

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2025**
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: **001-09318**

FRANKLIN RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-2670991
(I.R.S. Employer Identification No.)

One Franklin Parkway, San Mateo, CA 94403
(Address of principal executive offices) (Zip code)

(650) 312-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	BEN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Number of shares of the registrant’s common stock outstanding at July 22, 2025: 519,195,475.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements.
FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions, except per share data)</i>				
Operating Revenues				
Investment management fees	\$ 1,640.8	\$ 1,689.9	\$ 5,113.7	\$ 5,056.0
Sales and distribution fees	351.9	358.3	1,092.3	1,013.0
Shareholder servicing fees	59.9	61.8	185.3	162.3
Other	11.4	12.9	35.7	35.5
Total operating revenues	2,064.0	2,122.9	6,427.0	6,266.8
Operating Expenses				
Compensation and benefits	901.1	893.8	2,812.5	2,890.3
Sales, distribution and marketing	480.7	481.1	1,491.1	1,366.2
Information systems and technology	162.7	156.6	477.4	442.7
Occupancy	69.5	104.8	213.9	247.7
Amortization of intangible assets	112.2	84.0	337.3	254.4
Impairment of intangible assets	—	—	24.4	—
General, administrative and other	183.7	180.1	551.7	507.2
Total operating expenses	1,909.9	1,900.4	5,908.3	5,708.5
Operating Income	154.1	222.5	518.7	558.3
Other Income (Expenses)				
Investment and other income, net	23.4	74.5	128.0	300.2
Interest expense	(25.8)	(25.7)	(69.7)	(72.2)
Investment and other income (losses) of consolidated investment products, net	35.9	37.6	(14.7)	103.7
Expenses of consolidated investment products	(11.0)	(8.8)	(29.8)	(20.6)
Other income, net	22.5	77.6	13.8	311.1
Income before taxes	176.6	300.1	532.5	869.4
Taxes on income	59.9	68.1	172.1	205.8
Net income	116.7	232.0	360.4	663.6
Less: net income (loss) attributable to				
Redeemable noncontrolling interests	20.0	43.0	(88.8)	95.3
Nonredeemable noncontrolling interests	4.4	15.0	41.9	18.8
Net Income Attributable to Franklin Resources, Inc.	\$ 92.3	\$ 174.0	\$ 407.3	\$ 549.5
Earnings per Share				
Basic	\$ 0.15	\$ 0.32	\$ 0.70	\$ 1.04
Diluted	0.15	0.32	0.70	1.03

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited

<i>(in millions)</i>	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Net Income	\$ 116.7	\$ 232.0	\$ 360.4	\$ 663.6
Other Comprehensive Income (Loss)				
Currency translation adjustments, net of tax	88.3	(8.5)	11.7	21.1
Net unrealized gains (losses) on defined benefit plans, net of tax	(2.7)	(0.1)	(5.5)	0.3
Net unrealized gains (losses) on investments, net of tax	0.1	(0.1)	0.1	—
Total other comprehensive income (loss)	85.7	(8.7)	6.3	21.4
Total comprehensive income	202.4	223.3	366.7	685.0
Less: comprehensive income (loss) attributable to				
Redeemable noncontrolling interests	20.0	43.0	(88.8)	95.3
Nonredeemable noncontrolling interests	4.4	15.0	41.9	18.8
Comprehensive Income Attributable to Franklin Resources, Inc.	\$ 178.0	\$ 165.3	\$ 413.6	\$ 570.9

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
Unaudited

<i>(in millions, except share and per share data)</i>		June 30, 2025	September 30, 2024
Assets			
Cash and cash equivalents	\$	3,253.9	\$ 3,309.5
Receivables		1,723.2	1,479.1
Investments (including \$1,080.6 and \$838.0 at fair value at June 30, 2025 and September 30, 2024)		2,620.4	2,338.4
Assets of consolidated investment products			
Cash and cash equivalents		703.1	1,099.4
Investments, at fair value		11,420.7	11,034.9
Property and equipment, net		975.4	946.4
Goodwill		6,211.6	6,211.4
Intangible assets, net		4,440.3	4,802.1
Operating lease right-of-use assets		772.0	823.3
Other		431.6	420.0
Total Assets	\$	32,552.2	\$ 32,464.5
Liabilities			
Compensation and benefits	\$	1,614.3	\$ 1,801.3
Accounts payable and accrued expenses		765.8	551.5
Income taxes		162.0	406.4
Debt		2,666.7	2,780.3
Liabilities of consolidated investment products			
Accounts payable and accrued expenses		1,111.3	861.3
Debt		9,577.6	9,341.5
Deferred tax liabilities		264.0	284.9
Operating lease liabilities		1,001.8	965.1
Other		953.8	907.4
Total liabilities		18,117.3	17,899.7
Commitments and Contingencies (Note 10)			
Redeemable Noncontrolling Interests		1,380.5	1,321.8
Stockholders' Equity			
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; none issued		—	—
Common stock, \$0.10 par value, 1,000,000,000 shares authorized; 518,373,940 and 523,596,548 shares issued and outstanding at June 30, 2025 and September 30, 2024		51.8	52.4
Capital in excess of par		955.0	947.6
Retained earnings		11,610.3	11,927.6
Accumulated other comprehensive loss		(413.2)	(419.5)
Total Franklin Resources, Inc. stockholders' equity		12,203.9	12,508.1
Nonredeemable noncontrolling interests		850.5	734.9
Total stockholders' equity		13,054.4	13,243.0
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$	32,552.2	\$ 32,464.5

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Unaudited

	Franklin Resources, Inc.							
(in millions) for the nine months ended June 30, 2025	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accum- ulated Other Compre- hensive Loss	Stockholders' Equity	Non- redeemable Non- controlling Interests	Total Stockholders' Equity
	Shares	Amount						
Balance at October 1, 2024	523.6	\$ 52.4	\$ 947.6	\$ 11,927.6	\$ (419.5)	\$ 12,508.1	\$ 734.9	\$ 13,243.0
Net income				163.6		163.6	18.9	182.5
Other comprehensive loss					(104.8)	(104.8)		(104.8)
Dividends declared on common stock (\$0.32 per share)				(173.6)		(173.6)		(173.6)
Repurchase of common stock	(0.3)	—	(5.8)	—		(5.8)		(5.8)
Issuance of common stock	0.7	—	21.5			21.5		21.5
Stock-based compensation			51.6			51.6		51.6
Net subscriptions and other							13.1	13.1
Net consolidation of investment products							4.7	4.7
Adjustment to fair value of redeemable noncontrolling interests				1.5		1.5		1.5
Balance at December 31, 2024	524.0	\$ 52.4	\$ 1,014.9	\$ 11,919.1	\$ (524.3)	\$ 12,462.1	\$ 771.6	\$ 13,233.7
Net income				151.4		151.4	18.6	170.0
Other comprehensive income					25.4	25.4		25.4
Dividends declared on common stock (\$0.32 per share)				(173.5)		(173.5)		(173.5)
Repurchase of common stock	(0.5)	(0.1)	(9.9)	—		(10.0)		(10.0)
Issuance of common stock	1.9	0.2	44.7			44.9		44.9
Stock-based compensation			12.7			12.7		12.7
Net subscriptions and other							38.4	38.4
Net deconsolidation of investment products							(13.5)	(13.5)
Adjustment to fair value of redeemable noncontrolling interests				(167.0)		(167.0)		(167.0)
Balance at March 31, 2025	525.4	\$ 52.5	\$ 1,062.4	\$ 11,730.0	\$ (498.9)	\$ 12,346.0	\$ 815.1	\$ 13,161.1
Net income				92.3		92.3	4.4	96.7
Other comprehensive income					85.7	85.7		85.7
Dividends declared on common stock (\$0.32 per share)				(171.0)		(171.0)		(171.0)
Repurchase of common stock	(7.3)	(0.7)	(156.7)	—		(157.4)		(157.4)
Issuance of common stock	0.3	—	6.7			6.7		6.7
Stock-based compensation			42.6			42.6		42.6
Net subscriptions and other							28.1	28.1
Net consolidation of investment products							2.9	2.9
Adjustment to fair value of redeemable noncontrolling interests				(41.0)		(41.0)		(41.0)
Balance at June 30, 2025	518.4	\$ 51.8	\$ 955.0	\$ 11,610.3	\$ (413.2)	\$ 12,203.9	\$ 850.5	\$ 13,054.4

See Notes to Consolidated Financial Statements.

Franklin Resources, Inc.								
(in millions) for the nine months ended June 30, 2024	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accum- ulated Other Compre- hensive Loss	Stockholders' Equity	Non- redeemable Non- controlling Interests	Total Stockholders' Equity
	Shares	Amount						
Balance at October 1, 2023	495.9	\$ 49.6	\$ —	\$ 12,376.6	\$ (509.3)	\$ 11,916.9	\$ 630.9	\$ 12,547.8
Net income (loss)				251.3		251.3	(4.5)	246.8
Other comprehensive income					59.0	59.0		59.0
Dividends declared on common stock (\$0.31 per share)				(167.6)		(167.6)		(167.6)
Repurchase of common stock	(2.4)	(0.2)	(66.6)	8.0		(58.8)		(58.8)
Issuance of common stock	1.2	0.1	26.7			26.8		26.8
Stock-based compensation			39.9			39.9		39.9
Net subscriptions and other							9.6	9.6
Adjustment to fair value of redeemable noncontrolling interests				(65.9)		(65.9)		(65.9)
Balance at December 31, 2023	494.7	\$ 49.5	\$ —	\$ 12,402.4	\$ (450.3)	\$ 12,001.6	\$ 636.0	\$ 12,637.6
Net income				124.2		124.2	8.3	132.5
Other comprehensive loss					(28.9)	(28.9)		(28.9)
Dividends declared on common stock (\$0.31 per share)				(169.3)		(169.3)		(169.3)
Repurchase of common stock	(0.4)	(0.1)	(11.6)	—		(11.7)		(11.7)
Issuance of common stock	0.3	—	10.7			10.7		10.7
Stock-based compensation			86.3			86.3		86.3
Acquisition	31.6	3.2	936.9			940.1	25.8	965.9
Net subscriptions and other							63.1	63.1
Net deconsolidation of investment products							(12.6)	(12.6)
Adjustment to fair value of redeemable noncontrolling interests				(91.9)		(91.9)		(91.9)
Balance at March 31, 2024	526.2	\$ 52.6	\$ 1,022.3	\$ 12,265.4	\$ (479.2)	\$ 12,861.1	\$ 720.6	\$ 13,581.7
Net income				174.0		174.0	15.0	189.0
Other comprehensive loss					(8.7)	(8.7)		(8.7)
Dividends declared on common stock (\$0.31 per share)				(167.0)		(167.0)		(167.0)
Repurchase of common stock	(4.3)	(0.4)	(101.1)	—		(101.5)		(101.5)
Issuance of common stock	0.2	—	4.5			4.5		4.5
Stock-based compensation			58.9			58.9		58.9
Net subscriptions and other							29.4	29.4
Adjustment to fair value of redeemable noncontrolling interests				48.9		48.9		48.9
Balance at June 30, 2024	522.1	\$ 52.2	\$ 984.6	\$ 12,321.3	\$ (487.9)	\$ 12,870.2	\$ 765.0	\$ 13,635.2

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

(in millions)	Nine Months Ended June 30,	
	2025	2024
Net Income	\$ 360.4	\$ 663.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	170.0	194.6
Amortization of deferred sales commissions	58.9	43.3
Depreciation and other amortization	94.2	86.5
Amortization of intangible assets	337.3	254.4
Impairment of intangible assets	24.4	—
Net losses (gains) on investments	41.7	(17.3)
Income from investments in equity method investees	(38.5)	(122.3)
Net losses on investments of consolidated investment products	63.1	19.4
Net purchase of investments by consolidated investment products	(87.6)	(459.5)
Deferred income taxes	(38.3)	(35.0)
Other	188.9	135.3
Changes in operating assets and liabilities:		
Decrease (increase) in receivables and other assets	24.3	(61.4)
Decrease in investments, net	15.5	23.8
Decrease in accrued compensation and benefits	(183.7)	(35.0)
Decrease in income taxes payable	(244.3)	(127.8)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	308.0	(55.8)
Decrease in accounts payable and accrued expenses of consolidated investment products	(7.5)	(93.7)
Net cash provided by operating activities	1,086.8	413.1
Purchase of investments	(904.4)	(952.0)
Liquidation of investments	443.9	1,149.5
Purchase of investments by consolidated collateralized loan obligations	(4,880.6)	(4,099.1)
Liquidation of investments by consolidated collateralized loan obligations	3,653.4	3,034.0
Additions of property and equipment, net	(123.3)	(107.3)
Acquisitions, net of cash acquired (including \$281.4 in cash and cash equivalents of consolidated investment products in fiscal year 2024)	—	175.1
Payments of deferred consideration liability	(90.5)	(434.9)
Net consolidation of investment products	0.2	12.0
Net cash used in investing activities	(1,901.3)	(1,222.7)

