

# Janus Henderson Group 1Q19 results presentation

Thursday 2 May 2019

**Dick Weil**  
Chief Executive Officer

**Roger Thompson**  
Chief Financial Officer



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# 1Q19 results presentation

## Business and financial update

Roger Thompson  
Chief Financial Officer

# 1Q19 results

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- 3 year investment performance strengthened in 1Q19
- AUM of US\$357.3bn reflects impact of strong markets partially offset by net outflows during the quarter
- Adjusted diluted EPS of US\$0.56
- Declared US\$0.36 per share dividend and completed the first US\$31m of a US\$200m share buyback

## Key metrics – 1Q19 vs 4Q18

	1Q19	4Q18
3 year investment outperformance <sup>1</sup>	69%	61%
Net flows	(US\$7.4bn)	(US\$8.4bn)
Total AUM	US\$357.3bn	US\$328.5bn
US GAAP diluted EPS	US\$0.48	US\$0.54
Adjusted diluted EPS <sup>2</sup>	US\$0.56	US\$0.59
Dividend per share	US\$0.36	US\$0.36

<sup>1</sup> Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 20.

<sup>2</sup> See adjusted financial measures reconciliation on slide 29 for additional information.

# Investment performance

## Total company investment performance improved in 1Q19

### % of AUM outperforming benchmark (as at 31 Mar 2019)

Capability	1 year	3 years	5 years
Equities	64%	69%	77%
Fixed Income	58%	92%	89%
Quantitative Equities	15%	14%	12%
Multi-Asset	88%	91%	91%
Alternatives	89%	98%	100%
<b>Total</b>	<b>60%</b>	<b>69%</b>	<b>74%</b>

### % of mutual fund AUM in top 2 Morningstar quartiles (as at 31 Mar 2019)

Capability	1 year	3 years	5 years
Equities	78%	72%	86%
Fixed Income	68%	42%	48%
Quantitative Equities	63%	3%	97%
Multi-Asset	84%	86%	88%
Alternatives	93%	33%	94%
<b>Total</b>	<b>78%</b>	<b>67%</b>	<b>81%</b>

Note: Full performance disclosures detailed in the appendix on slides 20 and 21. Past performance is no guarantee of future results. The top two Morningstar quartiles represent funds in the top half of their category based on total return. Refer to slide 21 for the 10-year period, percent of funds in the top 2 quartiles for all periods, and description and quantity of funds included in the analysis.

# Total flows

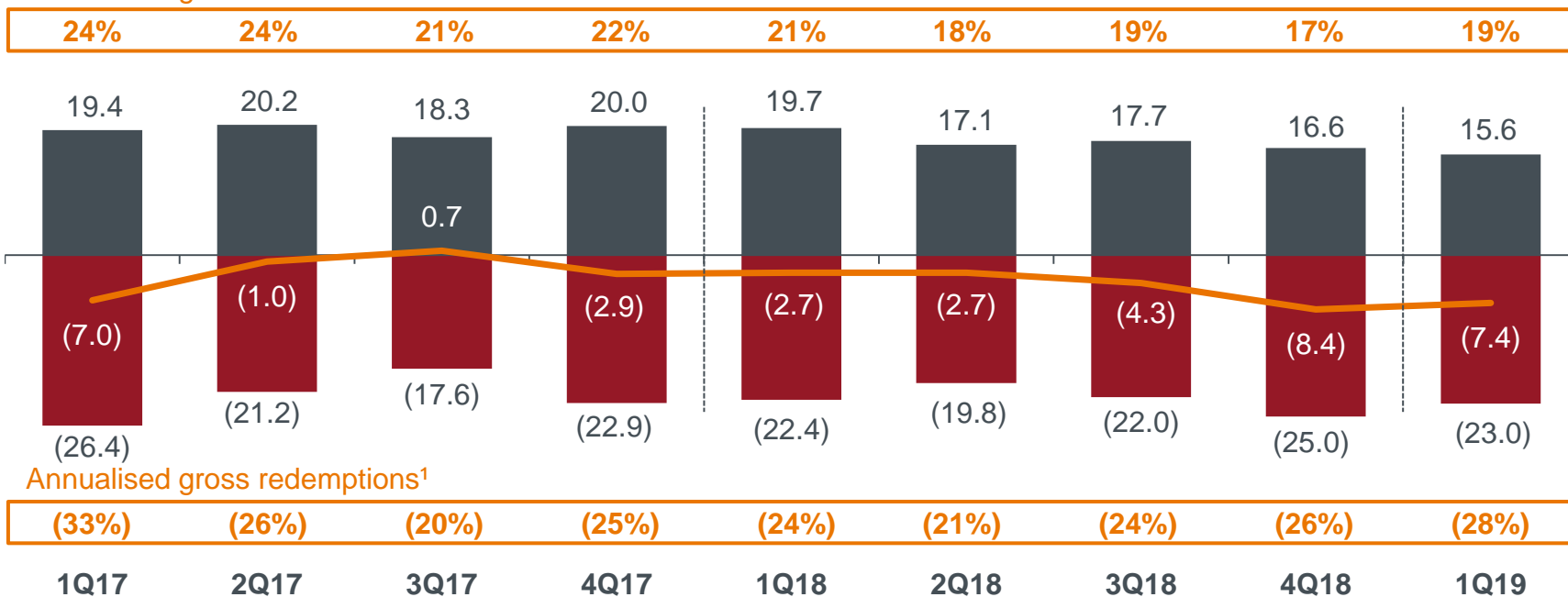
## Outflows disappointing, but improved quarter over quarter

