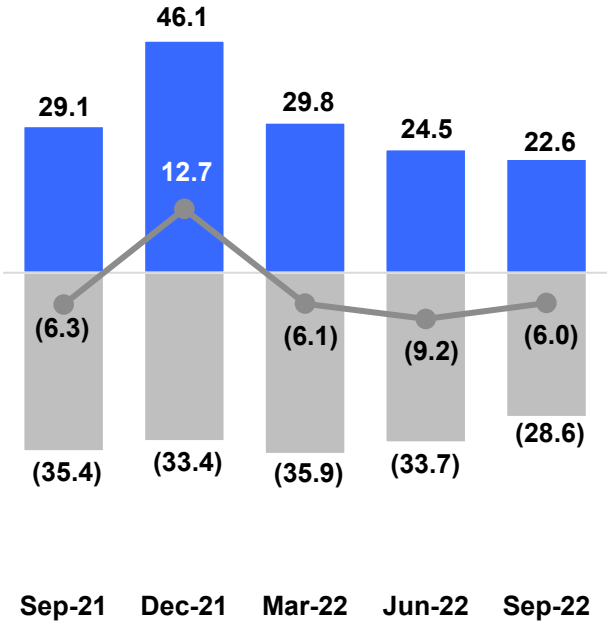
Fixed Income: $491 billion

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



Equity: $392 billion

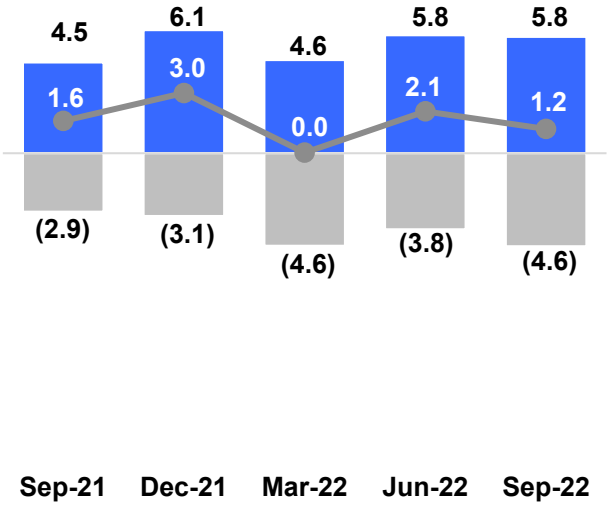
(in US$ billions, for the three months ended)



