# 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 December 31, 2025**

**or**

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

**For the transition period from to**

**Commission File Number: 001-09318**

# FRANKLIN RESOURCES, INC.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **13-2670991** |
| ***(State or other jurisdiction of incorporation or organization)*** | ***(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 January 22, 2026: 520,763,448.

## INDEX TO FORM 10-Q

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**FRANKLIN RESOURCES, INC.**

**CONSOLIDATED STATEMENTS OF INCOME**

**Unaudited**

| *(in millions, except per share data)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 |
|---|---|---|
| **Operating Revenues** | | |
| Investment management fees | $ 1,847.9 | $ 1,799.3 |
| Sales and distribution fees | 388.7 | 375.5 |
| Shareholder servicing fees | 70.9 | 63.5 |
| Other | 19.6 | 13.3 |
| Total operating revenues | 2,327.1 | 2,251.6 |
| **Operating Expenses** | | |
| Compensation and benefits | 1,030.7 | 991.4 |
| Sales, distribution and marketing | 540.9 | 512.3 |
| Information systems and technology | 157.0 | 156.0 |
| Occupancy | 66.8 | 75.1 |
| Amortization of intangible assets | 55.1 | 112.6 |
| General, administrative and other | 195.6 | 185.2 |
| Total operating expenses | 2,046.1 | 2,032.6 |
| **Operating Income** | 281.0 | 219.0 |
| **Other Income (Expenses)** | | |
| Investment and other income, net | 80.3 | 10.5 |
| Interest expense | (20.4) | (23.1) |
| Investment and other income of consolidated investment products, net | 124.9 | 114.1 |
| Expenses of consolidated investment products | (14.0) | (7.3) |
| Other income, net | 170.8 | 94.2 |
| Income before taxes | 451.8 | 313.2 |
| Taxes on income | 105.0 | 81.1 |
| Net income | 346.8 | 232.1 |
| Less: net income attributable to | | |
| Redeemable noncontrolling interests | 39.7 | 49.6 |
| Nonredeemable noncontrolling interests | 51.6 | 18.9 |
| **Net Income Attributable to Franklin Resources, Inc.** | **$ 255.5** | **$ 163.6** |
| | | |
| **Earnings per Share** | | |
| Basic | $ 0.46 | $ 0.29 |
| Diluted | 0.46 | 0.29 |

See Notes to Consolidated Financial Statements.

**FRANKLIN RESOURCES, INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**Unaudited**

| | Three Months Ended December 31, | |
|---|---|---|
| *(in millions)* | **2025** | **2024** |
| **Net Income** | $ 346.8 | $ 232.1 |
| **Other Comprehensive Loss** | | |
| Currency translation adjustments, net of tax | (1.1) | (105.1) |
| Net unrealized gains on defined benefit plans, net of tax | — | 0.3 |
| Total other comprehensive loss | (1.1) | (104.8) |
| Total comprehensive income | 345.7 | 127.3 |
| Less: comprehensive income attributable to | | |
| Redeemable noncontrolling interests | 39.7 | 49.6 |
| Nonredeemable noncontrolling interests | 51.6 | 18.9 |
| **Comprehensive Income Attributable to Franklin Resources, Inc.** | **$ 254.4** | **$ 58.8** |

See Notes to Consolidated Financial Statements.

**FRANKLIN RESOURCES, INC.**

**CONSOLIDATED BALANCE SHEETS**

**Unaudited**

| *(in millions, except share and per share data)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 2,672.1 | $ 3,088.1 |
| Receivables | 1,445.6 | 1,541.7 |
| Investments (including $1,063.0 and $1,179.5 at fair value at December 31, 2025 and September 30, 2025) | 2,439.0 | 2,374.0 |
| Assets of consolidated investment products | | |
| Cash and cash equivalents | 812.7 | 485.8 |
| Investments, at fair value | 12,472.5 | 12,278.8 |
| Property and equipment, net | 929.8 | 949.1 |
| Goodwill | 6,291.3 | 6,206.0 |
| Intangible assets, net | 4,154.7 | 4,166.0 |
| Operating lease right-of-use assets | 751.2 | 764.3 |
| Other | 580.2 | 514.5 |
| **Total Assets** | **$ 32,549.1** | **$ 32,368.3** |
| | | |
| **Liabilities** | | |
| Compensation and benefits | $ 1,205.2 | $ 1,760.3 |
| Accounts payable and accrued expenses | 597.6 | 615.4 |
| Income taxes | 228.0 | 207.5 |
| Debt | 2,357.3 | 2,362.0 |
| Liabilities of consolidated investment products | | |
| Accounts payable and accrued expenses | 618.1 | 1,063.0 |
| Debt | 10,862.7 | 9,937.3 |
| Deferred tax liabilities | 318.2 | 261.6 |
| Operating lease liabilities | 985.3 | 1,000.6 |
| Other | 984.3 | 971.8 |
| Total liabilities | 18,156.7 | 18,179.5 |
| **Commitments and Contingencies (Note 10)** | | |
| **Redeemable Noncontrolling Interests** | 1,291.9 | 1,182.0 |
| **Stockholders' Equity** | | |
| Preferred stock, $1.00 par value, 1,000,000 shares authorized; none issued | — | — |
| Common stock, $0.10 par value, 1,000,000,000 shares authorized; 519,974,911 and 520,951,796 shares issued and outstanding at December 31, 2025 and September 30, 2025 | 52.0 | 52.1 |
| Capital in excess of par | 991.0 | 956.8 |
| Retained earnings | 11,540.1 | 11,516.0 |
| Accumulated other comprehensive loss | (448.2) | (447.1) |
| Total Franklin Resources, Inc. stockholders' equity | 12,134.9 | 12,077.8 |
| Nonredeemable noncontrolling interests | 965.6 | 929.0 |
| Total stockholders' equity | 13,100.5 | 13,006.8 |
| **Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity** | **$ 32,549.1** | **$ 32,368.3** |

See Notes to Consolidated Financial Statements.

**FRANKLIN RESOURCES, INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**Unaudited**

| *(in millions)* for the three months ended December 31, 2025 | Franklin Resources, Inc. Common Stock Shares | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Loss | Stockholders' Equity | Nonredeemable Noncontrolling Interests | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **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** |

| *(in millions)* for the three months ended December 31, 2024 | Franklin Resources, Inc. Common Stock Shares | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Loss | Stockholders' Equity | Nonredeemable Noncontrolling Interests | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **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** |

See Notes to Consolidated Financial Statements.

**FRANKLIN RESOURCES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Unaudited**

| *(in millions)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 |
|---|---|---|
| **Net Income** | **$ 346.8** | **$ 232.1** |
| **Adjustments to reconcile net income to net cash used in operating activities:** | | |
| Stock-based compensation | 75.6 | 73.2 |
| Amortization of deferred sales commissions | 22.8 | 20.2 |
| Depreciation and other amortization | 28.8 | 30.2 |
| Amortization of intangible assets | 55.1 | 112.6 |
| Net losses on investments | 8.6 | 57.1 |
| Losses (income) from investments in equity method investees | (11.5) | 7.6 |
| Net gains on investments of consolidated investment products | (67.4) | (87.2) |
| Net purchase of investments by consolidated investment products | (97.7) | (83.9) |
| Deferred income taxes | 63.1 | 1.6 |
| Other | 18.9 | 31.6 |
| **Changes in operating assets and liabilities:** | | |
| Decrease (increase) in receivables and other assets | (121.9) | 10.2 |
| Decrease (increase) in investments, net | (12.4) | 1.1 |
| Decrease in accrued compensation and benefits | (562.3) | (654.3) |
| Increase in income taxes payable | 20.3 | 55.0 |
| Increase (decrease) in accounts payable, accrued expenses and other liabilities | (24.8) | 95.0 |
| Increase (decrease) in accounts payable and accrued expenses of consolidated investment products | 2.9 | (47.3) |
| **Net cash used in operating activities** | **(255.1)** | **(145.2)** |
| Purchase of investments | (264.6) | (458.0) |
| Liquidation of investments | 218.7 | 168.4 |
| Purchase of investments by consolidated collateralized loan obligations | (1,705.6) | (1,291.1) |
| Liquidation of investments by consolidated collateralized loan obligations | 1,492.7 | 1,001.1 |
| Proceeds from sale (additions) of property and equipment, net | 9.3 | (71.8) |
| Acquisition, net of cash acquired | (69.7) | — |
| Net consolidation (deconsolidation) of investment products | 2.0 | (5.1) |
| **Net cash used in investing activities** | **(317.2)** | **(656.5)** |

[Table continued on next page]

See Notes to Consolidated Financial Statements.