### Total flows

1Q17 to 1Q19 (US\$bn)

Annualised gross sales<sup>1</sup>

■ Sales ■ Redemptions — Net sales / (redemptions)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

# 1Q19 flows by capability

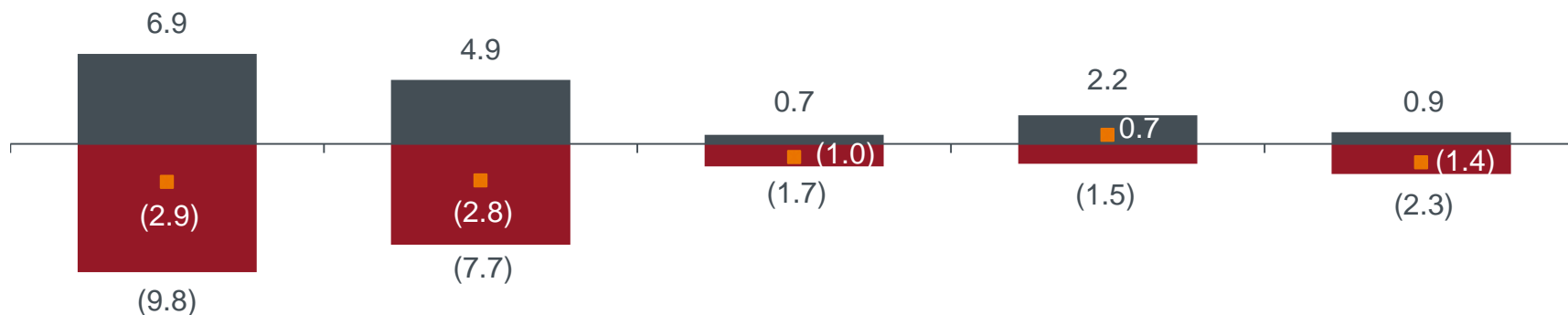
Outflows across four capabilities partially offset by continued strength in Multi-Asset

## 1Q19 flows by capability

(US\$bn)

Annualised gross sales<sup>1</sup>

■ Sales ■ Redemptions — Net sales / (redemptions)



Annualised gross redemptions<sup>1</sup>



Equities

Fixed Income

Quantitative Equities

Multi-Asset

Alternatives

<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

# Statement of income

## US GAAP and adjusted

US\$m	3 months ended 31 Mar 2019		
	US GAAP	Adjustments	Adjusted
<b>Revenue</b>			
Management fees	441.9		
Performance fees	(5.6)		
Shareowner servicing fees	35.9		
Other revenue	47.1		
<b>Total revenue</b>	<b>519.3</b>	<b>(101.9)</b>	<b>417.4</b>
<b>Operating expenses</b>			
Employee compensation and benefits	145.0		
Long-term incentive plans	48.4		
Distribution expenses	101.9		
Investment administration	11.8		
Marketing	7.5		
General, administrative and occupancy	65.2		
Depreciation and amortisation	15.0		
<b>Total operating expenses</b>	<b>394.8</b>	<b>(120.8)</b>	<b>274.0</b>
<b>Operating income</b>	<b>124.5</b>	<b>18.9</b>	<b>143.4</b>

Note: See adjusted financial measures reconciliation on slide 28 for additional information.

# Summary financial results

## US GAAP and adjusted

### Summary of results

US\$, except margin data	1Q19	4Q18	Change 1Q19 vs 4Q18	1Q18	Change 1Q19 vs 1Q18
Average AUM	350.0bn	347.8bn	1%	377.4bn	(7%)
Total revenue	519.3m	545.1m	(5%)	587.7m	(12%)
Operating income	124.5m	150.0m	(17%)	176.2m	(29%)
Operating margin	24.0%	27.5%	(3.5ppt)	30.0%	(6.0ppt)
US GAAP diluted EPS	0.48	0.54	(11%)	0.82	(41%)
Adjusted revenue	417.4m	442.7m	(6%)	470.4m	(11%)
Adjusted operating income	143.4m	165.3m	(13%)	188.8m	(24%)
Adjusted operating margin	34.4%	37.3%	(2.9ppt)	40.1%	(5.7ppt)
Adjusted diluted EPS	0.56	0.59	(5%)	0.71	(21%)

Note: See adjusted financial measures reconciliation on slides 28 and 29 for additional information.



