ModernGraham Valuation

Company Name:

Franklin Resources, Inc.



Company Ticker
Date of Analysis

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.

 Adequate Size of the 	Enterprise N	Market Cap > \$2Bil	\$19,975,460,007	Pass
2. Sufficiently Strong Fir	nancial Condition C	Current Ratio > 2	16.68	Pass
3. Earnings Stability	P	Positive EPS for 10 years prior		Pass
4. Dividend Record		Dividend Payments for 10 years prior		Pass
		ncrease of 33% in EPS in past 10		

Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end

5. Earnings Growth 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

Defensive Yes
Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.17
MG Growth Estimate	4.03%
MG Value	\$52.58
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 Value63.35%

Opinion Undervalued

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	20

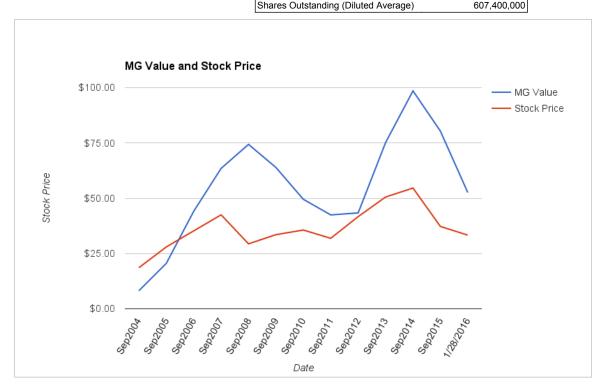
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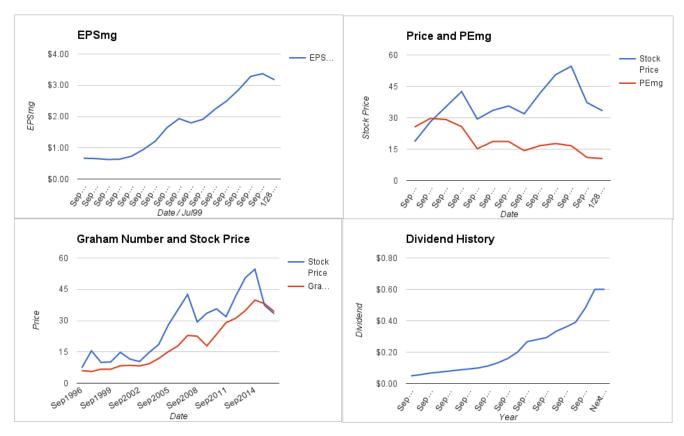
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

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	Balance Sheet Information	Sep2015
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

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10 Low PE Stocks for the Defensive Investor – August 2015

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 $\underline{\text{5 Undervalued Companies for the Defensive Investor Near 52 Week Lows} - \text{July 2015}$

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Other ModernGraham posts about related companies Northern Trust Corp Valuation – January 2016 Update \$NTRS

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