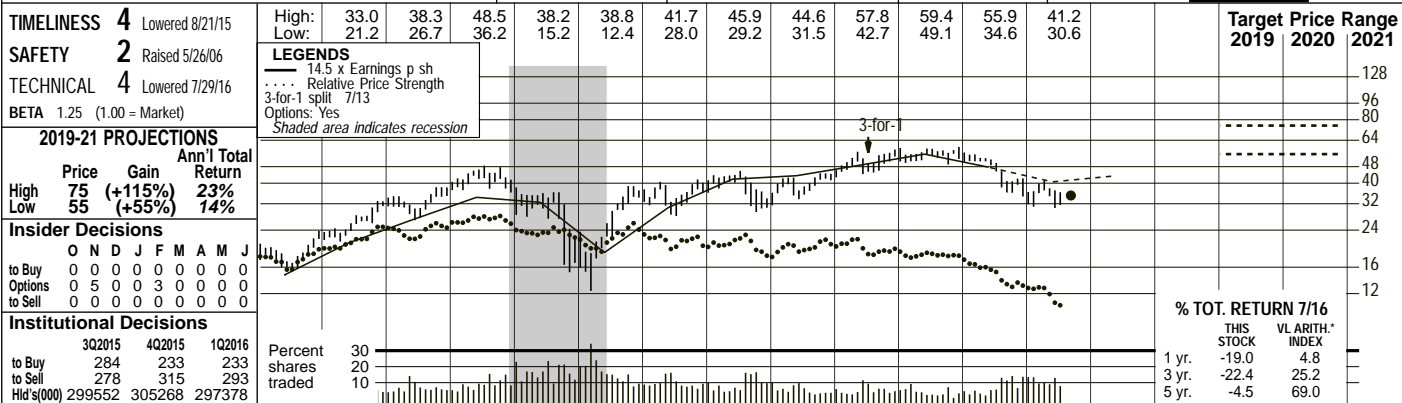


FRANKLIN RESOURCES NYSE-BEN

RECENT PRICE **35.07** P/E RATIO **12.7** (Trailing: 12.9; Median: 15.0) RELATIVE P/E RATIO **0.67** DIV'D YLD **2.3%** VALUE LINE



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
2.47	2.37	2.41	2.62	3.33	4.01	4.75	5.99	6.19	4.22	5.91	6.84	7.16	8.08	9.05	8.66	8.00	8.85	Net Oper. Revs per sh ^A	11.30
.93	.78	.72	.80	1.19	1.61	2.06	2.62	2.58	1.57	2.55	3.32	3.37	3.78	4.18	3.72	3.15	3.35	"Cash Flow" per sh	5.00
.76	.64	.61	.66	1.02	1.44	1.85	2.37	2.24	1.30	2.12	2.89	2.99	3.37	3.79	3.29	2.80	3.00	Earnings per sh ^B	4.50
.08	.09	.09	.10	.11	.13	.15	.19	.27	.28	.29	.33	.36	.39	.46	.57	.69	.81	Div's Div'd per sh ^C	1.20
.15	.14	.07	.07	.03	.11	.09	.13	.10	.07	.09	.20	.12	.10	.09	.11	.12	.15	Cap'l Spending per sh	.20
4.06	5.08	5.50	5.84	6.82	7.50	8.80	9.96	10.13	11.09	11.50	13.05	14.45	15.97	18.60	19.62	20.50	21.05	Book Value per sh	24.00
731.19	782.39	775.67	737.79	749.04	758.23	759.75	736.41	698.33	687.97	672.02	653.08	636.63	630.92	622.89	603.52	575.00	565.00	Common Shs Outst'g ^D	575.00
14.4	21.5	20.7	18.5	17.0	16.5	16.8	17.2	15.6	17.3	16.4	13.9	12.3	14.0	14.4	15.4	14.5	14.5	Avg Ann'l P/E Ratio	14.5
.94	1.10	1.13	1.05	.90	.88	.91	.91	.94	1.15	1.04	.87	.78	.79	.76	.78	.76	.78	Relative P/E Ratio	.90
.7%	.6%	.7%	.8%	.6%	.5%	.5%	.5%	.8%	1.2%	.8%	.8%	1.0%	.8%	.8%	1.1%	.8%	1.1%	Avg Ann'l Div'd Yield	1.8%

