



FRANKLIN  
TEMPLETON

# Franklin Resources, Inc.

## Second Quarter 2026 Results

April 28, 2026 | Investor Presentation

# Forward-looking Statements and Non-GAAP Financial Information FRANKLIN TEMPLETON

This commentary contains forward-looking statements that involve a number of known and unknown risks, uncertainties and other important factors. This commentary also contains non-GAAP financial measures. For the reconciliations from US GAAP to non-GAAP measures, refer to pages 22 through 24 and the “Supplemental Non-GAAP Financial Measures” section of the earnings release.

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

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements, including market and volatility risks, investment performance and reputational risks, global operational risks, competition and distribution risks, third-party risks, technology and security risks, human capital risks, cash management risks, and legal and regulatory risks. While forward-looking statements are our best prediction at the time that they are made, you should not rely on them and are cautioned against doing so. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other possible future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. They are neither statements of historical fact nor guarantees or assurances of future performance. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them.

These and other risks, uncertainties and other important factors are described in more detail in our recent filings with the US Securities and Exchange Commission, including, without limitation, in Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and our subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. If a circumstance occurs after the date of this presentation that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

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

# Second Quarter 2026 Business Highlights



## AUM & Flows

- AUM of \$1.68 trillion comprised of investment capabilities across public and private markets
- Long-term inflows were \$118.2 billion, and excluding reinvested distributions, increased 28% from prior quarter and 38% from the prior year quarter
  - Gross sales increased across all asset classes and regions
- Long-term net inflows were \$16.9 billion, with strong momentum across investment groups
  - Excluding Western Asset Management (“Western”), long-term net inflows were \$21.0 billion, representing the 10<sup>th</sup> consecutive quarter of positive net flows
  - Positive net flows of \$12.4 billion in alternatives and \$9.5 billion in multi-asset with a combined total of \$21.9 billion
  - Excluding Western, fixed income saw the 9<sup>th</sup> consecutive quarter of positive long-term net flows
- Institutional pipeline of won but unfunded mandates remained strong and consistent with the prior quarter at \$20.2 billion

## Key Areas of Growth

- **Alternative** AUM increased to a record of \$282.8 billion, inclusive of \$4.6 billion in realizations and distributions
  - Fundraised \$14.3 billion in Alternatives, including \$13.2 billion in private market assets, which was diversified across alternative credit, secondary private equity, real estate, and venture strategies
  - Fiscal year-to-date private markets fundraising reached \$22.7 billion
  - **Franklin Templeton Private Markets:** Evergreen series designed for the wealth management channel have reached \$8.0 billion in AUM across Lexington Partners, Benefit Street Partners, and Clarion Partners
- **Diversification across vehicles**
  - **ETF** AUM reached a record of \$61.6 billion with \$4.5 billion of net inflows (18<sup>th</sup> consecutive positive quarter)
    - Active ETF AUM reached \$27.7B, representing 45% of ETF AUM
  - **Retail SMA** AUM was \$168.3 billion with net inflows of \$2.7 billion
    - **Canvas®** AUM reached a record of \$22.9 billion with \$5.3 billion in net inflows
- **International** AUM of approximately \$495 billion, with positive long-term net flows in every region totaling \$5.5 billion in aggregate
- **Digital Assets** AUM of \$2.1 billion, inclusive of \$1.4 billion in tokenized funds and \$0.7 billion in crypto ETFs
  - In April, announced plan to acquire 250 Digital and launch Franklin Crypto

## Investment Performance

- Over half of **mutual funds and ETFs AUM** outperformed peers in the 1-, 3-, 5-, and 10-year periods
- Over half of **strategy composite AUM** outperformed benchmarks in the 1-, 3-, 5-, and 10-year periods

# Second Quarter 2026 Financial Summary<sup>1</sup>



## Key metrics

(in US\$ millions, except AUM in billions and per share data)

	Q2 2026	Q1 2026	Q2 2025
Ending AUM <sup>2</sup>	\$1,682.1	\$1,684.0	\$1,540.6
Average AUM <sup>2</sup>	1,701.6	1,676.1	1,570.5
Adj. revenue	1,752.5	1,747.2	1,610.2
<i>Investment management revenues</i>	<i>1,586.6</i>	<i>1,580.1</i>	<i>1,481.6</i>
<i>Performance fees</i>	<i>86.9</i>	<i>76.6</i>	<i>55.7</i>
Adj. operating income	474.6	437.3	377.2
Adj. pre-tax net income	544.3	526.6	358.1
Adj. net income	384.5	378.4	254.4
Adj. diluted EPS	0.71	0.70	0.47
Adj. effective fee rate <sup>3</sup>	37.8 bps	37.4 bps	38.3 bps
Adj. operating margin	27.1%	25.0%	23.4%

- **AUM** of \$1.68 trillion is flat from the prior quarter due to long-term net inflows and cash management net inflows, offset by the negative impact of markets. Average AUM increased 1.5% due to long-term net inflows and cash management net inflows during the quarter
- **Adjusted effective fee rate<sup>3</sup>** (“EFR”) of 37.8 bps compared to 37.4 bps in the prior quarter
- **Adjusted operating revenue** increased slightly from the prior quarter primarily due to higher average AUM and higher performance fees, partially offset by two fewer calendar days
- **Adjusted operating income** increased 8.5% from the prior quarter primarily due to higher adjusted operating revenue and the prior quarter annual deferred compensation acceleration for retirement-eligible employees, partially offset by compensation expense related to the start of the calendar year
- **Adjusted operating margin** increased to 27.1% compared to 25.0% in the prior quarter
- **Adjusted net income and EPS** increased 1.6% and 1.4%, respectively, from the prior quarter primarily due to higher adjusted operating income, partially offset by lower adjusted other income and a higher tax rate

1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical earnings presentations available at franklinresources.com.

2) Excludes approximately \$14.5 billion of AUM in our China joint venture.

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



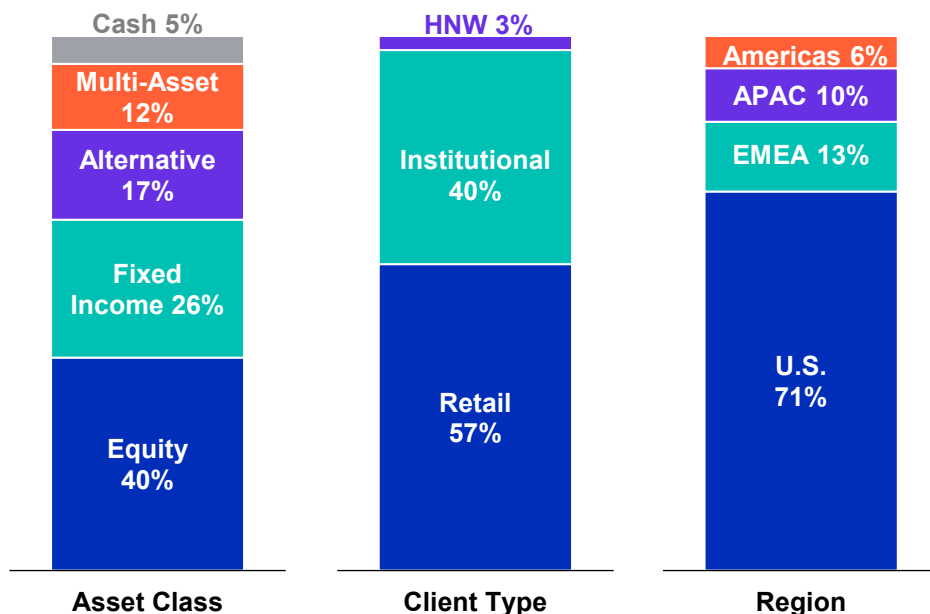
# **Second Quarter 2026**

## **AUM and Investment Performance**

# Diversified AUM and Adjusted Operating Revenue

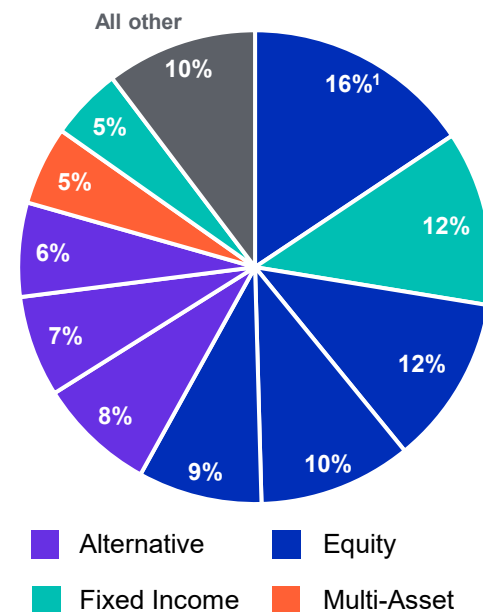
## Diversified by Asset Class, Client Type, and Region