# Revenue

## 1Q19 adjusted revenue reflects fewer days and lower performance fees

### 1Q19 adjusted revenue drivers

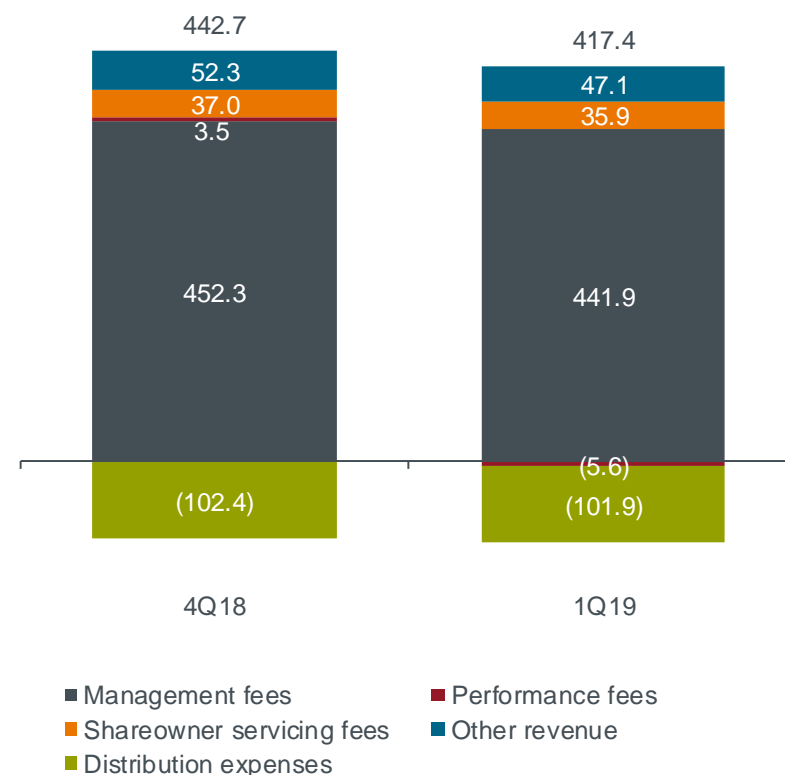
US\$m, except margin data	1Q19	4Q18	Change
<b>Total adjusted revenue</b>	<b>417.4</b>	<b>442.7</b>	<b>(6%)</b>
Management fees	441.9	452.3	(2%)
Performance fees	(5.6)	3.5	nm
Shareowner servicing fees	35.9	37.0	(3%)
Other revenue	47.1	52.3	(10%)
Distribution expenses	(101.9)	(102.4)	0%
<i>Average net<sup>1</sup> mgmt fee margin</i>	<i>42.9bps</i>	<i>43.4bps</i>	<i>(0.5bps)</i>

- Decrease from 4Q18 management fees driven by mix shift, primarily from continued outflows in higher fee equity products
- Performance fees decreased from 4Q18 driven by lower fees from segregated mandates, partially offset by improved mutual fund performance fees

Note: See adjusted financial measures reconciliation on slide 28 for additional information.

<sup>1</sup> Net margin based on management fees net of distribution expenses.

### Pro forma adjusted revenue – 4Q18 vs 1Q19 (US\$m)

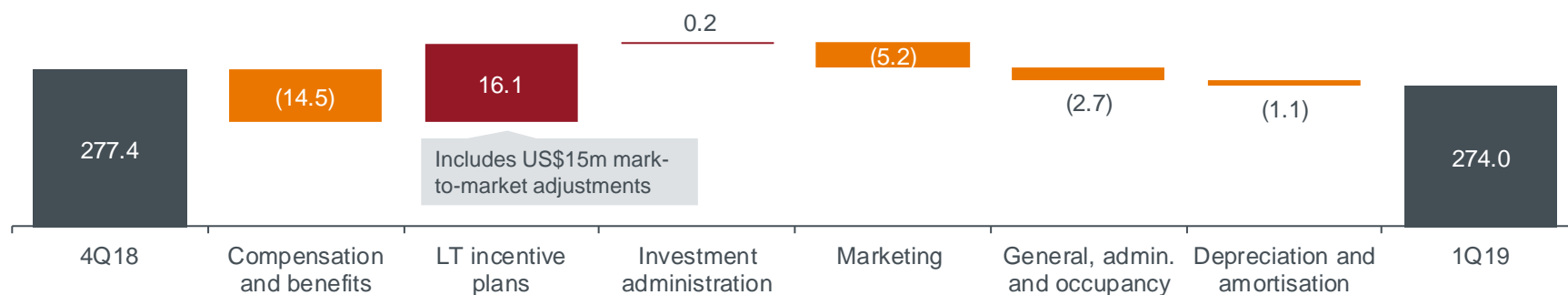


# Operating expenses

Higher LTI, due to mark-to-market gains, offset by expense management

US\$m	1Q19 US GAAP	Adjustments	1Q19 adjusted	4Q18 adjusted	Change 1Q19 adjusted vs 4Q18 adjusted
Employee compensation and benefits	145.0	(4.3)	140.7	151.4	(7%)
Long-term incentive plans	48.4	0.2	48.6	32.5	50%
<b>Total compensation expenses</b>	<b>193.4</b>	<b>(4.1)</b>	<b>189.3</b>	<b>183.9</b>	<b>3%</b>
Distribution expenses	101.9	(101.9)	–	–	nm
Investment administration	11.8	–	11.8	11.6	2%
Marketing	7.5	–	7.5	12.7	(41%)
General, administrative and occupancy	65.2	(7.4)	57.8	60.5	(4%)
Depreciation and amortisation	15.0	(7.4)	7.6	8.7	(13%)
<b>Non-staff operating expenses</b>	<b>201.4</b>	<b>(116.7)</b>	<b>84.7</b>	<b>93.5</b>	<b>(9%)</b>
<b>Total operating expenses</b>	<b>394.8</b>	<b>(120.8)</b>	<b>274.0</b>	<b>277.4</b>	<b>(1%)</b>