Long-term inflows | Long-term outflows | Long-term net flows

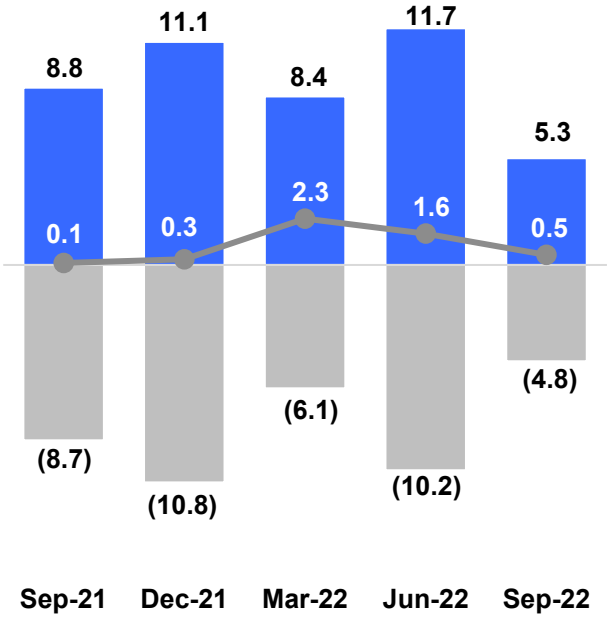
Alternative: $225 billion

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



Multi-Asset: $132 billion

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



Long-term inflows | Long-term outflows | Long-term net flows

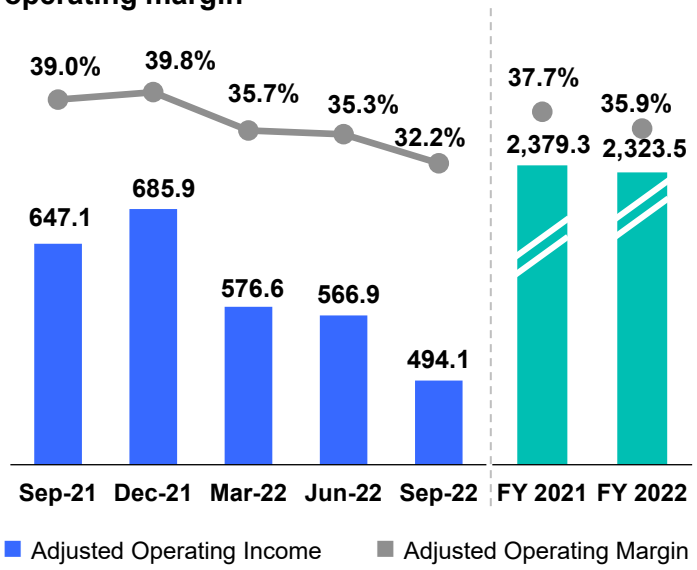
Financial results[1]

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

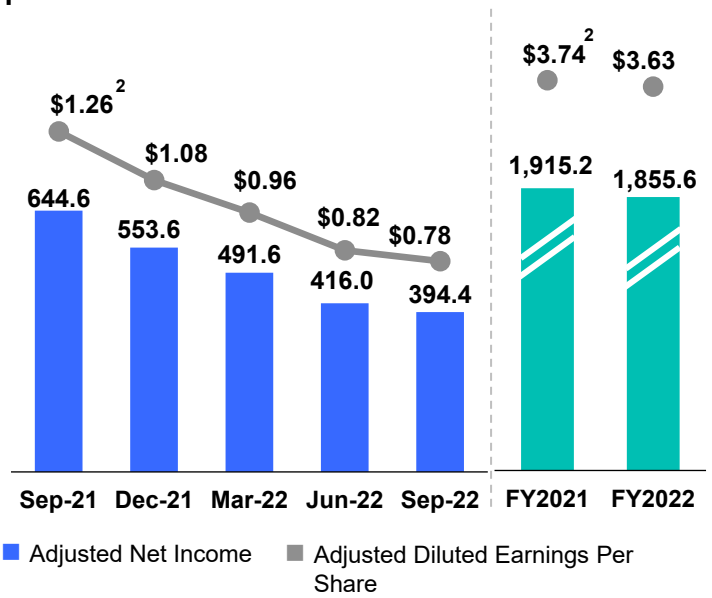
US GAAP	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	FY2021	FY2022
Operating Income	531.5	557.7	463.0	404.7	348.5	1,875.0	1,773.9
Operating Margin	24.4%	25.1%	22.2%	19.9%	18.0%	22.3%	21.4%

US GAAP	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	FY2021	FY2022
Net Income	665.7[2]	453.2	349.6	256.4	232.7	1,831.2	1,291.9
Diluted EPS	$1.30	$0.88	$0.68	$0.50	$0.46	$3.57	$2.53

Adjusted operating income and adjusted operating margin



Adjusted net income and adjusted diluted earnings per share



- The last two quarters' financial results include the results of our acquisition of Lexington, which closed on April 1.

Fourth Quarter

- Adjusted operating income was $494.1 million, a decline of 13% from the prior quarter and 24% from the prior year quarter. Adjusted operating margin was 32.2% a decline from the prior quarter of 35.3% and the prior year quarter of 39.0%.
- Adjusted net income and adjusted diluted earnings per share declined by 5% from the prior quarter to $394.4 million and $0.78, respectively. Adjusted net income and adjusted EPS declined by 39% and 38%, respectively, from the prior year quarter, which included a tax benefit of $155 million ($0.30 per share).

Fiscal Year

- Adjusted operating income was $2.3 billion, a decrease of 2% from the prior year. Adjusted operating margin was 35.9%, a 180 bps decline from prior year. Excluding performance fees, performance fee compensation and the impact of six months of Lexington, adjusted operating income decreased by 11%.
- Adjusted net income and adjusted diluted earnings per share declined by 3% from the prior year to $1.9 billion and $3.63, respectively. The fourth quarter of the prior year included a tax benefit of $155 million ($0.30 per share).