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See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

[Table continued from previous page]

	Nine Months Ended June 30,	
	2025	2024
<i>(in millions)</i>		
Issuance of common stock	\$ 10.2	\$ 7.3
Dividends paid on common stock	(512.6)	(489.3)
Repurchase of common stock	(173.2)	(172.0)
Proceeds from debt	300.0	—
Payment on debt	(400.0)	—
Proceeds from repurchase agreement	98.0	—
Payments on repurchase agreement	(48.9)	(45.8)
Proceeds from debt of consolidated investment products	5,184.0	1,617.6
Payments on debt of consolidated investment products	(4,320.1)	(609.2)
Payments on contingent consideration liabilities	(6.8)	(5.1)
Noncontrolling interests	233.3	202.9
Net cash provided by financing activities	363.9	506.4
Effect of exchange rate changes on cash and cash equivalents	(1.3)	12.5
Decrease in cash and cash equivalents	(451.9)	(290.7)
Cash and cash equivalents, beginning of period	4,408.9	4,402.4
Cash and Cash Equivalents, End of Period	\$ 3,957.0	\$ 4,111.7
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	\$ 232.1	\$ 357.9
Cash paid for interest	62.2	67.5
Cash paid for interest by consolidated investment products	597.4	522.2

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025
(Unaudited)

Note 1 – Basis of Presentation

The unaudited interim financial statements of Franklin Resources, Inc. (“Franklin”) and its consolidated subsidiaries (collectively, the “Company”) included herein have been prepared in accordance with the instructions to Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Under these rules and regulations, some information and footnote disclosures normally included in financial statements prepared under accounting principles generally accepted in the United States of America have been shortened or omitted. Management believes that all adjustments necessary for a fair statement of the financial position and the results of operations for the periods shown have been made. All adjustments are normal and recurring. Management also believes that the accounting estimates are appropriate, and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. These financial statements should be read together with the Company’s audited financial statements included in its Annual Report on Form 10-K for the fiscal year ended September 30, 2024 (“fiscal year 2024”).

Note 2 – New Accounting Guidance

Accounting Guidance Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued an amendment to the existing segment reporting guidance. The amendment requires annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker by reportable segment and clarifies that single reportable segment entities are required to apply all existing segment disclosures in the guidance. The Company will adopt the annual disclosures in its Annual Report on Form 10-K for the fiscal year ending September 30, 2025 and interim disclosure in its Quarterly report on Form 10-Q for the quarter ending December 31, 2025.

There were no other significant updates to the new accounting guidance that the Company has not yet adopted as disclosed in its Form 10-K for fiscal year 2024.

Note 3 – Earnings per Share

The components of basic and diluted earnings per share were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
<i>(in millions, except per share data)</i>				
Net income attributable to Franklin Resources, Inc.	\$ 92.3	\$ 174.0	\$ 407.3	\$ 549.5
Less: allocation of earnings to participating nonvested stock and stock unit awards	13.3	7.5	42.9	23.8
Net Income Available to Common Stockholders	\$ 79.0	\$ 166.5	\$ 364.4	\$ 525.7
Weighted-average shares outstanding – basic	515.7	516.5	517.4	507.2
Dilutive effect of nonparticipating nonvested stock unit awards	0.8	0.7	0.8	0.8
Weighted-Average Shares Outstanding – Diluted	516.5	517.2	518.2	508.0
Earnings per Share				
Basic	\$ 0.15	\$ 0.32	\$ 0.70	\$ 1.04
Diluted	0.15	0.32	0.70	1.03

Nonparticipating nonvested stock unit awards excluded from the calculation of diluted earnings per share because their effect would have been antidilutive were not significant for the three and nine months ended June 30, 2025 and 2024.

Note 4 – Revenues

Operating revenues by geographic area were as follows:

<i>(in millions)</i>						
for the three months ended June 30, 2025	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
Investment management fees	\$ 1,240.9	\$ 214.2	\$ 76.6	\$ 49.5	\$ 59.6	\$ 1,640.8
Sales and distribution fees	249.9	87.1	5.2	9.4	0.3	351.9
Shareholder servicing fees	52.0	7.5	0.4	—	—	59.9
Other	11.1	—	0.2	—	0.1	11.4
Total	\$ 1,553.9	\$ 308.8	\$ 82.4	\$ 58.9	\$ 60.0	\$ 2,064.0

<i>(in millions)</i>						
for the nine months ended June 30, 2025	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
Investment management fees	\$ 3,874.7	\$ 654.0	\$ 223.9	\$ 152.3	\$ 208.8	\$ 5,113.7
Sales and distribution fees	776.2	270.1	16.5	29.0	0.5	1,092.3
Shareholder servicing fees	160.8	23.2	1.2	0.1	—	185.3
Other	35.0	—	0.6	—	0.1	35.7
Total	\$ 4,846.7	\$ 947.3	\$ 242.2	\$ 181.4	\$ 209.4	\$ 6,427.0

<i>(in millions)</i>						
for the three months ended June 30, 2024	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
Investment management fees	\$ 1,273.7	\$ 216.2	\$ 71.8	\$ 59.1	\$ 69.1	\$ 1,689.9
Sales and distribution fees	256.8	86.7	4.7	10.1	—	358.3
Shareholder servicing fees	53.2	8.1	0.5	—	—	61.8
Other	12.7	—	0.2	—	—	12.9
Total	\$ 1,596.4	\$ 311.0	\$ 77.2	\$ 69.2	\$ 69.1	\$ 2,122.9

<i>(in millions)</i>						
for the nine months ended June 30, 2024	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
Investment management fees	\$ 3,819.8	\$ 630.1	\$ 210.2	\$ 173.8	\$ 222.1	\$ 5,056.0
Sales and distribution fees	718.8	250.3	14.3	29.6	—	1,013.0
Shareholder servicing fees	136.8	23.6	1.8	0.1	—	162.3
Other	31.1	0.7	3.4	—	0.3	35.5
Total	\$ 4,706.5	\$ 904.7	\$ 229.7	\$ 203.5	\$ 222.4	\$ 6,266.8

Operating revenues are attributed to geographic areas based on the locations of the subsidiaries that provide the services, which may differ from the regions in which the related investment products are sold.

Revenues earned from sponsored funds were 83% of the Company's total operating revenues for the three and nine months ended June 30, 2025 and 82% for the three and nine months ended June 30, 2024.

Note 5 – Investments

The disclosures below include details of the Company’s investments, excluding those of consolidated investment products (“CIPs”). See Note 7 – Consolidated Investment Products for information related to the investments held by these entities.

Investments consisted of the following:

<i>(in millions)</i>	June 30, 2025	September 30, 2024
Investments, at fair value		
Sponsored funds and separate accounts	\$ 752.9	\$ 509.1
Investments related to long-term incentive plans	261.1	271.6
Other equity and debt investments	66.6	57.3
Total investments, at fair value	1,080.6	838.0
Investments in equity method investees	1,157.9	1,219.7
Other investments	381.9	280.7
Total	\$ 2,620.4	\$ 2,338.4

The Company has entered into repurchase agreements with a third-party financing company for certain investments held by the Company. As of June 30, 2025 and September 30, 2024, other liabilities includes repurchase agreements of \$166.9 million and \$111.4 million with investments of \$167.9 million and \$121.7 million in carrying value pledged as collateral. The repurchase agreements have contractual maturity dates ranging between 2030 to 2038.

Note 6 – Fair Value Measurements

The disclosures below include details of the Company’s fair value measurements, excluding those of CIPs. See Note 7 – Consolidated Investment Products for information related to fair value measurements of the assets and liabilities of these entities.

The assets and liabilities measured at fair value on a recurring basis were as follows:

<i>(in millions)</i>	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
as of June 30, 2025					
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	\$ 497.2	\$ 214.7	\$ 3.2	\$ 37.8	\$ 752.9
Investments related to long-term incentive plans	227.5	2.9	—	30.7	261.1
Other equity and debt investments	11.6	9.3	1.8	27.8	50.5
Total Assets Measured at Fair Value	\$ 736.3	\$ 226.9	\$ 5.0	\$ 96.3	\$ 1,064.5
Liabilities					
Securities sold short	\$ 261.7	\$ —	\$ —	\$ —	\$ 261.7
Contingent consideration liabilities	—	—	21.5	—	21.5
Total Liabilities Measured at Fair Value	\$ 261.7	\$ —	\$ 21.5	\$ —	\$ 283.2

As of June 30, 2025, there were \$16.1 million of other investments which were adjusted to fair value on a nonrecurring basis and excluded from the table above.

<i>(in millions)</i>					
as of September 30, 2024	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	\$ 306.3	\$ 157.4	\$ 5.2	\$ 40.2	\$ 509.1
Investments related to long-term incentive plans	242.5	—	—	29.1	271.6
Other equity and debt investments	4.1	11.1	2.6	39.5	57.3
Total Assets Measured at Fair Value	\$ 552.9	\$ 168.5	\$ 7.8	\$ 108.8	\$ 838.0
Liabilities					
Securities sold short	\$ 178.1	\$ —	\$ —	\$ —	\$ 178.1
Contingent consideration liabilities	—	—	28.2	—	28.2
Total Liabilities Measured at Fair Value	\$ 178.1	\$ —	\$ 28.2	\$ —	\$ 206.3

Investments for which fair value was estimated using reported NAV as a practical expedient primarily consist of nonredeemable private equity, debt and infrastructure funds, and redeemable alternative credit, global equity, private real estate funds and alternatives. These investments were as follows:

<i>(in millions)</i>			June 30, 2025	September 30, 2024
Nonredeemable investments¹				
Investments with known liquidation periods			\$ 19.5	\$ 32.4
Investments with unknown liquidation periods			15.3	16.1
Redeemable investments²			61.5	60.3
Unfunded commitments			12.5	14.0

¹ The investments are expected to be returned through distributions over the life of the funds as a result of liquidations of the funds' underlying assets. Investments with known liquidation periods have an expected weighted-average life of 2.4 years and 1.9 years at June 30, 2025 and September 30, 2024.

² Investments are redeemable on a semi-monthly, monthly and quarterly basis.

Financial instruments that were not measured at fair value were as follows:

<i>(in millions)</i>					
	Fair Value Level	June 30, 2025		September 30, 2024	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets					
Cash and cash equivalents	1	\$ 3,253.9	\$ 3,253.9	\$ 3,309.5	\$ 3,309.5
Other investments					
Time deposits	2	9.1	9.1	9.8	9.8
Equity securities	3	372.8	372.8	270.9	270.9
Financial Liability					
Debt	2	\$ 2,666.7	\$ 2,247.2	\$ 2,780.3	\$ 2,387.0

Note 7 – Consolidated Investment Products

CIPs consist of mutual and other investment funds, limited partnerships and similar structures and collateralized loan obligations (“CLOs”), all of which are sponsored by the Company, and include both voting interest entities and variable interest entities (“VIEs”).

The balances related to CIPs included in the Company’s consolidated balance sheets were as follows:

<i>(in millions)</i>	June 30, 2025	September 30, 2024
Assets		
Cash and cash equivalents	\$ 703.1	\$ 1,099.4
Receivables	507.9	217.5
Investments, at fair value	11,420.7	11,034.9
Total Assets	\$ 12,631.7	\$ 12,351.8
Liabilities		
Accounts payable and accrued expenses	\$ 1,111.3	\$ 861.3
Debt	9,577.6	9,341.5
Other liabilities	14.2	39.9
Total liabilities	10,703.1	10,242.7
Redeemable Noncontrolling Interests	541.1	687.8
Stockholders’ Equity		
Franklin Resources, Inc.’s interests	928.8	1,080.9
Nonredeemable noncontrolling interests	458.7	340.4
Total stockholders’ equity	1,387.5	1,421.3
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders’ Equity	\$ 12,631.7	\$ 12,351.8

The consolidation of CIPs did not have a significant impact on net income attributable to the Company during the three and nine months ended June 30, 2025 and 2024.