## Adjusted operating expenses – 4Q18 vs 1Q19 (US\$m)

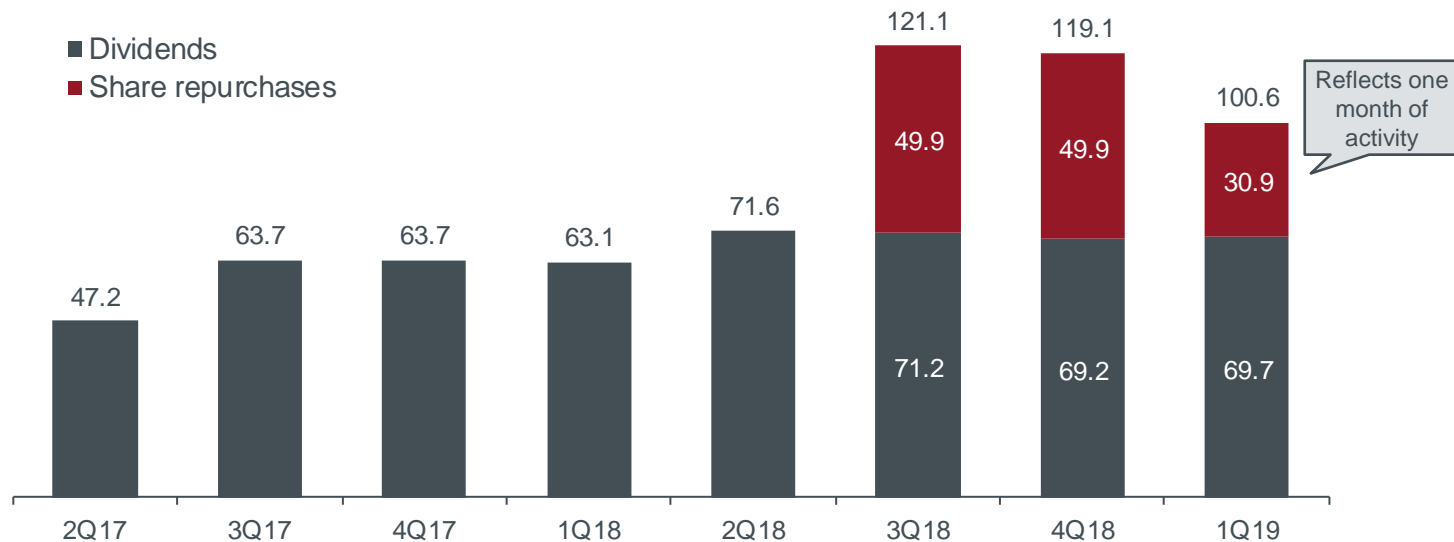


Note: See adjusted financial measures reconciliation on slide 28 for additional information.

# Capital management

We remain committed to returning excess capital to shareholders

## Quarterly capital return since merger (US\$m)



Dividend paid / share	\$0.24	\$0.32	\$0.32	\$0.32	\$0.36	\$0.36	\$0.36	\$0.36
Debt repayment (US\$m)	–	50.2	42.3	81.6	0.3	13.5	–	–
Shares repurchased (m)	–	–	–	–	–	1.8	2.2	1.3
Total shares outstanding <sup>1</sup> (m)	200.4	200.4	200.4	200.4	200.4	198.6	196.4	195.2

Note: Dividend paid in 2Q17 reflects the hypothetical per share 1Q17 dividend for JHG derived by adding cash dividends each legacy firm paid to its respective shareholders (US\$20.3m for legacy Janus and US\$26.9m for legacy Henderson) divided by the number of shares outstanding as at 30 May 2017 (200.4m). USD/GBP 1.3017.

JHG purchases shares on market for the annual share grants associated with variable compensation, which is not connected with the above Board approval nor included in the above share repurchases.

<sup>1</sup> Total shares outstanding reflect amounts disclosed on forms 10-Q or 10-K for each respective quarter.

**Q&A**

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# Appendix

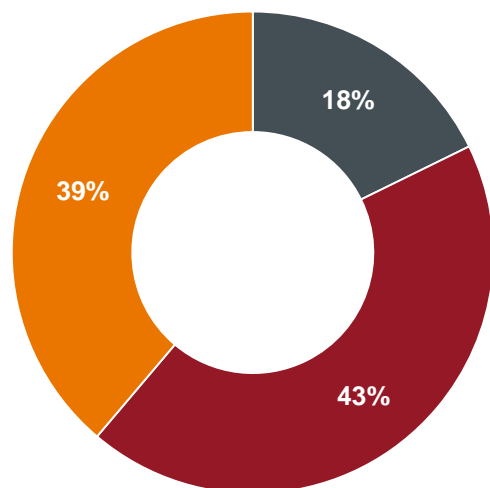


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# Assets under management as at 31 Mar 2019

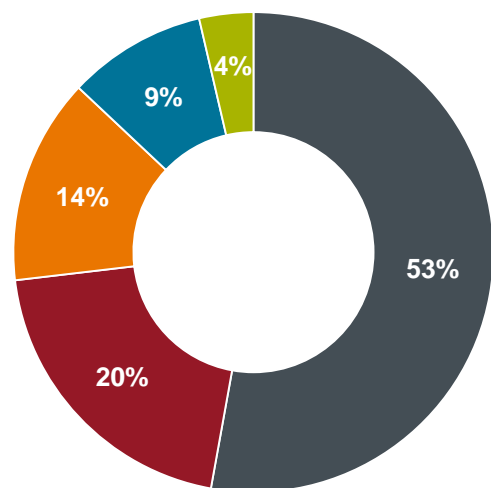
AUM: US\$357.3bn

By client type



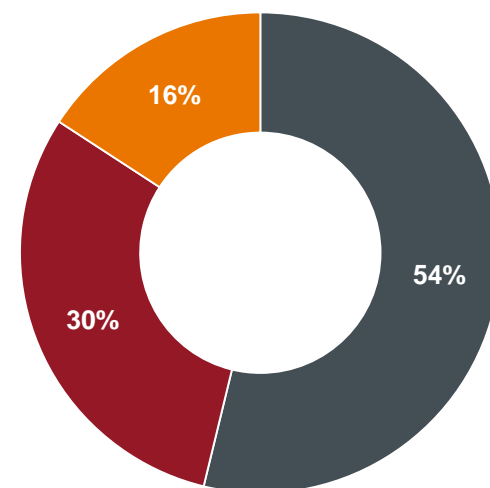
■ Self-directed	US\$63.4bn
■ Intermediary	US\$155.2bn
■ Institutional	US\$138.7bn