AUM of \$1.68 trillion as of March 31, 2026



## Q2 Adjusted Operating Revenue by Investment Group

As of March 31, 2026



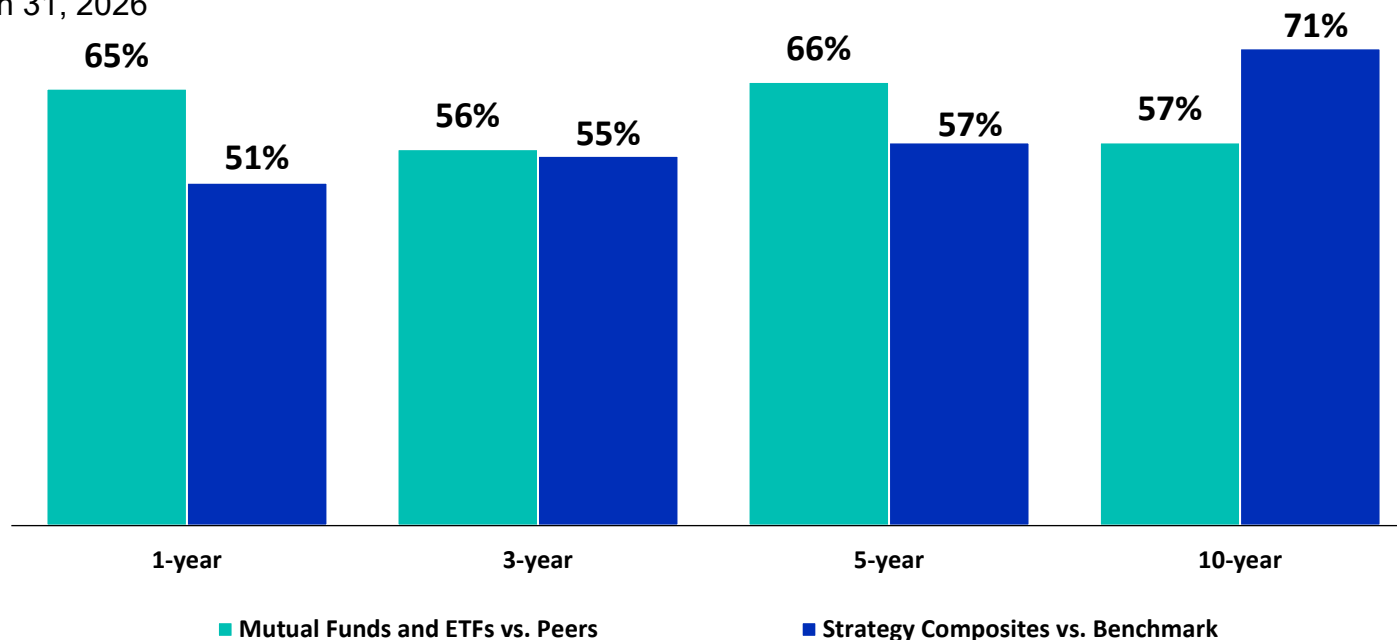
- Our AUM and adjusted operating revenue are diversified across asset class, client type, region, and investment group

1) Increased as a result of a broader reorganization effort where equity investment groups were combined into a single equity investment group.

# Investment Performance

## Percentage of AUM Above Peer Median and Benchmark<sup>1</sup>

As of March 31, 2026



- **Mutual Funds and ETFs:** Over half of mutual funds and ETFs AUM outperformed peers across all periods. Compared to the prior quarter, investment performance improved in the 1- and 10-year periods and remained consistent in the 3- and 5-year periods. The improvement in the 1-year was driven by one of our largest funds managed for yield and select US equity strategies
- **Strategy Composites:** Over half of strategy composite AUM outperformed benchmarks across all periods. Compared to the prior quarter, investment performance improved in all periods. Fixed income investment groups drove the improvement in the 1-year period and equity investment groups drove the improvement in the 5- and 10-year periods

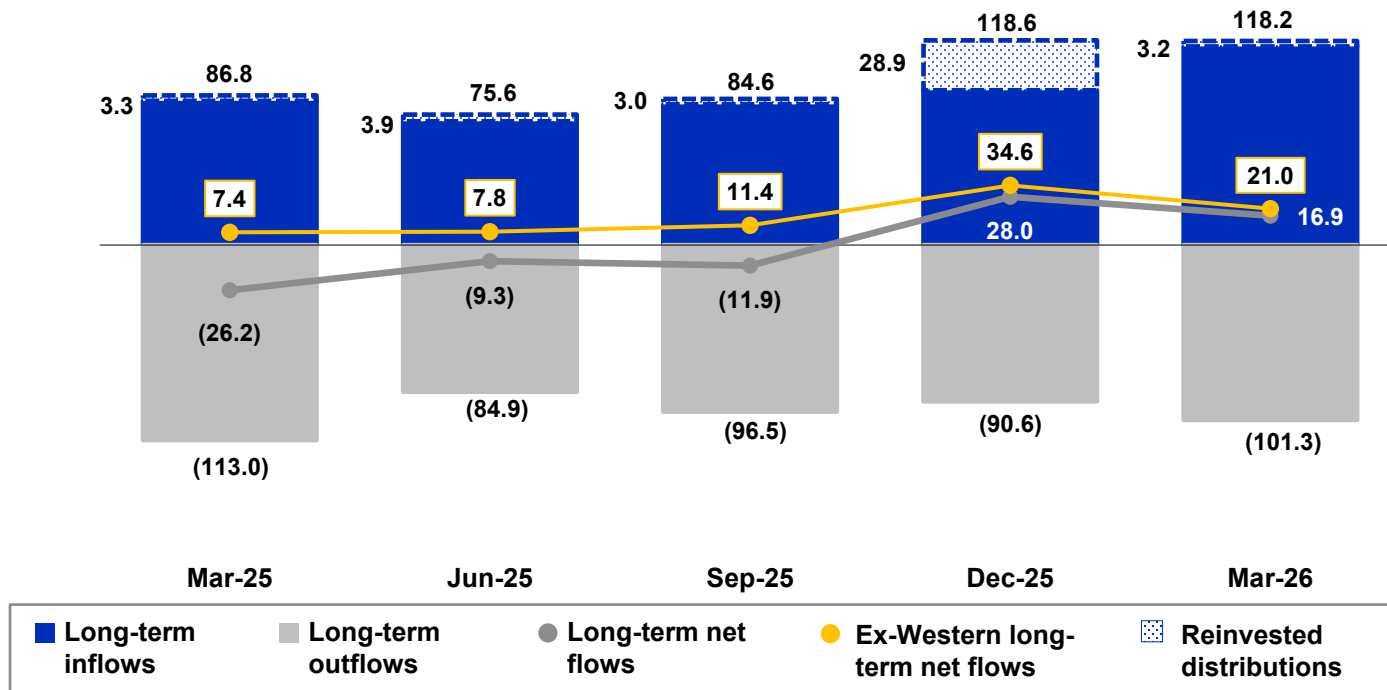
1) Benchmark comparisons are based on each strategy's composite returns (composites may include retail SMA and mutual fund assets managed as part of the same strategy) as compared to a market index that has been selected to be generally consistent with the investment objectives of the account. Multi-asset strategies that lack benchmarks consistent with their investment objectives are excluded. Composite AUM measured for the 1-, 3-, 5-, and 10-year periods represent 55%, 54%, 54%, and 50%, respectively, of the firm's total AUM as of March 31, 2026. Mutual funds and ETFs performance is sourced from Morningstar and measures the percentage of ranked fund AUM in the top two quartiles of their peer groups. Mutual Funds and ETFs AUM measured for the 1-, 3-, 5-, and 10-year periods represents 39%, 39%, 38%, and 35%, respectively, of the firm's total AUM as of March 31, 2026.