Table of Contents

**FRANKLIN RESOURCES, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Unaudited**

[Table continued from previous page]

| *(in millions)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 |
|---|---|---|
| Dividends paid on common stock | $ (170.2) | $ (166.2) |
| Repurchase of common stock | (41.9) | (5.8) |
| Proceeds from repurchase agreement | — | 38.9 |
| Payments on repurchase agreement | (4.9) | (29.6) |
| Proceeds from debt of consolidated investment products | 2,540.8 | 794.4 |
| Payments on debt of consolidated investment products | (1,961.3) | (714.9) |
| Payments on contingent consideration liabilities | — | (0.7) |
| Noncontrolling interests | 124.9 | 171.8 |
| **Net cash provided by financing activities** | **487.4** | **87.9** |
| Effect of exchange rate changes on cash and cash equivalents | (4.2) | (50.0) |
| Decrease in cash and cash equivalents | (89.1) | (763.8) |
| Cash and cash equivalents, beginning of period | 3,573.9 | 4,408.9 |
| **Cash and Cash Equivalents, End of Period** | **$ 3,484.8** | **$ 3,645.1** |
| | | |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash paid for income taxes | $ 19.5 | $ 27.9 |
| Cash paid for interest | 10.8 | 9.9 |
| Cash paid for interest by consolidated investment products | 177.4 | 202.0 |
| Non-cash purchase of investments | 20.0 | — |

See Notes to Consolidated Financial Statements.

**FRANKLIN RESOURCES, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**December 31, 2025**
**(Unaudited)**

**Note 1 – Basis of Presentation**

The unaudited interim financial statements of Franklin Resources, Inc. ("Franklin") and its consolidated subsidiaries (collectively, the "Company") included herein have been prepared in accordance with the instructions to Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Under these rules and regulations, some information and footnote disclosures normally included in financial statements prepared under accounting principles generally accepted in the United States of America have been shortened or omitted. Management believes that all adjustments necessary for a fair statement of the financial position and the results of operations for the periods shown have been made. All adjustments are normal and recurring. Management also believes that the accounting estimates are appropriate, and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. These financial statements should be read together with the Company's audited financial statements included in its Annual Report on Form 10-K for the fiscal year ended September 30, 2025 ("fiscal year 2025").

**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:

| | Three Months Ended December 31, | |
|---|---|---|
| *(in millions, except per share data)* | **2025** | **2024** |
| Net income attributable to Franklin Resources, Inc. | $ 255.5 | $ 163.6 |
| Less: allocation of earnings to participating nonvested stock and stock unit awards | 16.2 | 15.4 |
| **Net Income Available to Common Stockholders** | **$ 239.3** | **$ 148.2** |
| | | |
| Weighted-average shares outstanding – basic | 517.5 | 517.4 |
| Dilutive effect of nonparticipating nonvested stock unit awards | 0.8 | 0.8 |
| **Weighted-Average Shares Outstanding – Diluted** | **518.3** | **518.2** |
| | | |
| **Earnings per Share** | | |
| Basic | $ 0.46 | $ 0.29 |
| Diluted | 0.46 | 0.29 |

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 months ended December 31, 2025 and 2024.

**Note 4 – Revenues**

Operating revenues by geographic area were as follows:

| *(in millions)* **for the three months ended December 31, 2025** | **United States** | **Luxembourg** | **Asia-Pacific** | **Americas Excluding United States** | **Europe, Middle East and Africa, Excluding Luxembourg** | **Total** |
|---|---|---|---|---|---|---|
| Investment management fees | $ 1,363.8 | $ 245.9 | $ 81.9 | $ 64.3 | $ 92.0 | $ 1,847.9 |
| Sales and distribution fees | 268.7 | 103.3 | 6.0 | 10.2 | 0.5 | 388.7 |
| Shareholder servicing fees | 62.2 | 8.2 | 0.5 | — | — | 70.9 |
| Other | 19.0 | — | 0.5 | — | 0.1 | 19.6 |
| **Total** | **$ 1,713.7** | **$ 357.4** | **$ 88.9** | **$ 74.5** | **$ 92.6** | **$ 2,327.1** |

| *(in millions)* **for the three months ended December 31, 2024** | **United States** | **Luxembourg** | **Asia-Pacific** | **Americas Excluding United States** | **Europe, Middle East and Africa, Excluding Luxembourg** | **Total** |
|---|---|---|---|---|---|---|
| Investment management fees | $ 1,361.4 | $ 223.9 | $ 75.8 | $ 53.6 | $ 84.6 | $ 1,799.3 |
| Sales and distribution fees | 267.1 | 93.4 | 4.9 | 10.0 | 0.1 | 375.5 |
| Shareholder servicing fees | 55.1 | 8.0 | 0.4 | — | — | 63.5 |
| Other | 13.1 | — | 0.2 | — | — | 13.3 |
| **Total** | **$ 1,696.7** | **$ 325.3** | **$ 81.3** | **$ 63.6** | **$ 84.7** | **$ 2,251.6** |

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% and 83% of the Company’s total operating revenues for the three months ended December 31, 2025 and 2024.

**Note 5 – Investments**

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

Investments consisted of the following:

| *(in millions)* | **December 31, 2025** | **September 30, 2025** |
|---|---|---|
| Investments, at fair value | | |
| Sponsored funds and separate accounts | $ 686.3 | $ 809.6 |
| Investments related to long-term incentive plans | 305.8 | 288.1 |
| Other equity and debt investments | 70.9 | 81.8 |
| Total investments, at fair value | 1,063.0 | 1,179.5 |
| Investments in equity method investees | 1,005.0 | 893.9 |
| Other investments | 371.0 | 300.6 |
| **Total** | **$ 2,439.0** | **$ 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 December 31, 2025 and September 30, 2025, other liabilities includes repurchase agreements of $196.0 million and $200.5 million with investments of $200.6 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:

| *(in millions)* as of December 31, 2025 | Level 1 | Level 2 | Level 3 | NAV as a Practical Expedient | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Investments, at fair value | | | | | |
| Sponsored funds and separate accounts | $ 390.9 | $ 253.9 | $ 4.3 | $ 37.2 | $ 686.3 |
| Investments related to long-term incentive plans | 271.2 | 3.3 | — | 31.3 | 305.8 |
| Other equity and debt investments | 23.0 | 10.0 | 0.2 | 29.6 | 62.8 |
| Crypto assets | 4.3 | 16.2 | — | — | 20.5 |
| **Total Assets Measured at Fair Value** | **$ 689.4** | **$ 283.4** | **$ 4.5** | **$ 98.1** | **$ 1,075.4** |
| | | | | | |
| **Liabilities** | | | | | |
| Securities sold short | $ 156.1 | $ — | $ — | $ — | $ 156.1 |
| Contingent consideration liabilities | — | — | 20.4 | — | 20.4 |
| **Total Liabilities Measured at Fair Value** | **$ 156.1** | **$ —** | **$ 20.4** | **$ —** | **$ 176.5** |

| *(in millions)* 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 December 31, 2025 and September 30, 2025, there were $8.1 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:

| *(in millions)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| **Nonredeemable investments[1]** | | |
| Investments with known liquidation periods | $ 18.0 | $ 19.7 |
| Investments with unknown liquidation periods | 15.2 | 15.2 |
| | | |
| **Redeemable investments[2]** | 64.9 | 64.0 |
| | | |
| Unfunded commitments | 13.3 | 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 2.3 years and 2.2 years at December 31, 2025 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:

| | | December 31, 2025 | | September 30, 2025 | |
|---|---|---|---|---|---|
| *(in millions)* | Fair Value Level | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 1 | $ 2,672.1 | $ 2,672.1 | $ 3,088.1 | $ 3,088.1 |
| Other investments | | | | | |
| Time deposits | 2 | 8.5 | 8.5 | 9.2 | 9.2 |
| Equity securities | 3 | 362.5 | 362.5 | 291.4 | 291.4 |
| | | | | | |
| **Financial Liability** | | | | | |
| Debt | 2 | $ 2,357.3 | $ 1,978.1 | $ 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:

| *(in millions)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 812.7 | $ 485.8 |
| Receivables | 164.4 | 313.1 |
| Investments, at fair value | 12,472.5 | 12,278.8 |
| **Total Assets** | **$ 13,449.6** | **$ 13,077.7** |
| | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 618.1 | $ 1,063.0 |
| Debt | 10,862.7 | 9,937.3 |
| Other liabilities | 16.9 | 17.5 |
| Total liabilities | 11,497.7 | 11,017.8 |
| **Redeemable Noncontrolling Interests** | 311.8 | 289.6 |
| **Stockholders' Equity** | | |
| Franklin Resources, Inc.'s interests | 1,086.9 | 1,220.6 |
| Nonredeemable noncontrolling interests | 553.2 | 549.7 |
| Total stockholders' equity | 1,640.1 | 1,770.3 |
| **Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity** | **$ 13,449.6** | **$ 13,077.7** |