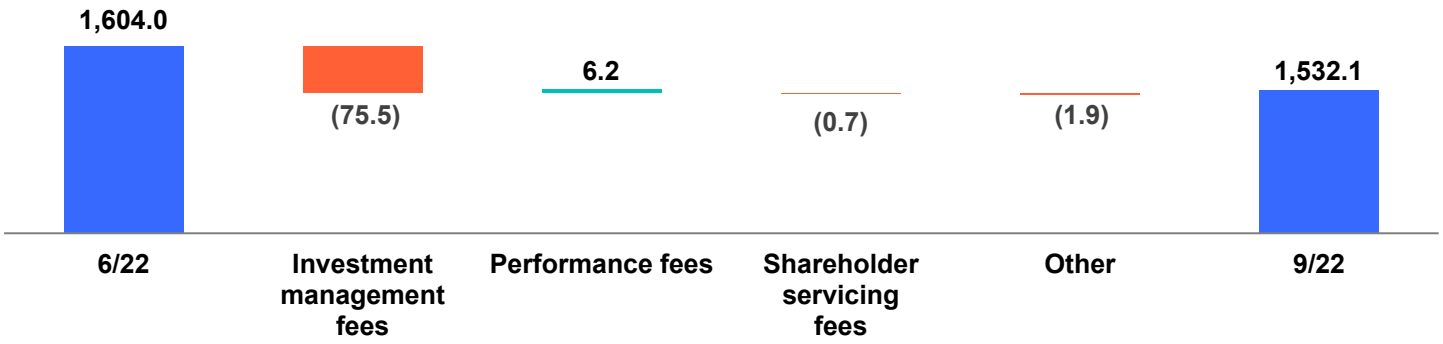
1. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.
2. Q4 2021 included a tax benefit of $155 million ($0.30 per share).

Revenues[1]

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

	Sep-22 US GAAP	Adjustments	Sep-22 Adjusted	Jun-22 Adjusted	Sep-22 Adjusted vs. Jun-22 Adjusted	Sep-21 Adjusted	Sep-22 Adjusted vs. Sep-21 Adjusted
Investment management fees, ex. performance fees	1,437.1	(95.3)	1,341.8	1,417.3	(5%)	1,524.4	(12%)
Performance fees	133.9	(0.6)	133.3	127.1	5%	68.8	94%
Sales and distribution fees	311.0	(311.0)	-	-	NM	-	NM
Shareholder servicing fees	46.2	-	46.2	46.9	(1%)	55.6	(17%)
Other	10.8	-	10.8	12.7	(15%)	11.8	(8%)
Total Operating Revenues	**1,939.0**	**(406.9)**	**1,532.1**	**1,604.0**	**(4%)**	**1,660.6**	**(8%)**
Effective fee rate			*38.8 bps*	*39.5 bps*		*38.9 bps*	

Adjusted Operating Revenues – Quarters Ended June 30, 2022 and September 30, 2022



Fourth Quarter

- Adjusted operating revenues of $1.53 billion decreased 4% from prior quarter and 8% from the prior year quarter primarily due to lower average AUM.
- Investment management fees of $1.34 billion, excluding performance fees, decreased 5% from the prior quarter and 12% from the prior year quarter primarily due to lower average AUM.
- Adjusted performance fees increased by 5% to $133.3 million compared to $127.1 million in the prior quarter and $68.8 million in the prior year quarter.
- The adjusted effective fee rate[2] was 38.8 bps, excluding performance fees, compared to 39.5 bps in the prior quarter. The prior quarter effective fee rate was slightly higher as a result of the shift in AUM mix and the timing of the closing of Lexington.