By capability



■ Equities	US\$188.8bn
■ Fixed Income	US\$72.5bn
■ Quantitative Equities	US\$49.6bn
■ Multi-Asset	US\$33.4bn
■ Alternatives	US\$13.0bn

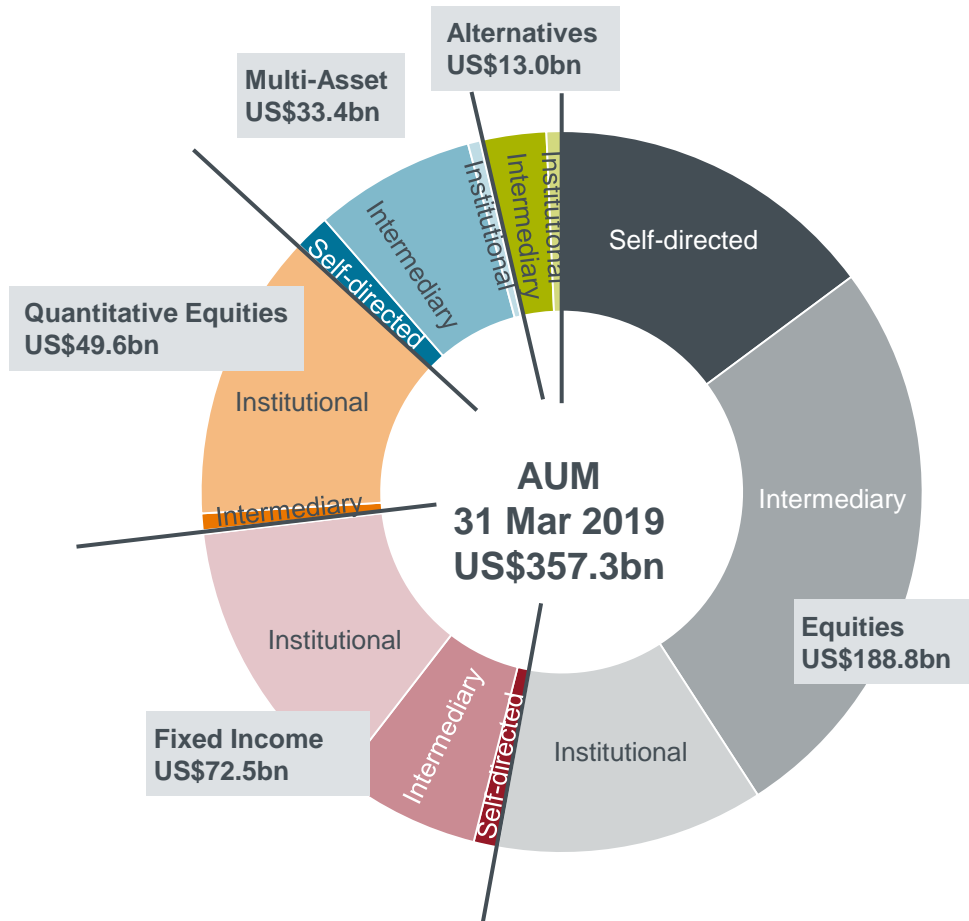
By client location



■ North America	US\$192.2bn
■ EMEA & LatAm	US\$108.6bn
■ Asia Pacific	US\$56.5bn

# Investment management capabilities

## Diversified product range



### Equities (53bps<sup>1</sup>)

- Wide range of equity strategies encompassing different geographic focuses and investment styles

### Fixed Income (26bps<sup>1</sup>)

- Coverage across the asset class, applying a wide range of differentiated techniques

### Quantitative Equities (21bps<sup>1</sup>)

- Intech applies advanced mathematical and systematic portfolio rebalancing intended to harness the volatility of movements in stock price

### Multi-Asset (44bps<sup>1</sup>)

- Retail and Institutional offering through a diversity of strategies

### Alternatives (68bps<sup>1</sup>)

- Expertise in liquid alternatives alongside traditional hedge funds

<sup>1</sup> 1Q19 average net management fee margin. Net margin based on management fees net of distribution expenses.

