

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, 2026**
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, 2026: 508,076,910.

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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,	
	2026	2025	2026	2025
<i>(in millions, except per share data)</i>				
Operating Revenues				
Investment management fees	\$ 1,866.2	\$ 1,640.8	\$ 5,533.4	\$ 5,113.7
Sales and distribution fees	404.5	351.9	1,189.8	1,092.3
Shareholder servicing fees	74.3	59.9	214.2	185.3
Other	13.4	11.4	43.0	35.7
Total operating revenues	2,358.4	2,064.0	6,980.4	6,427.0
Operating Expenses				
Compensation and benefits	958.5	901.1	2,953.9	2,812.5
Sales, distribution and marketing	555.4	480.7	1,640.3	1,491.1
Information systems and technology	160.8	162.7	475.4	477.4
Occupancy	71.4	69.5	205.3	213.9
Amortization of intangible assets	50.7	112.2	156.4	337.3
Impairment of intangible assets	33.0	—	33.0	24.4
General, administrative and other	312.8	183.7	696.0	551.7
Total operating expenses	2,142.6	1,909.9	6,160.3	5,908.3
Operating Income	215.8	154.1	820.1	518.7
Other Income (Expenses)				
Investment and other income, net	131.0	23.4	267.3	128.0
Interest expense	(23.5)	(25.8)	(63.8)	(69.7)
Investment and other income (losses) of consolidated investment products, net	54.8	35.9	276.2	(14.7)
Expenses of consolidated investment products	(7.2)	(11.0)	(31.4)	(29.8)
Other income, net	155.1	22.5	448.3	13.8
Income before taxes	370.9	176.6	1,268.4	532.5
Taxes on income	115.6	59.9	319.7	172.1
Net income	255.3	116.7	948.7	360.4
Less: net income (loss) attributable to				
Redeemable noncontrolling interests	18.5	20.0	82.1	(88.8)
Nonredeemable noncontrolling interests	65.3	4.4	171.4	41.9
Net Income Attributable to Franklin Resources, Inc.	\$ 171.5	\$ 92.3	\$ 695.2	\$ 407.3
Earnings per Share				
Basic	\$ 0.31	\$ 0.15	\$ 1.26	\$ 0.70
Diluted	0.31	0.15	1.26	0.70

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,	
	2026	2025	2026	2025
Net Income	\$ 255.3	\$ 116.7	\$ 948.7	\$ 360.4
Other Comprehensive Income (Loss)				
Currency translation adjustments, net of tax	(3.3)	88.3	(45.2)	11.7
Net unrealized losses on defined benefit plans, net of tax	—	(2.7)	—	(5.5)
Net unrealized gains (losses) on investments, net of tax	(1.4)	0.1	(1.4)	0.1
Total other comprehensive income (loss)	(4.7)	85.7	(46.6)	6.3
Total comprehensive income	250.6	202.4	902.1	366.7
Less: comprehensive income (loss) attributable to				
Redeemable noncontrolling interests	18.5	20.0	82.1	(88.8)
Nonredeemable noncontrolling interests	65.3	4.4	171.4	41.9
Comprehensive Income Attributable to Franklin Resources, Inc.	\$ 166.8	\$ 178.0	\$ 648.6	\$ 413.6

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
Unaudited

(in millions, except share and per share data)

	June 30, 2026	September 30, 2025
Assets		
Cash and cash equivalents	\$ 2,670.3	\$ 3,088.1
Receivables	1,566.9	1,541.7
Investments (including \$1,047.7 and \$1,179.5 at fair value at June 30, 2026 and September 30, 2025)	2,706.9	2,374.0
Assets of consolidated investment products		
Cash and cash equivalents	1,090.6	485.8
Investments, at fair value	15,535.2	12,278.8
Property and equipment, net	886.6	949.1
Goodwill	6,299.9	6,206.0
Intangible assets, net	4,015.8	4,166.0
Operating lease right-of-use assets	752.2	764.3
Other	718.6	514.5
Total Assets	\$ 36,243.0	\$ 32,368.3
Liabilities		
Compensation and benefits	\$ 1,730.1	\$ 1,760.3
Accounts payable and accrued expenses	632.7	615.4
Debt	2,401.9	2,362.0
Liabilities of consolidated investment products		
Accounts payable and accrued expenses	1,244.7	1,063.0
Debt	13,333.5	9,937.3
Deferred tax liabilities	341.1	261.6
Operating lease liabilities	974.6	1,000.6
Other	1,183.7	1,179.3
Total liabilities	21,842.3	18,179.5
Commitments and Contingencies (Note 10)		
Redeemable Noncontrolling Interests	1,480.8	1,182.0
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; 507,507,250 and 520,951,796 shares issued and outstanding at June 30, 2026 and September 30, 2025	50.8	52.1
Capital in excess of par	660.5	956.8
Retained earnings	11,520.6	11,516.0
Accumulated other comprehensive loss	(493.7)	(447.1)
Total Franklin Resources, Inc. stockholders' equity	11,738.2	12,077.8
Nonredeemable noncontrolling interests	1,181.7	929.0
Total stockholders' equity	12,919.9	13,006.8
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$ 36,243.0	\$ 32,368.3

See Notes to Consolidated Financial Statements.

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

(in millions) for the nine months ended June 30, 2026	Franklin Resources, Inc.							
	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, 2025	521.0	\$ 52.1	\$ 956.8	\$ 11,516.0	\$ (447.1)	\$ 12,077.8	\$ 929.0	\$ 13,006.8
Adoption of new accounting guidance				25.3		25.3		25.3
Net income				255.5		255.5	51.6	307.1
Other comprehensive loss					(1.1)	(1.1)		(1.1)
Dividends declared on common stock (\$0.33 per share)				(177.6)		(177.6)		(177.6)
Repurchase of common stock	(1.8)	(0.2)	(41.7)	—		(41.9)		(41.9)
Issuance of common stock	0.8	0.1	28.8			28.9		28.9
Stock-based compensation			47.1			47.1		47.1
Net subscriptions and other							17.2	17.2
Net deconsolidation of investment products							(32.2)	(32.2)
Adjustment to fair value of redeemable noncontrolling interests				(79.1)		(79.1)		(79.1)
Balance at December 31, 2025	520.0	\$ 52.0	\$ 991.0	\$ 11,540.1	\$ (448.2)	\$ 12,134.9	\$ 965.6	\$ 13,100.5
Net income				268.2		268.2	54.5	322.7
Other comprehensive loss					(40.8)	(40.8)		(40.8)
Dividends declared on common stock (\$0.33 per share)				(177.5)		(177.5)		(177.5)
Repurchase of common stock	(2.3)	(0.2)	(56.9)	—		(57.1)		(57.1)
Issuance of common stock	1.9	0.2	54.7			54.9		54.9
Stock-based compensation			11.1			11.1		11.1
Net subscriptions and other							149.9	149.9
Net deconsolidation of investment products							(157.4)	(157.4)
Adjustment to fair value of redeemable noncontrolling interests				(69.9)		(69.9)		(69.9)
Balance at March 31, 2026	519.6	\$ 52.0	\$ 999.9	\$ 11,560.9	\$ (489.0)	\$ 12,123.8	\$ 1,012.6	\$ 13,136.4
Net income				171.5		171.5	65.3	236.8
Other comprehensive loss					(4.7)	(4.7)		(4.7)
Dividends declared on common stock (\$0.33 per share)				(173.4)		(173.4)		(173.4)
Repurchase of common stock	(10.4)	(1.0)	(347.1)	—		(348.1)		(348.1)
(Forfeiture) issuance of common stock, net	(1.7)	(0.2)	4.2			4.0		4.0
Stock-based compensation			3.5	13.5		17.0		17.0
Net subscriptions and other							103.8	103.8
Adjustment to fair value of redeemable noncontrolling interests				(51.9)		(51.9)		(51.9)
Balance at June 30, 2026	507.5	\$ 50.8	\$ 660.5	\$ 11,520.6	\$ (493.7)	\$ 11,738.2	\$ 1,181.7	\$ 12,919.9

See Notes to Consolidated Financial Statements.

