



FEATURED OPTIONS RADAR REPORT



Unusual Calls See Upside in Growing Asset Manager

Ticker/Price: BEN (\$32)

Analysis:

Franklin Resources (BEN) with unusual call action on 9/14 as 3800 April \$37.50 calls opened near \$0.70, a name lacking any other notable open interest. BEN shares put in a strong start to 2021 and peaked in early June, currently forming a nice consolidation with a move above \$32.50 likely triggering a breakout. The \$34.50 and \$35.50 are also longer term resistance level and weekly MACD is working higher nearing a potential bullish cross signal. BEN is a global investment management organization with \$1.5 trillion AUM following its deal for Legg Mason. BEN provides investment management and related services to retail, institutional and high-net-worth investors in jurisdictions worldwide. Fixed Income is 46% of AUM, Equity at 31% and the rest in Multi-Asset, Alternative and Cash Management. Since the acquisition, BEN has grown alternatives by 15%, wealth management by 22% and SMAs by 25%. In the latest quarter institutional flow pipeline improved to \$14.1B from \$13B in the prior quarter and BEN highlighted a handful of initiatives gaining traction. BEN has a market cap of \$15.8B and trades 9X Earnings and 1.4X Book with a 3.6% dividend yield. EPS is seen growing 27.6% in 2021 and 5.1% in 2022. Analysts have an average target of \$32.50 with short interest at 6% of the float. BEN has not seen any recent Analyst coverage, BMO upgraded to Outperform with a \$36 target back in March on net flows improvement and potential for a re-rating with the Legg Mason deal providing an inflection point.

Hawk Vision:



Hawk's Perspective: BEN is an attractive value offering a nice yield for a conservative equity investor but hard for me to justify owning over a dominant franchise like **BLK** or an alternative play like **BX**, **KKR**.

Confidence Ranking: \$\$