CAPITAL STRUCTURE as of 6/30/16				2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Net Oper. Revs (\$mill) ^A	Operating Margin	Depreciation (\$mill)	Net Profit (\$mill)	Income Tax Rate	Net Profit Margin	Working Cap'l (\$mill)	Long-Term Debt (\$mill)	Shr. Equity (\$mill)	Return on Total Cap'l	Return on Shr. Equity	Retained to Com Eq	All Div'ds to Net Prof
Total Debt \$1441.0 mill. Due in 5 Yrs \$650.0 mill.				3607.0	4408.4	4320.2	2902.6	3968.7	4465.0	4561.0	5095.1	5639.0	5226.8	4600	5000	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
LT Debt \$1441.0 mill. LT Interest \$80.0 mill. (11% of Cap'l)				NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Leases, Uncapitalized Annual rentals \$46.2 mill.				143.9	158.1	215.2	181.3	267.4	243.6	212.0	231.5	222.4	210.2	165	175	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Pension Assets-9/15 \$37.8 mill. Oblig. \$36.4 mill.				1424.3	1772.9	1588.2	896.8	1445.7	1923.6	1931.4	2150.2	2384.3	2035.3	1640	1730	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Pfd Stock None				30.9%	28.1%	29.0%	30.0%	29.9%	30.6%	28.5%	28.3%	29.3%	30.5%	31.0%	32.0%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Common Stock 576,121,369 shs. as of 7/21/16				39.5%	40.2%	36.8%	30.9%	36.4%	43.1%	42.3%	42.2%	42.3%	38.9%	35.7%	34.6%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
MARKET CAP: \$20.2 billion (Large Cap)				5156.3	5069.3	4975.1	5558.1	6317.4	7662.8	10510	11143	12105	12391	12500	12650	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
CURRENT POSITION				627.9	162.1	118.4	--	898.9	1850.8	1497.1	1197.7	1198.2	1348.0	1445	1500	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Cash Assets				6684.7	7332.3	7074.4	7632.2	7727.0	8524.7	9201.3	10073	11584	11841	11800	11900	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Receivables				19.7%	23.8%	22.2%	11.8%	16.9%	18.7%	18.2%	19.3%	18.8%	15.6%	12.5%	13.5%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Other				21.3%	24.2%	22.5%	11.8%	18.7%	22.6%	21.0%	21.3%	20.6%	17.2%	14.0%	14.5%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Current Assets				19.5%	22.2%	19.9%	9.2%	16.2%	20.0%	18.5%	19.0%	18.1%	14.3%	10.5%	10.5%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Accts Payable				8%	8%	11%	21%	13%	11%	12%	11%	12%	17%	24%	26%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Debt Due				8%	8%	11%	21%	13%	11%	12%	11%	12%	17%	24%	26%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Other				8%	8%	11%	21%	13%	11%	12%	11%	12%	17%	24%	26%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%
Current Liab.				8%	8%	11%	21%	13%	11%	12%	11%	12%	17%	24%	26%	6500	NMF	275	2600	35.0%	40.0%	12550	1700	13800	17.0%	19.0%	14.0%	27%

BUSINESS: Franklin Resources, Inc. is a financial-services holding company engaged in investment management, stock-transfer services, and the distributor of hundreds of mutual funds worldwide. Sells insurance products, tax-sheltered investments and closed-end funds, and provides trust services. Acquired Templeton, Galbraith & Hansberger Ltd., 10/92; Heine Securities Corp., 11/96; Bissett & Associates, 10/00; Fiduciary Trust Company Int'l, 4/01; Darby, 10/03. At 6/30/16, assets under management were \$732.1 bill. vs. \$866.5 bill. at 6/30/15. Officers & Directors own 20.4% of stock (12/15 Proxy). CEO: Gregory E. Johnson. Incorporated: Delaware. Address: One Franklin Parkway, San Mateo, California 94403. Telephone: 650-312-2000. Internet: www.franklintempleton.com.