# AUM and Flows<sup>1</sup>

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



**Total AUM: \$1.68 trillion<sup>2</sup>**



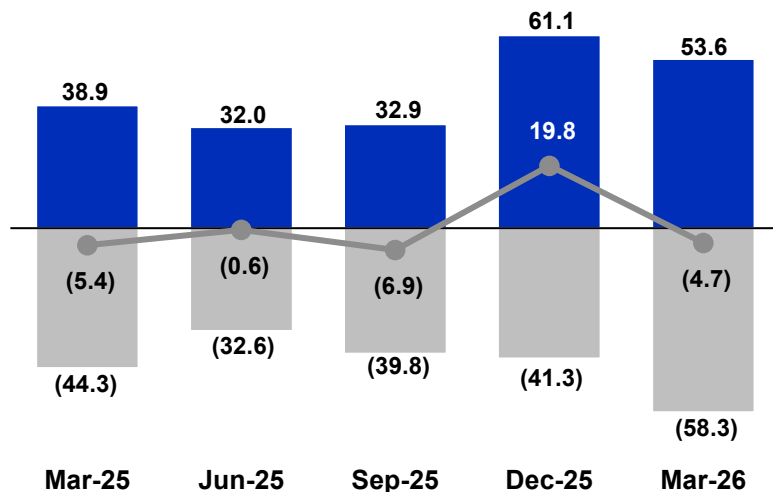
- Excluding reinvested distributions, long-term inflows increased 28% from the prior quarter and 38% from the prior year quarter
- Long-term net inflows of \$16.9 billion included \$4.1 billion of net outflows at Western. Excluding Western, long-term net inflows were \$21.0 billion, representing the 10<sup>th</sup> consecutive quarter of positive long-term net flows
- Institutional pipeline of won but unfunded mandates remained consistent at \$20.2 billion compared to the prior quarter. The pipeline remains diversified by asset class and across our investment groups

1) Excludes all cash management flows.  
 2) Excludes approximately \$14.5 billion of AUM in our China joint venture.

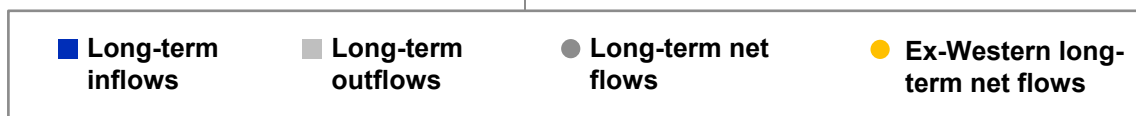
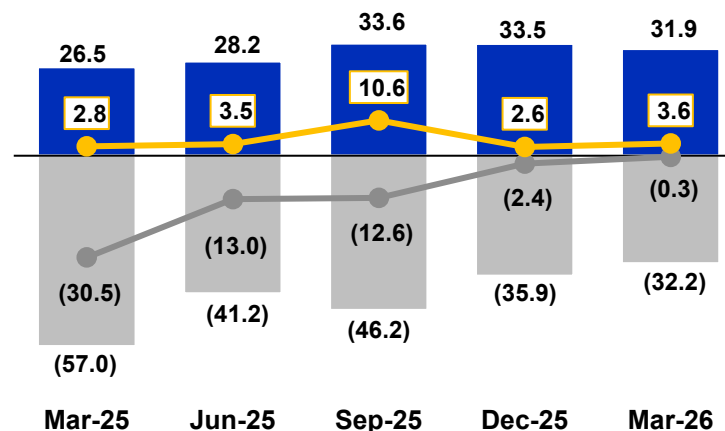
# AUM and Flows

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

## Equity: \$670 billion



## Fixed Income: \$434 billion



- Equity net outflows were \$4.7 billion
- Positive net flows into large cap value and core, smart beta, equity international, infrastructure, and sector strategies

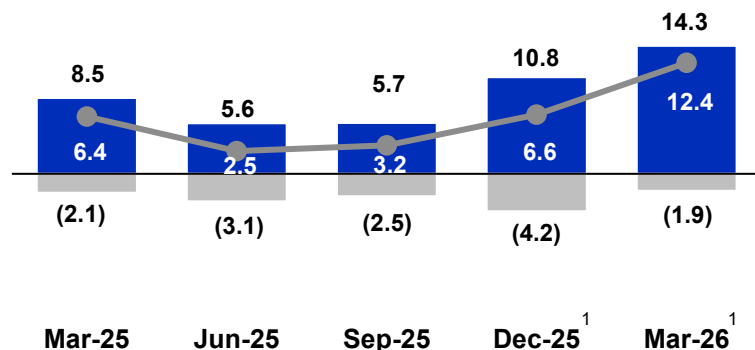
- Fixed income net outflows were \$0.3 billion. Excluding Western, fixed income net inflows were \$3.6 billion
- Excluding Western, fixed income generated positive net flows for 9 consecutive quarters
- Positive net flows into multi-sector, muni, stable value, and global fixed income strategies

# AUM and Flows

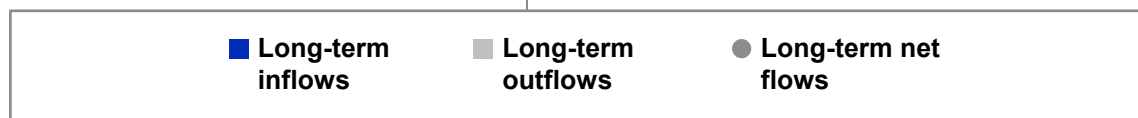
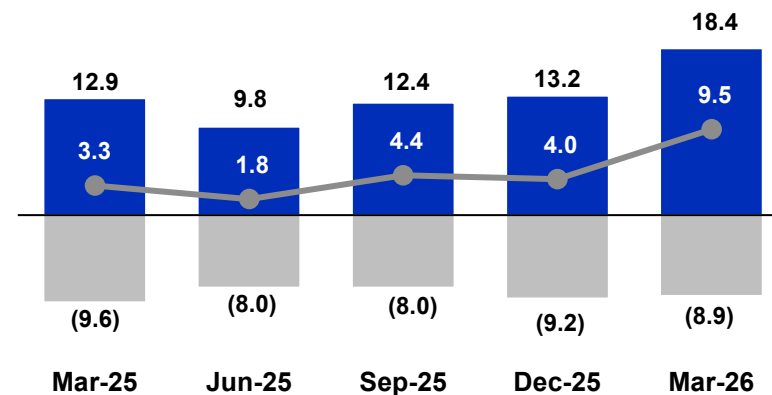
(In US\$ billions, for the three months ended)



## Alternative: \$283 billion



## Multi-Asset: \$207 billion



- \$14.3 billion was fundraised in the quarter, which includes \$13.2 billion in private market assets<sup>2</sup>, representing both fee and non-fee generating capital
- Fundraising was diversified across alternative credit, secondary private equity, real estate, venture, and liquid strategies
- Aggregate realizations and distributions<sup>3</sup> were \$4.6 billion

- Multi-asset net inflows were \$9.5 billion led by positive net inflows into Canvas, Franklin Templeton Investment Solutions, and Franklin Income Fund

See page 18 for additional detail

1) Beginning fiscal year 2026, non-fee generating uncalled capital commitments, which were previously included in net market change, distributions, and other, are reflected in long-term inflows in the period the capital is committed.  
 2) Fundraising represents subscriptions, commitments and other increases in available capital in AUM this quarter. Includes Collateralized Loan Obligations (“CLOs”).  
 3) Alternative realizations & distributions exclude client-driven redemptions, which are included in alternative outflows.