The Company has no right to the CIPs’ assets, other than its direct equity investments in them and investment management and other fees earned from them. The debt holders of the CIPs have no recourse to the Company’s assets beyond the level of its direct investment; therefore the Company bears no other risks associated with the CIPs’ liabilities.

Fair Value Measurements

Assets of CIPs measured at fair value on a recurring basis were as follows:

<i>(in millions)</i>	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
as of June 30, 2025					
Assets					
Cash and cash equivalents of CLOs	\$ 399.3	\$ —	\$ —	\$ —	\$ 399.3
Receivables of CLOs	—	353.0	—	—	353.0
Investments					
Equity and debt securities	212.3	728.9	550.6	168.7	1,660.5
Loans	—	9,750.3	9.9	—	9,760.2
Total Assets Measured at Fair Value	\$ 611.6	\$ 10,832.2	\$ 560.5	\$ 168.7	\$ 12,173.0

(in millions)

as of September 30, 2024	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Assets					
Cash and cash equivalents of CLOs	\$ 764.3	\$ —	\$ —	\$ —	\$ 764.3
Receivables of CLOs	—	149.6	—	—	149.6
Investments					
Equity and debt securities	229.7	889.4	550.1	187.1	1,856.3
Loans	—	9,178.1	0.5	—	9,178.6
Total Assets Measured at Fair Value	\$ 994.0	\$ 10,217.1	\$ 550.6	\$ 187.1	\$ 11,948.8

Investments for which fair value was estimated using reported NAV as a practical expedient consist of nonredeemable private debt and equity funds, a redeemable global hedge fund and a redeemable U.S. equity fund. These investments were as follows:

(in millions)

	June 30, 2025	September 30, 2024
Nonredeemable investments¹		
Investments with unknown liquidation periods	\$ 105.2	\$ 49.0
Redeemable investments²	63.5	138.1
Unfunded commitments³	—	42.8

¹ The investments are expected to be returned through distributions over the life of the funds as a result of liquidations of the funds' underlying assets.

² Investments are redeemable on a monthly basis and liquidation periods are unknown.

³ Of the total unfunded commitments, the Company was contractually obligated to fund \$9.9 million based on its ownership percentage in the CIPs, at September 30, 2024.

Changes in Level 3 assets of equity and debt securities were as follows:

(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 545.0	\$ 591.0	\$ 550.1	\$ 584.9
Acquisition	—	—	—	29.6
Gains (losses) included in investment and other income (losses) of consolidated investment products, net	(4.6)	(29.8)	19.7	(68.0)
Purchases	19.1	17.5	39.2	44.1
Sales	(17.2)	(0.7)	(31.5)	(1.2)
Net (deconsolidations) consolidations	8.4	—	12.2	(12.5)
Transfers into Level 3	—	—	0.2	1.1
Transfers out of Level 3	(0.1)	—	(39.3)	—
Balance at End of Period	\$ 550.6	\$ 578.0	\$ 550.6	\$ 578.0
Change in unrealized losses included in net income relating to assets held at end of period	\$ (3.9)	\$ (29.8)	\$ (8.0)	\$ (67.4)

Valuation techniques and significant unobservable inputs used in Level 3 fair value measurements were as follows:

<i>(in millions)</i>				
as of June 30, 2025	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average¹)
Equity and debt securities	\$ 286.7	Market pricing	Private sale pricing	\$0.27–\$1,850.00 (\$148.20) per share
			Discount for lack of marketability	5.0%–50.0% (21.4%)
	205.6	Market comparable companies	Enterprise value/ Revenue multiple	1.4–18.1 (9.3)
			Discount for lack of marketability	8.3%–16.1% (12.8%)
	48.6	Discounted cash flow	Discount rate	6.7%–6.8% (6.8%)
	9.7	Option pricing model	Volatility	49.1%–76.9% (51.1%)
			Discount for lack of marketability	11.1%–14.7% (11.3%)
<i>(in millions)</i>				
as of September 30, 2024	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average¹)
Equity and debt securities	\$ 291.6	Market comparable companies	Enterprise value/ Revenue multiple	1.2–22.8 (10.9)
			Discount for lack of marketability	0.1%–10.4% (8.1%)
	214.5	Market pricing	Private sale pricing	\$0.01–\$1,000.00 (\$73.04) per share
				9.8%–17.5% (11.5%)
	44.0	Discounted cash flow	Discount for lack of marketability	
			Discount rate	6.8%

¹ Based on the relative fair value of the instruments.

If the relevant significant inputs used in the market-based valuations, other than discount for lack of marketability, were independently higher (lower), the resulting fair value of the assets would be higher (lower). If the relevant significant inputs used in the discounted cash flow, as well as the discount for lack of marketability used in the market-based valuations, were independently higher (lower), the resulting fair value of the assets would be lower (higher).

Financial instruments of CIPs that were not measured at fair value were as follows:

		June 30, 2025		September 30, 2024	
(in millions)	Fair Value Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Asset					
Cash and cash equivalents	1	\$ 303.8	\$ 303.8	\$ 335.1	\$ 335.1
Financial Liabilities					
Debt of CLOs ¹	2 or 3	\$ 9,577.6	\$ 9,520.5	\$ 9,341.5	\$ 9,167.3

¹ Substantially all was Level 2.

Debt

Debt of CLOs totaled \$9,577.6 million and \$9,341.5 million at June 30, 2025 and September 30, 2024. The debt had fixed and floating interest rates ranging from 2.39% to 12.38% with a weighted-average effective interest rate of 6.08% at June 30, 2025, and from 2.39% to 13.73% with a weighted-average effective interest rate of 7.36% at September 30, 2024. The floating rates were based on the Secured Overnight Financing Rate.

The contractual maturities for the debt of CLOs at June 30, 2025 were as follows:

(in millions)	Amount
for the fiscal years ending September 30,	
2025 (remainder of year)	\$ 54.8
2026	38.2
2027	56.0
2028	44.6
2029	—
Thereafter	9,384.0
Total	\$ 9,577.6

Collateralized Loan Obligations

The unpaid principal balance and fair value of the investments of CLOs were as follows:

(in millions)	June 30, 2025	September 30, 2024
Unpaid principal balance	\$ 10,056.6	\$ 9,371.9
Difference between unpaid principal balance and fair value	(117.5)	(19.8)
Fair Value	\$ 9,939.1	\$ 9,352.1

Investments 90 days or more past due were immaterial at June 30, 2025 and September 30, 2024.

The Company recognized \$14.0 million and \$41.3 million of net gains during the three and nine months ended June 30, 2025 and \$9.4 million and \$39.9 million of net gains during the three and nine months ended June 30, 2024, related to its own economic interests in the CLOs. The aggregate principal related to the debt of CLOs was \$9,674.5 million and \$9,282.8 million at June 30, 2025 and September 30, 2024.

Note 8 – Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests were as follows:

	2025			2024		
<i>(in millions)</i>						
for the three months ended June 30,	CIPs	Minority Interests	Total	CIPs	Minority Interests	Total
Balance at beginning of period	\$ 1,196.1	\$ 820.8	\$ 2,016.9	\$ 643.5	\$ 610.4	\$ 1,253.9
Net income	9.0	11.0	20.0	30.8	12.2	43.0
Net subscriptions (distributions) and other	22.1	(33.4)	(11.3)	142.3	(26.8)	115.5
Net deconsolidations	(686.1)	—	(686.1)	(97.3)	—	(97.3)
Adjustment to fair value	—	41.0	41.0	—	(48.9)	(48.9)
Balance at End of Period	\$ 541.1	\$ 839.4	\$ 1,380.5	\$ 719.3	\$ 546.9	\$ 1,266.2

	2025			2024		
<i>(in millions)</i>						
for the nine months ended June 30,	CIPs	Minority Interests	Total	CIPs	Minority Interests	Total
Balance at beginning of period	\$ 687.8	\$ 634.0	\$ 1,321.8	\$ 580.1	\$ 446.0	\$ 1,026.1
Net income (loss)	(119.5)	30.7	(88.8)	60.6	34.7	95.3
Net subscriptions (distributions) and other	147.2	(31.8)	115.4	171.9	(42.7)	129.2
Net deconsolidations	(174.4)	—	(174.4)	(113.5)	—	(113.5)
Acquisition	—	—	—	20.2	—	20.2
Adjustment to fair value	—	206.5	206.5	—	108.9	108.9
Balance at End of Period	\$ 541.1	\$ 839.4	\$ 1,380.5	\$ 719.3	\$ 546.9	\$ 1,266.2

Note 9 – Nonconsolidated Variable Interest Entities

VIEs for which the Company is not the primary beneficiary consist of sponsored funds and other investment products in which the Company has an equity ownership interest. The Company's maximum exposure to loss from these VIEs consists of equity investments, investment management and other fee receivables as follows:

<i>(in millions)</i>	June 30, 2025	September 30, 2024
Investments	\$ 1,411.5	\$ 1,074.4
Receivables	212.3	226.0
Total	\$ 1,623.8	\$ 1,300.4

While the Company has no legal or contractual obligation to do so, it routinely makes cash investments in the course of launching sponsored funds. As it has done in the past, the Company also may voluntarily elect to provide its sponsored funds with additional direct or indirect financial support based on its business objectives. The Company did not provide financial or other support to its sponsored funds assessed as VIEs during the nine months ended June 30, 2025 or fiscal year 2024.

Note 10 – Commitments and Contingencies

Legal Proceedings

India Credit Fund Closure Matters. During the nine months ended June 30, 2025, there were no significant changes from the disclosure in the Form 10-K for the fiscal year ended September 30, 2024.

Western Asset Management Investigations and Litigation. As previously disclosed, the Company launched an internal investigation into certain trade allocations of treasury derivatives in select Western Asset Management (“WAM”) managed accounts. WAM received notification of parallel investigations by the SEC and the U.S. Department of Justice (“DOJ”). WAM also received notice of an investigation into these trading activities by the CFTC. On June 30, 2025, the CFTC informed WAM that it closed its investigation. The SEC and DOJ investigations remain ongoing. The Company and WAM have fully cooperated, and will continue to fully cooperate with the SEC and DOJ investigations. Ken Leech, the former co-Chief Investment Officer of WAM, received a “Wells Notice” from the staff of the SEC in August 2024 and was placed on administrative leave at that time, as previously disclosed. Mr. Leech recently retired and is no longer with the Company. On November 25, 2024, the SEC filed a complaint in the United States District Court for the Southern District of New York against Mr. Leech alleging violations of certain laws related to trade allocations. Concurrently, the DOJ filed an indictment with the United States District Court for the Southern District of New York against Mr. Leech for similar allegations and for false statements made to the SEC.

On July 3, 2025, Franklin, WAM and Ken Leech were named as defendants in a lawsuit filed by the Western PA Electrical Employees Insurance Trust Fund in the U.S. District Court for the Western District of Pennsylvania seeking class certification on behalf of shareholders of two funds managed by WAM for the period January 1, 2021 through October 31, 2023. The plaintiff is pursuing claims under the Securities Exchange Act of 1934 against all defendants in connection with trade allocations made by Mr. Leech in that period that are also the subject of the investigations reported above. The plaintiff is seeking, among other things, damages, interest, and costs and expenses, including attorneys’ fees.

Franklin Templeton 401(k) Retirement Plan Litigation. On July 22, 2025, Franklin and the Franklin Templeton 401(k) Retirement Plan Committee were named as defendants in a lawsuit filed by certain former employees in the U.S. District Court for the Northern District of California. The plaintiffs seek to represent a class of participants and beneficiaries of the Franklin Templeton 401(k) Retirement Plan (the “Plan”) who were invested in funds managed by the Company at any time on or after July 22, 2019. The plaintiffs are pursuing claims under the Employee Retirement Income Security Act of 1974 for alleged breaches of fiduciary duties and failure to monitor the Plan fiduciaries in connection with the Plan’s inclusion of certain proprietary funds as investment options. The plaintiffs are seeking, among other things, damages, disgorgement, removal of certain investments from the Plan, removal and replacement of the Plan’s fiduciaries, attorneys’ fees and costs, and pre-judgment interest.

The lawsuits reported above against the Company are in their preliminary stages. Management believes the claims made in the lawsuits are without merit and the Company intends to defend against them vigorously. The Company cannot predict the outcome of these lawsuits or estimate any reasonably possible loss or range of loss that may arise from any negative outcome.