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.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

<i>(in millions)</i>	Nine Months Ended June 30,	
	2026	2025
Net Income	\$ 948.7	\$ 360.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	151.0	170.0
Amortization of deferred sales commissions	74.3	58.9
Depreciation and other amortization	90.3	94.2
Amortization of intangible assets	156.4	337.3
Impairment of intangible assets	33.0	24.4
Net (gains) losses on investments	(32.8)	41.7
Income from investments in equity method investees	(58.6)	(38.5)
Net (gains) losses on investments of consolidated investment products	(114.4)	63.1
Net purchase of investments by consolidated investment products	(639.7)	(87.6)
Deferred income taxes	94.4	(38.3)
Other	74.1	188.9
Changes in operating assets and liabilities:		
Decrease (increase) in receivables and other assets	(309.9)	24.3
Decrease (increase) in investments, net	(12.3)	15.5
Decrease in accrued compensation and benefits	(36.0)	(183.7)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(137.0)	63.7
Increase (decrease) in accounts payable and accrued expenses of consolidated investment products	17.0	(7.5)
Net cash provided by operating activities	298.5	1,086.8
Purchase of investments	(970.0)	(904.4)
Liquidation of investments	609.6	443.9
Purchase of investments by consolidated collateralized loan obligations	(6,549.0)	(4,880.6)
Liquidation of investments by consolidated collateralized loan obligations	3,652.7	3,653.4
Proceeds from sale (additions) of property and equipment, net	(15.0)	(123.3)
Acquisition, net of cash acquired	(78.6)	—
Payments of deferred consideration liability	—	(90.5)
Net consolidation of investment products	13.8	0.2
Net cash used in investing activities	(3,336.5)	(1,901.3)

[Table continued on next page]

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,	
	2026	2025
<i>(in millions)</i>		
Issuance of common stock	\$ 13.0	\$ 10.2
Dividends paid on common stock	(522.8)	(512.6)
Repurchase of common stock	(444.8)	(173.2)
Proceeds from debt	650.0	300.0
Payment on debt	(600.0)	(400.0)
Proceeds from repurchase agreement	20.6	98.0
Payments on repurchase agreement	(22.7)	(48.9)
Proceeds from debt of consolidated investment products	6,797.3	5,184.0
Payments on debt of consolidated investment products	(3,471.7)	(4,320.1)
Payments on contingent consideration liabilities	(0.4)	(6.8)
Noncontrolling interests	834.5	233.3
Net cash provided by financing activities	3,253.0	363.9
Effect of exchange rate changes on cash and cash equivalents	(28.0)	(1.3)
Increase (decrease) in cash and cash equivalents	187.0	(451.9)
Cash and cash equivalents, beginning of period	3,573.9	4,408.9
Cash and Cash Equivalents, End of Period	\$ 3,760.9	\$ 3,957.0
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	\$ 436.2	\$ 417.3
Cash paid for interest	62.8	62.2
Cash paid for interest by consolidated investment products	540.7	597.4
Non-cash purchase of investments	28.8	—

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2026
(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, 2025 (“fiscal year 2025”).

Revision to previously issued financial statements

During the quarter ended March 31, 2026, the Company identified that the amount reported in the supplemental disclosure of cash flow information in its consolidated statement of cash flows for cash paid for income taxes was understated for the nine month period ended June 30, 2025 by \$185.2 million, and the revised amount for that period was \$417.3 million.

There is no impact on net income attributable to the Company, earnings per share, total assets, total liabilities, retained earnings, total shareholders’ equity or operating cash flow activities. There is no impact on the financial results attributable to the Company’s shareholders. The Company has determined this did not result in a material misstatement to its previously issued consolidated financial statements. Nonetheless, for comparability, the Company has revised the comparative prior period amounts included in the consolidated statements of cash flows.

Note 2 – New Accounting Guidance

Recently Adopted Accounting Guidance

On October 1, 2025, the Company adopted an amendment to the existing intangible assets guidance issued by the Financial Accounting Standards Board. The amendment requires eligible crypto assets to be measured at fair value, with changes recognized in net income, along with expanded disclosures. The Company adopted the amendment using the modified-retrospective transition approach and recognized a cumulative effective adjustment resulting in an increase of \$25.3 million in retained earnings as of October 1, 2025. The crypto assets are presented within intangible assets, net on the consolidated balance sheets.

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 2025.

Note 3 – Earnings per Share

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

(in millions, except per share data)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Net income attributable to Franklin Resources, Inc.	\$ 171.5	\$ 92.3	\$ 695.2	\$ 407.3
Less: allocation of earnings to participating nonvested stock and stock unit awards	11.1	13.3	43.3	42.9
Net Income Available to Common Stockholders	\$ 160.4	\$ 79.0	\$ 651.9	\$ 364.4
Weighted-average shares outstanding – basic	515.2	515.7	516.7	517.4
Dilutive effect of nonparticipating nonvested stock unit awards	0.8	0.8	0.8	0.8
Weighted-Average Shares Outstanding – Diluted	516.0	516.5	517.5	518.2
Earnings per Share				
Basic	\$ 0.31	\$ 0.15	\$ 1.26	\$ 0.70
Diluted	0.31	0.15	1.26	0.70

There were no nonparticipating nonvested stock unit awards excluded from the calculation of diluted earnings per share because their effect would have been antidilutive for the three and nine months ended June 30, 2026 and such awards were not significant for the three and nine months ended June 30, 2025.

Note 4 – Revenues

Operating revenues by geographic area were as follows:

(in millions)						
	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
for the three months ended June 30, 2026						
Investment management fees	\$ 1,367.0	\$ 266.5	\$ 94.7	\$ 63.3	\$ 74.7	\$ 1,866.2
Sales and distribution fees	265.6	120.0	8.0	10.1	0.8	404.5
Shareholder servicing fees	64.8	8.9	0.5	0.1	—	74.3
Other	13.2	—	0.2	—	—	13.4
Total	\$ 1,710.6	\$ 395.4	\$ 103.4	\$ 73.5	\$ 75.5	\$ 2,358.4
(in millions)						
	United States	Luxembourg	Asia-Pacific	Americas Excluding United States	Europe, Middle East and Africa, Excluding Luxembourg	Total
for the nine months ended June 30, 2026						
Investment management fees	\$ 4,064.4	\$ 758.5	\$ 265.2	\$ 190.4	\$ 254.9	\$ 5,533.4
Sales and distribution fees	800.6	334.8	22.0	30.4	2.0	1,189.8
Shareholder servicing fees	187.2	25.4	1.4	0.2	—	214.2
Other	41.7	—	1.1	—	0.2	43.0
Total	\$ 5,093.9	\$ 1,118.7	\$ 289.7	\$ 221.0	\$ 257.1	\$ 6,980.4

(in millions)

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

(in millions)

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

Operating revenues are attributed to geographic areas based on the jurisdiction of the subsidiaries that provide the services, which may differ from the regions in which the related investment products are sold and domicile of the fund vehicle or client.

Revenues earned from sponsored funds were 84% of the Company's total operating revenues for the three and nine months ended June 30, 2026 and 83% for the three and nine months ended June 30, 2025.

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:

(in millions)

	June 30, 2026	September 30, 2025
Investments, at fair value		
Sponsored funds and separate accounts	\$ 658.8	\$ 809.6
Investments related to long-term incentive plans	307.1	288.1
Other equity and debt investments	81.8	81.8
Total investments, at fair value	1,047.7	1,179.5
Investments in equity method investees	1,243.9	893.9
Other investments	415.3	300.6
Total	\$ 2,706.9	\$ 2,374.0

The Company has entered into repurchase agreements with a third-party financing company for certain investments held by the Company. As of June 30, 2026 and September 30, 2025, other liabilities includes repurchase agreements of \$195.6 million and \$200.5 million with investments of \$198.9 million and \$206.4 million in carrying value pledged as collateral. The repurchase agreements have contractual maturity dates ranging between 2030 to 2039.