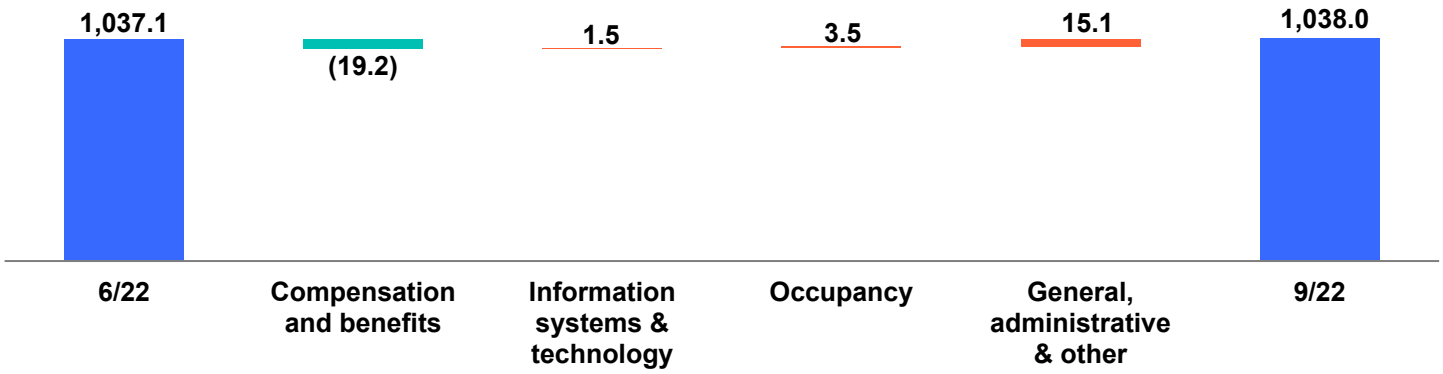
1. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.
2. The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by average AUM for the period.

Expenses[1]

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

	Sep-22 US GAAP	Adjustments	Sep-22 Adjusted	Jun-22 Adjusted	Sep-22 Adjusted vs. Jun-22 Adjusted	Sep-21 Adjusted	Sep-22 Adjusted vs. Sep-21 Adjusted
Compensation & benefits	768.0	(56.4)	711.6	730.8	(3%)	703.5	1%
Sales, distribution & marketing	412.8	(412.8)	-	-	NM	-	NM
Information systems & technology	123.6	(2.5)	121.1	119.6	1%	123.3	(2%)
Occupancy	55.8	1.5	57.3	53.8	7%	53.9	6%
Amortization of intangible assets	81.5	(81.5)	-	-	NM	-	NM
General, administrative & other	148.8	(0.8)	148.0	132.9	11%	132.8	11%
Total Operating Expenses	**1,590.5**	**(552.5)**	**1,038.0**	**1,037.1**	**0%**	**1,013.5**	**2%**

Adjusted Operating Expenses – Quarters Ended June 30, 2022 and September 30, 2022



Fourth Quarter

- Adjusted operating expenses were $1.04 billion, in line with the prior quarter and the prior year quarter.
- Adjusted compensation and benefits expenses declined 3% from prior quarter, primarily due to lower incentive compensation, and increased 1% from the prior year quarter. Adjusted compensation and benefits was approximately 46.4% of adjusted revenues this quarter compared to 45.6% in the prior quarter and 42.4% the prior year quarter.
- Non-compensation adjusted expenses were $326.4 million for the quarter, which includes $8 million of episodic costs in general & administrative expenses, a 7% increase from the prior quarter and a 5% increase from the prior year quarter.

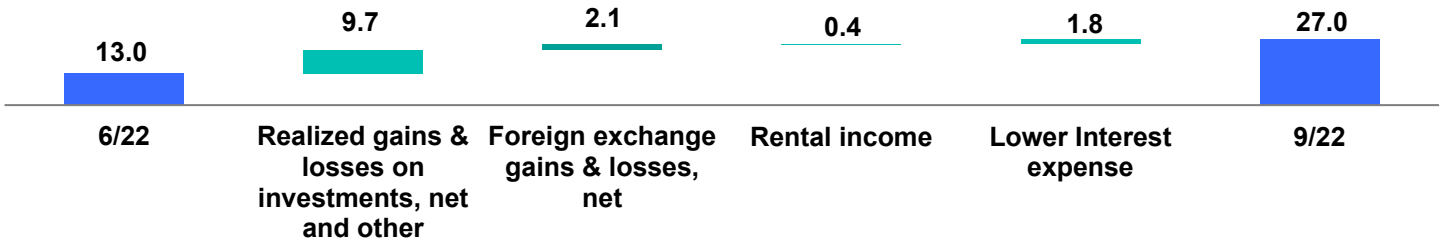
1. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