Other Litigation and Regulatory Matters. The Company is from time to time involved in other litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the Company’s business, financial position, results of operations or liquidity. In management’s opinion, an adequate accrual has been made as of June 30, 2025 to provide for any probable losses that may arise from such matters for which the Company could reasonably estimate an amount.

Indemnifications and Guarantees

In the ordinary course of business or in connection with certain acquisition agreements, the Company enters into contracts that provide for indemnifications by the Company in certain circumstances. In addition, certain Company entities guarantee certain financial and performance-related obligations of various Franklin subsidiaries. The Company is also subject to certain legal requirements and agreements providing for indemnifications of directors, officers and personnel against liabilities and expenses they may incur under certain circumstances in connection with their service. The terms of these indemnities and guarantees vary pursuant to applicable facts and circumstances, and from agreement to agreement. Future payments for claims against the Company under these indemnities or guarantees could negatively impact the Company’s financial condition. In management’s opinion, no material loss was deemed probable or reasonably possible pursuant to such indemnification agreements and/or guarantees as of June 30, 2025.

Other Commitments and Contingencies

At June 30, 2025, there were no other material changes in the other commitments and contingencies as reported in the Company’s Annual Report on Form 10-K for fiscal year 2024.

Note 11 – Stock-Based Compensation

Stock and stock unit award activity was as follows:

<i>(shares in thousands)</i>	Time-Based Shares	Performance- Based Shares	Total Shares	Weighted- Average Grant-Date Fair Value
for the nine months ended June 30, 2025				
Nonvested balance at October 1, 2024	16,594	3,314	19,908	\$ 24.03
Granted	7,972	169	8,141	20.73
Vested	(2,314)	(166)	(2,480)	27.85
Forfeited/canceled	(661)	(297)	(958)	23.41
Nonvested Balance at June 30, 2025	21,591	3,020	24,611	\$ 22.58

Total unrecognized compensation expense related to nonvested stock and stock unit awards was \$205.4 million at June 30, 2025. This expense is expected to be recognized over a remaining weighted-average vesting period of 1.7 years.

Note 12 – Investment and Other Income, Net

Investment and other income, net consisted of the following:

<i>(in millions)</i>	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Dividend and interest income	\$ 38.9	\$ 39.8	\$ 101.4	\$ 132.6
Gains (losses) on investments, net	(31.4)	(24.3)	(41.7)	17.3
Income from investments in equity method investees	23.0	41.0	38.5	122.3
Gains (losses) on derivatives, net	(8.2)	3.1	(2.7)	(11.5)
Rental income	10.7	11.1	32.8	32.8
Foreign currency exchange (losses) gains, net	(14.4)	1.2	(7.4)	(7.5)
Other, net	4.8	2.6	7.1	14.2
Investment and other income, net	\$ 23.4	\$ 74.5	\$ 128.0	\$ 300.2

Net gains (losses) recognized on equity securities measured at fair value and trading debt securities that were held by the Company were \$56.3 million and \$(3.6) million for the three and nine months ended June 30, 2025 and \$(6.9) million and \$76.0 million for the three and nine months ended June 30, 2024.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING STATEMENTS

This Form 10-Q and the documents incorporated by reference 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 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. The forward-looking statements contained in this Form 10-Q or that are incorporated by reference herein are qualified in their entirety by reference to the risks and uncertainties disclosed in this Form 10-Q and/or discussed under the headings “Risk Factors” and “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024 (“fiscal year 2024”).

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.

The initiation or unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or inquiries, including the Western Asset Management (“WAM”) investigations described under the heading “Risk Factors” and in “Note 16 - Commitments and Contingencies” to our audited financial statements contained in our Annual Report on Form 10-K for fiscal year 2024, and in “Note 10 - Commitments and Contingencies” to our unaudited interim financial statements contained in this Form 10-Q, may result in additional costs, monetary judgments, settlements or other remedies, including fines, penalties, restitution and/or alterations in our business practices or those of our specialist investment managers. In addition, these matters may cause reputational harm to us or our specialist investment managers and could result in additional expenses and collateral costs, outflows of assets under management or other financial impacts that could materially affect our results of operations and the price of our common stock.

If a circumstance occurs after the date of this Form 10-Q 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.

In this section, we discuss and analyze the results of operations and financial condition of Franklin Resources, Inc. (“Franklin”) and its subsidiaries (collectively, the “Company”). The following discussion should be read in conjunction with our Annual Report on Form 10-K for fiscal year 2024 filed with the U.S. Securities and Exchange Commission (the “SEC”), and the consolidated financial statements and notes thereto included elsewhere in this Form 10-Q. Words such as “we,” “us,” “our” and similar terms refer to the Company.

OVERVIEW

Franklin is a holding company with subsidiaries operating under our Franklin Templeton® and/or subsidiary brand names. We are a global investment management organization that derives operating revenues and net income from providing investment management and related services to investors in jurisdictions worldwide. We deliver our investment capabilities through a variety of investment products, which include our sponsored funds, as well as institutional and high-net-worth separate accounts, retail separately managed account programs, sub-advised products and other investment vehicles. Related services include fund administration, sales and distribution, and shareholder servicing. We may perform services directly or through third parties. We offer our services and products under our various distinct brand names, including, but not limited to, Franklin®, Templeton®, Legg Mason®, Alcentra®, Benefit Street Partners®, Brandywine Global Investment Management®, Canvas®, Clarion Partners®, ClearBridge Investments®, Fiduciary Trust International™, Franklin Mutual Series®, K2®, Lexington Partners®, Martin Currie®, O’Shaughnessy®, Putnam®, Royce® and Western Asset Management Company®. We offer a broad product mix of equity, fixed income, alternative, multi-asset and cash management asset classes and solutions that meet a wide variety of specific investment goals and needs for individual and institutional investors. We also provide sub-advisory services to certain investment products sponsored by other companies which may be sold to investors under the brand names of those other companies or on a co-branded basis.

The level of our revenues depends largely on the level and relative mix of assets under management (“AUM”). As noted in the “Risk Factors” section of our Annual Report on Form 10-K for fiscal year 2024, the amount and mix of our AUM are subject to significant fluctuations, including as a result of reputational harm, that can negatively impact our revenues and income. The level of our revenues also depends on the fees charged for our services, which are based on contracts with our funds and customers, fund sales, and the number of shareholder transactions and accounts. These arrangements could change in the future.

During our third fiscal quarter, U.S. and global equity markets rebounded, despite significant volatility driven by uncertainty regarding U.S. trade tariffs. The S&P 500 Index and MSCI World Index increased 10.9% and 11.6% for the quarter and 8.8% and 9.7% for the fiscal year to date. Global bond markets provided positive results and the Bloomberg Global Aggregate Index increased 4.5% during the quarter and 1.8% for the fiscal year to date.

Our total AUM at June 30, 2025 was \$1,611.8 billion, 4% lower than at September 30, 2024 and 2% lower than at June 30, 2024. Monthly average AUM (“average AUM”) for both the three and nine months ended June 30, 2025 decreased 4% from the same periods in the prior fiscal year.

The business and regulatory environments in which we operate globally remain complex, uncertain and subject to change. We are subject to various laws, rules and regulations globally that impose restrictions, limitations, registration, reporting and disclosure requirements on our business, and add complexity to our global compliance operations.

Uncertainties regarding the global economy remain for the foreseeable future. As we continue to confront the challenges of the current economic and regulatory environments, we remain focused on the investment performance of our products and on providing high quality service to our clients. We continuously perform reviews of our business model. While we remain focused on expense management, we will also seek to attract, retain and develop personnel and invest strategically in systems and technology that will provide a secure and stable environment. We will continue to seek to protect and further our brand recognition while developing and maintaining broker-dealer and client relationships. The success of these and other strategies may be influenced by the factors discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year 2024.

RESULTS OF OPERATIONS

(in millions, except per share data)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Operating revenues	\$ 2,064.0	\$ 2,122.9	(3%)	\$ 6,427.0	\$ 6,266.8	3%
Operating income	154.1	222.5	(31%)	518.7	558.3	(7%)
Operating margin ¹	7.5 %	10.5 %		8.1 %	8.9 %	
Net income attributable to Franklin Resources, Inc.	\$ 92.3	\$ 174.0	(47%)	\$ 407.3	\$ 549.5	(26%)
Diluted earnings per share	0.15	0.32	(53%)	0.70	1.03	(32%)
As adjusted (non-GAAP):²						
Adjusted operating income	\$ 377.8	\$ 424.9	(11%)	\$ 1,167.8	\$ 1,261.5	(7%)
Adjusted operating margin	23.7 %	25.7 %		23.9 %	26.0 %	
Adjusted net income	\$ 263.4	\$ 326.4	(19%)	\$ 838.3	\$ 961.5	(13%)
Adjusted diluted earnings per share	0.49	0.60	(18%)	1.55	1.81	(14%)

¹ Defined as operating income divided by operating revenues.

² “Adjusted operating income,” “adjusted operating margin,” “adjusted net income” and “adjusted diluted earnings per share” are based on methodologies other than generally accepted accounting principles. See “Supplemental Non-GAAP Financial Measures” for definitions and reconciliations of these measures.

ASSETS UNDER MANAGEMENT

AUM by asset class was as follows:

(in billions)	June 30, 2025	June 30, 2024	Percent Change
Equity	\$ 656.6	\$ 595.0	10%
Fixed Income	441.7	564.5	(22%)
Alternative	258.4	254.5	2%
Multi-Asset	183.2	168.1	9%
Cash Management	71.9	64.5	11%
Total	\$ 1,611.8	\$ 1,646.6	(2%)

Average AUM and the mix of average AUM by asset class are shown below.

(in billions) for the three months ended June 30,	Average AUM ¹		Percent Change	Mix of Average AUM	
	2025	2024		2025	2024
Equity	\$ 620.5	\$ 584.0	6%	40%	36%
Fixed Income	441.8	564.8	(22%)	28%	34%
Alternative	254.5	255.4	0%	16%	16%
Multi-Asset	177.8	165.3	8%	11%	10%
Cash Management	70.6	63.1	12%	5%	4%
Total	\$ 1,565.2	\$ 1,632.6	(4%)	100%	100%

¹ Average AUM is calculated as the average of the month-end AUM for the trailing four months.

(in billions) for the nine months ended June 30,	Average AUM ¹		Percent Change	Mix of Average AUM	
	2025	2024		2025	2024
Equity	\$ 626.0	\$ 521.6	20%	39%	34%
Fixed Income	474.3	534.8	(11%)	30%	35%
Alternative	251.3	255.7	(2%)	16%	17%
Multi-Asset	176.9	157.3	12%	11%	10%
Cash Management	67.9	63.7	7%	4%	4%
Total	\$ 1,596.4	\$ 1,533.1	4%	100%	100%

¹ Average AUM is calculated as the average of the month-end AUM for the trailing ten months.

Components of the change in AUM are shown below. Net market change, distributions and other includes appreciation (depreciation), distributions to investors that represent return on investments and return of capital, and foreign exchange revaluation.

(in billions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025 ¹	2024
Beginning AUM	\$ 1,540.6	\$ 1,644.7	\$ 1,678.6	\$ 1,374.2
Long-term inflows	75.6	82.7	259.3	236.5
Long-term outflows	(84.9)	(85.9)	(344.8)	(237.8)
Long-term net flows	(9.3)	(3.2)	(85.5)	(1.3)
Cash management net flows	2.7	3.0	5.4	2.9
Total net flows	(6.6)	(0.2)	(80.1)	1.6
Disposition	(0.2)	—	(0.2)	148.3
Net market change, distributions and other	78.0	2.1	13.5	122.5
Ending AUM	\$ 1,611.8	\$ 1,646.6	\$ 1,611.8	\$ 1,646.6

¹ On March 31, 2025, cash management AUM and net flows were updated to include \$6.3 billion of AUM and \$3.7 billion of net inflows related to two money market mutual fund share classes previously closed to third-party investors.