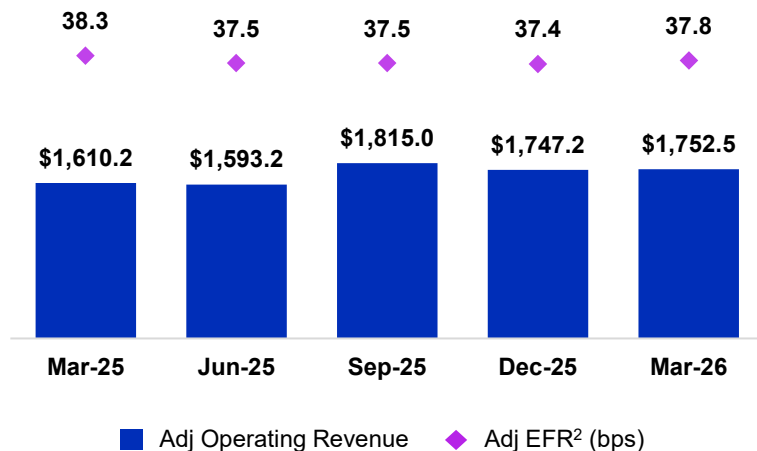
# **Second Quarter 2026 Financial Results**

# Financial Results<sup>1</sup>

(Non-GAAP in US\$ millions except EFR)

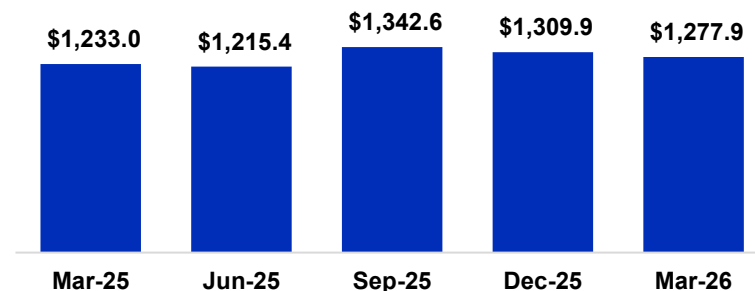


## Adjusted Operating Revenue and Effective Fee Rate<sup>2</sup>



- Adjusted operating revenue increased slightly from the prior quarter primarily due to higher average AUM and higher performance fees, partially offset by two fewer calendar days
- Adjusted operating revenue increased 8.8% from the prior year quarter primarily due to higher average AUM and higher performance fees, partially offset by the impact of Western
- Investment management fees increased 0.4% from the prior quarter and increased 7.1% from the prior year quarter
- Adjusted performance fees were \$86.9 million compared to \$76.6 million in the prior quarter and \$55.7 million in the prior year quarter
- Adjusted EFR<sup>2</sup> of 37.8 bps compared to 37.4 bps in the prior quarter, and 38.3 bps in the prior year quarter

## Adjusted Operating Expenses



- Adjusted operating expenses decreased 2.4% from the prior quarter primarily due to the prior quarter annual deferred compensation acceleration for retirement-eligible employees and lower incentive compensation, partially offset by compensation expense related to the start of the calendar year
- Adjusted operating expenses increased 3.6% from the prior year quarter primarily due to higher incentive compensation on higher revenues and higher spend on strategic initiatives, partially offset by the realization of cost savings initiatives

1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical investor presentations available at franklinresources.com.

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

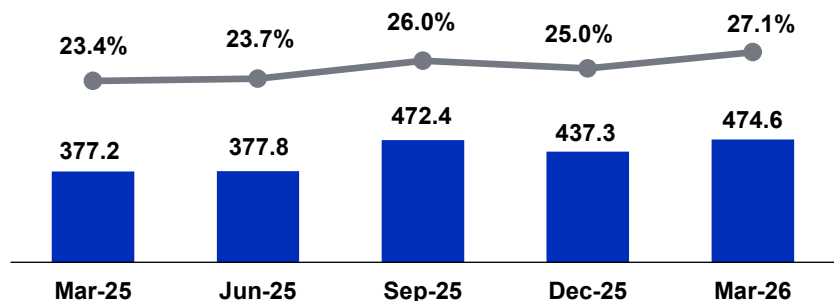
# Financial Results<sup>1</sup>

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



US GAAP	Mar-25	Jun-25	Sep-25 <sup>2</sup>	Dec-25	Mar-26
<b>Operating Income</b>	145.6	154.1	85.4	281.0	323.3
<b>Operating Margin</b>	6.9%	7.5%	3.6%	12.1%	14.1%

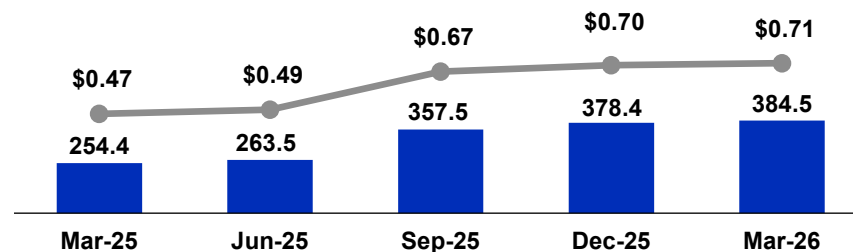
## Adjusted Operating Income and Adjusted Operating Margin



- Adjusted operating income increased 8.5% from the prior quarter primarily due to the prior quarter annual deferred compensation acceleration for retirement-eligible employees, higher average AUM and lower incentive compensation, partially offset by compensation expense related to the start of the calendar year and two fewer calendar days impacting investment management fees
- Adjusted operating income increased 25.8% from the prior year quarter primarily due to higher average AUM, the realization of cost savings initiatives, and higher performance fees, partially offset by the impact of Western and higher spend on strategic initiatives
- Adjusted operating margin increased to 27.1% compared to 25.0% in the prior quarter and 23.4% in the prior year quarter

US GAAP	Mar-25	Jun-25	Sep-25 <sup>2</sup>	Dec-25	Mar-26
<b>Net Income</b>	151.4	92.3	117.6	255.5	268.2
<b>Diluted EPS</b>	\$0.26	\$0.15	\$0.21	\$0.46	\$0.49

## Adjusted Net Income and Adjusted Diluted Earnings Per Share



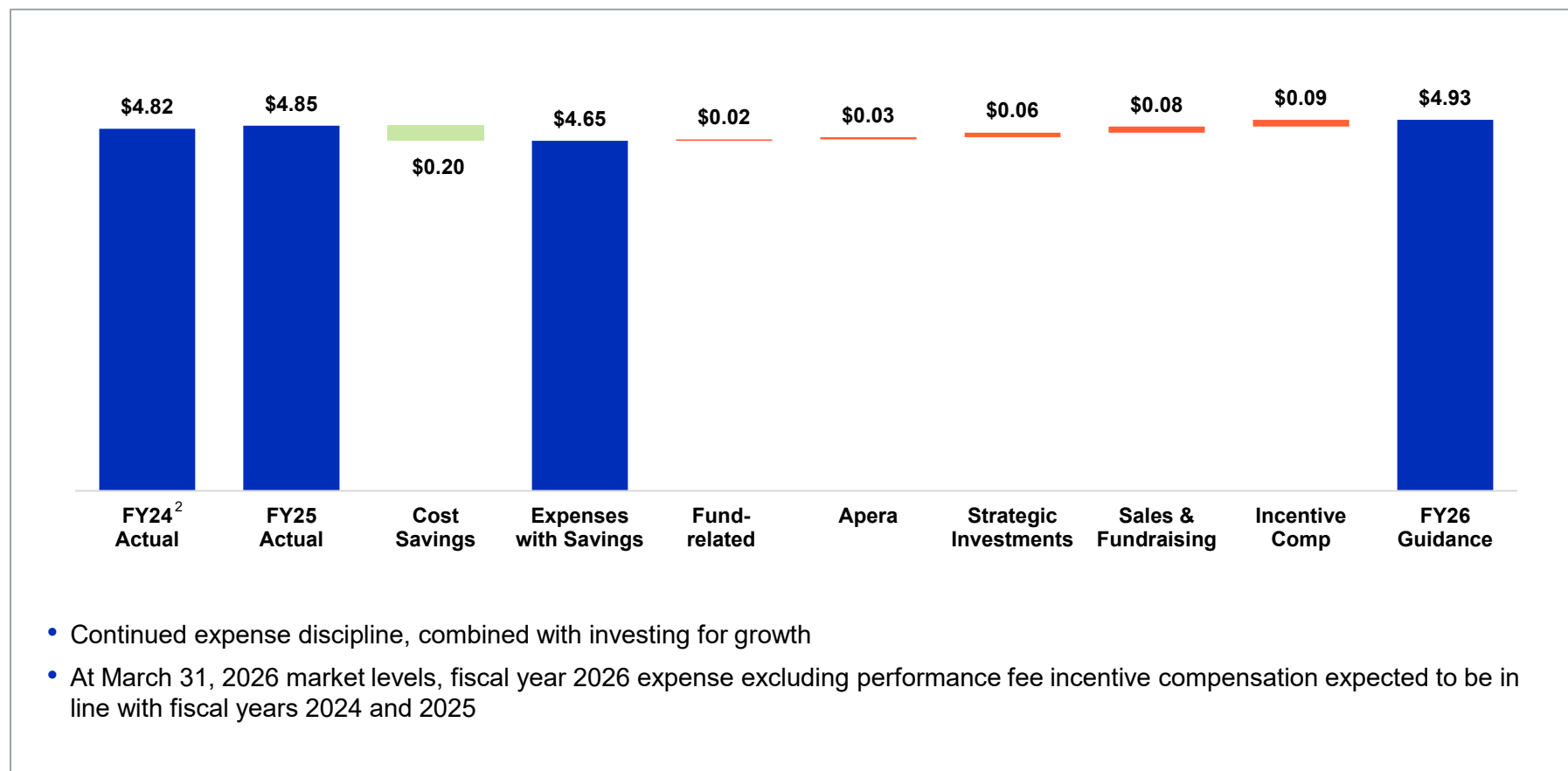
- Adjusted net income and EPS increased 1.6% and 1.4%, respectively, from the prior quarter primarily due to higher adjusted operating income, partially offset by lower adjusted other income and a higher tax rate
- Adjusted net income and EPS increased 51.1% from the prior year quarter primarily due to higher adjusted operating income and higher adjusted other income, partially offset by a higher tax rate