The consolidation of CIPs did not have a significant impact on net income attributable to the Company during the three months ended December 31, 2025 and 2024.

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

**Fair Value Measurements**

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

| *(in millions)* as of December 31, 2025 | Level 1 | Level 2 | Level 3 | NAV as a Practical Expedient | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents of CLOs | $ 758.5 | $ — | $ — | $ — | $ 758.5 |
| Receivables of CLOs | — | 136.7 | — | — | 136.7 |
| Investments | | | | | |
| Equity and debt securities | 498.2 | 599.9 | 595.1 | 193.6 | 1,886.8 |
| Loans | — | 10,585.7 | — | — | 10,585.7 |
| **Total Assets Measured at Fair Value** | **$ 1,256.7** | **$ 11,322.3** | **$ 595.1** | **$ 193.6** | **$ 13,367.7** |

| *(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 nonredeemable private debt and equity funds and a redeemable global hedge fund. These investments were as follows:

| *(in millions)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| **Nonredeemable investments**[1] | | |
| Investments with unknown liquidation periods | $ 114.4 | $ 114.7 |
| | | |
| **Redeemable investments**[2] | 79.2 | 74.4 |
| | | |
| Unfunded commitments[3] | 15.7 | 14.0 |

1 The investments are expected to be returned through distributions over the life of the funds as a result of liquidations of the funds' underlying assets.
2 Investments are redeemable on a monthly basis and liquidation periods are unknown.
3 Of the total unfunded commitments, the Company was contractually obligated to fund $6.7 million and $5.3 million based on its ownership percentage in the CIPs, at December 31, 2025 and September 30, 2025.

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

| *(in millions)* | Three Months Ended December 31, 2025 | 2024 |
|---|---|---|
| Balance at beginning of period | $ 601.0 | $ 550.1 |
| Gains included in investment and other income of consolidated investment products, net | 28.8 | 22.0 |
| Purchases | 17.4 | 9.2 |
| Sales | (3.2) | (11.6) |
| Net (deconsolidations) consolidations | (32.1) | 3.8 |
| Transfers out of Level 3 | (16.8) | — |
| **Balance at End of Period** | **$ 595.1** | **$ 573.5** |
| Change in unrealized gains included in net income relating to assets held at end of period | $ 34.1 | $ 22.3 |

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

| (in millions) as of December 31, 2025 | Fair Value | | Valuation Technique | Significant Unobservable Inputs | Range (Weighted Average[1]) |
|---|---|---|---|---|---|
| Equity and debt securities | $ | 295.9 | Market pricing | Private sale pricing | $0.27–$2,120.00 ($222.11) per share |
| | | | | Discount for lack of marketability | 25.0%–75.0% (40.7%) |
| | | 226.4 | Market comparable companies | Enterprise value/ Revenue multiple | 1.6–26.2 (10.8) |
| | | | | Discount for lack of marketability | 4.3%–13.0% (8.5%) |
| | | 55.4 | Discounted cash flow | Discount rate | 6.5%–14.5% (7.0%) |
| | | 17.4 | Option pricing model | Volatility | 34.3%–57.9% (36.1%) |
| | | | | Discount for lack of marketability | 8.0%–11.3% (8.5%) |

| (in millions) as of September 30, 2025 | Fair Value | | Valuation Technique | Significant Unobservable Inputs | Range (Weighted Average[1]) |
|---|---|---|---|---|---|
| Equity and debt securities | $ | 302.0 | Market pricing | Private sale pricing | $0.27–$2,120.00 ($176.53) per share |
| | | | | Discount for lack of marketability | 5.0%–75.0% (23.9%) |
| | | 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:

| | | December 31, 2025 | | September 30, 2025 | |
|---|---|---|---|---|---|
| *(in millions)* | Fair Value Level | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| **Financial Asset** | | | | | |
| Cash and cash equivalents | 1 | $ 54.2 | $ 54.2 | $ 13.7 | $ 13.7 |
| **Financial Liabilities** | | | | | |
| Debt of CLOs[1] | 2 or 3 | $ 10,862.7 | $ 10,710.3 | $ 9,937.3 | $ 9,786.0 |

1 Substantially all was Level 2.

**Debt**

Debt of CLOs totaled $10,862.7 million and $9,937.3 million at December 31, 2025 and September 30, 2025. The debt had fixed and floating interest rates based on Secured Overnight Financing Rate ("SOFR") ranging from 2.39% to 12.32% with a weighted-average effective interest rate of 6.02% at December 31, 2025, 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 December 31, 2025 were as follows:

| *(in millions)*<br>**for the fiscal years ending September 30,** | **Amount** |
|---|---|
| 2026 (remainder of year) | $ 28.9 |
| 2027 | 96.3 |
| 2028 | — |
| 2029 | — |
| 2030 | — |
| Thereafter | 10,737.5 |
| **Total** | **$ 10,862.7** |

**Collateralized Loan Obligations**

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

| *(in millions)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| Unpaid principal balance | $ 10,894.9 | $ 10,641.0 |
| Difference between unpaid principal balance and fair value | (70.2) | (43.3) |
| **Fair Value** | **$ 10,824.7** | **$ 10,597.7** |

Investments 90 days or more past due were immaterial at December 31, 2025 and September 30, 2025.

The Company recognized $11.2 million and $11.7 million of net gains during the three months ended December 31, 2025 and 2024, related to its own economic interests in the CLOs. The aggregate principal related to the debt of CLOs was $10,906.8 million and $9,958.6 million at December 31, 2025 and September 30, 2025.

**Note 8** – **Redeemable Noncontrolling Interests**

Changes in redeemable noncontrolling interests were as follows:

| *(in millions)* for the three months ended December 31, | 2025 CIPs | 2025 Minority Interests | 2025 Total | 2024 CIPs | 2024 Minority Interests | 2024 Total |
|---|---|---|---|---|---|---|
| Balance at beginning of period | $ 289.6 | $ 892.4 | $ 1,182.0 | $ 687.8 | $ 634.0 | $ 1,321.8 |
| Net income | 26.1 | 13.6 | 39.7 | 38.9 | 10.7 | 49.6 |
| Net subscriptions (distributions) and other | 160.6 | (37.8) | 122.8 | 175.6 | (3.7) | 171.9 |
| Net consolidations (deconsolidations) | (164.5) | — | (164.5) | 564.2 | — | 564.2 |
| Acquisition | — | 32.8 | 32.8 | — | — | — |
| Adjustment to fair value | — | 79.1 | 79.1 | — | (1.5) | (1.5) |
| **Balance at End of Period** | **$ 311.8** | **$ 980.1** | **$ 1,291.9** | **$ 1,466.5** | **$ 639.5** | **$ 2,106.0** |

**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:

| *(in millions)* | December 31, 2025 | September 30, 2025 |
|---|---|---|
| Investments | $ 1,273.2 | $ 1,274.5 |
| Receivables | 232.4 | 225.1 |
| **Total** | **$ 1,505.6** | **$ 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 three months ended December 31, 2025 or fiscal year 2025.