Components of the change in AUM by asset class were as follows:

(in billions)						
for the three months ended June 30, 2025	Equity	Fixed Income	Alternative	Multi-Asset	Cash Management	Total
AUM at April 1, 2025	\$ 598.1	\$ 446.0	\$ 251.8	\$ 175.8	\$ 68.9	\$ 1,540.6
Long-term inflows	32.0	28.2	5.6	9.8	—	75.6
Long-term outflows	(32.6)	(41.2)	(3.1)	(8.0)	—	(84.9)
Long-term net flows	(0.6)	(13.0)	2.5	1.8	—	(9.3)
Cash management net flows	—	—	—	—	2.7	2.7
Total net flows	(0.6)	(13.0)	2.5	1.8	2.7	(6.6)
Disposition	—	(0.1)	(0.1)	—	—	(0.2)
Net market change, distributions and other	59.1	8.8	4.2	5.6	0.3	78.0
AUM at June 30, 2025	\$ 656.6	\$ 441.7	\$ 258.4	\$ 183.2	\$ 71.9	\$ 1,611.8

AUM increased \$71.2 billion, or 5%, during the three months ended June 30, 2025 due to the positive impact of \$78.0 billion of net market change, distributions and other, and \$2.7 billion of cash management net inflows, partially offset by \$9.3 billion of long-term net outflows, inclusive of \$17.1 billion of long-term net outflows at WAM and \$3.9 billion of long-term reinvested distributions, and \$0.2 billion from the disposition of funds. Net market change, distributions and other primarily consists of \$76.7 billion of market appreciation, and a \$10.9 billion increase from foreign exchange revaluation, partially offset by \$9.6 billion of distributions. The market appreciation occurred in all asset classes, most significantly in the equity asset class, and reflected positive returns in the global equity and bond markets. Foreign exchange revaluation from AUM in products that are not U.S. dollar denominated was primarily due to a weaker U.S. dollar compared to the Euro, Canadian Dollar, Australian Dollar and British Pound.

Long-term inflows decreased 9% to \$75.6 billion, compared to the prior year period, driven by lower inflows for WAM institutional separate accounts, partially offset by higher inflows in alternative and equity private funds and equity exchange traded funds. Long-term outflows decreased 1% to \$84.9 billion, due to lower outflows for fixed income and equity institutional separate accounts, equity separately managed accounts, and equity and multi-asset open end funds, partially offset by higher outflows for multiple fixed income vehicles, equity sub-advised mutual funds and exchange traded funds, alternative private funds, and multi-asset separately managed accounts.

(in billions)

for the three months ended
June 30, 2024

	Equity	Fixed Income	Alternative	Multi-Asset	Cash Management	Total
AUM at April 1, 2024	\$ 592.7	\$ 571.4	\$ 255.5	\$ 163.4	\$ 61.7	\$ 1,644.7
Long-term inflows	32.0	37.4	3.4	9.9	—	82.7
Long-term outflows	(33.6)	(42.2)	(2.0)	(8.1)	—	(85.9)
Long-term net flows	(1.6)	(4.8)	1.4	1.8	—	(3.2)
Cash management net flows	—	—	—	—	3.0	3.0
Total net flows	(1.6)	(4.8)	1.4	1.8	3.0	(0.2)
Net market change, distributions and other	3.9	(2.1)	(2.4)	2.9	(0.2)	2.1
AUM at June 30, 2024	\$ 595.0	\$ 564.5	\$ 254.5	\$ 168.1	\$ 64.5	\$ 1,646.6

(in billions)

for the nine months ended
June 30, 2025

	Equity	Fixed Income	Alternative	Multi-Asset	Cash Management ¹	Total
AUM at October 1, 2024	\$ 632.1	\$ 556.4	\$ 249.9	\$ 176.2	\$ 64.0	\$ 1,678.6
Long-term inflows	126.8	81.1	17.5	33.9	—	259.3
Long-term outflows	(120.3)	(191.3)	(7.8)	(25.4)	—	(344.8)
Long-term net flows	6.5	(110.2)	9.7	8.5	—	(85.5)
Cash management net flows	—	—	—	—	5.4	5.4
Total net flows	6.5	(110.2)	9.7	8.5	5.4	(80.1)
Disposition	—	(0.1)	(0.1)	—	—	(0.2)
Net market change, distributions and other	18.0	(4.4)	(1.1)	(1.5)	2.5	13.5
AUM at June 30, 2025	\$ 656.6	\$ 441.7	\$ 258.4	\$ 183.2	\$ 71.9	\$ 1,611.8

¹ On March 31, 2025, cash management AUM and net flows were updated to include \$6.3 billion of AUM and \$3.7 billion of net inflows related to two money market mutual fund share classes previously closed to third-party investors.

AUM decreased \$66.8 billion, or 4%, during the nine months ended June 30, 2025 due to \$85.5 billion of long-term net outflows, inclusive of \$118.6 billion of long-term net outflows at WAM and \$27.3 billion of long-term reinvested distributions, and \$0.2 billion from the disposition of funds, partially offset by the positive impact of \$13.5 billion of net market change, distributions and other, and \$5.4 billion of cash management net inflows. Net market change, distributions and other primarily consists of \$60.0 billion of market appreciation and a \$1.4 billion increase from foreign exchange revaluation, partially offset by \$47.9 billion of distributions, primarily from the equity asset class. The market appreciation occurred in all asset classes, most significantly in the equity asset class, and reflected positive returns in the global equity markets. Foreign exchange revaluation from AUM in products that are not U.S. dollar denominated was primarily due to a weaker U.S. dollar compared to the Euro, partially offset by a stronger U.S. dollar compared to the Australian Dollar, Canadian Dollar and Indian Rupee.

Long-term inflows increased 10% to \$259.3 billion, as compared to the prior year period, driven by higher inflows in equity, alternative, and multi-asset open end funds, equity sub-advised mutual funds, equity separately managed accounts and exchange traded funds, and equity and alternative private funds, partially offset by lower inflows for WAM institutional separate accounts and sub-advised mutual funds. Long-term outflows increased 45% to \$344.8 billion, substantially due to higher outflows across multiple fixed income vehicles at WAM, and slightly higher outflows in equity open end funds, sub-advised mutual funds, institutional separate accounts, and retail separately managed accounts.

(in billions)

for the nine months ended
June 30, 2024

	Equity	Fixed Income	Alternative	Multi-Asset	Cash Management	Total
AUM at October 1, 2023	\$ 430.4	\$ 483.1	\$ 254.9	\$ 145.0	\$ 60.8	\$ 1,374.2
Long-term inflows	86.5	109.5	12.7	27.8	—	236.5
Long-term outflows	(93.2)	(114.4)	(7.6)	(22.6)	—	(237.8)
Long-term net flows	(6.7)	(4.9)	5.1	5.2	—	(1.3)
Cash management net flows	—	—	—	—	2.9	2.9
Total net flows	(6.7)	(4.9)	5.1	5.2	2.9	1.6
Acquisition	81.3	59.3	0.7	5.8	1.2	148.3
Net market change, distributions and other	90.0	27.0	(6.2)	12.1	(0.4)	122.5
AUM at June 30, 2024	\$ 595.0	\$ 564.5	\$ 254.5	\$ 168.1	\$ 64.5	\$ 1,646.6

AUM by sales region was as follows:

(in billions)

	June 30, 2025	June 30, 2024	Percent Change
United States	\$ 1,114.9	\$ 1,155.0	(3%)
International			
Europe, Middle East and Africa	208.0	205.8	1%
Asia-Pacific	168.5	174.1	(3%)
Americas, excl. U.S.	120.4	111.7	8%
Total international	496.9	491.6	1%
Total	\$ 1,611.8	\$ 1,646.6	(2%)

Investment Performance Overview

A key driver of our overall success is the long-term investment performance of our investment products. A measure of the performance of these products is the percentage of AUM exceeding peer group medians and benchmarks. We compare the relative performance of our mutual funds against peers, and of our strategy composites against benchmarks.

The performance of our mutual fund products against peer group medians and of our strategy composites against benchmarks is presented in the table below.

as of June 30, 2025	Peer Group Comparison ¹ % of Mutual Fund AUM in Top Two Peer Group Quartiles				Benchmark Comparison ² % of Strategy Composite AUM Exceeding Benchmark			
	1-Year	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
Equity	41%	63%	51%	59%	31%	45%	35%	44%
Fixed Income	65%	72%	68%	61%	65%	74%	82%	86%
Total AUM ³	44%	57%	63%	53%	45%	56%	53%	61%

¹ Mutual fund performance is sourced from Morningstar and measures the percent of ranked AUM in the top two quartiles versus peers. Total mutual fund AUM measured for the 1-, 3-, 5- and 10-year periods represents 39%, 39%, 38% and 36% of our total AUM as of June 30, 2025.

² Strategy composite performance measures the percent of composite AUM beating its benchmark. The benchmark comparisons are based on each account's/composite's (strategy composites may include retail separately managed accounts and mutual fund assets managed as part of the same strategy) return as compared to a market index that has been selected to be generally consistent with the asset class of the account/composite. Total strategy composite AUM measured for the 1-, 3-, 5- and 10-year periods represents 56%, 55%, 55% and 50% of our total AUM as of June 30, 2025.

³ Total mutual fund AUM includes performance of our alternative and multi-asset funds, and total strategy composite AUM includes performance of our alternative composites. Alternative and multi-asset AUM represent 16% and 11% of our total AUM at June 30, 2025.

Mutual fund performance data includes U.S. and cross-border domiciled mutual funds and exchange-traded funds, excludes cash management and fund of funds, and assumes the reinvestment of dividends.

Past performance is not indicative of future results. For strategy composite AUM included in institutional and retail separately managed accounts and investment funds managed in the same strategy as separate accounts, performance comparisons are based on gross-of-fee performance. For investment funds which are not managed in a separate account format, performance comparisons are based on net-of-fee performance. These performance comparisons do not reflect the actual performance of any specific separate account or investment fund; individual separate account and investment fund performance may differ. The information in this presentation is provided solely for use in connection with this document, and is not directed toward existing or potential clients of Franklin.

OPERATING REVENUES

The table below presents the percentage change in each operating revenue category.

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Investment management fees	\$ 1,640.8	\$ 1,689.9	(3%)	\$ 5,113.7	\$ 5,056.0	1%
Sales and distribution fees	351.9	358.3	(2%)	1,092.3	1,013.0	8%
Shareholder servicing fees	59.9	61.8	(3%)	185.3	162.3	14%
Other	11.4	12.9	(12%)	35.7	35.5	1%
Total Operating Revenues	\$ 2,064.0	\$ 2,122.9	(3%)	\$ 6,427.0	\$ 6,266.8	3%

Investment Management Fees

Investment management fees decreased \$49.1 million for the three months ended June 30, 2025 primarily due to a 4% decrease in average AUM, partially offset by a slight increase in performance fees. The decrease in average AUM for the three months ended June 30, 2025 primarily occurred in the fixed income asset class, partially offset by increases in the equity and multi-asset asset classes. Investment management fees increased \$57.7 million for the nine months ended June 30, 2025 primarily due to one additional quarter of revenue earned by Putnam, which was acquired on January 1, 2024, and an increase in average equity and multi-asset AUM, partially offset by the impact of WAM outflows, a decrease in performance fees and catch-up fees recognized in the prior year at the closing of fundraising rounds in a secondary private equity fund, which ended in January 2024.

Our effective investment management fee rate excluding performance fees (annualized investment management fees excluding performance fees divided by average AUM) was 40.5 basis points for both the three and nine months ended June 30, 2025, as compared to 40.2 and 41.4 basis points for the same period in the prior fiscal year. The increase in the fee rate for the three month period was primarily due to the impact of outflows at WAM, partially offset by significant intra-quarter daily volatility in the current year period that caused an unusual dispersion between simple monthly average AUM and daily average AUM, while the decrease for the nine month period was primarily due to higher AUM in lower fee equity products and catch-up fees recognized in the prior year at the closing of fundraising rounds in a secondary private equity fund, partially offset by the impact of outflows at WAM.

Performance fees were \$60.6 million and \$274.1 million for the three and nine months ended June 30, 2025 as compared to \$56.6 million and \$308.2 million for the same periods in the prior fiscal year. The increase for the three month period and decrease for the nine month period were primarily due to changes in the amount of performance fees earned by our alternative specialist investment managers.

Sales and Distribution Fees

Sales and distribution fees by revenue driver are presented below.

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Asset-based fees	\$ 293.9	\$ 294.6	0%	\$ 900.2	\$ 832.1	8%
Sales-based fees	58.0	63.7	(9%)	192.1	180.9	6%
Sales and Distribution Fees	\$ 351.9	\$ 358.3	(2%)	\$ 1,092.3	\$ 1,013.0	8%

Asset-based distribution fees decreased \$0.7 million for the three months ended June 30, 2025, primarily due to a higher mix of lower fee assets, partially offset by a slight increase in the related average AUM. Asset-based distribution fees increased \$68.1 million for the nine months ended June 30, 2025 primarily due to an increase of 6% in the related average AUM and one additional quarter of asset-based revenue related to Putnam products, partially offset by a higher mix of lower fee assets.