# Largest pooled funds by capability

Capability	Fund	Product	Strategy	AUM (US\$bn) 31 Mar 2019
Equity	JnsHnd Enterprise	US Mutual Fund	Mid Cap Growth	19.7
	JnsHnd Research	US Mutual Fund	US Research Growth Equity	14.0
	JnsHnd Forty	US Mutual Fund	Concentrated Growth	12.6
	JnsHnd Triton	US Mutual Fund	Small-Mid Cap Growth	11.4
	JnsHnd Growth and Income	US Mutual Fund	Growth & Income	5.8
Fixed Income	JnsHnd Flexible Bond	US Mutual Fund	Core Plus Fixed Income	5.0
	JnsHnd Absolute Return	Australian UT	Absolute Return Income	4.2
	JnsHnd Strategic Bond	UK OEIC	Global Strategic Fixed Income	3.0
	JnsHnd Tactical Income	Australian MIS	Australian Tactical Income	2.3
	JnsHnd Hzn Euro Corporate Bond	SICAV	Investment Grade (EUR)	1.5
Quantitative Equities	JnsHnd US Mgd Volatility	US Mutual Fund	US Adaptive Volatility	1.4
	JnsHnd US Low Volatility Portfolio	US Mutual Fund	US Low Volatility	1.1
	JnsHnd Intech All World Minimum Variance Core	Dublin OEIC	All World Minimum Variance Core	0.7
	JnsHnd Global Inc Mgd Volatility	US Mutual Fund	Global Income Adaptive Volatility	0.3
	JnsHnd Intech Global All Country Low Volatility	Dublin OEIC	Global All Country Low Volatility	0.2
Multi-Asset	JnsHnd Balanced	US Mutual Fund	Balanced	15.7
	JnsHnd Balanced Portfolio	US Mutual Fund	Balanced	4.3
	JnsHnd Cautious Managed	UK OEIC	UK Income and Growth	2.1
	JnsHnd Balanced	Dublin OEIC	Balanced	2.0
	JnsHnd Multi-Manager Managed	UK OEIC	Multi Manager	0.5
Alternatives	JnsHnd UK Absolute Return	SICAV	UK Large Cap Absolute Return Equity	3.7
	JnsHnd UK Property PAIF / Feeder	UK OEIC/UT	Property	3.4
	JnsHnd UK Absolute Return	UK OEIC	UK Large Cap Absolute Return Equity	2.8
	JnsHnd Horizon Pan European Alpha	SICAV	Europe Large Cap Long/Short	0.6
	Alphagen Euro Best Ideas	Hedge Fund	Concentrated Pan Europe Equity	0.3
<b>Total</b>				<b>118.5</b>

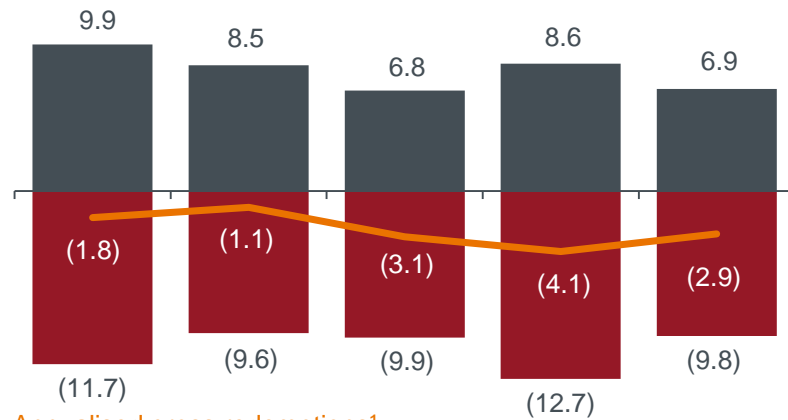
Note: Numbers may not cast due to rounding. Excludes unregulated pooled funds.



# Flows: Equities and Fixed Income

## Equities (US\$bn)

Annualised gross sales<sup>1</sup>

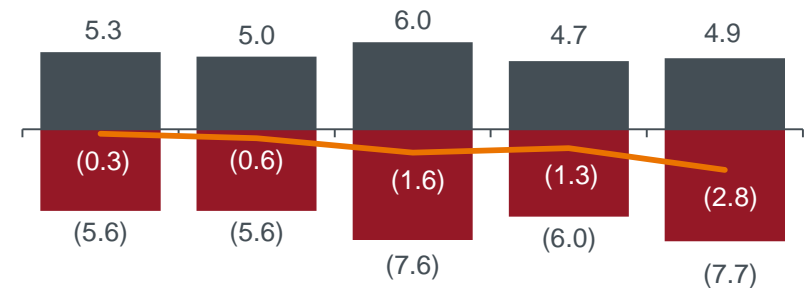


Annualised gross redemptions<sup>1</sup>



1Q18 2Q18 3Q18 4Q18 1Q19

## Fixed Income (US\$bn)



1Q18 2Q18 3Q18 4Q18 1Q19

■ Sales ■ Redemptions — Net sales / (redemptions)

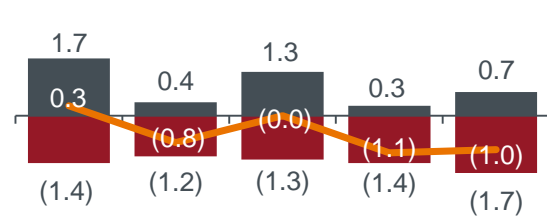
Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 19.