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>					
as of June 30, 2026	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	\$ 334.6	\$ 285.1	\$ 1.9	\$ 37.2	\$ 658.8
Investments related to long-term incentive plans	283.8	0.4	—	22.9	307.1
Other equity and debt investments	23.9	19.7	1.6	31.6	76.8
Crypto assets	8.3	4.9	—	—	13.2
Total Assets Measured at Fair Value	\$ 650.6	\$ 310.1	\$ 3.5	\$ 91.7	\$ 1,055.9
Liabilities					
Securities sold short	\$ 238.4	\$ —	\$ —	\$ —	\$ 238.4
Contingent consideration liabilities	—	—	29.5	—	29.5
Total Liabilities Measured at Fair Value	\$ 238.4	\$ —	\$ 29.5	\$ —	\$ 267.9

<i>(in millions)</i>					
as of September 30, 2025	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	\$ 463.9	\$ 305.2	\$ 2.2	\$ 38.3	\$ 809.6
Investments related to long-term incentive plans	253.4	3.3	—	31.4	288.1
Other equity and debt investments	12.4	9.4	1.8	29.2	52.8
Total Assets Measured at Fair Value	\$ 729.7	\$ 317.9	\$ 4.0	\$ 98.9	\$ 1,150.5
Liabilities					
Securities sold short	\$ 193.7	\$ —	\$ —	\$ —	\$ 193.7
Contingent consideration liabilities	—	—	20.4	—	20.4
Total Liabilities Measured at Fair Value	\$ 193.7	\$ —	\$ 20.4	\$ —	\$ 214.1

As of June 30, 2026 and September 30, 2025, there were \$5.0 million and \$29.0 million of other investments which were adjusted to fair value on a nonrecurring basis and excluded from the tables above.

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 and private real estate funds. These investments were as follows:

<i>(in millions)</i>	June 30, 2026	September 30, 2025
Nonredeemable investments¹		
Investments with known liquidation periods	\$ 20.0	\$ 19.7
Investments with unknown liquidation periods	14.5	15.2
Redeemable investments²	57.2	64.0
Unfunded commitments	12.9	13.3

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 1.8 years and 2.2 years at June 30, 2026 and September 30, 2025.

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, 2026		September 30, 2025	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets					
Cash and cash equivalents	1	\$ 2,670.3	\$ 2,670.3	\$ 3,088.1	\$ 3,088.1
Other investments					
Time deposits	2	8.2	8.2	9.2	9.2
Equity securities	3	407.1	407.1	291.4	291.4
Financial Liability					
Debt	2	\$ 2,401.9	\$ 2,011.4	\$ 2,362.0	\$ 1,970.9

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, 2026	September 30, 2025
Assets		
Cash and cash equivalents	\$ 1,090.6	\$ 485.8
Receivables	230.1	313.1
Investments, at fair value	15,535.2	12,278.8
Total Assets	\$ 16,855.9	\$ 13,077.7
Liabilities		
Accounts payable and accrued expenses	\$ 1,244.7	\$ 1,063.0
Debt	13,333.5	9,937.3
Other liabilities	20.1	17.5
Total liabilities	14,598.3	11,017.8
Redeemable Noncontrolling Interests	343.5	289.6
Stockholders’ Equity		
Franklin Resources, Inc.’s interests	1,156.7	1,220.6
Nonredeemable noncontrolling interests	757.4	549.7
Total stockholders’ equity	1,914.1	1,770.3
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders’ Equity	\$ 16,855.9	\$ 13,077.7

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, 2026 and 2025.

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, 2026					
Assets					
Cash and cash equivalents of CLOs	\$ 1,008.0	\$ —	\$ —	\$ —	\$ 1,008.0
Receivables of CLOs	—	136.6	—	—	136.6
Investments					
Equity and debt securities	384.9	908.8	752.6	96.8	2,143.1
Loans	—	13,378.6	13.5	—	13,392.1
Total Assets Measured at Fair Value	\$ 1,392.9	\$ 14,424.0	\$ 766.1	\$ 96.8	\$ 16,679.8

(in millions)

as of September 30, 2025	Level 1	Level 2	Level 3	NAV as a Practical Expedient	Total
Assets					
Cash and cash equivalents of CLOs	\$ 472.1	\$ —	\$ —	\$ —	\$ 472.1
Receivables of CLOs	—	113.0	—	—	113.0
Investments					
Equity and debt securities	393.2	731.5	601.0	189.1	1,914.8
Loans	—	10,354.1	9.9	—	10,364.0
Total Assets Measured at Fair Value	\$ 865.3	\$ 11,198.6	\$ 610.9	\$ 189.1	\$ 12,863.9

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

(in millions)

	June 30, 2026	September 30, 2025
Redeemable investments¹	\$ 73.6	\$ 74.4
Nonredeemable investments²		
Investments with unknown liquidation periods	23.2	114.7
Unfunded commitments³	15.7	14.0

¹ Investments are redeemable on a monthly basis and liquidation periods are unknown.

² 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.

³ Of the total unfunded commitments, the Company was contractually obligated to fund \$6.7 million and \$5.3 million based on its ownership percentage in the CIPs at June 30, 2026 and September 30, 2025.

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,	
	2026	2025	2026	2025
Balance at beginning of period	\$ 673.3	\$ 545.0	\$ 601.0	\$ 550.1
Gains (losses) included in investment and other income (losses) of consolidated investment products, net	48.7	(4.6)	144.4	19.7
Purchases	30.6	19.1	75.2	39.2
Sales	—	(17.2)	(19.1)	(31.5)
Net (deconsolidations) consolidations	—	8.4	(32.1)	12.2
Transfers into Level 3	—	—	—	0.2
Transfers out of Level 3	—	(0.1)	(16.8)	(39.3)
Balance at End of Period	\$ 752.6	\$ 550.6	\$ 752.6	\$ 550.6
Change in unrealized gains (losses) included in net income relating to assets held at end of period	\$ 70.2	\$ (3.9)	\$ 77.4	\$ (8.0)

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

<i>(in millions)</i>				
as of June 30, 2026	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average¹)
Equity and debt securities	\$ 532.4	Market pricing	Private sale pricing	\$0.01–\$5,265.90 (\$655.33) per share
			Discount for lack of marketability	25.0%–90.0% (32.7%)
	149.6	Market comparable companies	Enterprise value/ Revenue multiple	1.3–8.6 (5.0)
			Discount for lack of marketability	8.7%–16.4% (13.9%)
	46.1	Discounted cash flow	Discount rate	6.7%–14.5% (7.2%)
	24.5	Option pricing model	Volatility	35.8%–48.9% (42.0%)
			Discount for lack of marketability	9.1%–12.1% (10.0%)
<i>(in millions)</i>				
as of September 30, 2025	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average¹)
Equity and debt securities	\$ 302.0	Market pricing	Private sale pricing	\$0.27–\$2,120.00 (\$176.53) per share
				5.0%–75.0% (23.9%)
			Discount for lack of marketability	
	225.9	Market comparable companies	Enterprise value/ Revenue multiple	1.4–21.0 (9.5)
			Discount for lack of marketability	6.0%–11.0% (8.5%)
	54.4	Discounted cash flow	Discount rate	6.5%–13.0% (6.8%)
	18.7	Option pricing model	Volatility	34.0%–60.9% (38.2%)
			Discount for lack of marketability	9.1%–13.5% (9.4%)

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:

(in millions)	Fair Value Level	June 30, 2026		September 30, 2025	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Asset					
Cash and cash equivalents	1	\$ 82.6	\$ 82.6	\$ 13.7	\$ 13.7
Financial Liabilities					
Debt of CLOs ¹	2 or 3	\$ 13,333.5	\$ 13,349.8	\$ 9,937.3	\$ 9,786.0

¹ Substantially all was Level 2.

Debt

Debt of CLOs totaled \$13,333.5 million and \$9,937.3 million at June 30, 2026 and September 30, 2025. The debt had fixed and floating interest rates based on Secured Overnight Financing Rate (“SOFR”) ranging from 2.39% to 11.67% with a weighted-average effective interest rate of 5.32% at June 30, 2026, and from 2.39% to 12.26% based on SOFR and Euro Interbank Offered Rate with a weighted-average effective interest rate of 6.00% at September 30, 2025.

The contractual maturities for the debt of CLOs at June 30, 2026 were as follows:

(in millions)	Amount
for the fiscal years ending September 30,	
2026 (remainder of year)	\$ —
2027	21.3
2028	9.6
2029	—
2030	—
Thereafter	13,302.6
Total	\$ 13,333.5

Collateralized Loan Obligations

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

(in millions)	June 30, 2026	September 30, 2025
Unpaid principal balance	\$ 14,082.7	\$ 10,641.0
Difference between unpaid principal balance and fair value	(340.7)	(43.3)
Fair Value	\$ 13,742.0	\$ 10,597.7

Investments 90 days or more past due were immaterial at June 30, 2026 and September 30, 2025.

The Company recognized \$2.7 million and \$17.5 million of net gains during the three and nine months ended June 30, 2026 and \$14.0 million and \$41.3 million of net gains during the three and nine months ended June 30, 2025, related to its own economic interests in the CLOs. The aggregate principal related to the debt of CLOs was \$13,700.1 million and \$9,958.6 million at June 30, 2026 and September 30, 2025.