Sales-based fees decreased \$5.7 million for the three months ended June 30, 2025, primarily due to a decrease of 12% in commissionable sales, and increased \$11.2 million for the nine months ended June 30, 2025, primarily due to an increase of 2% in commissionable sales and one additional quarter of sales-based revenue related to Putnam products.

Shareholder Servicing Fees

Shareholder servicing fees decreased \$1.9 million for the three months ended June 30, 2025, primarily due to lower levels of related AUM and increased \$23.0 million for the nine months ended June 30, 2025 primarily due to one additional quarter of fees earned by Putnam, partially offset by lower margin-based fees.

OPERATING EXPENSES

The table below presents the percentage change in each operating expense category.

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Compensation and benefits	\$ 901.1	\$ 893.8	1%	\$ 2,812.5	\$ 2,890.3	(3%)
Sales, distribution and marketing	480.7	481.1	0%	1,491.1	1,366.2	9%
Information systems and technology	162.7	156.6	4%	477.4	442.7	8%
Occupancy	69.5	104.8	(34%)	213.9	247.7	(14%)
Amortization of intangible assets	112.2	84.0	34%	337.3	254.4	33%
Impairment of intangible assets	—	—	NM	24.4	—	NM
General, administrative and other	183.7	180.1	2%	551.7	507.2	9%
Total Operating Expenses	\$ 1,909.9	\$ 1,900.4	0%	\$ 5,908.3	\$ 5,708.5	4%

The acquisition of Putnam on January 1, 2024 had a significant impact on operating expenses in the nine months ended June 30, 2025, however, due to the ongoing integration of the combined businesses, it is not practicable to separately quantify the impact of the legacy Putnam business.

Compensation and Benefits

The components of compensation and benefits expenses are presented below.

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Salaries, wages and benefits	\$ 428.2	\$ 425.0	1%	\$ 1,297.7	\$ 1,249.7	4%
Incentive compensation	381.8	396.3	(4%)	1,208.2	1,205.1	0%
Acquisition-related retention ¹	47.9	43.7	10%	128.4	217.3	(41%)
Acquisition-related performance fee pass through ¹	2.1	—	NM	87.4	87.0	0%
Other ^{1,2}	41.1	28.8	43%	90.8	131.2	(31%)
Compensation and Benefits Expenses	\$ 901.1	\$ 893.8	1%	\$ 2,812.5	\$ 2,890.3	(3%)

¹ See “Supplemental Non-GAAP Financial Measures” for additional information.

² Includes impact of gains and losses on investments related to deferred compensation plans, which is offset in investment and other income (losses), net; minority interests in certain subsidiaries, which is offset in net income (loss) attributable to redeemable noncontrolling interests; and special termination benefits.

Salaries, wages and benefits increased \$3.2 million for the three months ended June 30, 2025, primarily due to annual salary increases and higher employee insurance costs, partially offset by the impact of headcount reductions. Salaries, wages and benefits increased \$48.0 million for the nine months ended June 30, 2025, primarily due to annual salary increases and one additional quarter of expenses related to Putnam, partially offset by the impact of headcount reductions.

Incentive compensation decreased \$14.5 million for the three months ended June 30, 2025, primarily due to lower incentive compensation at certain specialist investment managers, partially offset by an increase in expense for deferred compensation awards. Incentive compensation increased \$3.1 million for the nine months ended June 30, 2025, primarily due to one additional quarter of expenses related to Putnam, higher sales-related commissions, and higher annual acceleration of deferred compensation expense related to retirement-eligible employees, partially offset by lower incentive compensation at certain specialist investment managers and lower ongoing deferred compensation expense.

Acquisition-related retention expenses increased \$4.2 million for the three months ended June 30, 2025, primarily due to higher compensation associated with performance-based and time-based awards, and decreased \$88.9 million for the nine months ended June 30, 2025, primarily due to lower compensation associated with time-based and performance-based awards, and lower costs associated with the acquisition of Putnam.

Other compensation and benefits increased \$12.3 million for the three months ended June 30, 2025, primarily due to an increase in special termination benefits and higher compensation expense related to minority interests; and decreased \$40.4 million for the nine months ended June 30, 2025, primarily due to lower net market gains on investments related to our deferred compensation plans and a decrease in special termination benefits. Special termination benefits increased \$10.2 million for the three months ended June 30, 2025 primarily due to higher costs associated with workforce optimization initiatives in the current year period and decreased \$19.1 million for the nine months ended June 30, 2025 primarily due to higher costs associated with such initiatives in the prior year period.

At June 30, 2025, our global workforce decreased to approximately 10,100 employees from approximately 10,300 at June 30, 2024.

Sales, Distribution and Marketing

Sales, distribution and marketing expenses by cost driver are presented below.

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Asset-based expenses	\$ 405.6	\$ 405.9	0%	\$ 1,245.2	\$ 1,152.1	8%
Sales-based expenses	55.2	60.2	(8%)	187.0	170.8	9%
Amortization of deferred sales commissions	19.9	15.0	33%	58.9	43.3	36%
Sales, Distribution and Marketing	\$ 480.7	\$ 481.1	0%	\$ 1,491.1	\$ 1,366.2	9%

Asset-based expenses were essentially flat for the three months ended June 30, 2025 and increased \$93.1 million for the nine months ended June 30, 2025. The increase for the nine month period was primarily due to one additional quarter of expenses related to Putnam products, an increase of 4% in the related average AUM and higher marketing support fees. Distribution expenses are generally not directly correlated with distribution fee revenues due to certain fee structures that do not provide full recovery of distribution costs.

Sales-based expenses decreased \$5.0 million for the three months ended June 30, 2025, primarily due to a decrease of 12% in commissionable sales, and increased \$16.2 million for the nine months ended June 30, 2025 primarily due to one additional quarter of expenses related to Putnam products, higher marketing support fees and an increase of 2% in commissionable sales.

Occupancy

Occupancy expenses decreased \$35.3 million and \$33.8 million for the three and nine months ended June 30, 2025. Both the three and nine month periods in the prior year included the impairment of the right of use asset related to office space vacated in connection with the consolidation of our office space in New York City, and the current year three and nine month periods reflect lower costs due to the office space consolidation. The decrease for the nine month period was partially offset by one additional quarter of expenses incurred by Putnam.

Information Systems and Technology

Information systems and technology expenses increased \$6.1 million for the three months ended June 30, 2025, primarily due to higher costs for technology consulting and external data services, and increased \$34.7 million for the nine months ended June 30, 2025, primarily due to one additional quarter of expenses incurred by Putnam, and higher technology consulting and software costs, partially offset by lower costs for hardware maintenance and purchases.

Amortization of Intangible Assets

Amortization of intangible assets increased \$28.2 million and \$82.9 million for the three and nine months ended June 30, 2025, primarily due to a reduction in the remaining useful life of definite-lived intangible assets related to WAM.

Impairment of intangible assets

During the nine months ended June 30, 2025, we recognized an impairment charge of \$24.4 million related to certain indefinite-lived intangible assets for acquired mutual fund investment management contracts. See Critical Accounting Policies for additional information.

General, Administrative and Other

General, administrative and other operating expenses increased \$3.6 million and increased \$44.5 million for the three and nine months ended June 30, 2025. The increase for the three months ended June 30, 2025 was primarily due to increases of \$4.8 million in placement and platform fees, \$4.0 million in advertising and promotion costs, and \$2.3 million in fund-related expenses, and a \$2.9 million net credit recognized in the prior year to reduce the fair value of contingent consideration liabilities. These increases were partially offset by a \$10.3 million decrease in legal and other professional fees, inclusive of \$18.0 million of insurance recoveries. The increase for the nine months ended June 30, 2025 was primarily due to one additional quarter of expenses incurred by Putnam, and increases of \$15.7 million in advertising and promotion costs, \$8.0 million in placement and platform fees, and \$6.4 million in fund-related expenses. These increases were partially offset by a \$15.8 million decrease in acquisition-related costs, primarily related to the acquisition of Putnam, and a \$2.7 million decrease in legal and other professional fees, inclusive of \$45.6 million of insurance recoveries.

OTHER INCOME (EXPENSES)

Other income (expenses) consisted of the following:

(in millions)	Three Months Ended June 30,		Percent Change	Nine Months Ended June 30,		Percent Change
	2025	2024		2025	2024	
Investment and other income, net:						
Dividend and interest income	\$ 38.9	\$ 39.8	(2%)	\$ 101.4	\$ 132.6	(24%)
Gains (losses) on investments, net	(31.4)	(24.3)	29%	(41.7)	17.3	NM
Income from investments in equity method investees	23.0	41.0	(44%)	38.5	122.3	(69%)
Gains (losses) on derivatives, net	(8.2)	3.1	NM	(2.7)	(11.5)	(77%)
Rental income	10.7	11.1	(4%)	32.8	32.8	0%
Foreign currency exchange (losses) gains, net	(14.4)	1.2	NM	(7.4)	(7.5)	(1%)
Other, net	4.8	2.6	85%	7.1	14.2	(50%)
Investment and other income, net	23.4	74.5	(69%)	128.0	300.2	(57%)
Interest expense	(25.8)	(25.7)	0%	(69.7)	(72.2)	(3%)
Investment and other income (losses) of consolidated investment products, net	35.9	37.6	(5%)	(14.7)	103.7	NM
Expenses of consolidated investment products	(11.0)	(8.8)	25%	(29.8)	(20.6)	45%
Other Income, Net	\$ 22.5	\$ 77.6	(71%)	\$ 13.8	\$ 311.1	(96%)

Dividend and interest income decreased \$0.9 million and \$31.2 million for the three and nine months ended June 30, 2025. The decrease for the nine months ended June 30, 2025 was primarily due to lower average balances and lower yields.

Investments held by the Company generated net losses of \$31.4 million and \$24.3 million for the three months ended June 30, 2025 and 2024. The net losses in both the current and prior year periods were primarily from investments in nonconsolidated funds and separate accounts and investments measured at cost adjusted for observable price changes. Investments held by the Company generated net losses of \$41.7 million, as compared to net gains of \$17.3 million for the nine months ended June 30, 2025 and 2024. The net losses in the current year were primarily from investments measured at cost adjusted for observable price changes and investments in nonconsolidated funds and separate accounts, while the net gains in the prior year were primarily from assets invested for deferred compensation plans, partially offset by losses on investments measured at cost adjusted for observable price changes.

Equity method investees generated income of \$23.0 million and \$38.5 million for the three and nine months ended June 30, 2025, as compared to income of \$41.0 million and \$122.3 million in the prior year, largely related to various global alternative funds and global equity funds.

Net foreign currency exchange losses were \$14.4 million for the three months ended June 30, 2025, as compared to net gains of \$1.2 million in the prior year period. The U.S. dollar weakened in the current year period against the Euro and British Pound, which resulted in net foreign exchange losses on cash and cash equivalents denominated in U.S. dollars held by our European subsidiaries, as compared to net gains in the prior year period.

Interest expense decreased \$2.5 million for the nine months ended June 30, 2025 primarily due to lower accretion on Lexington deferred purchase consideration, partially offset by an increase in interest recognized on tax reserves.

Investments held by consolidated investment products (“CIPs”) generated gains of \$35.9 million for the three months ended June 30, 2025, largely related to gains on holdings of various equity, fixed income, and multi-asset funds, and losses of \$14.7 million for the nine months ended June 30, 2025, largely related to losses on holdings of various equity funds, partially offset by gains on holdings of various alternative, fixed income, and multi-asset funds. Investments held by CIPs generated investment gains and other income of \$37.6 million and \$103.7 million in the three and nine months ended June 30, 2024, largely related to gains on holdings of various funds.

Expenses of CIPs increased \$2.2 million and \$9.2 million for the three and nine months ended June 30, 2025, due to activity of the funds.