1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical investor presentations available at [franklinresources.com](http://franklinresources.com).

2) US GAAP financial results include a non-cash impairment charge of \$200M related to indefinite-lived intangible assets for certain mutual fund contracts managed by Western.

# Illustrative 2026 Adjusted Operating Expense Bridge<sup>1</sup>

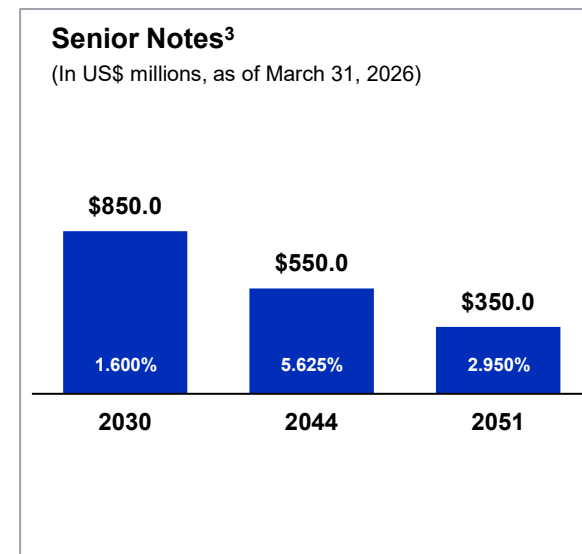
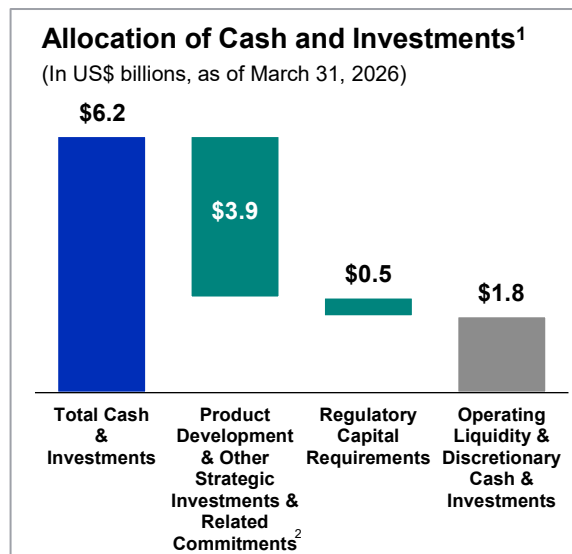
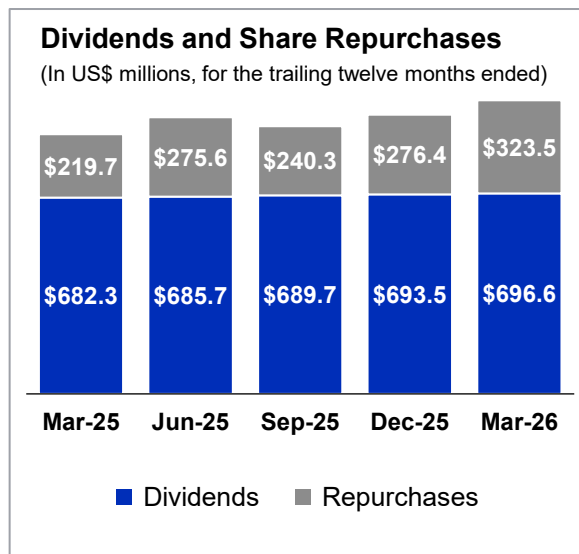
(Non-GAAP in US\$ billions)



1) See slide 25 for assumptions.

2) FY24 includes an additional quarter of Putnam for comparability.

# Capital Management



## Shareholder Return

- In February, we announced a quarterly cash dividend of \$0.33 per share, a 3.1% increase over the prior year quarter
- We returned \$234.6 million to shareholders including \$177.5 million in dividends and \$57.1 million in share repurchases. We typically plan to repurchase shares to offset employee-related equity issuances throughout the year. In addition, when possible, we opportunistically repurchase shares taking into account debt maturities, acquisition-related payments, and general market conditions

## Liquidity

- Total cash and investments of \$6.2 billion<sup>1</sup> as of March 31, 2026 remained consistent with December 31, 2025, after reducing senior notes by \$450 million
- Approximately \$700 million of nominal cash tax benefits available related to acquisitions, which we expect to realize over the next 15 years

## Debt

- As of March 31, 2026, we maintained senior debt with an aggregate principal amount due of \$1.75 billion<sup>3</sup>. We repaid the \$450 million 4.750% senior notes due March 2026, using \$350 million borrowings under our revolving line of credit and existing cash
- Interest on debt was \$19.6 million compared to \$19.1 million in the prior quarter and \$23.0 million in the prior year quarter

1) Includes our direct investments in Consolidated Investment Products of \$1.1 billion and approximately \$385 million of employee-owned and other third-party investments made through partnerships, approximately \$419 million of investments related to long-term repurchase agreements and other net financing arrangements, and approximately \$397 million of cash and investments related to deferred compensation plans.

2) Includes \$994 million of undrawn capital commitments to funds that is currently held as cash.

3) Excludes fair value adjustments from purchase accounting.

# Appendix

# AUM and Flows<sup>1</sup>

(In US\$ billions)



	Mar 31, 2026	Dec 31, 2025	% Change	Mar 31, 2025	% Change
Beginning AUM	\$1,684.0	\$1,661.2	1.4%	\$1,575.7	6.9%
Long-term inflows	118.2	118.6	(0.3%)	86.8	36.2%
Long-term outflows	(101.3)	(90.6)	11.8%	(113.0)	(10.4%)
<b>Long-term net flows</b>	<b>16.9</b>	<b>28.0</b>	<b>(39.6%)</b>	<b>(26.2)</b>	<b>NM</b>
Cash management net flows	11.4	(1.2)	NM	2.7	NM
<b>Total net flows</b>	<b>28.3</b>	<b>26.8</b>	<b>5.6%</b>	<b>(23.5)</b>	<b>NM</b>
Acquisitions	-	6.1	NM	-	NM
Net market change, dist. & other	(30.2)	(10.1)	199.0%	(11.6)	NM
<b>Ending AUM</b>	<b>\$1,682.1</b>	<b>\$1,684.0</b>	<b>(0.11%)</b>	<b>\$1,540.6</b>	<b>9.2%</b>
<b>Average AUM<sup>2</sup></b>	<b>\$1,701.6</b>	<b>\$1,676.1</b>	<b>1.5%</b>	<b>\$1,570.5</b>	<b>8.3%</b>

1) Excludes approximately \$14.5 billion of AUM in our China joint venture.