**Note 10** – **Commitments and Contingencies**

*Legal Proceedings*

*India Credit Fund Closure Matters*. During the three months ended December 31, 2025, there were no 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. 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 have fully cooperated with these investigations. As previously disclosed, the CFTC informed WAM that it closed its investigation. The Company has also previously disclosed that it was informed by the DOJ that it is prepared to resolve its investigation through a disposition that does not require the filing of any criminal charges against WAM. The DOJ further informed the Company that as it continues the ongoing resolution discussions, which, as the DOJ noted, require additional time to complete due to circumstances not attributable to WAM, it appreciates WAM's commitment to full cooperation with the investigation. The Company continues to cooperate with the SEC investigation, which remains ongoing.

Ken Leech, the former co-Chief Investment Officer of WAM, received a "Wells Notice" from the staff of the SEC in August 2024, and was placed on administrative leave at that time. 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 July 3, 2025, Franklin, WAM and Ken Leech were named as defendants in a lawsuit filed by the Western PA Electrical Employees Insurance Trust Fund in the U.S. District Court for the Western District of Pennsylvania seeking class certification on behalf of shareholders of two funds managed by WAM for the period January 1, 2021 through October 31, 2023. 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 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 are 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.

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

*Other Litigation and Regulatory Matters.* The Company is from time to time involved in other litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the Company's business, financial position, results of operations or liquidity. In management's opinion, an adequate accrual has been made as of December 31, 2025 to provide for any probable losses that may arise from such matters for which the Company could reasonably estimate an amount.

*Indemnifications and Guarantees*

In the ordinary course of business or in connection with certain acquisition agreements, the Company enters into contracts that provide for indemnifications by the Company in certain circumstances. In addition, certain Company entities guarantee certain financial and performance-related obligations of various Franklin subsidiaries. The Company is also subject to certain legal requirements and agreements providing for indemnifications of directors, officers and personnel against liabilities and expenses they may incur under certain circumstances in connection with their service. The terms of these indemnities and guarantees vary pursuant to applicable facts and circumstances, and from agreement to agreement. Future payments for claims against the Company under these indemnities or guarantees could negatively impact the Company's financial condition. In management's opinion, no material loss was deemed probable or reasonably possible pursuant to such indemnification agreements and/or guarantees as of December 31, 2025.

*Other Commitments and Contingencies*

At December 31, 2025, there were no other material changes in the other commitments and contingencies as reported in the Company's Annual Report on Form 10-K for fiscal year 2025.

**Note 11 – Stock-Based Compensation**

Stock and stock unit award activity was as follows:

| *(shares in thousands)*<br>**for the three months ended December 31, 2025** | **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 | 8,596 | 176 | 8,772 | 22.62 |
| Vested | (596) | (180) | (776) | 23.39 |
| Forfeited/canceled | (221) | — | (221) | 16.67 |
| **Nonvested Balance at December 31, 2025** | **22,738** | **349** | **23,087** | **$ 22.78** |

Total unrecognized compensation expense related to nonvested stock unit awards was $299.3 million at December 31, 2025. This expense is expected to be recognized over a remaining weighted-average vesting period of 2.0 years.

**Note 12 – Investment and Other Income, Net**

Investment and other income, net consisted of the following:

| | **Three Months Ended December 31,** | |
|---|---|---|
| *(in millions)* | **2025** | **2024** |
| Dividend and interest income | $ 54.6 | $ 43.1 |
| Losses on investments, net | (8.6) | (57.1) |
| Income (losses) from investments in equity method investees | 11.5 | (7.6) |
| Losses on crypto assets, net | (6.4) | — |
| Rental income | 11.3 | 11.2 |
| Foreign currency exchange (losses) gains, net | (4.0) | 14.5 |
| Other, net | 21.9 | 6.4 |
| **Investment and other income, net** | **$ 80.3** | **$ 10.5** |

Net losses recognized on equity securities measured at fair value and trading debt securities that were held by the Company were $12.5 million for the three months ended December 31, 2025 and $87.2 million for the three months ended December 31, 2024.

**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 January 8, 2026, the Company borrowed $150.0 million under the Amended and Restated Revolving Credit Agreement, with aggregate commitments of up to $1.5 billion. The borrowing remains outstanding at the time of this filing and the proceeds were used for general corporate purposes.

**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, including the Western Asset Management (“WAM”) investigations described under the heading “Risk Factors” and in “Note 15 - Commitments and Contingencies” to our audited financial statements contained in our Annual Report on Form 10-K for fiscal year 2025, and in “Note 10 - Commitments and Contingencies” to our unaudited interim financial statements contained in this Form 10-Q, may result in additional costs, monetary judgments, settlements or other remedies, including fines, penalties, restitution and/or alterations in our business practices or those of our specialist investment managers. In addition, these matters may cause reputational harm to us or our specialist investment managers and could result in additional expenses and collateral costs, outflows of assets under management or other financial impacts that could materially affect our results of operations and the price of our common stock.

If a circumstance occurs after the date of this Form 10-Q that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

In this section, we discuss and analyze the results of operations and financial condition of Franklin Resources, Inc. (“Franklin”) and its subsidiaries (collectively, the “Company”). The following discussion should be read in conjunction with our Annual Report on Form 10-K for fiscal year 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 first fiscal quarter, U.S. and global equity markets provided positive returns, reflecting strong earnings growth in multiple sectors, easing inflation, and expectations of continued interest rate reductions. The S&P 500 Index increased 2.7% and the MSCI World Index increased 3.2% for the quarter. Global bond markets remained relatively flat as the Bloomberg Global Aggregate Index increased 0.2% during the quarter.

Our total AUM at December 31, 2025 was $1,684.0 billion, 1% higher than at September 30, 2025 and 7% higher than at December 31, 2024. Monthly average AUM ("average AUM") for the three months ended December 31, 2025 increased 3% from the same period 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 December 31, 2025 | Three Months Ended December 31, 2024 | Percent Change |
|---|---|---|---|
| Operating revenues | $ 2,327.1 | $ 2,251.6 | 3% |
| Operating income | 281.0 | 219.0 | 28% |
| Operating margin[1] | 12.1 % | 9.7 % | |
| | | | |
| Net income attributable to Franklin Resources, Inc. | $ 255.5 | $ 163.6 | 56% |
| Diluted earnings per share | 0.46 | 0.29 | 59% |
| | | | |
| **As adjusted (non-GAAP):[2]** | | | |
| Adjusted operating income | $ 437.3 | $ 412.8 | 6% |
| Adjusted operating margin | 25.0 % | 24.5 % | |
| | | | |
| Adjusted net income | $ 378.4 | $ 320.5 | 18% |
| Adjusted diluted earnings per share | 0.70 | 0.59 | 19% |

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)* | December 31, 2025 | December 31, 2024 | Percent Change |
|---|---|---|---|
| Equity | $ 697.2 | $ 620.0 | 12% |
| Fixed Income | 437.7 | 469.5 | (7%) |
| Alternative | 273.8 | 248.8 | 10% |
| Multi-Asset | 198.8 | 174.0 | 14% |
| Cash Management | 76.5 | 63.4 | 21% |
| **Total** | **$ 1,684.0** | **$ 1,575.7** | **7%** |

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

| *(in billions)* **for the three months ended December 31,** | Average AUM[1] 2025 | Average AUM[1] 2024 | Percent Change | Mix of Average AUM 2025 | Mix of Average AUM 2024 |
|---|---|---|---|---|---|
| Equity | $ 693.6 | $ 629.1 | 10% | 41% | 38% |
| Fixed Income | 437.5 | 516.8 | (15%) | 26% | 32% |
| Alternative | 268.6 | 248.8 | 8% | 16% | 15% |
| Multi-Asset | 196.6 | 175.6 | 12% | 12% | 11% |
| Cash Management | 79.8 | 64.2 | 24% | 5% | 4% |
| **Total** | **$ 1,676.1** | **$ 1,634.5** | **3%** | **100%** | **100%** |

1 Average AUM is calculated as the average of the month-end AUM for the trailing four 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 December 31, 2025 [1] | Three Months Ended December 31, 2024 [2] |
|---|---|---|
| Beginning AUM | $ 1,661.2 | $ 1,678.6 |
| Long-term inflows | 118.6 | 96.9 |
| Long-term outflows | (90.6) | (146.9) |
| **Long-term net flows** | 28.0 | (50.0) |
| Cash management net flows | (1.2) | — |
| **Total net flows** | 26.8 | (50.0) |
| Acquisition | 6.1 | — |
| Net market change, distributions and other | (10.1) | (52.9) |
| **Ending AUM** | **$ 1,684.0** | **$ 1,575.7** |

[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.