Our cash, cash equivalents and investments portfolio by asset class and accounting classification at June 30, 2025, excluding third-party assets of CIPs, was as follows:

(in millions)	Accounting Classification ¹				Direct Investments in CIPs	Total
	Cash and Cash Equivalents	Investments at Fair Value	Equity Method Investments	Other Investments		
Cash and Cash Equivalents	\$ 3,253.9	\$ —	\$ —	\$ —	\$ —	\$ 3,253.9
Investments						
Alternative	—	456.8	794.9	199.7	537.5	1,988.9
Equity	—	417.9	325.4	145.5	81.6	970.4
Fixed Income	—	156.3	26.1	36.7	187.3	406.4
Multi-Asset	—	49.6	11.5	—	122.4	183.5
Total investments	—	1,080.6	1,157.9	381.9	928.8	3,549.2
Total Cash and Cash Equivalents and Investments^{2, 3}	\$ 3,253.9	\$ 1,080.6	\$ 1,157.9	\$ 381.9	\$ 928.8	\$ 6,803.1

¹ See Note 1 – Significant Accounting Policies in the notes to consolidated financial statements in Item 8 of Part II of our Annual Report on Form 10-K for fiscal year 2024 for information on investment accounting classifications.

² Total cash and cash equivalents and investments includes \$4,514.6 million maintained for operational activities, including investments in sponsored funds and other products, and \$449.0 million necessary to comply with regulatory requirements.

³ Total cash and cash equivalents and investments includes approximately \$366 million attributable to employee-owned and other third-party investments made through partnerships which are offset in noncontrolling interests, approximately \$429 million of investments that are subject to long-term repurchase agreements and other net financing arrangements, and approximately \$444 million of cash and investments related to deferred compensation plans.

TAXES ON INCOME

Our effective income tax rate was 33.9% and 32.3% for the three and nine months ended June 30, 2025, as compared to 22.7% and 23.7% for the three and nine months ended June 30, 2024. The rate increase for the three month period was primarily due to a reduction in foreign rate benefits, valuation allowance on net capital losses, and lower gains of CIPs for which there is no related tax expense. The rate increase for the nine month period was primarily due to losses of CIPs for which there are no related tax benefits and a reduction in foreign rate benefits.

On July 4, 2025, the One Big Beautiful Bill Act (the “Act”) was signed into law. While we are in the process of evaluating the impact of the Act on our consolidated financial statements, we do not expect there to be any material impact thereon.

Our effective income tax rate reflects the relative contributions of earnings in the jurisdictions in which we operate, which have varying tax rates. Changes in our pre-tax income mix, tax rates or tax legislation in such jurisdictions may affect our effective income tax rate and net income.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

As supplemental information, we are providing performance measures for “adjusted operating income,” “adjusted operating margin,” “adjusted net income” and “adjusted diluted earnings per share,” each of which is based on methodologies other than generally accepted accounting principles (“non-GAAP measures”). Management believes these non-GAAP measures are useful indicators of our financial performance and may be helpful to investors in evaluating our relative performance against industry peers.

“Adjusted operating income,” “adjusted operating margin,” “adjusted net income” and “adjusted diluted earnings per share” are defined below, followed by reconciliations of operating income, operating margin, net income attributable to Franklin Resources, Inc. and diluted earnings per share on a U.S. GAAP basis to these non-GAAP measures. Non-GAAP measures should not be considered in isolation from, or as substitutes for, any financial information prepared in accordance with U.S. GAAP, and may not be comparable to other similarly titled measures of other companies. Additional reconciling items may be added in the future to these non-GAAP measures if deemed appropriate.

Adjusted Operating Income

We define adjusted operating income as operating income adjusted to exclude the following:

- Elimination of operating revenues upon consolidation of investment products.
- Acquisition-related items:
 - Acquisition-related retention compensation.
 - Other acquisition-related expenses including professional fees, technology costs and fair value adjustments related to contingent consideration assets and liabilities.
 - Amortization of intangible assets.
 - Impairment of intangible assets and goodwill, if any.
- Special termination benefits and other expenses related to workforce optimization initiatives related to past acquisitions and certain initiatives undertaken by the Company.
- Impact on compensation and benefits expense from gains and losses on investments related to deferred compensation plans, which is offset in investment and other income (losses), net.
- Impact on compensation and benefits expense related to minority interests in certain subsidiaries, which is offset in net income (loss) attributable to redeemable noncontrolling interests.

Adjusted Operating Margin

We calculate adjusted operating margin as adjusted operating income divided by adjusted operating revenues. We define adjusted operating revenues as operating revenues adjusted to exclude the following:

- Elimination of operating revenues upon consolidation of investment products.
- Acquisition-related performance-based investment management fees which are passed through as compensation and benefits expense.
- Sales and distribution fees and a portion of investment management fees allocated to cover sales, distribution and marketing expenses paid to the financial advisers and other intermediaries who sell our funds on our behalf.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

We define adjusted net income as net income attributable to Franklin Resources, Inc. adjusted to exclude the following:

- Activities of CIPs.
- Acquisition-related items:
 - Acquisition-related retention compensation.
 - Other acquisition-related expenses including professional fees, technology costs and fair value adjustments related to contingent consideration assets and liabilities.
 - Amortization of intangible assets.
 - Impairment of intangible assets and goodwill, if any.
 - Interest expense for amortization of debt premium from acquisition-date fair value adjustment.
- Special termination benefits and other expenses related to workforce optimization initiatives related to past acquisitions and certain initiatives undertaken by the Company.
- Net gains or losses on investments related to deferred compensation plans which are not offset by compensation and benefits expense.
- Net compensation and benefits expense related to minority interests in certain subsidiaries not offset by net income (loss) attributable to redeemable noncontrolling interests.
- Unrealized investment gains and losses.
- Net income tax expense of the above adjustments based on the respective blended rates applicable to the adjustments.

We define adjusted diluted earnings per share as diluted earnings per share adjusted to exclude the per share impacts of the adjustments applied to net income in calculating adjusted net income.

In calculating our non-GAAP measures, we adjust for the impact of CIPs because it is not considered reflective of our underlying results of operations. Acquisition-related items and special termination benefits are excluded to facilitate comparability to other asset management firms. We adjust for compensation and benefits expense related to funded deferred compensation plans because it is partially offset in other income (expense), net. We adjust for compensation and benefits expense and net income (loss) attributable to redeemable noncontrolling interests to reflect the economics of certain profits interest arrangements. Sales and distribution fees and a portion of investment management fees generally cover sales, distribution and marketing expenses and, therefore, are excluded from adjusted operating revenues. In addition, when calculating adjusted net income and adjusted diluted earnings per share we exclude unrealized investment gains and losses included in investment and other income (losses) because the related investments are generally expected to be held long term.

The calculations of adjusted operating income, adjusted operating margin, adjusted net income and adjusted diluted earnings per share are as follows:

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Operating income	\$ 154.1	\$ 222.5	\$ 518.7	\$ 558.3
Add (subtract):				
Elimination of operating revenues upon consolidation of investment products*	12.0	12.3	37.6	34.7
Acquisition-related retention	47.9	43.7	128.4	217.3
Compensation and benefits expense from gains on deferred compensation, net	0.1	1.8	4.6	34.8
Other acquisition-related expenses	10.5	33.6	30.6	65.6
Amortization of intangible assets	112.2	84.0	337.3	254.4
Impairment of intangible assets	—	—	24.4	—
Special termination benefits	26.9	16.7	44.7	63.8
Compensation and benefits expense related to minority interests in certain subsidiaries	14.1	10.3	41.5	32.6
Adjusted operating income	\$ 377.8	\$ 424.9	\$ 1,167.8	\$ 1,261.5
Total operating revenues	\$ 2,064.0	\$ 2,122.9	\$ 6,427.0	\$ 6,266.8
Add (subtract):				
Acquisition-related pass through performance fees	(2.1)	—	(87.4)	(87.0)
Sales and distribution fees	(351.9)	(358.3)	(1,092.3)	(1,013.2)
Allocation of investment management fees for sales, distribution and marketing expenses	(128.8)	(122.8)	(398.8)	(353.0)
Elimination of operating revenues upon consolidation of investment products*	12.0	12.3	37.6	34.7
Adjusted operating revenues	\$ 1,593.2	\$ 1,654.1	\$ 4,886.1	\$ 4,848.3
Operating margin	7.5%	10.5%	8.1%	8.9%
Adjusted operating margin	23.7%	25.7%	23.9%	26.0%

(in millions, except per share data)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Net income attributable to Franklin Resources, Inc.	\$ 92.3	\$ 174.0	\$ 407.3	\$ 549.5
Add (subtract):				
Net (income) loss of consolidated investment products*	3.9	(2.4)	(0.2)	(1.1)
Acquisition-related retention	47.9	43.7	128.4	217.3
Other acquisition-related expenses	13.0	34.9	38.8	75.0
Amortization of intangible assets	112.2	84.0	337.3	254.4
Impairment of intangible assets	—	—	24.4	—
Special termination benefits	26.9	16.7	44.7	63.8
Net gains on deferred compensation plan investments not offset by compensation and benefits expense	(2.6)	(1.1)	(2.4)	(11.0)
Unrealized investment (gains) losses	11.2	31.0	(0.2)	(27.6)
Interest expense for amortization of debt premium	(5.0)	(6.4)	(14.9)	(19.2)
Net compensation and benefits expense related to minority interests in certain subsidiaries not offset by net income attributable to redeemable noncontrolling interests	7.4	2.8	18.9	1.2
Net income tax expense of adjustments	(43.8)	(50.8)	(143.8)	(140.8)
Adjusted net income	\$ 263.4	\$ 326.4	\$ 838.3	\$ 961.5
Diluted earnings per share	\$ 0.15	\$ 0.32	\$ 0.70	\$ 1.03
Adjusted diluted earnings per share	0.49	0.60	1.55	1.81

* The impact of CIPs is summarized as follows:

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Elimination of operating revenues upon consolidation	\$ (12.0)	\$ (12.3)	\$ (37.6)	\$ (34.7)
Other income (expense), net	19.9	42.0	(48.4)	72.0
Less: income (loss) attributable to noncontrolling interests	11.8	27.3	(86.2)	36.2
Net income (loss)	\$ (3.9)	\$ 2.4	\$ 0.2	\$ 1.1

LIQUIDITY AND CAPITAL RESOURCES

Cash flows were as follows:

(in millions)	Nine Months Ended June 30,	
	2025	2024
Operating cash flows	\$ 1,086.8	\$ 413.1
Investing cash flows	(1,901.3)	(1,222.7)
Financing cash flows	363.9	506.4

Net cash provided by operating activities increased during the nine months ended June 30, 2025 primarily due to higher net income adjusted for non-cash items and an increase in accounts payable and accrued expenses, partially offset by higher payments for incentive compensation and income tax payments. Net cash used in investing activities increased primarily due to net purchases of investments as compared to liquidations in the prior year and higher net purchases of investments by collateralized loan obligations (“CLOs”). Net cash provided by financing activities decreased due to lower net proceeds on debt of CIPs and net repayment of debt, partially offset by net proceeds from repurchase agreements.

The assets and liabilities of CIPs attributable to third-party investors do not impact our liquidity and capital resources. We have no right to the CIPs' assets, other than our direct equity investment in them and investment management and other fees earned from them. The debt holders of the CIPs have no recourse to our assets beyond the level of our direct investment, therefore we bear no other risks associated with the CIPs' liabilities. Accordingly, the assets and liabilities of CIPs, other than our direct investments in them, are excluded from the amounts and discussion below.

Our liquid assets and debt consisted of the following:

<i>(in millions)</i>	June 30, 2025	September 30, 2024
Assets		
Cash and cash equivalents	\$ 3,213.4	\$ 3,261.1
Receivables	1,215.3	1,261.6
Investments	1,216.1	1,141.7
Total Liquid Assets	\$ 5,644.8	\$ 5,664.4
Liability		
Debt	\$ 2,666.7	\$ 2,780.3

Liquidity

Liquid assets consist of cash and cash equivalents, receivables and certain investments. Cash and cash equivalents at June 30, 2025 primarily consist of money market funds and deposits with financial institutions. Liquid investments consist of investments in sponsored and other funds, direct investments in redeemable CIPs, other equity and debt securities, and time deposits with maturities greater than three months.

We utilize a significant portion of our liquid assets to satisfy operational and regulatory requirements and fund capital contributions to sponsored and other products. Certain of our subsidiaries are required by our internal policy or regulation to maintain minimum levels of cash and/or capital, and may be restricted in their ability to transfer cash to their parent companies. Should we require more capital than is available for use, we could elect to reduce the level of discretionary activities, such as share repurchases or investments in sponsored and other products, we could raise capital through debt or equity issuances, or utilize existing or new credit facilities. These alternatives could result in increased interest expense, decreased dividend or interest income, or other dilution to our earnings.