Other Income (Expense), Net[1]

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

	Sep-22 US GAAP	Adjustments	Sep-22 Adjusted	Jun-22 Adjusted	Sep-22 Adjusted vs. Jun-22 Adjusted	Sep-21 Adjusted	Sep-22 Adjusted vs. Sep-21 Adjusted
Investment and other income (losses), net	(6.6)	60.9	54.3	42.1	29%	39.8	36%
Interest expense	(27.1)	(0.2)	(27.3)	(29.1)	6%	(36.2)	25%
Investment and other income (losses) of CIPs, net	(51.0)	51.0	-	-	NM	-	NM
Expenses of CIPs	(9.6)	9.6	-	-	NM	-	NM
Other Income (Expense), Net	**(94.3)**	**121.3**	**27.0**	**13.0**	**108%**	**3.6**	**650%**

Adjusted Other Income – Quarters Ended June 30, 2022 and September 30, 2022



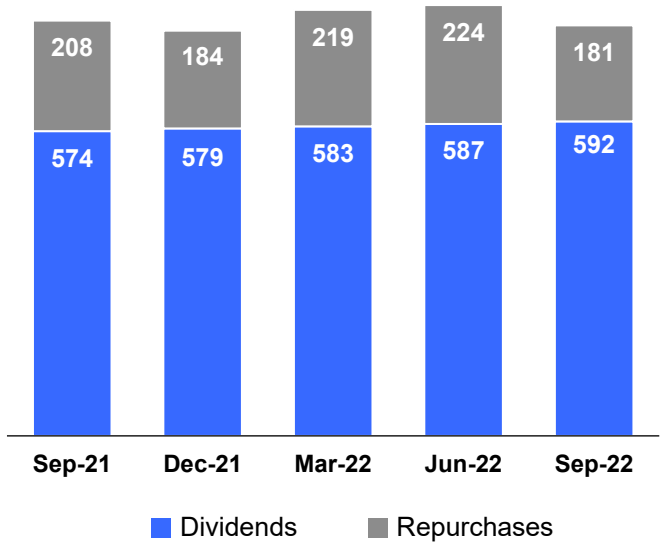
Fourth Quarter

- Adjusted other income (expense), net was $27.0 million compared to $13.0 million in the prior quarter and $3.6 million the prior year quarter.
- Interest due to debt holders was $27.4 million, consistent with the prior quarter. Rental income was $10.0 million, compared to $9.6 million in the prior quarter.
- This quarter's GAAP tax rate was 19.1% primarily due to discrete tax benefits. Assuming our current mix of earnings and without considering proposed changes to corporate tax rates and the most recent acquisition, we expect an effective tax rate of approximately 27% for the first fiscal quarter, reflecting a seasonally higher effective tax rate. For the fiscal year, we anticipate our annual effective tax rate to be between 25-27%.

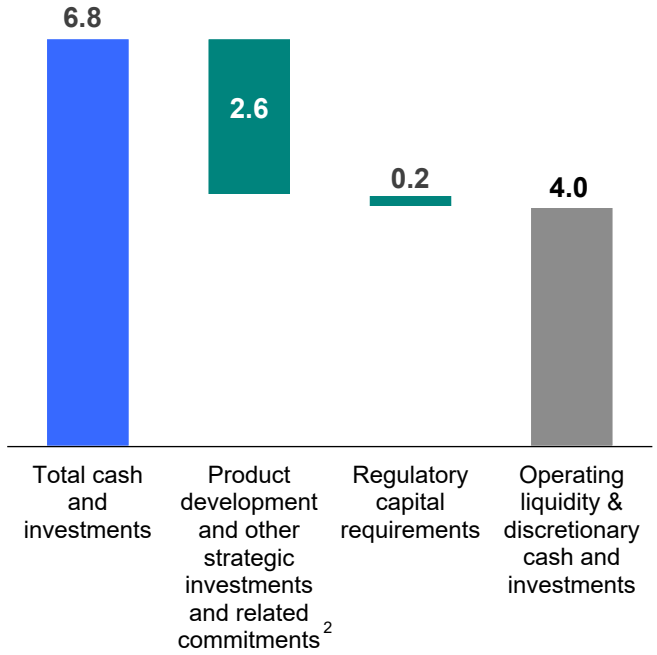
1. For the reconciliations from US GAAP to non-GAAP measures see the appendix to this commentary and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings commentaries available at franklinresources.com.