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

# Alternative AUM Roll Forward

(In US\$ billions)



## Three Months Ended March 31, 2026

	<u>Private Markets<sup>1</sup></u>	<u>Liquid &amp; Other</u>	<u>Total</u>
<b>Beginning Balance</b>	<b>\$254.7</b>	<b>19.1</b>	<b>\$273.8</b>
Fundraising <sup>2</sup>	13.2	1.1	14.3
Outflows	(1.1)	(0.8)	(1.9)
<b>Net Flows</b>	<b>12.1</b>	<b>0.3</b>	<b>12.4</b>
Realizations & distributions <sup>3</sup>	(4.5)	(0.1)	(4.6)
Net market change, FX, other	1.0	0.2	1.2
<b>Ending AUM</b>	<b>\$263.3</b>	<b>\$19.5</b>	<b>\$282.8</b>

- \$14.3 billion was fundraised in the quarter, which includes \$13.2 billion in private market assets<sup>1</sup>, representing both fee and non-fee generating capital
- Aggregate realizations and distributions<sup>3</sup> were \$4.6 billion

1) Private markets includes CLOs.

2) Fundraising represents subscriptions, commitments and other increases in available capital in AUM this quarter.

3) Alternative realizations & distributions exclude client-driven redemptions, which are included in alternative outflows.

# Financial Results

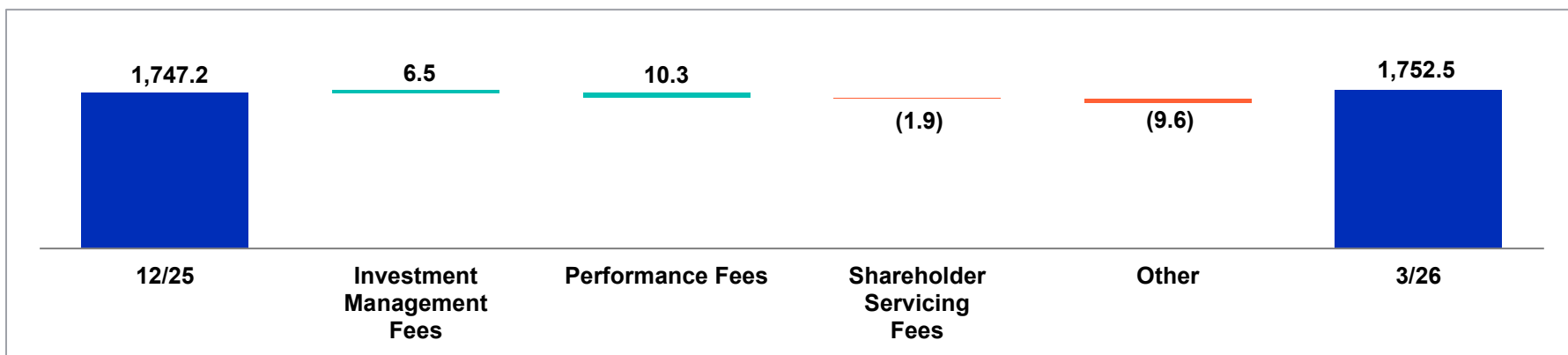
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



## Revenues<sup>1</sup>

	Mar-26 US GAAP	Adjustments	Mar-26 Adjusted	Dec-25 Adjusted	Mar-26 Adjusted vs. Dec-25 Adjusted	Mar-25 Adjusted	Mar-26 Adjusted vs. Mar-25 Adjusted
Investment management fees, ex. performance fees	1,718.5	(131.9)	1,586.6	1,580.1	0%	1,481.6	7%
Performance fees	100.8	(13.9)	86.9	76.6	13%	55.7	56%
Sales and distribution fees	396.6	(396.6)	-	-	NM	-	NM
Shareholder servicing fees	69.0	-	69.0	70.9	(3%)	61.9	11%
Other	10.0	-	10.0	19.6	(49%)	11.0	(9%)
<b>Total Operating Revenues</b>	<b>2,294.9</b>	<b>(542.4)</b>	<b>1,752.5</b>	<b>1,747.2</b>	<b>0%</b>	<b>1,610.2</b>	<b>9%</b>
<i>Effective fee rate<sup>2</sup></i>			37.8 bps	37.4 bps		38.3 bps	

## Adjusted Operating Revenues – Quarters Ended December 31, 2025 and March 31, 2026



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical earnings investor presentations available at franklinresources.com.

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

# Financial Results

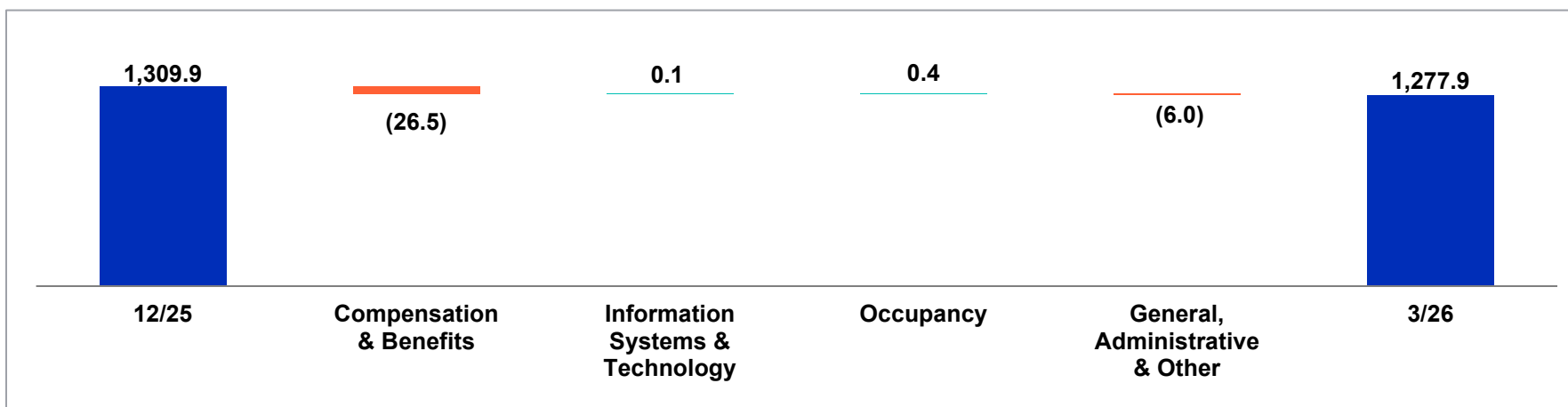
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



## Expenses<sup>1</sup>

	Mar-26		Mar-26 Adjusted	Dec-25 Adjusted	Mar-26 Adjusted vs. Dec-25 Adjusted		Mar-25 Adjusted	Mar-26 Adjusted vs. Mar-25 Adjusted	
	US GAAP	Adjustments			Dec-25 Adjusted	Mar-25 Adjusted		Mar-25 Adjusted	
Compensation & benefits	964.7	(91.7)	873.0	899.5	(3%)	833.0	5%		
Sales, distribution & marketing	544.0	(544.0)	-	-	NM	-	NM		
Information systems & technology	157.6	(4.9)	152.7	152.6	0%	148.9	3%		
Occupancy	67.1	-	67.1	66.7	1%	69.3	(3%)		
Amortization of intangible assets	50.6	(50.6)	-	-	NM	-	NM		
General, administrative & other	187.6	(2.5)	185.1	191.1	(3%)	181.8	2%		
<b>Total Operating Expenses</b>	<b>1,971.6</b>	<b>(693.7)</b>	<b>1,277.9</b>	<b>1,309.9</b>	<b>(2%)</b>	<b>1,233.0</b>	<b>4%</b>		

## Adjusted Operating Expenses – Quarters Ended December 31, 2025 and March 31, 2026



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical investor presentations available at franklinresources.com.