[2] Long-term inflows and outflows were each revised from previously reported amounts to reflect fund activity of $0.9 billion settling in January 2025. The revision did not impact net flows or ending AUM.

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

| *(in billions)* **for the three months ended December 31, 2025** | 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 | 61.1 | 33.5 | 10.8 | 13.2 | — | 118.6 |
| Long-term outflows | (41.3) | (35.9) | (4.2) | (9.2) | — | (90.6) |
| **Long-term net flows** | 19.8 | (2.4) | 6.6 | 4.0 | — | 28.0 |
| Cash management net flows | — | — | — | — | (1.2) | (1.2) |
| **Total net flows** | 19.8 | (2.4) | 6.6 | 4.0 | (1.2) | 26.8 |
| Acquisition | — | — | 6.1 | — | — | 6.1 |
| Net market change, distributions and other | (8.8) | 1.4 | (2.8) | 0.9 | (0.8) | (10.1) |
| **AUM at December 31, 2025** | **$ 697.2** | **$ 437.7** | **$ 273.8** | **$ 198.8** | **$ 76.5** | **$ 1,684.0** |

[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 $22.8 billion, or 1%, during the three months ended December 31, 2025 due to $28.0 billion of long-term net inflows, inclusive of $6.6 billion of long-term net outflows at WAM, and $6.1 billion from the acquisition of Apera, partially offset by the negative impact of $10.1 billion of net market change, distributions and other, and $1.2 billion of cash management net outflows. Long-term net inflows include $28.9 billion of long-term reinvested distributions. Net market change, distributions and other primarily consists of $43.2 billion of distributions, primarily from the equity asset class, partially offset by $33.7 billion of market appreciation. 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 22% to $118.6 billion, as compared to the prior period, driven by higher inflows in equity open-end funds, alternative private funds, equity and fixed income exchange traded funds, fixed income and multi-asset separately managed accounts, and fixed income institutional separate accounts, partially offset by lower inflows in equity sub-advised mutual funds. Long-term outflows decreased 38% to $90.6 billion, substantially due to lower outflows across multiple fixed income vehicles at WAM, partially offset by slightly higher outflows in fixed income vehicles across other specialist investment managers and in alternative institutional separate accounts.

| *(in billions)*<br>**for the three months ended December 31, 2024** | **Equity** | **Fixed Income** | **Alternative** [1] | **Multi-Asset** | **Cash Management** | **Total** |
|---|---|---|---|---|---|---|
| AUM at October 1, 2024 | $ 632.1 | $ 556.4 | $ 249.9 | $ 176.2 | $ 64.0 | $ 1,678.6 |
| Long-term inflows | 55.9 | 26.4 | 3.4 | 11.2 | — | 96.9 |
| Long-term outflows | (43.4) | (93.1) | (2.6) | (7.8) | — | (146.9) |
| **Long-term net flows** | 12.5 | (66.7) | 0.8 | 3.4 | — | (50.0) |
| Cash management net flows | — | — | — | — | — | — |
| **Total net flows** | 12.5 | (66.7) | 0.8 | 3.4 | — | (50.0) |
| Net market change, distributions and other | (24.6) | (20.2) | (1.9) | (5.6) | (0.6) | (52.9) |
| **AUM at December 31, 2024** | **$ 620.0** | **$ 469.5** | **$ 248.8** | **$ 174.0** | **$ 63.4** | **$ 1,575.7** |

[1] Long-term inflows and outflows were each revised from previously reported amounts to reflect fund activity of $0.9 billion settling in January 2025. The revision did not impact net flows or ending AUM.

AUM by sales region was as follows:

| *(in billions)* | **December 31, 2025** | **December 31, 2024** | **Percent Change** |
|---|---|---|---|
| United States[1] | $ 1,195.7 | $ 1,102.5 | 8% |
| International | | | |
| Europe, Middle East and Africa | 227.0 | 193.7 | 17% |
| Asia-Pacific | 167.4 | 165.2 | 1% |
| Americas, excl. U.S.[1] | 93.9 | 114.3 | (18%) |
| Total international | 488.3 | 473.2 | 3% |
| **Total** | **$ 1,684.0** | **$ 1,575.7** | **7%** |

[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 a 12% reduction of AUM in the Americas, excluding U.S.

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.

| | Peer Group Comparison[1] % of Mutual Fund AUM in Top Two Peer Group Quartiles | | | | Benchmark Comparison[2] % of Strategy Composite AUM Exceeding Benchmark | | | |
|---|---|---|---|---|---|---|---|---|
| as of December 31, 2025 | 1-Year | 3-Year | 5-Year | 10-Year | 1-Year | 3-Year | 5-Year | 10-Year |
| Equity | 49% | 60% | 54% | 55% | 41% | 40% | 36% | 47% |
| Fixed Income | 74% | 77% | 71% | 76% | 68% | 76% | 78% | 91% |
| Total AUM[3] | 49% | 57% | 65% | 55% | 48% | 54% | 51% | 64% |

1 Mutual fund performance is sourced from Morningstar and measures the percent of ranked AUM in the top two quartiles versus peers. Total mutual fund AUM measured for the 1-, 3-, 5- and 10-year periods represents 39%, 39%, 38% and 36% of our total AUM as of December 31, 2025.

2 Strategy composite performance measures the percent of composite AUM beating its benchmark. The benchmark comparisons are based on each account's/composite's (strategy composites may include retail separately managed accounts and mutual fund assets managed as part of the same strategy) return as compared to a market index that has been selected to be generally consistent with the asset class of the account/composite. Total strategy composite AUM measured for the 1-, 3-, 5- and 10-year periods represents 55%, 55%, 55% and 50% of our total AUM as of December 31, 2025.

3 Total mutual fund AUM includes performance of our alternative and multi-asset funds, and total strategy composite AUM includes performance of our alternative composites. Alternative and multi-asset AUM represent 16% and 12% of our total AUM at December 31, 2025.

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

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

## OPERATING REVENUES

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

| | Three Months Ended December 31, | | |
|---|---|---|---|
| *(in millions)* | 2025 | 2024 | Percent Change |
| Investment management fees | $ 1,847.9 | $ 1,799.3 | 3% |
| Sales and distribution fees | 388.7 | 375.5 | 4% |
| Shareholder servicing fees | 70.9 | 63.5 | 12% |
| Other | 19.6 | 13.3 | 47% |
| **Total Operating Revenues** | **$ 2,327.1** | **$ 2,251.6** | **3%** |

**Investment Management Fees**

Investment management fees increased $48.6 million for the three months ended December 31, 2025 primarily due to an increase in average equity, multi-asset, and alternative AUM, and the acquisition of Apera, partially offset by the impact of WAM outflows and a decrease in performance fees.

Our effective investment management fee rate excluding performance fees (annualized investment management fees excluding performance fees divided by average AUM) was 40.6 basis points for the three months ended December 31, 2025, as compared to 40.2 basis points for the three months ended December 31, 2024.

Performance fees were $131.6 million and $141.6 million for the three months ended December 31, 2025 and 2024. The decrease was primarily due to changes in the amount of performance fees earned by our alternative specialist investment managers.

**Sales and Distribution Fees**

Sales and distribution fees by revenue driver are presented below.

| *(in millions)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 | Percent Change |
|---|---|---|---|
| Asset-based fees | $ 324.6 | $ 309.1 | 5% |
| Sales-based fees | 64.1 | 66.4 | (3%) |
| **Sales and Distribution Fees** | **$ 388.7** | **$ 375.5** | **4%** |

Asset-based distribution fees increased $15.5 million for the three months ended December 31, 2025 primarily due to an increase of 3% in the related average AUM and a higher mix of non-U.S. equity and multi-asset funds and U.S. equity and alternative funds, which generate higher fees.

Sales-based fees decreased $2.3 million for the three months ended December 31, 2025, primarily due to a decrease of 6% in commissionable sales.