Note 8 – Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests were as follows:

	2026			2025		
<i>(in millions)</i>						
for the three months ended June 30,	CIPs	Minority Interests	Total	CIPs	Minority Interests	Total
Balance at beginning of period	\$ 397.0	\$ 1,081.9	\$ 1,478.9	\$ 1,196.1	\$ 820.8	\$ 2,016.9
Net income	2.2	16.3	18.5	9.0	11.0	20.0
Net subscriptions (distributions) and other	149.6	(12.8)	136.8	22.1	(33.4)	(11.3)
Net deconsolidations	(205.3)	—	(205.3)	(686.1)	—	(686.1)
Adjustment to fair value	—	51.9	51.9	—	41.0	41.0
Balance at End of Period	\$ 343.5	\$ 1,137.3	\$ 1,480.8	\$ 541.1	\$ 839.4	\$ 1,380.5

	2026			2025		
<i>(in millions)</i>						
for the nine months ended June 30,	CIPs	Minority Interests	Total	CIPs	Minority Interests	Total
Balance at beginning of period	\$ 289.6	\$ 892.4	\$ 1,182.0	\$ 687.8	\$ 634.0	\$ 1,321.8
Net income (loss)	40.5	41.6	82.1	(119.5)	30.7	(88.8)
Net subscriptions (distributions) and other	641.5	(30.4)	611.1	147.2	(31.8)	115.4
Net deconsolidations	(628.1)	—	(628.1)	(174.4)	—	(174.4)
Acquisition	—	32.8	32.8	—	—	—
Adjustment to fair value	—	200.9	200.9	—	206.5	206.5
Balance at End of Period	\$ 343.5	\$ 1,137.3	\$ 1,480.8	\$ 541.1	\$ 839.4	\$ 1,380.5

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, 2026	September 30, 2025
Investments	\$ 1,451.0	\$ 1,274.5
Receivables	245.3	225.1
Total	\$ 1,696.3	\$ 1,499.6

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 additional financial or other support to its sponsored funds assessed as VIEs during the nine months ended June 30, 2026 or fiscal year 2025.

Note 10 – Commitments and Contingencies

Legal Proceedings

India Credit Fund Closure Matters. The previously reported “first information report” (the preliminary step in an investigation) registered by the Economic Offences Wing of the Chennai police department in or around September 2020, was closed by the relevant court on July 17, 2026, with no action taken against the Company Respondents. During the nine months ended June 30, 2026, there were no other significant changes from the disclosure in the Form 10-K for the fiscal year ended September 30, 2025.

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 by its then-co-Chief Investment Officer, Ken Leech. 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. The Company and WAM fully cooperated with these investigations. As previously disclosed, the CFTC informed WAM that it closed its investigation. On June 3, 2026, the DOJ notified WAM that it is no longer a subject of the DOJ investigation and that it will take no further action. On June 5, 2026, the SEC issued an order resolving its investigation of WAM in its entirety (the “Settlement”). Under the Settlement, WAM, without admitting any wrongdoing, agreed to pay a civil penalty of \$100.0 million to be paid into a Fair Fund for the benefit of investors. These outcomes end the investigations of WAM by the DOJ and the SEC.

Mr. Leech received a “Wells Notice” from the staff of the SEC in August 2024, and was placed on administrative leave at that time. Mr. Leech retired and is no longer with the Company, as previously disclosed. 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 June 12, 2026, all criminal charges against Mr. Leech alleging unlawful trade allocations were dismissed and Mr. Leech and the DOJ reached a plea agreement on one charge of obstruction of a pending proceeding. The SEC case against Mr. Leech remains pending.

On July 3, 2025, Franklin, WAM and Mr. 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. On December 19, 2025, Abilene Firemen’s Relief and Retirement Fund was named the lead plaintiff in the action and effective January 9, 2026, the case was transferred to the U.S. District Court for the Central District of California. The plaintiffs filed an amended complaint on March 16, 2026, which, among other things, expanded the alleged class period through November 25, 2024, and named as additional defendants certain Franklin and WAM executives. The plaintiffs are 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 were also the subject of the investigations reported above. The plaintiffs are 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. On November 10, 2025, the plaintiffs filed an amended complaint adding as defendants the Franklin Templeton 401(k) Retirement Plan Investment Committee and Gallagher Fiduciary Advisors, LLC. 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. On April 17, 2026, the court denied the Franklin defendants’ motion to dismiss.

Putnam Mutual Fund Litigation. On June 22, 2026, two Putnam U.S. trusts and certain current and former trustees, as well as Franklin and certain Franklin investment adviser and distributor subsidiaries were named as defendants in a lawsuit filed in the Massachusetts Superior Court, Suffolk County. The plaintiffs allege they are fund shareholders and seek to represent a class of investors who purchased shares of certain Putnam U.S. mutual funds on or after June 22, 2023. The plaintiffs are pursuing claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, for allegedly false and misleading statements, or material omissions, in fund disclosures that relate to the treatment of accrued income as assets of the funds in the calculation of fund net asset values. The plaintiffs are seeking, among other things, damages, rescission, injunctive relief, attorneys' fees and costs, and pre- and post-judgment interest.

The lawsuits reported above against the Company are in their early 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, 2026 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, an adequate accrual has been made as of June 30, 2026 to provide for any probable losses pursuant to such indemnification agreements and/or guarantees.

Other Commitments and Contingencies

At June 30, 2026, 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 2025.

Note 11 – Stock-Based Compensation

Stock and stock unit award activity was as follows:

<i>(shares in thousands)</i>				
for the nine months ended June 30, 2026	Time-Based Shares	Performance- Based Shares	Total Shares	Weighted- Average Grant-Date Fair Value
Nonvested balance at October 1, 2025	14,959	353	15,312	\$ 22.81
Granted	8,691	176	8,867	22.68
Vested	(2,252)	(180)	(2,432)	26.25
Forfeited/canceled	(2,353)	—	(2,353)	20.76
Nonvested Balance at June 30, 2026	19,045	349	19,394	\$ 22.57

Total unrecognized compensation expense related to nonvested stock and stock unit awards was \$200.0 million at June 30, 2026. 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,	
	2026	2025	2026	2025
Dividend and interest income	\$ 31.1	\$ 38.9	\$ 124.4	\$ 101.4
Gains (losses) on investments, net	62.1	(31.4)	32.8	(41.7)
Income from investments in equity method investees	22.8	23.0	58.6	38.5
Losses on crypto assets, net	(0.5)	—	(19.3)	—
Rental income	11.4	10.7	34.3	32.8
Foreign currency exchange gains (losses), net	2.7	(14.4)	0.2	(7.4)
Other, net	1.4	(3.4)	36.3	4.4
Investment and other income, net	\$ 131.0	\$ 23.4	\$ 267.3	\$ 128.0

Net gains (losses) recognized on equity securities measured at fair value and trading debt securities that were held by the Company were \$68.9 million and \$23.1 million for the three and nine months ended June 30, 2026 and \$56.3 million and \$(3.6) million for the three and nine months ended June 30, 2025.

Note 13 – Segment and Geographic Information

The Company has one operating segment, which provides investment management and related services.

The chief operating decision maker (“CODM”), identified as the Company’s Chief Executive Officer, assesses the performance of the business and allocates resources primarily based on consolidated net income attributable to Franklin Resources, Inc. This measure is used to support decision making activities and assess the performance of the operating segment.

The CODM regularly reviews the significant segment expenses categories that are presented on the Company’s consolidated statements of income. Total assets on the consolidated balance sheets is the measure of segment assets.

Note 14 - Subsequent Event

On July 30, 2026, the Company entered into an amendment and restatement of its Amended and Restated Credit Agreement (the “Second Amended and Restated Credit Agreement”). The Second Amended and Restated Credit Agreement amends and restates the Company’s existing revolving credit agreement to, among other things, increase the aggregate commitments and extend its maturity to July 30, 2031. The Second Amended and Restated Credit Agreement provides for a five-year revolving credit facility with \$1.5 billion of aggregate commitments with the option to increase the aggregate commitments by a maximum of \$500.0 million. As of July 30, 2026, there was \$700.0 million outstanding under the Second Amended and Restated Credit Agreement.

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, 2025 (“fiscal year 2025”).

