

ModernGraham Valuation

Company Name:

Company Ticker BEN
Date of Analysis

Franklin Resources,
Inc.

8/20/2016



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	\$21,417,599,621	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	13.07	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	68.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.51	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.81	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	13.07	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.19	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	\$3.20
MG Growth Estimate	4.20%
MG Value	\$54.08
MG Value based on 3% Growth	\$46.40
MG Value based on 0% Growth	\$27.20
Market Implied Growth Rate	1.50%

MG Opinion

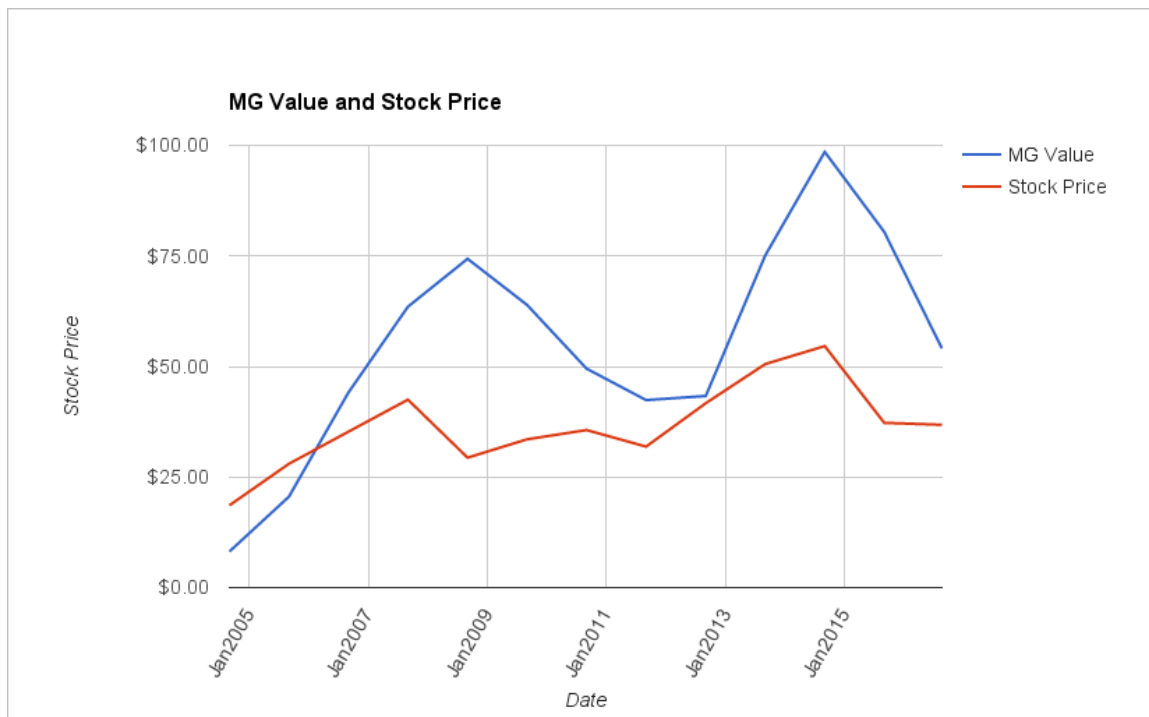
Current Price	\$36.82
% of Intrinsic Value	68.08%
Opinion	Undervalued
MG Grade	A-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$14.41
Graham Number	\$35.55
PEmg	11.51
Current Ratio	13.07
PB Ratio	1.81
Current Dividend	\$0.69
Dividend Yield	1.87%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.75	Next Fiscal Year Estimate	\$3.20
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 6/1/2016	
Sep1998	\$0.66	Total Current Assets	\$12,556,900,000
Sep1997	\$0.57	Total Current Liabilities	\$961,100,000
Sep1996	\$0.83	Long-Term Debt	\$2,163,800,000
		Total Assets	\$15,997,500,000
		Intangible Assets	\$2,213,500,000
		Total Liabilities	\$4,215,400,000
		Shares Outstanding (Diluted Average)	578,900,000





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.

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