**Shareholder Servicing Fees**

Shareholder servicing fees increased $7.4 million for the three months ended December 31, 2025 primarily due to higher levels of related AUM and increased revenue related to fees earned on a contractual basis.

**Other**

Other revenue increased $6.3 million for the three months ended December 31, 2025 primarily due to higher loan origination fees earned by certain of our alternative asset managers.

**OPERATING EXPENSES**

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

| *(in millions)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 | Percent Change |
|---|---|---|---|
| Compensation and benefits | $ 1,030.7 | $ 991.4 | 4% |
| Sales, distribution and marketing | 540.9 | 512.3 | 6% |
| Information systems and technology | 157.0 | 156.0 | 1% |
| Occupancy | 66.8 | 75.1 | (11%) |
| Amortization of intangible assets | 55.1 | 112.6 | (51%) |
| General, administrative and other | 195.6 | 185.2 | 6% |
| **Total Operating Expenses** | **$ 2,046.1** | **$ 2,032.6** | **1%** |

**Compensation and Benefits**

The components of compensation and benefits expenses are presented below.

| (in millions) | Three Months Ended December 31, 2025 | 2024 | Percent Change |
|---|---|---|---|
| Salaries, wages and benefits | $ 428.5 | $ 423.6 | 1% |
| Incentive compensation | 471.0 | 439.4 | 7% |
| Acquisition-related retention[1] | 35.7 | 45.8 | (22%) |
| Acquisition-related performance fee pass through[1] | 51.8 | 69.1 | (25%) |
| Other[1,2] | 43.7 | 13.5 | 224% |
| **Compensation and Benefits Expenses** | **$ 1,030.7** | **$ 991.4** | **4%** |

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 $4.9 million for the three months ended December 31, 2025, primarily due to annual salary increases, higher employee insurance costs, and the acquisition of Apera, partially offset by the impact of headcount reductions resulting from cost savings initiatives.

Incentive compensation increased $31.6 million for the three months ended December 31, 2025, primarily due to higher bonus expense based on expectations of our annual performance, higher deferred compensation expense and higher sales-related commissions.

Acquisition-related retention expenses decreased $10.1 million for the three months ended December 31, 2025, primarily due to lower costs associated with recent acquisitions.

Other compensation and benefits increased $30.2 million for the three months ended December 31, 2025, primarily due to a $15.6 million increase in special termination benefits, primarily due to higher costs associated with workforce optimization initiatives, and higher net market gains on investments related to our deferred compensation plans.

At December 31, 2025, our global workforce decreased to approximately 9,900 employees from approximately 10,100 at December 31, 2024.

**Sales, Distribution and Marketing**

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

| (in millions) | Three Months Ended December 31, 2025 | 2024 | Percent Change |
|---|---|---|---|
| Asset-based expenses | $ 457.8 | $ 428.2 | 7% |
| Sales-based expenses | 60.3 | 63.9 | (6%) |
| Amortization of deferred sales commissions | 22.8 | 20.2 | 13% |
| **Sales, Distribution and Marketing** | **$ 540.9** | **$ 512.3** | **6%** |

Asset-based expenses increased $29.6 million for the three months ended December 31, 2025 primarily due to an increase of 4% in the related average AUM, higher marketing support fees, and a higher mix of non-U.S. equity and multi-asset funds and U.S. equity and alternative funds, which generate higher fees. Distribution expenses are generally not directly correlated with distribution fee revenues due to certain fee structures that do not provide full recovery of distribution costs.

Sales-based expenses decreased $3.6 million for the three months ended December 31, 2025 primarily due to a decrease of 6% in commissionable sales.

### Occupancy

Occupancy expenses decreased $8.3 million for the three months ended December 31, 2025, primarily due to consolidation of our office space in New York City.

### Information Systems and Technology

Information systems and technology expenses increased $1.0 million for the three months ended December 31, 2025, primarily due to higher software costs partially offset by lower technology consulting costs.

### Amortization of Intangible Assets

Amortization of intangible assets decreased $57.5 million for the three months ended December 31, 2025, primarily due to intangible assets which became fully amortized during prior 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.

### General, Administrative and Other

General, administrative and other operating expenses increased $10.4 million for the three months ended December 31, 2025, primarily due to an increase of $15.5 million in fund-related expenses, driven by higher transfer agency expenses, higher placement fees, and higher sub-advisory expenses, an increase of $4.3 million in advertising expenses, and a $2.3 million increase in travel and entertainment. These increases were partially offset by a $13.1 million decrease in legal and other professional fees, inclusive of a $10.0 million increase in insurance recoveries.

## OTHER INCOME (EXPENSES)

Other income (expenses) consisted of the following:

| *(in millions)* | Three Months Ended December 31, 2025 | Three Months Ended December 31, 2024 | Percent Change |
|---|---|---|---|
| Investment and other income, net: | | | |
| Dividend and interest income | $ 54.6 | $ 43.1 | 27% |
| Losses on investments, net | (8.6) | (57.1) | (85%) |
| Income (losses) from investments in equity method investees | 11.5 | (7.6) | NM |
| Losses on crypto assets, net | (6.4) | — | NM |
| Rental income | 11.3 | 11.2 | 1% |
| Foreign currency exchange (losses) gains, net | (4.0) | 14.5 | NM |
| Other, net | 21.9 | 6.4 | 242% |
| Investment and other income, net | 80.3 | 10.5 | 665% |
| Interest expense | (20.4) | (23.1) | (12%) |
| Investment and other income of consolidated investment products, net | 124.9 | 114.1 | 9% |
| Expenses of consolidated investment products | (14.0) | (7.3) | 92% |
| **Other Income, Net** | **$ 170.8** | **$ 94.2** | **81%** |

Dividend and interest income increased $11.5 million for the three months ended December 31, 2025, primarily due to a dividend earned from a strategic investment.

Investments held by the Company generated net losses of $8.6 million and $57.1 million for the three months ended December 31, 2025 and 2024. The net losses in the current year were primarily from investments in nonconsolidated funds and separate accounts, partially offset by gains from assets invested for deferred compensation plans, while the net losses in the prior year were primarily from investments in nonconsolidated funds and separate accounts and assets invested for deferred compensation plans.

Equity method investees generated income of $11.5 million for the three months ended December 31, 2025, as compared to losses of $7.6 million in the prior year, largely related to various global alternative funds and global equity funds.

Net foreign currency exchange losses were $4.0 million for the three months ended December 31, 2025, as compared to net gains of $14.5 million in the prior year period. The U.S. dollar weakened in the current year period against the Euro and British Pound, which resulted in net foreign exchange losses on cash and cash equivalents denominated in U.S. dollars held by certain of our European subsidiaries, as compared to strengthening against the same currencies, which resulted in net foreign exchange gains, in the prior year period.

Other, net increased $15.5 million for the three months December 31, 2025, primarily due to a gain recognized on the sale of owned office space.

Interest expense decreased $2.7 million for the three months ended December 31, 2025 primarily due to interest recognized in the prior year on the $400 million senior notes which were repaid in March 31, 2025.

Investments held by consolidated investment products ("CIPs") generated gains and other income of $124.9 million and $114.1 million for the three months ended December 31, 2025 and 2024, largely related to gains on holdings of various alternative, equity, and multi-asset funds, and in the prior year, fixed income funds.

Expenses of CIPs increased $6.7 million for the three months ended December 31, 2025, due to activity of the funds.

## TAXES ON INCOME

Our effective income tax rate was 23.2% and 25.9% for the three months ended December 31, 2025 and 2024. The rate decrease for the three month period was primarily due to excess tax benefits related to stock-based compensation in the current year, as compared to excess tax expense in the prior year, and a higher proportion of foreign earnings in lower-tax jurisdictions, partially offset by activity of CIPs for which there is no related tax impact.

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

## SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

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

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

### *Adjusted Operating Income*

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

- Elimination of operating revenues upon consolidation of investment products.
- Acquisition-related items:
  - Acquisition-related retention compensation.
  - Other acquisition-related expenses including professional fees, technology costs and fair value adjustments related to contingent consideration assets and liabilities.
  - Amortization of intangible assets.
  - Impairment of intangible assets and goodwill, if any.