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 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 investment groups. In addition, these matters may cause reputational harm to us or our investment groups 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 2025 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, which we may perform directly or outsource to third parties. We offer our services and products under our various distinct brand names, including, but not limited to, Alcentra®, Apera®, Benefit Street Partners®, Brandywine Global Investment Management®, Canvas®, Clarion Partners®, ClearBridge Investments®, Fiduciary Trust International™, Franklin®, Franklin Mutual Series®, K2®, Legg Mason®, Lexington Partners®, O’Shaughnessy®, Putnam®, Royce®, Templeton®, 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 2025, 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 provided positive returns on lower energy prices, resilient corporate earnings, and continued investment in artificial intelligence. The S&P 500 Index and the MSCI World Index increased by 15.2% and 13.9%, respectively, for the quarter, and by 13.1% and 13.5% for the fiscal year to date. Global bond markets remained relatively flat as the Bloomberg Global Aggregate Index increased 0.9% during the quarter and remained flat for the fiscal year to date.

Our total AUM at June 30, 2026 was \$1,791.6 billion, 8% higher than at September 30, 2025 and 11% higher than at June 30, 2025. Monthly average AUM (“average AUM”) for the three and nine months ended June 30, 2026 increased 12% and 7% from the same periods in the prior fiscal year.

On October 1, 2025, we acquired Apera Asset Management (“Apera”), a pan-European private credit firm.

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 to support our evolving business. 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 2025.

RESULTS OF OPERATIONS

(in millions, except per share data)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2026	2025	Percent Change	2026	2025	Percent Change
Operating revenues	\$ 2,358.4	\$ 2,064.0	14%	\$ 6,980.4	\$ 6,427.0	9%
Operating income	215.8	154.1	40%	820.1	518.7	58%
Operating margin ¹	9.2 %	7.5 %		11.7 %	8.1 %	
Net income attributable to Franklin Resources, Inc.	\$ 171.5	\$ 92.3	86%	\$ 695.2	\$ 407.3	71%
Diluted earnings per share	0.31	0.15	107%	1.26	0.70	80%
As adjusted (non-GAAP):²						
Adjusted operating income	\$ 508.9	\$ 377.8	35%	\$ 1,420.8	\$ 1,167.8	22%
Adjusted operating margin	28.0 %	23.7 %		26.7 %	23.9 %	
Adjusted net income	\$ 386.3	\$ 263.4	47%	\$ 1,149.2	\$ 838.3	37%
Adjusted diluted earnings per share	0.72	0.49	47%	2.13	1.55	37%

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, 2026	June 30, 2025	Percent Change
Equity	\$ 756.9	\$ 656.6	15%
Fixed Income	441.4	441.7	0%
Alternative	294.2	258.4	14%
Multi-Asset	218.6	183.2	19%
Cash Management	80.5	71.9	12%
Total	\$ 1,791.6	\$ 1,611.8	11%

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	
	2026	2025		2026	2025
Equity	\$ 725.9	\$ 620.5	17%	41%	40%
Fixed Income	438.4	441.8	(1%)	25%	28%
Alternative	288.5	254.5	13%	17%	16%
Multi-Asset	215.5	177.8	21%	12%	11%
Cash Management	81.7	70.6	16%	5%	5%
Total	\$ 1,750.0	\$ 1,565.2	12%	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	
	2026	2025		2026	2025
Equity	\$ 711.0	\$ 626.0	14%	41%	39%
Fixed Income	438.9	474.3	(7%)	26%	30%
Alternative	278.1	251.3	11%	16%	16%
Multi-Asset	206.3	176.9	17%	12%	11%
Cash Management	80.2	67.9	18%	5%	4%
Total	\$ 1,714.5	\$ 1,596.4	7%	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,	
	2026 ¹	2025	2026 ¹	2025
Beginning AUM	\$ 1,682.1	\$ 1,540.6	\$ 1,661.2	\$ 1,678.6
Long-term inflows	122.0	75.6	358.8	259.3
Long-term outflows	(103.6)	(84.9)	(295.5)	(344.8)
Long-term net flows	18.4	(9.3)	63.3	(85.5)
Cash management net flows	(7.0)	2.7	3.2	5.4
Total net flows	11.4	(6.6)	66.5	(80.1)
Acquisition (Disposition)	0.1	(0.2)	6.2	(0.2)
Net market change, distributions and other	98.0	78.0	57.7	13.5
Ending AUM	\$ 1,791.6	\$ 1,611.8	\$ 1,791.6	\$ 1,611.8

¹ Beginning in 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.

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

(in billions) for the three months ended June 30, 2026	Equity	Fixed Income	Alternative ¹	Multi-Asset	Cash Management	Total
AUM at April 1, 2026	\$ 669.7	\$ 434.3	\$ 282.8	\$ 207.5	\$ 87.8	\$ 1,682.1
Long-term inflows	65.9	30.4	11.8	13.9	—	122.0
Long-term outflows	(63.9)	(27.8)	(2.7)	(9.2)	—	(103.6)
Long-term net flows	2.0	2.6	9.1	4.7	—	18.4
Cash management net flows	—	—	—	—	(7.0)	(7.0)
Total net flows	2.0	2.6	9.1	4.7	(7.0)	11.4
Acquisition	—	—	0.1	—	—	0.1
Net market change, distributions and other	85.2	4.5	2.2	6.4	(0.3)	98.0
AUM at June 30, 2026	\$ 756.9	\$ 441.4	\$ 294.2	\$ 218.6	\$ 80.5	\$ 1,791.6

¹ Beginning in 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.

AUM increased \$109.5 billion during the three months ended June 30, 2026 due to the positive impact of \$98.0 billion of net market change, distributions and other and \$18.4 billion of long-term net inflows, inclusive of \$1.1 billion of long-term net outflows at WAM, partially offset by \$7.0 billion of cash management net outflows. Long-term net inflows include \$4.1 billion of long-term reinvested distributions. Net market change, distributions and other primarily consists of \$110.0 billion of market appreciation, partially offset by \$10.2 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 markets.

Long-term inflows increased 61% to \$122.0 billion, as compared to the prior year period, driven by higher inflows in equity and multi-asset open-end funds, equity and multi-asset separately managed accounts, equity exchange traded funds, fixed income and equity institutional separate accounts, alternative private funds, and equity sub-advised mutual funds. Long-term outflows increased 22% to \$103.6 billion, primarily reflecting higher redemptions in equity open-end funds, separately managed accounts, exchange traded funds, and institutional separate accounts, partially offset by lower outflows across multiple fixed income vehicles at WAM.

(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

(in billions)

for the nine months ended June 30, 2026	Equity	Fixed Income	Alternative ¹	Multi-Asset	Cash Management	Total
AUM at October 1, 2025	\$ 686.2	\$ 438.7	\$ 263.9	\$ 193.9	\$ 78.5	\$ 1,661.2
Long-term inflows	180.6	95.8	36.9	45.5	—	358.8
Long-term outflows	(163.5)	(95.9)	(8.8)	(27.3)	—	(295.5)
Long-term net flows	17.1	(0.1)	28.1	18.2	—	63.3
Cash management net flows	—	—	—	—	3.2	3.2
Total net flows	17.1	(0.1)	28.1	18.2	3.2	66.5
Acquisition	—	—	6.2	—	—	6.2
Net market change, distributions and other	53.6	2.8	(4.0)	6.5	(1.2)	57.7
AUM at June 30, 2026	\$ 756.9	\$ 441.4	\$ 294.2	\$ 218.6	\$ 80.5	\$ 1,791.6

¹ Beginning in 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.

AUM increased \$130.4 billion, or 8%, during the nine months ended June 30, 2026 due to \$63.3 billion of long-term net inflows, inclusive of \$11.7 billion of long-term net outflows at WAM, the positive impact of \$57.7 billion of net market change, distributions and other, \$6.2 billion from the acquisition of Apera and \$3.2 billion of cash management net inflows. Long-term net inflows include \$36.2 billion of long-term reinvested distributions. Net market change, distributions and other primarily consists of \$126.4 billion of market appreciation, partially offset by \$64.3 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 markets.

Long-term inflows increased 38% to \$358.8 billion, as compared to the prior year period, driven by higher inflows in equity and multi-asset open-end funds, equity and fixed income exchange traded funds, equity, multi-asset, and fixed income separately managed accounts, alternative private funds, fixed income and alternative institutional separate accounts, and multi-asset sub-advised mutual funds. Long-term outflows decreased 14% to \$295.5 billion, primarily due to lower outflows across multiple fixed income vehicles at WAM, including institutional separate accounts, sub-advised mutual funds, open-end funds, and sub-advised CITs, partially offset by higher outflows in equity open-end funds, separately managed accounts, exchange traded funds and institutional separate accounts.