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, 2022)



- In August, we announced a quarterly cash dividend of $0.29 per share and repurchased 1 million shares for a total cost of $27 million in the quarter. Over the course of the year, we returned $773 million to shareholders consisting of $592 million in dividends, an increase of approximately 4% over the prior year, and $181 million in share repurchases, consistent with our plan to repurchase shares to at least offset employee-related equity issuances.

- Total cash and investments increased by approximately $400 million from the prior quarter to $6.8 billion as of September 30, 2022. 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. This fiscal year, cash generated by our operations was offset by our acquisitions, regular quarterly dividend, share repurchases and net investment activity.

- During the fourth quarter, as part of our capital management strategy, we retired $300 million fixed rate 2.8% senior notes due 2022 at maturity and entered into a $300 million floating rate term loan maturing in September 2025. In addition, we amended and restated our $500 million 364-day credit facility. There are no borrowings under the 364-day credit facility.

- During the fiscal year, we invested an additional $360 million in seed and scale investments across our specialist investment managers, which are invested in products that have raised over $5 billion in new assets to date.

1. Includes our direct investments in CIPS of $1.0 billion and approximately $300 million of employee-owned and other third-party investments made through partnerships.
2. Includes undrawn capital commitments of $228 million.

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended September 30, 2022

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Plan	Unrealized investment (gains) losses	Deferred Comp Plan and other	Non-GAAP Basis
Revenues								
Investment management fees	**1,571.0**	9.7	(101.8)	(3.8)	-	-	-	**1,475.1**
Sales and distribution fees	**311.0**	-	(311.0)	-	-	-	-	**-**
Shareholder servicing fees	**46.2**	-	-	-	-	-	-	**46.2**
Other	**10.8**	-	-	-	-	-	-	**10.8**
Total Operating Revenues	**1,939.0**	**9.7**	**(412.8)**	**(3.8)**	**-**	**-**	**-**	**1,532.1**
Expenses								
Compensation and benefits	**768.0**	-	-	(52.6)	(0.4)	-	(3.4)	**711.6**
Sales, distribution and marketing	**412.8**	-	(412.8)	-	-	-	-	**-**
Information systems and technology	**123.6**	-	-	(2.5)	-	-	-	**121.1**
Occupancy	**55.8**	-	-	1.5	-	-	-	**57.3**
Amortization of intangible assets	**81.5**	-	-	(81.5)	-	-	-	**-**
General, administrative and other	**148.8**	-	-	(0.8)	-	-	-	**148.0**
Total Operating Expenses	**1,590.5**	**-**	**(412.8)**	**(135.9)**	**(0.4)**	**-**	**(3.4)**	**1,038.0**
Operating Income	**348.5**	**9.7**	**-**	**132.1**	**0.4**	**-**	**3.4**	**494.1**
Other Income (Expense)								
Investment and other income (losses) net	**(6.6)**	(36.0)	-	-	-	90.2	6.7	**54.3**
Interest expense	**(27.1)**	-	-	(0.2)	-	-	-	**(27.3)**
Investment and other income (losses) of CIPs, net	**(51.0)**	51.0	-	-	-	-	-	**-**
Expenses of CIPs	**(9.6)**	9.6	-	-	-	-	-	**-**
Total Other Income (Expense)	**(94.3)**	**24.6**	**-**	**(0.2)**	**-**	**90.2**	**6.7**	**27.0**
Income before taxes	**254.2**	**34.3**	**-**	**131.9**	**0.4**	**90.2**	**10.1**	**521.1**
Taxes on income	**48.5**	-	-	30.4	-	9.8	2.3	**91.0**
Net income	**205.7**	**34.3**	**-**	**101.5**	**0.4**	**80.4**	**7.8**	**430.1**
Less: Net income (loss) attributable to noncontrolling interests	**(27.0)**	37.8	-	-	-	16.1	8.8	**35.7**
Net Income Attributable to Franklin Resources, Inc.	**232.7**	**(3.5)**	**-**	**101.5**	**0.4**	**64.3**	**(1.0)**	**394.4**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**8.9**							**15.5**
Net Income Available to Franklin Resources, Inc. Common Stockholders	**223.8**							**378.9**
Diluted EPS	**$0.46**				**Adjusted Diluted EPS**			**$0.78**
Avg. Diluted Shares Outstanding	**488.2**				**Avg. Diluted Shares Outstanding**			**488.2**
Operating Margin	**18.0%**				**Adjusted Operating Margin**			**32.2%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Three months ended June 30, 2022

