

# ModernGraham Valuation

## Company Name:

Company Ticker BEN  
Date of Analysis

Franklin Resources,  
Inc.

1/28/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$19,975,460,007	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	16.68	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	66.70%	Pass
6. Moderate PEmg Ratio	PEmg < 20	10.50	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.71	Pass

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	16.68	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.18	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.17
MG Growth Estimate	4.03%
<b>MG Value</b>	<b>\$52.58</b>
MG Value based on 3% Growth	\$46.01
MG Value based on 0% Growth	\$26.97
Market Implied Growth Rate	1.00%

### MG Opinion

Current Price	\$33.31
% of Intrinsic Value	63.35%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$13.41
Graham Number	\$34.33
PEmg	10.50
Current Ratio	16.68
PB Ratio	1.71
Dividend Yield	1.80%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.67	Next Fiscal Year Estimate	\$3.17
Sep2015	\$3.29	Sep2015	\$3.37
Sep2014	\$3.79	Sep2014	\$3.28
Sep2013	\$3.37	Sep2013	\$2.86
Sep2012	\$2.98	Sep2012	\$2.50
Sep2011	\$2.87	Sep2011	\$2.23
Sep2010	\$2.11	Sep2010	\$1.91
Sep2009	\$1.28	Sep2009	\$1.80
Sep2008	\$2.22	Sep2008	\$1.93
Sep2007	\$2.34	Sep2007	\$1.65
Sep2006	\$1.62	Sep2006	\$1.21
Sep2005	\$1.35	Sep2005	\$0.94
Sep2004	\$0.92	Sep2004	\$0.73
Sep2003	\$0.66	Sep2003	\$0.63
Sep2002	\$0.55	Sep2002	\$0.63
Sep2001	\$0.64	Sep2001	\$0.65
Sep2000	\$0.76	Sep2000	\$0.67
Sep1999	\$0.56	<b>Balance Sheet Information</b>	<b>Sep2015</b>
Sep1998	\$0.66	Total Current Assets	\$12,642,700,000
Sep1997	\$0.57	Total Current Liabilities	\$757,900,000
Sep1996	\$0.83	Long-Term Debt	\$2,155,300,000
		Total Assets	\$16,335,700,000
		Intangible Assets	\$2,257,000,000
		Total Liabilities	\$4,494,700,000
		Shares Outstanding (Diluted Average)	607,400,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[10 Low PE Stocks for the Defensive Investor – January 2016](#)

[10 Low PE Stocks for the Defensive Investor – August 2015](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – August 2015 \\$BEN \\$RSL \\$FOSL \\$PWR \\$CMI](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – July 2015](#)

[The 8 Best Stocks For Value Investors This Week – 6/6/15](#)

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[Northern Trust Corp Valuation – January 2016 Update \\$NTRS](#)

[Invesco Ltd Valuation – January 2016 Update \\$IVZ](#)

[Legg Mason Inc Valuation – December 2015 Update \\$LM](#)

[Visa Inc Valuation – November 2015 Update \\$V](#)

[Ameriprise Financial Inc. Valuation – November 2015 Update \\$AMP](#)

[BlackRock Inc. Valuation – November 2015 Update \\$BLK](#)

[Goldman Sachs Group Inc. Valuation – November 2015 Update \\$GS](#)

[American Express Company Valuation – October 2015 Update \\$AXP](#)

[KKR & Co. LP Valuation – October 2015 Update \\$KKR](#)