# Financial Results

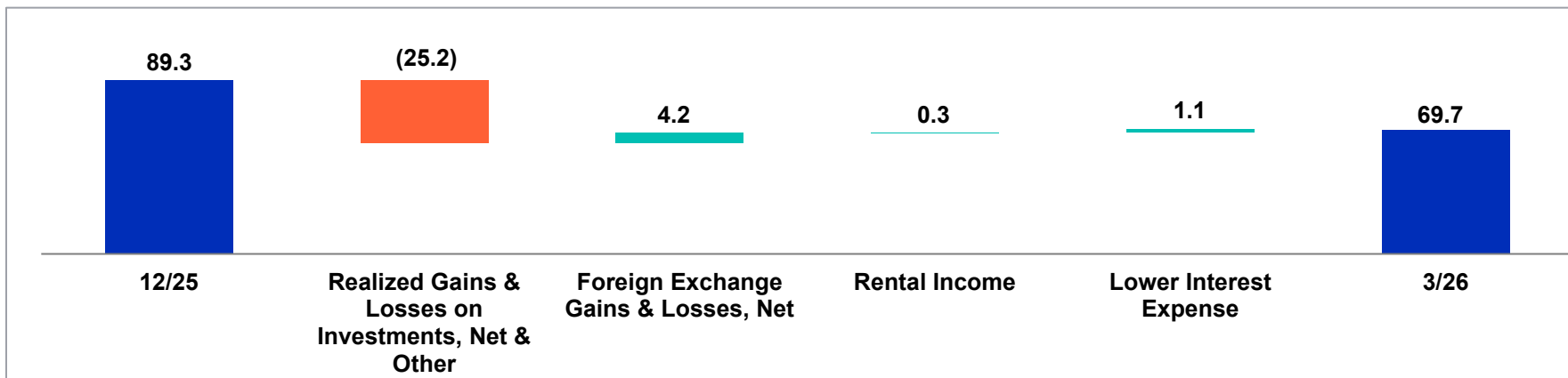
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



## Other Income (Expense), Net<sup>1</sup>

	Mar-26		Mar-26 Adjusted	Dec-25 Adjusted	Mar-26 Adjusted vs. Dec-25		Mar-25 Adjusted	Mar-26 Adjusted vs. Mar-25	
	US GAAP	Adjustments			Dec-25 Adjusted	Mar-25 Adjusted		Mar-25 Adjusted	
Investment and other income, net	56.0	38.0	94.0	114.7	(18%)	5.9	NM		
Interest expense	(19.9)	(4.4)	(24.3)	(25.4)	(4%)	(25.0)	(3%)		
Investment and other income (losses) of CIPs	96.5	(96.5)	-	-	NM	-	NM		
Expenses of CIPs	(10.2)	10.2	-	-	NM	-	NM		
<b>Other Income (Expense), Net</b>	<b>122.4</b>	<b>(52.7)</b>	<b>69.7</b>	<b>89.3</b>	<b>(22%)</b>	<b>(19.1)</b>	<b>465%</b>		

## Adjusted Other Income – Quarters Ended December 31, 2025 and March 31, 2026



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods, please refer to historical investor presentations available at franklinresources.com.

# Reconciliation of US GAAP results to Non-GAAP Results

Three months ended March 31, 2026



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, Distribution and Marketing	Acquisition-Related	Special Termination Plan	Unrealized Investment (Gains) Losses	Deferred Comp Plan and Other	Tax Expense of Adjustments	Non-GAAP Basis	
<b>Revenues</b>										
Investment management fees	1,819.3	15.5	(147.4)	(13.9) <sup>1</sup>	-	-	-	-	1,673.5	
Sales and distribution fees	396.6	-	(396.6)	-	-	-	-	-	-	
Shareholder servicing fees	69.0	-	-	-	-	-	-	-	69.0	
Other	10.0	-	-	-	-	-	-	-	10.0	
<b>Total Operating Revenues</b>	<b>2,294.9</b>	<b>15.5</b>	<b>(544.0)</b>	<b>(13.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,752.5</b>	
<b>Expenses</b>										
Compensation and benefits	964.7	-	-	(42.1) <sup>1</sup>	(30.2)	-	(19.4)	-	873.0	
Sales, distribution and marketing	544.0	-	(544.0)	-	-	-	-	-	-	
Information systems and technology	157.6	-	-	(4.9)	-	-	-	-	152.7	
Occupancy	67.1	-	-	-	-	-	-	-	67.1	
Amortization of intangible assets	50.6	-	-	(50.6)	-	-	-	-	-	
General, administrative and other	187.6	-	-	(2.5)	-	-	-	-	185.1	
<b>Total Operating Expenses</b>	<b>1,971.6</b>	<b>-</b>	<b>(544.0)</b>	<b>(100.1)</b>	<b>(30.2)</b>	<b>-</b>	<b>(19.4)</b>	<b>-</b>	<b>1,277.9</b>	
<b>Operating Income</b>	<b>323.3</b>	<b>15.5</b>	<b>-</b>	<b>86.2</b>	<b>30.2</b>	<b>-</b>	<b>19.4</b>	<b>-</b>	<b>474.6</b>	
<b>Other Income (Expense)</b>										
Investment and other income (losses) net	56.0	10.1	-	4.9	-	31.8	(8.8)	-	94.0	
Interest expense	(19.9)	-	-	(4.4)	-	-	-	-	(24.3)	
Investment and other income (losses) of CIPs, net	96.5	(96.5)	-	-	-	-	-	-	-	
Expenses of CIPs	(10.2)	10.2	-	-	-	-	-	-	-	
<b>Total Other Income (Expense)</b>	<b>122.4</b>	<b>(76.2)</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>31.8</b>	<b>(8.8)</b>	<b>-</b>	<b>69.7</b>	
<b>Income before taxes</b>	<b>445.7</b>	<b>(60.7)</b>	<b>-</b>	<b>86.7</b>	<b>30.2</b>	<b>31.8</b>	<b>10.6</b>	<b>-</b>	<b>544.3</b>	
Taxes on income	99.1	-	-	-	-	-	-	36.7	135.8	
<b>Net income</b>	<b>346.6</b>	<b>(60.7)</b>	<b>-</b>	<b>86.7</b>	<b>30.2</b>	<b>31.8</b>	<b>10.6</b>	<b>(36.7)</b>	<b>408.5</b>	
Less: Net income (loss) attributable to noncontrolling interests	78.4	(60.1)	-	-	-	(0.9)	6.6	-	24.0	
<b>Net Income Attributable to Franklin Resources, Inc.</b>	<b>268.2</b>	<b>(0.6)</b>	<b>-</b>	<b>86.7</b>	<b>30.2</b>	<b>32.7</b>	<b>4.0</b>	<b>(36.7)</b>	<b>384.5</b>	
Less: allocation of earnings to participating nonvested stock and stock unit awards	16.3	-	-	-	-	-	-	-	15.3	
<b>Net Income Available to Franklin Resources, Inc. Common Stockholders</b>	<b>251.9</b>								<b>369.2</b>	
<b>Diluted EPS</b>	<b>\$0.49</b>								<b>Adjusted Diluted EPS</b>	<b>\$0.71</b>
<b>Avg. Diluted Shares Outstanding</b>	<b>518.2</b>								<b>Avg. Diluted Shares Outstanding</b>	<b>518.2</b>
<b>Operating Margin</b>	<b>14.1%</b>								<b>Adjusted Operating Margin</b>	<b>27.1%</b>

1) Includes \$13.9 million of performance fees that were passed through as compensation per the terms of the acquisition agreements.