(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 Cash management at June 30, 2025 includes \$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 by sales region was as follows:

(in billions)

	June 30, 2026	June 30, 2025	Percent Change
United States ¹	\$ 1,267.8	\$ 1,114.9	14%
International			
Europe, Middle East and Africa	232.3	193.9	20%
Asia-Pacific ²	191.1	182.6	5%
Americas, excl. U.S. ¹	100.4	120.4	(17%)
Total international	523.8	496.9	5%
Total	\$ 1,791.6	\$ 1,611.8	11%

¹ Effective in fiscal year 2026, Cayman-domiciled money market fund assets are included in United States reflecting the underlying investor base. This change resulted in an 11% reduction of AUM in the Americas, excluding U.S.

² Effective January 1, 2026, Asia-Pacific includes India. Prior periods have been revised to reflect the current presentation.

The region in which investment products are sold may differ from the geographic area in which we provide investment management and related services to the products.

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, 2026	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	46%	57%	51%	59%	25%	43%	40%	56%
Fixed Income	84%	76%	74%	78%	81%	75%	81%	95%
Total AUM ³	50%	54%	53%	58%	41%	57%	55%	70%

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 40%, 40%, 39% and 36% of our total AUM as of June 30, 2026.

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 51% of our total AUM as of June 30, 2026.

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 12% of our total AUM at June 30, 2026.

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
	2026	2025		2026	2025	
Investment management fees	\$ 1,866.2	\$ 1,640.8	14%	\$ 5,533.4	\$ 5,113.7	8%
Sales and distribution fees	404.5	351.9	15%	1,189.8	1,092.3	9%
Shareholder servicing fees	74.3	59.9	24%	214.2	185.3	16%
Other	13.4	11.4	18%	43.0	35.7	20%
Total Operating Revenues	\$ 2,358.4	\$ 2,064.0	14%	\$ 6,980.4	\$ 6,427.0	9%

Investment Management Fees

Investment management fees increased \$225.4 million and \$419.7 million for the three and nine months ended June 30, 2026 primarily due to an increase in average equity, multi-asset, and alternative AUM, an increase in performance fees and the acquisition of Apera, partially offset by the impact of WAM outflows.

Our effective investment management fee rate excluding performance fees (annualized investment management fees excluding performance fees divided by average AUM) was 41.0 and 40.7 basis points for the three and nine months ended June 30, 2026, as compared to 40.5 basis points for the same periods in the prior fiscal year.

Performance fees were \$78.1 million and \$310.5 million for the three and nine months ended June 30, 2026 and \$60.6 million and \$274.1 million for the same periods in prior fiscal year. The increase for both periods was primarily due to changes in the amount of performance fees earned by our alternative and equity investment groups.

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
	2026	2025		2026	2025	
Asset-based fees	\$ 331.7	\$ 293.9	13%	\$ 977.3	\$ 900.2	9%
Sales-based fees	72.8	58.0	26%	212.5	192.1	11%
Sales and Distribution Fees	\$ 404.5	\$ 351.9	15%	\$ 1,189.8	\$ 1,092.3	9%

Asset-based distribution fees increased \$37.8 million and \$77.1 million for the three and nine months ended June 30, 2026 primarily due to increases of 9% and 6% in the related average AUM and a higher mix of equity funds, non-U.S. and multi-asset funds and U.S. alternative funds, which generate higher fees.

Sales-based fees increased \$14.8 million and \$20.4 million for the three and nine months ended June 30, 2026, primarily due to increases of 31% and 14% in commissionable sales, partially offset by a higher mix of non-U.S. sales, which generate lower fees.

Shareholder Servicing Fees

Shareholder servicing fees increased \$14.4 million and \$28.9 million for the three and nine months ended June 30, 2026 primarily due to increased revenue related to fees earned on a contractual basis and higher levels of related AUM.

Other

Other revenue increased \$7.3 million for the nine months ended June 30, 2026 primarily due to higher loan origination fees earned by certain of our alternative investment groups.

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
	2026	2025		2026	2025	
Compensation and benefits	\$ 958.5	\$ 901.1	6%	\$ 2,953.9	\$ 2,812.5	5%
Sales, distribution and marketing	555.4	480.7	16%	1,640.3	1,491.1	10%
Information systems and technology	160.8	162.7	(1%)	475.4	477.4	0%
Occupancy	71.4	69.5	3%	205.3	213.9	(4%)
Amortization of intangible assets	50.7	112.2	(55%)	156.4	337.3	(54%)
Impairment of intangible assets	33.0	—	NM	33.0	24.4	35%
General, administrative and other	312.8	183.7	70%	696.0	551.7	26%
Total Operating Expenses	\$ 2,142.6	\$ 1,909.9	12%	\$ 6,160.3	\$ 5,908.3	4%

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
	2026	2025		2026	2025	
Salaries, wages and benefits	\$ 444.8	\$ 428.2	4%	\$ 1,331.0	\$ 1,297.7	3%
Incentive compensation	423.8	381.8	11%	1,310.1	1,208.2	8%
Acquisition-related retention ¹	(23.6)	47.9	NM	42.5	128.4	(67%)
Acquisition-related performance fee pass through ¹	3.7	2.1	76%	67.2	87.4	(23%)
Other ^{1,2}	109.8	41.1	167%	203.1	90.8	124%
Compensation and Benefits Expenses	\$ 958.5	\$ 901.1	6%	\$ 2,953.9	\$ 2,812.5	5%

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 \$16.6 million and \$33.3 million for the three and nine months ended June 30, 2026, primarily due to annual salary increases, higher post-retirement and employee insurance costs, and the acquisition of Apera, partially offset by the impact of cost savings initiatives.

Incentive compensation increased \$42.0 million and \$101.9 million for the three and nine months ended June 30, 2026, primarily due to higher bonus expense based on expectations of our annual performance, higher sales-related commissions, and for the nine month period, higher deferred compensation expense.

Acquisition-related retention expenses decreased \$71.5 million and \$85.9 million for the three and nine months ended June 30, 2026, primarily due to the reversal of \$67.3 million of expense upon forfeiture of certain equity awards and lower costs associated with recent acquisitions.

Other compensation and benefits increased \$68.7 million and \$112.3 million for the three and nine months ended June 30, 2026, primarily due to increases of \$50.3 million and \$78.7 million in special termination benefits and higher net market gains on investments related to our deferred compensation plans. The special termination benefits increased primarily due to higher costs associated with workforce optimization initiatives.

At June 30, 2026, our global workforce remained flat at approximately 10,100 employees, as compared to June 30, 2025.

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
	2026	2025		2026	2025	
Asset-based expenses	\$ 464.1	\$ 405.6	14%	\$ 1,369.7	\$ 1,245.2	10%
Sales-based expenses	65.1	55.2	18%	196.3	187.0	5%
Amortization of deferred sales commissions	26.2	19.9	32%	74.3	58.9	26%
Sales, Distribution and Marketing	\$ 555.4	\$ 480.7	16%	\$ 1,640.3	\$ 1,491.1	10%

Asset-based expenses increased \$58.5 million and \$124.5 million for the three and nine months ended June 30, 2026 primarily due to increases of 8% and 6% in the related average AUM, a higher mix of equity funds, non-U.S. multi-asset funds and U.S. alternative funds, which incur higher fees, 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 increased \$9.9 million and \$9.3 million for the three and nine months ended June 30, 2026 primarily due to increases of 31% and 14% in commissionable sales, partially offset by a higher mix of non-U.S. sales.

Occupancy

Occupancy expenses decreased \$8.6 million for the nine months ended June 30, 2026, primarily due to consolidation of our office space in New York City.

Information Systems and Technology

Information systems and technology expenses decreased \$1.9 million and \$2.0 million for the three and nine months ended June 30, 2026, primarily due to lower technology consulting and depreciation, substantially offset by higher costs for software and external data services.

Amortization of Intangible Assets

Amortization of intangible assets decreased \$61.5 million and \$180.9 million for the three and nine months ended June 30, 2026, primarily due to intangible assets which became fully amortized during the prior fiscal year, partially offset by an increase in amortization due to the reclassification of certain indefinite-lived intangible assets to definite lived intangible assets and a reduction in the useful lives of certain definite-lived intangible assets related to trade names.