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Plan	Unrealized investment (gains) losses	Deferred Comp Plan and other	Non-GAAP Basis
Revenues								
Investment management fees	**1,636.1**	13.0	(104.7)	-	-	-	-	**1,544.4**
Sales and distribution fees	**335.6**	-	(335.6)	-	-	-	-	**-**
Shareholder servicing fees	**46.9**	-	-	-	-	-	-	**46.9**
Other	**12.7**	-	-	-	-	-	-	**12.7**
Total Operating Revenues	**2,031.3**	**13.0**	**(440.3)**	**-**	**-**	**-**	**-**	**1,604.0**
Expenses								
Compensation and benefits	**766.7**	-	-	(44.2)	(0.7)	-	9.0	**730.8**
Sales, distribution and marketing	**440.3**	-	(440.3)	-	-	-	-	**-**
Information systems and technology	**125.9**	-	-	(6.3)	-	-	-	**119.6**
Occupancy	**53.8**	-	-	-	-	-	-	**53.8**
Amortization of intangible assets	**81.8**	-	-	(81.8)	-	-	-	**-**
General, administrative and other	**158.1**	-	-	(25.2)	-	-	-	**132.9**
Total Operating Expenses	**1,626.6**	**-**	**(440.3)**	**(157.5)**	**(0.7)**	**-**	**9.0**	**1,037.1**
Operating Income	**404.7**	**13.0**	**-**	**157.5**	**0.7**	**-**	**(9.0)**	**566.9**
Other Income (Expense)								
Investment and other income (losses) net	**13.0**	(42.1)	-	-	-	45.8	25.4	**42.1**
Interest expense	**(28.9)**	-	-	(0.2)	-	-	-	**(29.1)**
Investment and other income (losses) of CIPs, net	**(74.4)**	74.4	-	-	-	-	-	**-**
Expenses of CIPs	**(1.3)**	1.3	-	-	-	-	-	**-**
Total Other Income (Expense)	**(91.6)**	**33.6**	**-**	**(0.2)**	**-**	**45.8**	**25.4**	**13.0**
Income before taxes	**313.1**	**46.6**	**-**	**157.3**	**0.7**	**45.8**	**16.4**	**579.9**
Taxes on income	**89.5**	-	-	38.1	0.2	1.5	4.1	**133.4**
Net income	**223.6**	**46.6**	**-**	**119.2**	**0.5**	**44.3**	**12.3**	**446.5**
Less: Net income (loss) attributable to noncontrolling interests	**(32.8)**	53.4	-	-	-	0.1	9.8	**30.5**
Net Income Attributable to Franklin Resources, Inc.	**256.4**	**(6.8)**	**-**	**119.2**	**0.5**	**44.2**	**2.5**	**416.0**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**11.2**							**18.1**
Net Income Available to Franklin Resources, Inc. Common Stockholders	**245.2**							**397.9**
Diluted EPS	**$0.50**				**Adjusted Diluted EPS**			**$0.82**
Avg. Diluted Shares Outstanding	**487.9**				**Avg. Diluted Shares Outstanding**			**487.9**
Operating Margin	**19.9%**				**Adjusted Operating Margin**			**35.3%**