<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

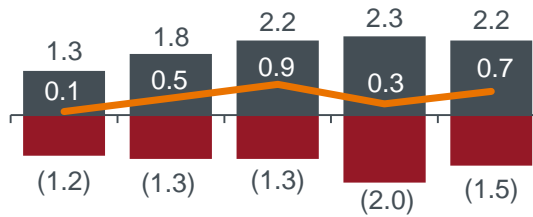
# Flows: Quantitative Equities, Multi-Asset and Alternatives

## Quantitative Equities (US\$bn)

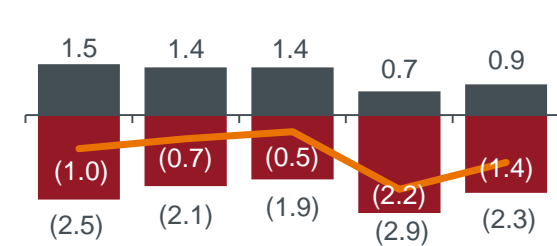
Annualised gross sales<sup>1</sup>



## Multi-Asset (US\$bn)



## Alternatives (US\$bn)



Annualised gross redemptions<sup>1</sup>



1Q18 2Q18 3Q18 4Q18 1Q19



1Q18 2Q18 3Q18 4Q18 1Q19



1Q18 2Q18 3Q18 4Q18 1Q19

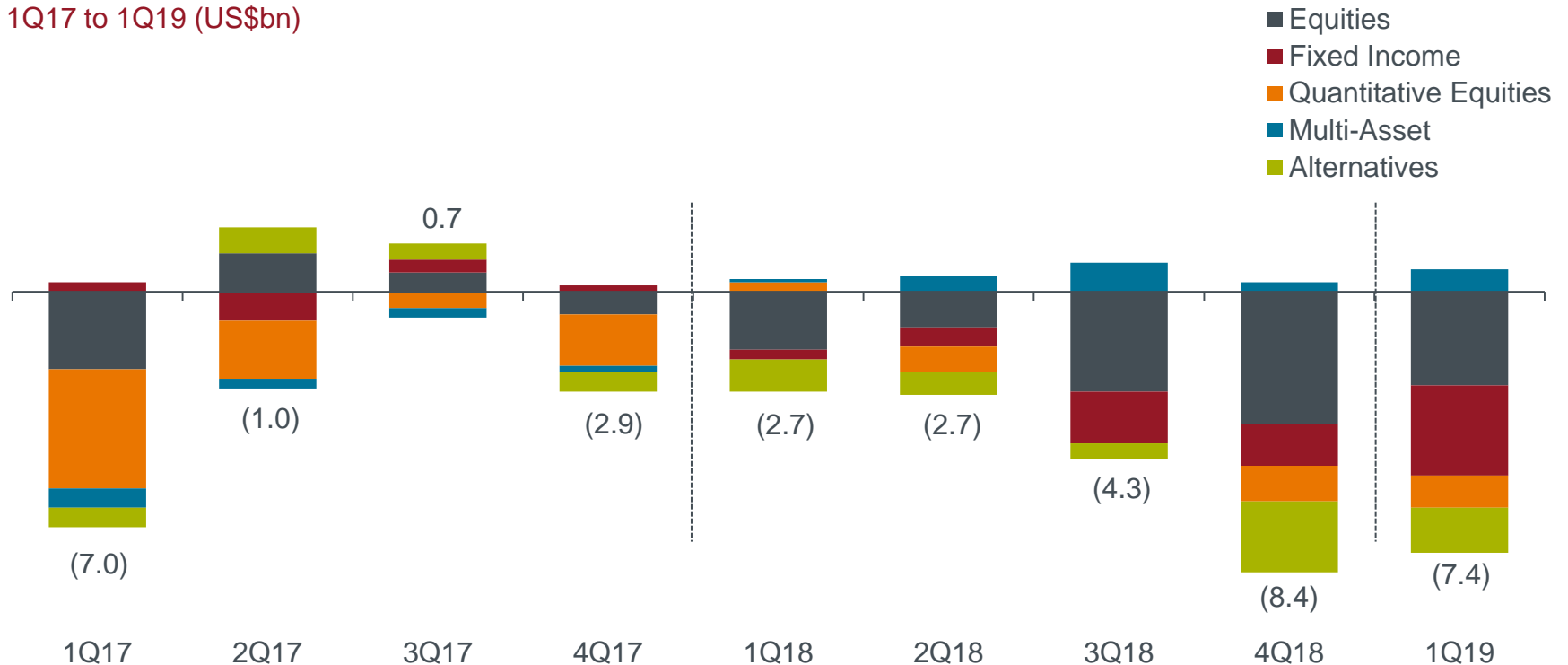
■ Sales ■ Redemptions — Net sales / (redemptions)

Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 19.

<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

# Total net flows by capability

**Total net flows by capability**  
1Q17 to 1Q19 (US\$bn)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown. Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 19.