Impairment of intangible assets

We recognized impairment charges totaling \$33.0 million during the three and nine months ended June 30, 2026, and \$24.4 million during the nine months ended June 30, 2025. The impairment charges in both periods were primarily 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 \$129.1 million and \$144.3 million for the three and nine months ended June 30, 2026, primarily due to a \$100.0 million regulatory settlement in the current year period. The increase for the three months ended June 30, 2026 was also driven by a \$19.3 million increase in legal and other professional fees, and an \$18.3 million increase in fund-related expenses, primarily due to higher transfer agency expenses and higher placement and platform fees. These increases were partially offset by a \$7.7 million decrease in advertising expenses. The increase for the nine months ended June 30, 2026, was also driven by an increase of \$36.2 million in fund-related expenses, primarily due to higher transfer agency expenses and higher placement and platform fees, and an increase of \$17.9 million in legal and other professional fees, partially offset by a \$13.9 million decrease in advertising expenses.

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
	2026	2025		2026	2025	
Investment and other income, net:						
Dividend and interest income	\$ 31.1	\$ 38.9	(20%)	\$ 124.4	\$ 101.4	23%
Gains (losses) on investments, net	62.1	(31.4)	NM	32.8	(41.7)	NM
Income from investments in equity method investees	22.8	23.0	(1%)	58.6	38.5	52%
Losses on crypto assets, net	(0.5)	—	NM	(19.3)	—	NM
Rental income	11.4	10.7	7%	34.3	32.8	5%
Foreign currency exchange gains (losses), net	2.7	(14.4)	NM	0.2	(7.4)	NM
Other, net	1.4	(3.4)	NM	36.3	4.4	725%
Investment and other income, net	131.0	23.4	460%	267.3	128.0	109%
Interest expense	(23.5)	(25.8)	(9%)	(63.8)	(69.7)	(8%)
Investment and other income (losses) of consolidated investment products, net	54.8	35.9	53%	276.2	(14.7)	NM
Expenses of consolidated investment products	(7.2)	(11.0)	(35%)	(31.4)	(29.8)	5%
Other Income, Net	\$ 155.1	\$ 22.5	589%	\$ 448.3	\$ 13.8	NM

Dividend and interest income decreased \$7.8 million for the three months ended June 30, 2026, primarily due to lower dividend and interest income earned from investments in collateralized loan obligations, and increased \$23.0 million for the nine months ended June 30, 2026, primarily due to higher dividend income earned from a strategic investment.

Investments held by the Company generated net gains of \$62.1 million and \$32.8 million for the three and nine months ended June 30, 2026, as compared to net losses of \$31.4 million and \$41.7 million for the three and nine months ended June 30, 2025. The net gains in the three months ended June 30, 2026 and net losses in the prior year period were primarily from investment activity from investments in nonconsolidated funds and separate accounts, and for the prior year period investments measured at cost adjusted for observable price changes. The net gains in the nine months ended June 30, 2026 were primarily from investments in nonconsolidated funds and separate accounts and assets invested for deferred compensation plans, while the net losses in the prior year were primarily from investments measured at cost adjusted for observable price changes and investments in nonconsolidated funds and separate accounts.

Equity method investees generated income of \$22.8 million and \$58.6 million for the three and nine months ended June 30, 2026, as compared to income of \$23.0 million and \$38.5 million in the prior year, largely related to various global alternative and equity funds.

Net foreign currency exchange gains were \$2.7 million and \$0.2 million for the three and nine months ended June 30, 2026, as compared to net losses of \$14.4 million and \$7.4 million in the prior year periods, as changes in the value of the U.S. dollar against the Euro and British Pound resulted in net foreign exchange gains in the current year periods, as compared to net losses in the prior year.

Other, net increased \$31.9 million for the nine months ended June 30, 2026, primarily due to gains recognized on the sale of owned office space.

Interest expense decreased \$2.3 million and \$5.9 million for the three and nine months ended June 30, 2026 reflecting the repayment of \$450 million of senior notes in March 2026 and \$400 million of senior notes in March 2025, partially offset by interest recognized on borrowings under our revolving credit facility.

Investments held by consolidated investment products (“CIPs”) generated gains and other income of \$54.8 million and \$276.2 million for the three and nine months ended June 30, 2026, largely related to gains on holdings of various alternative funds, and for the nine month period gains on holdings of various equity funds. Investments held by 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.

Expenses of CIPs decreased \$3.8 million and increased \$1.6 million for the three and nine months ended June 30, 2026, due to activity of the funds.

TAXES ON INCOME

Our effective income tax rate was 31.2% and 25.2% for the three and nine months ended June 30, 2026, as compared to 33.9% and 32.3% for the three and nine months ended June 30, 2025. The rate decreases were primarily due to activity of CIPs for which there is no related tax impact, partially offset by the impact of the charge related to a significant regulatory settlement which is not deductible for income tax purposes.

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.
- Charges related to significant regulatory settlements.

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.
- Charges related to significant regulatory settlements.
- 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. Charges related to significant regulatory settlements are excluded because they are not considered reflective of our underlying results of operations and relate to matters that are non-recurring in nature. 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,	
	2026	2025	2026	2025
Operating income	\$ 215.8	\$ 154.1	\$ 820.1	\$ 518.7
Add (subtract):				
Elimination of operating revenues upon consolidation of investment products*	17.3	12.0	48.8	37.6
Acquisition-related retention	(23.6)	47.9	42.5	128.4
Compensation and benefits expense from gains on deferred compensation, net	17.8	0.1	35.2	4.6
Other acquisition-related expenses	5.9	10.5	16.9	30.6
Amortization of intangible assets	50.7	112.2	156.4	337.3
Impairment of intangible assets	33.0	—	33.0	24.4
Special termination benefits	77.2	26.9	123.4	44.7
Compensation and benefits expense related to minority interests in certain subsidiaries	14.8	14.1	44.5	41.5
Charges related to significant regulatory settlements	100.0	—	100.0	—
Adjusted operating income	\$ 508.9	\$ 377.8	\$ 1,420.8	\$ 1,167.8
Total operating revenues	\$ 2,358.4	\$ 2,064.0	\$ 6,980.4	\$ 6,427.0
Add (subtract):				
Acquisition-related pass through performance fees	(3.7)	(2.1)	(72.6)	(87.4)
Sales and distribution fees	(404.5)	(351.9)	(1,189.8)	(1,092.3)
Allocation of investment management fees for sales, distribution and marketing expenses	(150.9)	(128.8)	(450.5)	(398.8)
Elimination of operating revenues upon consolidation of investment products*	17.3	12.0	48.8	37.6
Adjusted operating revenues	\$ 1,816.6	\$ 1,593.2	\$ 5,316.3	\$ 4,886.1
Operating margin	9.2%	7.5%	11.7%	8.1%
Adjusted operating margin	28.0%	23.7%	26.7%	23.9%

(in millions, except per share data)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Net income attributable to Franklin Resources, Inc.	\$ 171.5	\$ 92.3	\$ 695.2	\$ 407.3
Add (subtract):				
Net (income) loss of consolidated investment products*	—	3.9	0.1	(0.2)
Acquisition-related retention	(23.6)	47.9	42.5	128.4
Other acquisition-related expenses	5.3	13.0	22.9	38.8
Amortization of intangible assets	50.7	112.2	156.4	337.3
Impairment of intangible assets	33.0	—	33.0	24.4
Special termination benefits	77.2	26.9	123.4	44.7
Net (gains) losses on deferred compensation plan investments not offset by compensation and benefits expense	6.2	(2.6)	4.7	(2.4)
Unrealized investment (gains) losses	(3.5)	11.2	49.4	(0.2)
Interest expense for amortization of debt premium	(1.7)	(5.0)	(11.1)	(14.9)
Net compensation and benefits expense related to minority interests in certain subsidiaries not offset by net income attributable to redeemable noncontrolling interests	9.6	7.4	26.0	18.9
Charges related to significant regulatory settlements	100.0	—	100.0	—
Net income tax expense of adjustments	(38.4)	(43.8)	(93.3)	(143.8)
Adjusted net income	\$ 386.3	\$ 263.4	\$ 1,149.2	\$ 838.3
Diluted earnings per share	\$ 0.31	\$ 0.15	\$ 1.26	\$ 0.70
Adjusted diluted earnings per share	0.72	0.49	2.13	1.55

* The impact of CIPs is summarized as follows:

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Elimination of operating revenues upon consolidation	\$ (17.3)	\$ (12.0)	\$ (48.8)	\$ (37.6)
Other income (expense), net	74.4	19.9	225.4	(48.4)
Less: income (loss) attributable to noncontrolling interests	57.1	11.8	176.7	(86.2)
Net income (loss)	\$ —	\$ (3.9)	\$ (0.1)	\$ 0.2

LIQUIDITY AND CAPITAL RESOURCES

Cash flows were as follows:

(in millions)	Nine Months Ended June 30,	
	2026	2025
Operating cash flows	\$ 298.5	\$ 1,086.8
Investing cash flows	(3,336.5)	(1,901.3)
Financing cash flows	3,253.0	363.9

Net cash provided by operating activities decreased during the nine months ended June 30, 2026 primarily due to higher net purchases of investments by consolidated investment products and timing of cash receipts reflected in changes in receivables and other assets. Net cash used in investing activities increased primarily due to higher net purchases of investments by collateralized loan obligations (“CLOs”), partially offset by lower additions of property and equipment. Net cash provided by financing activities increased primarily due to higher net proceeds on debt of CIPs and higher net subscriptions in CIPs by noncontrolling interests, partially offset by higher repurchases of common stock.