# Reconciliation of US GAAP results to Non-GAAP Results

Three months ended December 31, 2025



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, Distribution and Marketing	Acquisition-Related	Special Termination Plan	Unrealized Investment (Gains) Losses	Deferred Comp Plan and Other	Tax Expense of Adjustments	Non-GAAP Basis	
<b>Revenues</b>										
Investment management fees	1,847.9	16.0	(152.2)	(55.0) <sup>1</sup>	-	-	-	-	1,656.7	
Sales and distribution fees	388.7	-	(388.7)	-	-	-	-	-	-	
Shareholder servicing fees	70.9	-	-	-	-	-	-	-	70.9	
Other	19.6	-	-	-	-	-	-	-	19.6	
<b>Total Operating Revenues</b>	<b>2,327.1</b>	<b>16.0</b>	<b>(540.9)</b>	<b>(55.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,747.2</b>	
<b>Expenses</b>										
Compensation and benefits	1,030.7	-	-	(87.5) <sup>1</sup>	(16.0)	-	(27.7)	-	899.5	
Sales, distribution and marketing	540.9	-	(540.9)	-	-	-	-	-	-	
Information systems and technology	157.0	-	-	(4.4)	-	-	-	-	152.6	
Occupancy	66.8	-	-	(0.1)	-	-	-	-	66.7	
Amortization of intangible assets	55.1	-	-	(55.1)	-	-	-	-	-	
General, administrative and other	195.6	-	-	(4.5)	-	-	-	-	191.1	
<b>Total Operating Expenses</b>	<b>2,046.1</b>	<b>-</b>	<b>(540.9)</b>	<b>(151.6)</b>	<b>(16.0)</b>	<b>-</b>	<b>(27.7)</b>	<b>-</b>	<b>1,309.9</b>	
<b>Operating Income</b>	<b>281.0</b>	<b>16.0</b>	<b>-</b>	<b>96.6</b>	<b>16.0</b>	<b>-</b>	<b>27.7</b>	<b>-</b>	<b>437.3</b>	
<b>Other Income (Expense)</b>										
Investment and other income (losses) net	80.3	36.1	-	1.7	-	6.7	(10.1)	-	114.7	
Interest expense	(20.4)	-	-	(5.0)	-	-	-	-	(25.4)	
Investment and other income (losses) of CIPs, net	124.9	(124.9)	-	-	-	-	-	-	-	
Expenses of CIPs	(14.0)	14.0	-	-	-	-	-	-	-	
<b>Total Other Income (Expense)</b>	<b>170.8</b>	<b>(74.8)</b>	<b>-</b>	<b>(3.3)</b>	<b>-</b>	<b>6.7</b>	<b>(10.1)</b>	<b>-</b>	<b>89.3</b>	
<b>Income before taxes</b>	<b>451.8</b>	<b>(58.8)</b>	<b>-</b>	<b>93.3</b>	<b>16.0</b>	<b>6.7</b>	<b>17.6</b>	<b>-</b>	<b>526.6</b>	
Taxes on income	105.0	-	-	-	-	-	-	18.2	123.2	
<b>Net income</b>	<b>346.8</b>	<b>(58.8)</b>	<b>-</b>	<b>93.3</b>	<b>16.0</b>	<b>6.7</b>	<b>17.6</b>	<b>(18.2)</b>	<b>403.4</b>	
Less: Net income (loss) attributable to noncontrolling interests	91.3	(59.5)	-	-	-	(13.5)	6.7	-	25.0	
<b>Net Income Attributable to Franklin Resources, Inc.</b>	<b>255.5</b>	<b>0.7</b>	<b>-</b>	<b>93.3</b>	<b>16.0</b>	<b>20.2</b>	<b>10.9</b>	<b>(18.2)</b>	<b>378.4</b>	
Less: allocation of earnings to participating nonvested stock and stock unit awards	16.2	-	-	-	-	-	-	-	15.1	
<b>Net Income Available to Franklin Resources, Inc. Common Stockholders</b>	<b>239.3</b>								<b>363.3</b>	
<b>Diluted EPS</b>	<b>\$0.46</b>								<b>Adjusted Diluted EPS</b>	<b>\$0.70</b>
<b>Avg. Diluted Shares Outstanding</b>	<b>518.3</b>								<b>Avg. Diluted Shares Outstanding</b>	<b>518.3</b>
<b>Operating Margin</b>	<b>12.1%</b>								<b>Adjusted Operating Margin</b>	<b>25.0%</b>

1) Includes \$55.0 million of performance fees that were passed through as compensation per the terms of the acquisition agreement.

# Reconciliation of US GAAP results to Non-GAAP Results

Three months ended March 31, 2025



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition-related	Special Termination Plan	Unrealized investment (gains) losses	Deferred Comp Plan and other	Tax Expense of Adjustments	Non-GAAP Basis
<b>Revenues</b>									
Investment management fees	1,673.6	13.1	(133.2)	(16.2) <sup>1</sup>	-	-	-	-	1,537.3
Sales and distribution fees	364.9	-	(364.9)	-	-	-	-	-	-
Shareholder servicing fees	61.9	-	-	-	-	-	-	-	61.9
Other	11.0	-	-	-	-	-	-	-	11.0
<b>Total Operating Revenues</b>	<b>2,111.4</b>	<b>13.1</b>	<b>(498.1)</b>	<b>(16.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,610.2</b>
<b>Expenses</b>									
Compensation and benefits	920.0	-	-	(50.9) <sup>1</sup>	(17.3)	-	(18.8)	-	833.0
Sales, distribution and marketing	498.1	-	(498.1)	-	-	-	-	-	-
Information systems and technology	158.7	-	-	(9.8)	-	-	-	-	148.9
Occupancy	69.3	-	-	-	-	-	-	-	69.3
Amortization of intangible assets	112.5	-	-	(112.5)	-	-	-	-	-
Impairment of intangible assets	24.4	-	-	(24.4)	-	-	-	-	-
General, administrative and other	182.8	-	-	(0.9)	(0.1)	-	-	-	181.8
<b>Total Operating Expenses</b>	<b>1,965.8</b>	<b>-</b>	<b>(498.1)</b>	<b>(198.5)</b>	<b>(17.4)</b>	<b>-</b>	<b>(18.8)</b>	<b>-</b>	<b>1,233.0</b>
<b>Operating Income</b>	<b>145.6</b>	<b>13.1</b>	<b>-</b>	<b>182.3</b>	<b>17.4</b>	<b>-</b>	<b>18.8</b>	<b>-</b>	<b>377.2</b>
<b>Other Income (Expense)</b>									
Investment and other income (losses) net	94.1	(46.4)	-	1.6	-	(38.7)	(4.7)	-	5.9
Interest expense	(20.8)	-	-	(4.2)	-	-	-	-	(25.0)
Investment and other income (losses) of CIPs, net	(164.7)	164.7	-	-	-	-	-	-	-
Expenses of CIPs	(11.5)	11.5	-	-	-	-	-	-	-
<b>Total Other Income (Expense)</b>	<b>(102.9)</b>	<b>129.8</b>	<b>-</b>	<b>(2.6)</b>	<b>-</b>	<b>(38.7)</b>	<b>(4.7)</b>	<b>-</b>	<b>(19.1)</b>
<b>Income before taxes</b>	<b>42.7</b>	<b>142.9</b>	<b>-</b>	<b>179.7</b>	<b>17.4</b>	<b>(38.7)</b>	<b>14.1</b>	<b>-</b>	<b>358.1</b>
Taxes on income	31.1	-	-	-	-	-	-	49.2	80.3
<b>Net income</b>	<b>11.6</b>	<b>142.9</b>	<b>-</b>	<b>179.7</b>	<b>17.4</b>	<b>(38.7)</b>	<b>14.1</b>	<b>(49.2)</b>	<b>277.8</b>
Less: Net income (loss) attributable to noncontrolling interests	(139.8)	151.2	-	-	-	4.2	7.8	-	23.4
<b>Net Income Attributable to Franklin Resources, Inc.</b>	<b>151.4</b>	<b>(8.3)</b>	<b>-</b>	<b>179.7</b>	<b>17.4</b>	<b>(42.9)</b>	<b>6.3</b>	<b>(49.2)</b>	<b>254.4</b>
Less: allocation of earnings to participating nonvested stock and stock unit awards	14.3								11.0
<b>Net Income Available to Franklin Resources, Inc. Common Stockholders</b>	<b>137.1</b>								<b>243.4</b>
<b>Diluted EPS</b>	<b>\$ 0.26</b>								<b>Adjusted Diluted EPS \$ 0.47</b>
<b>Avg. Diluted Shares Outstanding</b>	<b>519.9</b>								<b>Avg. Diluted Shares Outstanding 519.9</b>
<b>Operating Margin</b>	<b>6.9%</b>								<b>Adjusted Operating Margin 23.4%</b>

1) Includes \$16.2 million of performance fees that were passed through as compensation per the terms of the acquisition agreement.

# Illustrative 2026 Adjusted Operating Expense Bridge

## Assumptions

- Assumes all expenses not specifically identified in the graph remain unchanged in aggregate. All estimates assume no market changes after March 31, 2026. Excludes performance fee incentive compensation and performance fee related third-party expenses
- Cost Savings – Reflects previously announced incremental FY26 expense savings initiatives related to integrations and ongoing corporate efficiencies
- Fund-related – Reflects expected incremental expenses to FY25 of transfer agency, fund administration, and related service fees, which have associated increases in revenue
- Apera – Reflects expected FY26 expenses of the acquired Apera business, which closed on October 1, 2025
- Strategic Investments – Reflects expected incremental expenses to FY25 of ongoing strategic growth initiatives including investments in alternative wealth management capabilities, ETF expansion, technology platform implementation, and targeted distribution initiatives
- Sales & Fundraising – Reflects expected incremental expenses to FY25 associated with FY26 fundraising activity and new product launches, including placement fees, platform fees, commissions and related compensation, and other related expenses. Estimate is based on the high end of the previously announced \$25-30 billion fundraising range in FY26
- Incentive Compensation – Reflects expected increase in incentive compensation based on firm performance and formulaic incentive plans factoring in AUM, market appreciation, and investment performance through March 31, 2026