Capital Resources

We believe that we can meet our present and reasonably foreseeable operating cash needs and future commitments through existing liquid assets, continuing cash flows from operations, amounts available under the credit facility discussed below, the ability to issue debt or equity securities and borrowing capacity under our uncommitted commercial paper private placement program.

In prior fiscal years, we issued senior unsecured unsubordinated notes for general corporate purposes and to redeem outstanding notes. At June 30, 2025, Franklin's outstanding senior notes had an aggregate principal amount due of \$1,200.0 million. The notes have fixed interest rates from 1.600% to 2.950% with interest paid semi-annually and have an aggregate carrying value, inclusive of unamortized discounts and debt issuance costs, of \$1,488.2 million. At June 30, 2025, Legg Mason's outstanding senior notes had an aggregate principal amount due of \$1,000.0 million. The notes have fixed interest rates from 4.750% to 5.625% with interest paid semi-annually and have an aggregate carrying value, inclusive of unamortized premium, of \$1,178.5 million at June 30, 2025. Franklin unconditionally and irrevocably guarantees all of the outstanding notes issued by Legg Mason. The \$400.0 million 2.850% senior notes due March 2025 were repaid on March 31, 2025 using existing cash and borrowings from our revolving credit facility.

The senior notes contain an optional redemption feature that allows us to redeem each series of notes prior to maturity in whole or in part at any time, at a make-whole redemption price. The indentures governing the senior notes contain limitations on our ability and the ability of our subsidiaries to pledge voting stock or profit participating equity interests in our subsidiaries to secure other debt without similarly securing the notes equally and ratably. In addition, the indentures include requirements that must be met if we consolidate or merge with, or sell all of our assets to, another entity.

On April 30, 2025, we entered into an Amended and Restated Revolving Credit Agreement (the “Amended and Restated Credit Agreement”) with a five year term and \$1.1 billion of aggregate available borrowings. As of April 30, 2025, the \$300.0 million of borrowings outstanding under our prior credit facility were transferred to the Amended and Restated Credit Agreement. Interest is payable semi-annually on any outstanding amounts and is based on the Term Secured Overnight Financing Rate (“Term SOFR”) plus a credit spread of 87.5 basis points and a Term SOFR adjustment of 10 basis points. The Amended and Restated Credit Agreement contains a financial performance covenant requiring that the Company maintain a consolidated net leverage ratio, measured as of the last day of each fiscal quarter, of no greater than 3.25 to 1.00.

We were in compliance with all debt covenants at June 30, 2025.

At June 30, 2025, we had \$500.0 million of short-term commercial paper available for issuance under an uncommitted private placement program which has been inactive since 2012 and is unrated.

Our ability to access the capital markets in a timely manner depends on a number of factors, including our credit rating, the condition of the global economy, investors’ willingness to purchase our securities, interest rates, credit spreads and the valuation levels of equity markets. If we are unable to access capital markets in a timely manner, our business could be adversely impacted.

Uses of Capital

We expect that our main uses of cash will be to invest in and grow our business including through acquisitions, pay stockholder dividends, invest in our products, pay income taxes and expenses of the business, enhance technology infrastructure and business processes, repurchase shares of our common stock, and repay and service debt. While we expect to continue to repurchase shares to offset dilution from stock-based compensation, and expect to continue to repurchase shares opportunistically from time to time, we will likely spend more of our post-dividend free cash flow investing in our business, including seed capital and acquiring resources to help grow our investment teams and operations.

We typically declare cash dividends on a quarterly basis, subject to approval by our Board of Directors. We declared regular dividends of \$0.96 per share during the nine months ended June 30, 2025 and \$0.93 per share during the nine months ended June 30, 2024. We currently expect to continue paying comparable regular dividends on a quarterly basis to holders of our common stock depending upon earnings and other relevant factors.

We maintain a stock repurchase program to manage our equity capital with the objective of maximizing shareholder value. Our stock repurchase program is effected through open-market purchases and private transactions in accordance with applicable laws and regulations, and is not subject to an expiration date. The size and timing of these purchases will depend on business conditions, price, market and other factors, including the terms of any 10b5-1 stock purchase plan that may be in effect at any given time. During the three and nine months ended June 30, 2025, we repurchased 7.3 million and 8.1 million shares of our common stock at a cost of \$157.4 million and \$173.2 million. During the three and nine months ended June 30, 2024, we repurchased 4.3 million and 7.1 million shares of our common stock at a cost of \$101.5 million and \$172.0 million. In December 2023, our Board of Directors authorized the repurchase of up to an additional 27.2 million shares of our common stock in either open market or private transactions, for a total of up to 40.0 million shares available for repurchase under the stock repurchase program. At June 30, 2025, 21.9 million shares remained available for repurchase under this authorization.

On June 3, 2025, we entered into a definitive agreement to acquire a majority interest in Apera Asset Management for cash consideration of approximately €70.0 million. In addition, we will pay up to €125.0 million in cash through the fifth anniversary of the closing date based on revenue targets. The cash consideration is expected to be funded from existing cash and sources of liquidity. The acquisition is expected to close during the first quarter of fiscal year 2026.

We will pay up to \$375.0 million related to our acquisition of Putnam between the third and seventh anniversaries of the closing date related to revenue growth targets from the strategic partnership with Great-West Lifeco, Inc. and its affiliates which will be recognized in operating income.

The final deferred cash payment related to our acquisition of Lexington of \$100.0 million was paid on April 1, 2025 using existing cash and borrowings from our revolving credit facility.

The funds that we manage have their own resources available for purposes of providing liquidity to meet shareholder redemptions, including securities that can be sold or provided to investors as in-kind redemptions, and lines of credit. Increased liquidity risks and redemptions have required, and may continue to require, increased cash in the form of loans or other lines of credit to help settle redemptions and for other related purposes. While we have no legal or contractual obligation to do so, we have in certain instances voluntarily elected to provide the funds with direct or indirect financial support based on our business

objectives. We did not provide significant financial or other support to our sponsored funds during the nine months ended June 30, 2025.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These estimates, judgments and assumptions are affected by our application of accounting policies. Further, concerns about the global economic outlook have adversely affected, and may continue to adversely affect, our business, financial condition and results of operations including the estimates and assumptions made by management. Actual results could differ from the estimates. Described below are the updates to our critical accounting policies disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for fiscal year 2024.

Consolidation

We consolidate our subsidiaries and investment products in which we have a controlling financial interest. We have a controlling financial interest when we own a majority of the voting interest in a voting interest entity or are the primary beneficiary of a variable interest entity ("VIE"). Our VIEs are primarily investment products and our variable interests consist of our equity ownership interests in and investment management fees earned from these products.

Business Combinations

Business combinations are accounted for by recognizing the acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition-date estimated fair values. Any excess of the purchase consideration over the acquisition-date fair values of these identifiable assets and liabilities is recognized as goodwill. Goodwill and indefinite-lived intangible assets are tested for impairment annually and when an event occurs or circumstances change that more likely than not reduce the fair value of the related reporting unit or indefinite-lived intangible asset below its carrying value. Definite-lived intangible assets are tested for impairment quarterly.

Subsequent to the annual impairment tests performed as of August 1, 2024, we monitored both macroeconomic and entity-specific factors, including changes in our AUM to determine whether circumstances have changed that would more likely than not reduce the fair value of the reporting unit below its carrying value or indicate that the other indefinite-lived intangible assets might be impaired. We also monitored fluctuations of our common stock per share price to evaluate our market capitalization relative to the reporting unit as a whole. During the nine months ended June 30, 2025, there were no events or circumstances which would indicate that goodwill or definite-lived intangible assets were more likely than not impaired. We performed a quantitative impairment test for certain indefinite-lived assets related to acquired mutual fund investment management contracts due to decreased AUM in related products and recognized an impairment of \$24.4 million during the quarter ended March 31, 2025. There were no other impairments of indefinite-lived intangible assets, as no events occurred or circumstances changed that would indicate these assets might be impaired.

While we believe that the assumptions used to estimate fair value in our impairment tests are reasonable and appropriate, future changes in the assumptions could result in recognition of impairment.

Fair Value Measurements

Our investments are primarily recorded at fair value or amounts that approximate fair value on a recurring basis. We use a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on whether the inputs to those valuation techniques are observable or unobservable.

As of June 30, 2025, Level 3 assets represented 4% of total assets measured at fair value, which primarily related to CIPs' investments in equity and debt securities. There were insignificant transfers into and \$39.3 million transfers out of Level 3 during the nine months ended June 30, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During the nine months ended June 30, 2025, there were no material changes from the market risk disclosures in our Form 10-K for the fiscal year ended September 30, 2024.

Item 4. Controls and Procedures.

The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2025. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures as of June 30, 2025 were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended June 30, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of our legal proceedings, please see the description set forth in the “Legal Proceedings” section in Note 10 – Commitments and Contingencies in the notes to consolidated financial statements in Item 1 of Part I of this Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

There were no material changes from the Risk Factors previously disclosed in our last Annual Report on Form 10-K for fiscal year 2024. These Risk Factors could materially and adversely affect our business, financial condition and results of operations, and our business also could be impacted by other risk factors that are not presently known to us or that we currently consider to be immaterial. Further, our disclosure of a risk should not be interpreted to imply that the risk has not already developed or materialized.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information with respect to the shares of our common stock that we repurchased during the three months ended June 30, 2025.

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2025	100,572	\$ 19.22	100,572	29,082,434
May 2025	7,190,234	21.61	7,190,234	21,892,200
June 2025	4,570	21.15	4,570	21,887,630
Total	7,295,376		7,295,376	

Under our stock repurchase program, which is not subject to an expiration date, we can repurchase shares of our common stock from time to time in the open market and in private transactions in accordance with applicable laws and regulations, including without limitation applicable federal securities laws. In order to pay taxes due in connection with the vesting of employee and executive officer stock and stock unit awards, we may repurchase shares under our program using a net stock issuance method. In December 2023, our Board of Directors authorized the repurchase of up to an additional 27.2 million shares of our common stock in either open market or private transactions, for a total of up to 40.0 million shares available for repurchase under the stock repurchase program as of such authorization date.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the fiscal quarter ended June 30, 2025, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Franklin adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

The exhibits listed on the Exhibit Index to this Form 10-Q are incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Incorporation of Registrant, as filed November 28, 1969, incorporated by reference to Exhibit (3)(i) to our Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 001-09318) (the “1994 Annual Report”)
3.2	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed March 1, 1985, incorporated by reference to Exhibit 3(ii) to the 1994 Annual Report
3.3	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed April 1, 1987, incorporated by reference to Exhibit 3(iii) to the 1994 Annual Report
3.4	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 2, 1994, incorporated by reference to Exhibit 3(iv) to the 1994 Annual Report
3.5	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 4, 2005, incorporated by reference to Exhibit (3)(i)(e) to our Quarterly Report on Form 10-Q for the period ended December 31, 2004 (File No. 001-09318)
3.6	Amended and Restated Bylaws of Registrant (as adopted and effective July 8, 2025), incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on July 9, 2025 (File No. 001-09318)
10.1	Amended and Restated Credit Agreement, dated as of April 30, 2025, by and among Franklin Resources, Inc., as borrower, the financial institutions from time to time party thereto, as lenders, and Bank of America, N.A., as administrative agent, incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended March 31, 2025 (File No. 001-09318)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline Extensible Business Reporting Language (iXBRL), include: (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes (filed herewith)
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRANKLIN RESOURCES, INC.

Date: August 1, 2025

By: /s/ Matthew Nicholls
Matthew Nicholls
Executive Vice President, Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

Date: August 1, 2025

By: /s/ Lindsey H. Oshita
Lindsey H. Oshita
Chief Accounting Officer (Principal Accounting Officer)

CERTIFICATION

I, Jennifer M. Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Franklin Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2025

/s/ Jennifer M. Johnson

Jennifer M. Johnson

President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION

I, Matthew Nicholls, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Franklin Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2025

/s/ Matthew Nicholls

Matthew Nicholls

Executive Vice President, Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)**

I, Jennifer M. Johnson, President and Chief Executive Officer of Franklin Resources, Inc. (the “Company”), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: August 1, 2025

/s/ Jennifer M. Johnson
Jennifer M. Johnson
President and Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)**

I, Matthew Nicholls, Executive Vice President, Chief Financial Officer and Chief Operating Officer of Franklin Resources, Inc. (the “Company”), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: August 1, 2025

/s/ Matthew Nicholls

Matthew Nicholls

Executive Vice President, Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)