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. Certain CIPs utilize revolving credit facilities and other short-term lines of credit to support liquidity, including funding investment activity and managing timing differences associated with investor subscriptions and redemptions. Borrowings under these facilities, to the extent drawn, are generally secured by the assets of the respective CIPs and/or capital commitments from CIP equity investors. These facilities are interest-bearing, typically provided by third-party lenders, and are subject to customary borrowing terms and conditions. The debt holders of the CIPs have no recourse to our assets beyond the level of our direct investment and/or capital commitment, 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, 2026	September 30, 2025
Assets		
Cash and cash equivalents	\$ 2,638.7	\$ 3,050.1
Receivables	1,336.8	1,228.6
Investments	1,256.4	1,367.5
Total Liquid Assets	\$ 5,231.9	\$ 5,646.2
Liability		
Debt	\$ 2,401.9	\$ 2,362.0

Liquidity

Liquid assets consist of cash and cash equivalents, receivables and certain investments. Cash and cash equivalents at June 30, 2026 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, 2026, 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 \$1,189.6 million. At June 30, 2026, Legg Mason's outstanding senior note had a principal amount due of \$550.0 million. The note has a fixed interest rate of 5.625% with interest paid semi-annually and had a carrying value, inclusive of unamortized premium, of \$712.3 million at June 30, 2026. Franklin unconditionally and irrevocably guarantees all of the outstanding notes issued by Legg Mason. We repaid the \$450 million 4.750% senior notes due March 2026 using borrowings under our Amended and Restated Credit Agreement (the "Credit Agreement") and existing cash.

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 December 11, 2025, we entered into a Joinder and Commitment Increase Agreement (the “Joinder Agreement”) which amends the Credit Agreement dated as of April 30, 2025. Pursuant to the Joinder Agreement, the aggregate commitments have increased by \$400.0 million such that the total aggregate commitments under the Credit Agreement are \$1.5 billion. On July 30, 2026, we entered into an amendment and restatement of the Amended and Restated Credit Agreement (the “Second Amended and Restated Credit Agreement”). The Second Amended and Restated Credit Agreement amends and restates the Company’s existing revolving credit agreement to, among other things, increase the aggregate commitments and extend its maturity to July 30, 2031. The Second Amended and Restated Credit Agreement provides for a five-year revolving credit facility with \$1.5 billion of aggregate commitments with the option to increase the aggregate commitments by a maximum of \$500.0 million. We expect to utilize the Credit Agreement periodically as part of our normal operations.

On January 8, 2026, we borrowed \$150.0 million under the Credit Agreement which was repaid on February 9, 2026. On March 16, 2026, we borrowed \$350.0 million under the Credit Agreement, the proceeds of which were used to repay the 4.750% Senior Notes due March 2026. During the quarter ended June 30, 2026, we borrowed an additional \$150.0 million and on July 9, 2026, an additional \$200.0 million under the Credit Agreement. The aggregate borrowings of \$700.0 million remain outstanding at the time of this filing. 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. The 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, 2026.

At June 30, 2026, 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 groups and operations.

We typically declare cash dividends on a quarterly basis, subject to approval by our Board of Directors. We declared regular dividends of \$0.99 per share during the nine months ended June 30, 2026 and \$0.96 per share during the nine months ended June 30, 2025. 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, 2026, we repurchased 10.4 million and 14.5 million shares of our common stock at a cost of \$348.1 million and \$447.1 million and 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 in the prior year periods. The fiscal 2026 repurchases included 6.2 million shares repurchased from Great-West Lifeco Inc. (“Great-West”) for an aggregate purchase price of \$208.0 million. In December 2025, our Board of Directors authorized the repurchase of up to an additional 20.8 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. At June 30, 2026, 25.6 million shares remained available for repurchase under this authorization.

On October 1, 2025, we completed the acquisition of Apera Asset Management for cash consideration of €65.2 million net of closing adjustments, funded from existing cash. In addition, we will pay up to €125.0 million in cash through the fifth anniversary of the closing date based on achieving revenue targets.

As part of our acquisition of Putnam, which closed on January 1, 2024, we will pay up to \$375.0 million between the third and seventh anniversaries of the closing date related to revenue growth targets from the strategic partnership with Great-West, which will be recognized in operating income.

While we have no legal or contractual obligation to do so, we routinely make cash investments in the course of launching sponsored funds. 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. 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 additional financial or other support to our sponsored funds during the nine months ended June 30, 2026.

Our cash, cash equivalents and investments portfolio by asset class and accounting classification at June 30, 2026, 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	\$ 2,670.3	\$ —	\$ —	\$ —	\$ —	\$ 2,670.3
Investments						
Alternative	—	388.5	918.1	96.4	692.4	2,095.4
Equity	—	405.0	246.1	159.2	128.2	938.5
Fixed Income	—	205.2	76.0	34.7	227.6	543.5
Multi-Asset	—	49.0	3.7	125.0	108.5	286.2
Total investments	—	1,047.7	1,243.9	415.3	1,156.7	3,863.6
Total Cash and Cash Equivalents and Investments^{2,3}	\$ 2,670.3	\$ 1,047.7	\$ 1,243.9	\$ 415.3	\$ 1,156.7	\$ 6,533.9

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 2025 for information on investment accounting classifications.

² Total cash and cash equivalents and investments includes \$4,936.8 million maintained for operational activities, including investments in sponsored funds and other products, and \$446.1 million necessary to comply with regulatory requirements.

³ Total cash and cash equivalents and investments includes approximately \$380 million attributable to employee-owned and other third-party investments made through partnerships which are offset in noncontrolling interests, approximately \$434 million of investments that are subject to long-term repurchase agreements and other net financing arrangements, and approximately \$409 million of cash and investments related to deferred compensation plans.

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 2025.

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, 2025, 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, 2026, there were no events or circumstances which would indicate that goodwill or definite-lived intangible assets might be impaired. We performed a quantitative impairment test for certain indefinite-lived assets related to acquired management contracts due to decreased AUM in related products and recognized impairments totaling \$33.0 million during the quarter ended June 30, 2026. 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, 2026, 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 \$27.1 million of transfers into and \$16.9 million of transfers out of Level 3 during the nine months ended June 30, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During the nine months ended June 30, 2026, there were no material changes from the market risk disclosures in our Form 10-K for the fiscal year ended September 30, 2025.

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, 2026. 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, 2026 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, 2026, 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 2025. 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, 2026.

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 2026	13,634	\$ 25.58	13,634	35,922,880
May 2026	24,924	30.85	24,924	35,897,956
June 2026	10,328,906	33.36	10,328,906	25,569,050
Total	10,367,464		10,367,464	

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 2025, our Board of Directors authorized the repurchase of up to an additional 20.8 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, 2026, 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)(c) 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)
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, 2026, 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: July 31, 2026

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

Date: July 31, 2026

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: July 31, 2026

/s/ Jennifer M. Johnson

Jennifer M. Johnson
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: July 31, 2026

/s/ Matthew Nicholls

Matthew Nicholls

Co-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, 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, 2026 (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: July 31, 2026

/s/ Jennifer M. Johnson
Jennifer M. Johnson
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, Co-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, 2026 (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: July 31, 2026

/s/ Matthew Nicholls

Matthew Nicholls

Co-President, Chief Financial Officer and Chief Operating Officer (Principal
Financial Officer)