Franklin Resources appears to be headed for a down year. Indeed, through the first nine months of fiscal 2016 (ends September 30th), share net plunged nearly 22%, relative to the 2015 total. That reflected a 15% drop in average assets under management, as the financial markets were choppy, at times, given uncertainty over such matters as the United Kingdom's decision (by a referendum) to withdraw from the European Union and the strength of China's economy. Barring a fourth-quarter miracle, the California-based company's bottom line might well decrease roughly 15%, to \$2.80 a share, for the entire year.

We think a profit turnaround is plausible during fiscal 2017, nevertheless. This is based partially on our assumption that the financial markets perform reasonably well. Expense-containment initiatives and repurchases of common stock should also help operating results. Hence, earnings per share stand to rise about 7%, to \$3.00. Management contends that it does not expect the outcome of the Brexit vote to have a major impact on the way Franklin conducts business in the island nation.

The stock has had a difficult time lately. It seems that the headwinds stem largely from the money manager's dismal operating performance in fiscal 2016. As a result, these shares are pegged to trail the market over the next six to 12 months (Timeliness 4: Below Average). Another factor to take under consideration is the Beta coefficient of 1.25.

Still, total return-minded investors willing to exercise patience may find something to like here. Long-term capital gains possibilities look appealing, when measured against the Value Line median. The quarterly dividend, and possibility of further, steady increases, sweetens the pot. It's also worth mentioning that supplemental distributions have been paid, on occasion, the last one taking place in the first quarter of fiscal 2015. But that should come as no surprise, since the significant internal ownership (presently amounting to about 20% of the common shares outstanding) likely indicates that stockholder interests will continue to be well served.

Frederick L. Harris, III August 12, 2016

Fiscal Year Ends	NET OPERATING REVENUES (\$ mill.) ^A	Full Fiscal Year	Fiscal Year Ends	EARNINGS PER SHARE ^{A B}	Full Fiscal Year	Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year		
Dec.31	Mar.31	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Dec.31	Full Year		
2013	1216.4	1329.3	1282.3	1267.1	5095.1	.81	.90	.87	.80	3.37
2014	1381.0	1346.6	1448.8	1462.6	5639.0	.96	.89	.92	1.03	3.79
2015	1384.5	1402.2	1302.1	1138.0	5226.8	.91	.98	.82	.59	3.29
2016	1199.9	1099.6	1146.7	1153.8	4600	.74	.61	.77	.68	2.80
2017	1250	1300	1280	1170	5000	.70	.75	.76	.79	3.00

(A) Fiscal year ends Sept. 30th. (B) Basic earnings. Excludes nonrecurr. losses: '02, 6¢; '04, 9¢; '05, 4¢; '06, 20¢. Quarters may not add due to rounding or change in shares out. Next earnings report Oct. (C) Div'd usually paid in Jan., April, July, and Oct. Two div'd payments of \$0.08/shr and \$0.09/shr in Q4 '11. Two div'd payments of \$0.09/shr and \$0.10/shr in Q4 '12. Special div'd paid: Q2 '05, \$0.67/shr; Q4 '09, \$1.00/shr; Q4 '12, \$0.67/shr; Q4 '13, \$1.00/shr; Q1 '15, \$0.50/shr. ■ Div'd reinvest plan. (D) In millions, adjusted for stock split.

Company's Financial Strength A++
Stock's Price Stability 70
Price Growth Persistence 65
Earnings Predictability 70

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