- Special termination benefits and other expenses related to workforce optimization initiatives related to past acquisitions and certain initiatives undertaken by the Company.
- Impact on compensation and benefits expense from gains and losses on investments related to deferred compensation plans, which is offset in investment and other income (losses), net.
- Impact on compensation and benefits expense related to minority interests in certain subsidiaries, which is offset in net income (loss) attributable to redeemable noncontrolling interests.

***Adjusted Operating Margin***

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

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

***Adjusted Net Income and Adjusted Diluted Earnings Per Share***

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

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

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

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

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

| | Three Months Ended December 31, | |
|---|---|---|
| *(in millions)* | **2025** | **2024** |
| **Operating income** | **$ 281.0** | **$ 219.0** |
| Add (subtract): | | |
| Elimination of operating revenues upon consolidation of investment products* | 16.0 | 12.5 |
| Acquisition-related retention | 35.7 | 45.8 |
| Compensation and benefits expense from gains on deferred compensation, net | 13.6 | 0.9 |
| Other acquisition-related expenses | 5.8 | 9.4 |
| Amortization of intangible assets | 55.1 | 112.6 |
| Special termination benefits | 16.0 | 0.4 |
| Compensation and benefits expense related to minority interests in certain subsidiaries | 14.1 | 12.2 |
| **Adjusted operating income** | **$ 437.3** | **$ 412.8** |
| | | |
| **Total operating revenues** | **$ 2,327.1** | **$ 2,251.6** |
| Add (subtract): | | |
| Acquisition-related pass through performance fees | (55.0) | (69.1) |
| Sales and distribution fees | (388.7) | (375.5) |
| Allocation of investment management fees for sales, distribution and marketing expenses | (152.2) | (136.8) |
| Elimination of operating revenues upon consolidation of investment products* | 16.0 | 12.5 |
| **Adjusted operating revenues** | **$ 1,747.2** | **$ 1,682.7** |
| | | |
| **Operating margin** | **12.1%** | **9.7%** |
| **Adjusted operating margin** | **25.0%** | **24.5%** |

| (in millions, except per share data) | Three Months Ended December 31, 2025 | | 2024 | |
|---|---|---|---|---|
| **Net income attributable to Franklin Resources, Inc.** | **$** | **255.5** | **$** | **163.6** |
| Add (subtract): | | | | |
| Net loss of consolidated investment products* | | 0.7 | | 4.2 |
| Acquisition-related retention | | 35.7 | | 45.8 |
| Other acquisition-related expenses | | 7.5 | | 12.7 |
| Amortization of intangible assets | | 55.1 | | 112.6 |
| Special termination benefits | | 16.0 | | 0.4 |
| Net losses on deferred compensation plan investments not offset by compensation and benefits expense | | 3.5 | | 1.3 |
| Unrealized investment losses | | 20.2 | | 31.5 |
| Interest expense for amortization of debt premium | | (5.0) | | (4.9) |
| Net compensation and benefits expense related to minority interests in certain subsidiaries not offset by net income attributable to redeemable noncontrolling interests | | 7.4 | | 4.1 |
| Net income tax expense of adjustments | | (18.2) | | (50.8) |
| **Adjusted net income** | **$** | **378.4** | **$** | **320.5** |
| | | | | |
| **Diluted earnings per share** | **$** | **0.46** | **$** | **0.29** |
| **Adjusted diluted earnings per share** | | **0.70** | | **0.59** |

* The impact of CIPs is summarized as follows:

| (in millions) | Three Months Ended December 31, 2025 | | 2024 | |
|---|---|---|---|---|
| Elimination of operating revenues upon consolidation | $ | (16.0) | $ | (12.5) |
| Other income, net | | 74.8 | | 61.5 |
| Less: income attributable to noncontrolling interests | | 59.5 | | 53.2 |
| **Net loss** | **$** | **(0.7)** | **$** | **(4.2)** |

## LIQUIDITY AND CAPITAL RESOURCES

Cash flows were as follows:

| (in millions) | Three Months Ended December 31, 2025 | | 2024 | |
|---|---|---|---|---|
| Operating cash flows | $ | (255.1) | $ | (145.2) |
| Investing cash flows | | (317.2) | | (656.5) |
| Financing cash flows | | 487.4 | | 87.9 |

Net cash used in operating activities increased during the three months ended December 31, 2025 primarily due to timing of cash payments and receipts, reflected in changes in accounts payable and accrued expenses and receivables partially offset by lower payments for incentive compensation and accounts payable and accrued expenses of CIPs. Net cash used in investing activities decreased primarily due to lower net purchases of investments, proceeds from the sale of property, plant and equipment and lower net purchases of investments by collateralized loan obligations ("CLOs") partially offset by cash paid for an acquisition in the current year. Net cash provided by financing activities increased primarily due to higher net proceeds on debt of CIPs partially offset by lower net subscriptions in CIPs by noncontrolling interests.

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

Our liquid assets and debt consisted of the following:

| (in millions) | December 31, 2025 | September 30, 2025 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 2,636.6 | $ 3,050.1 |
| Receivables | 1,281.2 | 1,228.6 |
| Investments | 1,221.1 | 1,367.5 |
| **Total Liquid Assets** | **$ 5,138.9** | **$ 5,646.2** |
| | | |
| **Liability** | | |
| Debt | $ 2,357.3 | $ 2,362.0 |

*Liquidity*

Liquid assets consist of cash and cash equivalents, receivables and certain investments. Cash and cash equivalents at December 31, 2025 primarily consist of money market funds and deposits with financial institutions. Liquid investments consist of investments in sponsored and other funds, direct investments in redeemable CIPs, other equity and debt securities, and time deposits with maturities greater than three months.

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

*Capital Resources*

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

In prior fiscal years, we issued senior unsecured unsubordinated notes for general corporate purposes and to redeem outstanding notes. At December 31, 2025, Franklin's outstanding senior notes had an aggregate principal amount due of $1,200.0 million. The notes have fixed interest rates from 1.600% to 2.950% with interest paid semi-annually and have an aggregate carrying value, inclusive of unamortized discounts and debt issuance costs, of $1,188.9 million. At December 31, 2025, Legg Mason's outstanding senior notes had an aggregate principal amount due of $1,000.0 million. The notes have fixed interest rates from 4.750% to 5.625% with interest paid semi-annually and have an aggregate carrying value, inclusive of unamortized premium, of $1,168.4 million at December 31, 2025. Franklin unconditionally and irrevocably guarantees all of the outstanding notes issued by Legg Mason. We intend to repay the $450 million 4.750% senior notes due March 2026 from existing cash and other sources of liquidity.

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 Amended and Restated Credit Agreement (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 January 8, 2026, we borrowed $150.0 million under the Credit Agreement. The borrowing remains outstanding at the time of this filing and the proceeds were used for general corporate purposes. Interest is payable semi-annually on any outstanding amounts and is based on the Term Secured Overnight Financing Rate (“Term SOFR”) plus a credit spread of 87.5 basis points and a Term SOFR adjustment of 10 basis points. The 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 December 31, 2025.

At December 31, 2025, we had $500.0 million of short-term commercial paper available for issuance under an uncommitted private placement program which has been inactive since 2012 and is unrated.

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

*Uses of Capital*

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

We typically declare cash dividends on a quarterly basis, subject to approval by our Board of Directors. We declared regular dividends of $0.33 per share during the three months ended December 31, 2025 and $0.32 per share during the three months ended December 31, 2024. We currently expect to continue paying comparable regular dividends on a quarterly basis to holders of our common stock depending upon earnings and other relevant factors.

We maintain a stock repurchase program to manage our equity capital with the objective of maximizing shareholder value. Our stock repurchase program is effected through open-market purchases and private transactions in accordance with applicable laws and regulations, and is not subject to an expiration date. The size and timing of these purchases will depend on business conditions, price, market and other factors, including the terms of any 10b5-1 stock purchase plan that may be in effect at any given time. During the three months ended December 31, 2025, we repurchased 1.8 million shares of our common stock at a cost of $41.9 million and we repurchased 0.3 million shares of our common stock at a cost of $5.8 million in the prior year period. 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 December 31, 2025, 38.3 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 Lifeco, Inc. 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 three months ended December 31, 2025.