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 (losses) 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**
Avg. Diluted Shares Outstanding	**489.7**				**Avg. Diluted Shares Outstanding**			**489.7**
Operating Margin	**24.4%**				**Adjusted Operating Margin**			**39.0%**

Appendix

Reconciliation of US GAAP results to Non-GAAP results: Fiscal year ended September 30, 2022

(in US$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Plan	Unrealized investment (gains) losses	Deferred Comp Plan and other	Non-GAAP Basis
Revenues								
Investment management fees	**6,616.8**	48.2	(430.6)	(4.2)	-	-	-	**6,230.2**
Sales and distribution fees	**1,415.0**	-	(1,415.0)	-	-	-	-	**-**
Shareholder servicing fees	**193.0**	-	-	-	-	-	-	**193.0**
Other	**50.5**	-	-	-	-	-	-	**50.5**
Total Operating Revenues	**8,275.3**	**48.2**	**(1,845.6)**	**(4.2)**	**-**	**-**	**-**	**6,473.7**
Expenses								
Compensation and benefits	**3,089.8**	-	-	(171.4)	(8.2)	-	16.7	**2,926.9**
Sales, distribution and marketing	**1,845.6**	-	(1,845.6)	-	-	-	-	**-**
Information systems and technology	**500.2**	-	-	(21.9)	-	-	-	**478.3**
Occupancy	**218.9**	-	-	(2.4)	-	-	-	**216.5**
Amortization of intangible assets	**282.0**	-	-	(282.0)	-	-	-	**-**
General, administrative and other	**564.9**	-	-	(36.4)	-	-	-	**528.5**
Total Operating Expenses	**6,501.4**	**-**	**(1,845.6)**	**(514.1)**	**(8.2)**	**-**	**16.7**	**4,150.2**
Operating Income	**1,773.9**	**48.2**	**-**	**509.9**	**8.2**	**-**	**(16.7)**	**2,323.5**
Other Income (Expense)								
Investment and other income (losses) net	**91.1**	(61.6)	-	0.4	-	209.7	45.7	**285.3**
Interest expense	**(98.2)**	-	-	(13.0)	-	-	-	**(111.2)**
Investment and other income (losses) of CIPs, net	**(17.7)**	17.7	-	-	-	-	-	**-**
Expenses of CIPs	**(19.7)**	19.7	-	-	-	-	-	**-**
Total Other Income (Expense)	**(44.5)**	**(24.2)**	**-**	**(12.6)**	**-**	**209.7**	**45.7**	**174.1**
Income before taxes	**1,729.4**	**24.0**	**-**	**497.3**	**8.2**	**209.7**	**29.0**	**2,497.6**
Taxes on income	**396.2**	-	-	119.9	1.8	15.2	7.0	**540.1**
Net income	**1,333.2**	**24.0**	**-**	**377.4**	**6.4**	**194.5**	**22.0**	**1,957.5**
Less: Net income (loss) attributable to noncontrolling interests	**41.3**	24.2	-	-	-	17.8	18.6	**101.9**
Net Income Attributable to Franklin Resources, Inc.	**1,291.9**	**(0.2)**	**-**	**377.4**	**6.4**	**176.7**	**3.4**	**1,855.6**
Less: allocation of earnings to participating nonvested stock and stock unit awards	**54.1**							**77.9**
Net Income Available to Franklin Resources, Inc. Common Stockholders	**1,237.8**							**1,777.7**
Diluted EPS	**$2.53**				**Adjusted Diluted EPS**			**$3.63**
Avg. Diluted Shares Outstanding	**489.3**				**Avg. Diluted Shares Outstanding**			**489.3**
Operating Margin	**21.4%**				**Adjusted Operating Margin**			**35.9%**

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	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**
Avg. Diluted Shares Outstanding	**490.6**				**Avg. Diluted Shares Outstanding**			**490.6**
Operating Margin	**22.3%**				**Adjusted Operating Margin**			**37.7%**

Appendix

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 US 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 presentation 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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