Our cash, cash equivalents and investments portfolio by asset class and accounting classification at December 31, 2025, excluding third-party assets of CIPs, was as follows:

| | Accounting Classification[1] | | | | | |
|---|---|---|---|---|---|---|
| *(in millions)* | Cash and Cash Equivalents | Investments at Fair Value | Equity Method Investments | Other Investments | Direct Investments in CIPs | Total |
| **Cash and Cash Equivalents** | $ 2,672.1 | $ — | $ — | $ — | $ — | $ 2,672.1 |
| **Investments** | | | | | | |
| Alternative | — | 451.9 | 726.4 | 168.6 | 633.8 | 1,980.7 |
| Equity | — | 344.1 | 224.7 | 167.5 | 214.8 | 951.1 |
| Fixed Income | — | 211.6 | 54.3 | 34.9 | 113.5 | 414.3 |
| Multi-Asset | — | 55.4 | (0.4) | — | 124.8 | 179.8 |
| Total investments | — | 1,063.0 | 1,005.0 | 371.0 | 1,086.9 | 3,525.9 |
| **Total Cash and Cash Equivalents and Investments[2, 3]** | **$ 2,672.1** | **$ 1,063.0** | **$ 1,005.0** | **$ 371.0** | **$ 1,086.9** | **$ 6,198.0** |

___________

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 $4,429.5 million maintained for operational activities, including investments in sponsored funds and other products, and $452.8 million necessary to comply with regulatory requirements.

3 Total cash and cash equivalents and investments includes approximately $365 million attributable to employee-owned and other third-party investments made through partnerships which are offset in noncontrolling interests, approximately $352 million of investments that are subject to long-term repurchase agreements and other net financing arrangements, and approximately $440 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 three months ended December 31, 2025, there were no events or circumstances which would indicate that goodwill, indefinite-lived intangible assets or definite-lived intangible 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 December 31, 2025, Level 3 assets represented 4% of total assets measured at fair value, which primarily related to CIPs' investments in equity and debt securities. There were no transfers into and $16.8 million transfers out of Level 3 during the three months ended December 31, 2025.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

During the three months ended December 31, 2025, 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 December 31, 2025. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures as of December 31, 2025 were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended December 31, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

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

### Item 1A. Risk Factors.

There were no material changes from the Risk Factors previously disclosed in our last Annual Report on Form 10-K for fiscal year 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 December 31, 2025.

| Month | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| October 2025 | 14,641 | $ 22.76 | 14,641 | 19,235,048 |
| November 2025 | 32,127 | 22.25 | 32,127 | 19,202,921 |
| December 2025 | 1,705,614 | 23.93 | 1,705,614 | 38,297,307 |
| **Total** | **1,752,382** | | **1,752,382** | |

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 December 31, 2025, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Franklin adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408 of Regulation S-K.

### Item 6. Exhibits.

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

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 3.1 | Certificate of Incorporation of Registrant, as filed November 28, 1969, incorporated by reference to Exhibit (3)(i) to our Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 001-09318) (the "1994 Annual Report") |
| 3.2 | Certificate of Amendment of Certificate of Incorporation of Registrant, as filed March 1, 1985, incorporated by reference to Exhibit 3(ii) to the 1994 Annual Report |
| 3.3 | Certificate of Amendment of Certificate of Incorporation of Registrant, as filed April 1, 1987, incorporated by reference to Exhibit 3(iii) to the 1994 Annual Report |
| 3.4 | Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 2, 1994, incorporated by reference to Exhibit 3(iv) to the 1994 Annual Report |
| 3.5 | Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 4, 2005, incorporated by reference to Exhibit (3)(i)(e) to our Quarterly Report on Form 10-Q for the period ended December 31, 2004 (File No. 001-09318) |
| 3.6 | Amended and Restated Bylaws of Registrant (as adopted and effective July 8, 2025), incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on July 9, 2025 (File No. 001-09318) |
| 10.1 | Joinder and Commitment Increase Agreement, dated as of December 11, 2025, by and among Franklin Resources, Inc., as borrower, the financial institutions from time to time party thereto, as lenders, and Bank of America, N.A., as administrative agent, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 17, 2025 (File No. 001-09318) |
| 10.2 | Non-Employee Director Compensation as of December 17, 2025 (filed herewith)* |
| 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 December 31, 2025, formatted in Inline Extensible Business Reporting Language (iXBRL), include: (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes (filed herewith) |
| 104 | Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101) |

* Management contract or compensatory plan or arrangement

**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: | January 30, 2026 | By: | /s/ Matthew Nicholls<br>Matthew Nicholls<br>Co-President, Chief Financial Officer and Chief Operating Officer (Principal Financial Officer) |
| Date: | January 30, 2026 | By: | /s/ Lindsey H. Oshita<br>Lindsey H. Oshita<br>Chief Accounting Officer (Principal Accounting Officer) |

**EXHIBIT 10.2**

# FRANKLIN RESOURCES, INC.
# NON-EMPLOYEE DIRECTOR COMPENSATION
## As of December 17, 2025

The following sets forth the fees and other payments that non-employee directors ("Non-Employee Directors") of Franklin Resources, Inc. (the "Corporation") are entitled to receive as members of the Board of Directors of the Corporation (the "Board"). The Board last approved certain changes in this compensation structure on December 17, 2025.

***Board Members - Annual Equity Awards.*** Non-Employee Directors are entitled to receive an annual equity award for approval on the date of each annual organizational meeting of the Board, valued at $205,000 (rounded up to the nearest whole share).

***Board Members - Annual Cash Retainers.*** Non-Employee Directors are entitled to receive a Board annual cash retainer fee of $110,000 (one-fourth of which is paid quarterly).

***Lead Director - Annual Cash Retainer.*** The Non-Employee Director designated by the independent directors of the Board as the lead independent director of the Board is entitled to receive a lead director annual cash retainer fee of $50,000 (one-fourth of which is paid quarterly).

***Committee Chairs - Total Annual Committee Cash Retainers.*** The Chair of the Audit Committee of the Board is entitled to receive a total annual committee cash retainer fee of $45,000 (one-fourth of which is paid quarterly), and the Chairs of the Compensation Committee and the Corporate Governance Committee of the Board each is entitled to receive a total annual committee cash retainer fee of $37,000 (one-fourth of which is paid quarterly).

***Other Committee Members - Annual Committee Cash Retainers.*** Each other member of the Audit Committee of the Board is entitled to receive an annual committee cash retainer fee of $15,000 (one-fourth of which is paid quarterly), and each other member of the Compensation Committee and the Corporate Governance Committee of the Board is entitled to receive an annual committee cash retainer fee of $12,000 (one-fourth of which is paid quarterly).

***Special Committee Meeting - Meeting Cash Fees.*** A $2,500 special committee meeting cash fee is payable to each member of the special Litigation and Regulatory Matters Committee for each such committee meeting attended by such member up to an aggregate of $50,000 per member per fiscal year.

In addition, the Corporation reimburses directors for certain expenses incurred in connection with attending Board and committee meetings as well as other related events, including travel, hotel accommodations, meals and other incidental expenses for the director and his or her spouse accompanying the director in connection with such events.

The Corporation also allows directors to defer payment of their directors' fees, and to treat the deferred amounts as hypothetical investments in the Corporation's common stock or Franklin Templeton mutual funds, as applicable. The terms of any such deferred payment arrangements are set forth in separate documentation between the Corporation and the particular directors in accordance with the Corporation's 2006 Directors Deferred Compensation Plan, as amended and restated.

**EXHIBIT 31.1**

**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: January 30, 2026

/s/ Jennifer M. Johnson

Jennifer M. Johnson
Chief Executive Officer (Principal Executive Officer)

**EXHIBIT 31.2**

**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: January 30, 2026

/s/ Matthew Nicholls

Matthew Nicholls

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

**EXHIBIT 32.1**

**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 December 31, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

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

| | | |
|---|---|---|
| Date: | January 30, 2026 | /s/ Jennifer M. Johnson |
| | | Jennifer M. Johnson |
| | | Chief Executive Officer (Principal Executive Officer) |

**EXHIBIT 32.2**

**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 December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

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

Date: January 30, 2026

/s/ Matthew Nicholls

Matthew Nicholls

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