# AUM and flows by capability

All data in US\$bn	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
<b>AUM 31 Dec 2017</b>	<b>189.7</b>	<b>80.1</b>	<b>49.9</b>	<b>31.6</b>	<b>19.5</b>	<b>370.8</b>
Sales	9.9	5.3	1.7	1.3	1.5	19.7
Redemptions	(11.7)	(5.6)	(1.4)	(1.2)	(2.5)	(22.4)
Net sales / (redemptions)	(1.8)	(0.3)	0.3	0.1	(1.0)	(2.7)
Market / FX	2.8	0.2	0.2	0.1	0.5	3.8
<b>AUM 31 Mar 2018</b>	<b>190.7</b>	<b>80.0</b>	<b>50.4</b>	<b>31.8</b>	<b>19.0</b>	<b>371.9</b>
Sales	8.5	5.0	0.4	1.8	1.4	17.1
Redemptions	(9.6)	(5.6)	(1.2)	(1.3)	(2.1)	(19.8)
Net sales / (redemptions)	(1.1)	(0.6)	(0.8)	0.5	(0.7)	(2.7)
Market / FX	3.7	(2.9)	0.5	0.3	(0.7)	0.9
<b>AUM 30 Jun 2018</b>	<b>193.3</b>	<b>76.5</b>	<b>50.1</b>	<b>32.6</b>	<b>17.6</b>	<b>370.1</b>
Sales	6.8	6.0	1.3	2.2	1.4	17.7
Redemptions	(9.9)	(7.6)	(1.3)	(1.3)	(1.9)	(22.0)
Net sales / (redemptions)	(3.1)	(1.6)	0.0	0.9	(0.5)	(4.3)
Market / FX	9.0	(0.4)	2.8	1.1	(0.2)	12.3
<b>AUM 30 Sep 2018</b>	<b>199.2</b>	<b>74.5</b>	<b>52.9</b>	<b>34.6</b>	<b>16.9</b>	<b>378.1</b>
Sales	8.6	4.7	0.3	2.3	0.7	16.6
Redemptions	(12.7)	(6.0)	(1.4)	(2.0)	(2.9)	(25.0)
Net sales / (redemptions)	(4.1)	(1.3)	(1.1)	0.3	(2.2)	(8.4)
Market / FX	(29.2)	(1.3)	(7.5)	(2.5)	(0.7)	(41.2)
Reclassification <sup>1</sup>	1.7	0.5	–	(2.2)	–	–
<b>AUM 31 Dec 2018</b>	<b>167.6</b>	<b>72.4</b>	<b>44.3</b>	<b>30.2</b>	<b>14.0</b>	<b>328.5</b>
Sales	6.9	4.9	0.7	2.2	0.9	15.6
Redemptions	(9.8)	(7.7)	(1.7)	(1.5)	(2.3)	(23.0)
Net sales / (redemptions)	(2.9)	(2.8)	(1.0)	0.7	(1.4)	(7.4)
Market / FX	24.1	2.9	6.3	2.5	0.4	36.2
<b>AUM 31 Mar 2019</b>	<b>188.8</b>	<b>72.5</b>	<b>49.6</b>	<b>33.4</b>	<b>13.0</b>	<b>357.3</b>

<sup>1</sup> Reflects operational reclassification of existing client's funds.

# Investment performance

## % of AUM outperforming benchmark

Capability	1Q18			2Q18			3Q18			4Q18			1Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	68%	59%	76%	63%	58%	73%	61%	56%	75%	67%	55%	71%	64%	69%	77%
Fixed Income	96%	96%	97%	87%	93%	98%	79%	92%	94%	36%	88%	93%	58%	92%	89%
Quantitative Equities	91%	46%	88%	47%	25%	87%	21%	8%	83%	20%	11%	15%	15%	14%	12%
Multi-Asset	83%	87%	90%	90%	88%	90%	89%	89%	90%	81%	90%	91%	88%	91%	91%
Alternatives	95%	76%	100%	99%	73%	100%	99%	73%	100%	35%	94%	100%	89%	98%	100%
Total	79%	68%	84%	69%	64%	82%	63%	60%	81%	55%	61%	72%	60%	69%	74%

Note: Outperformance is measured based on composite performance gross of fees vs primary benchmark, except where a strategy has no benchmark index or corresponding composite in which case the most relevant metric is used: (1) composite gross of fees vs zero for absolute return strategies, (2) fund net of fees vs primary index or (3) fund net of fees vs Morningstar peer group average or median. Non-discretionary and separately managed account assets are included with a corresponding composite where applicable.

Cash management vehicles, ETFs, Managed CDOs, Private Equity funds and custom non-discretionary accounts with no corresponding composite are excluded from the analysis. Excluded assets represent 4% of AUM as at 31 Mar 2018, 30 Jun 2018, 30 Sep 2018 and 31 Mar 2019 and 5% of AUM as at 31 Dec 2018. Capabilities defined by Janus Henderson.

# Mutual fund investment performance

## % of mutual fund AUM in top 2 Morningstar quartiles

Capability	1Q18			2Q18			3Q18			4Q18			1Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	64%	62%	82%	56%	61%	75%	72%	65%	86%	67%	63%	85%	78%	72%	86%
Fixed Income	48%	32%	62%	42%	38%	42%	63%	36%	66%	46%	28%	57%	68%	42%	48%
Quantitative Equities	57%	55%	51%	58%	54%	53%	59%	5%	55%	98%	17%	100%	63%	3%	97%
Multi-Asset	84%	82%	83%	92%	83%	83%	86%	88%	88%	89%	89%	88%	84%	86%	88%
Alternatives	53%	53%	53%	92%	25%	25%	54%	26%	53%	26%	93%	59%	93%	33%	94%
Total	63%	59%	76%	60%	57%	68%	71%	60%	81%	65%	62%	80%	78%	67%	81%

Note: Includes Janus Investment Fund, Janus Aspen Series and Clayton Street Trust (US Trusts), Janus Henderson Capital Funds (Dublin based), Dublin and UK OEIC and Investment Trusts, Luxembourg SICAVs and Australian Managed Investment Schemes. The top two Morningstar quartiles represent funds in the top half of their category based on total return. On an asset-weighted basis, 67%, 74%, 84%, 82% and 80% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 31 Mar 2018, 30 Jun 2018, 30 Sep 2018, 31 Dec 2018 and 31 Mar 2019 respectively. For the 1-, 3-, 5- and 10-year periods ending 31 Mar 2019, 62%, 50%, 62% and 62% of the 205, 195, 181 and 141 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

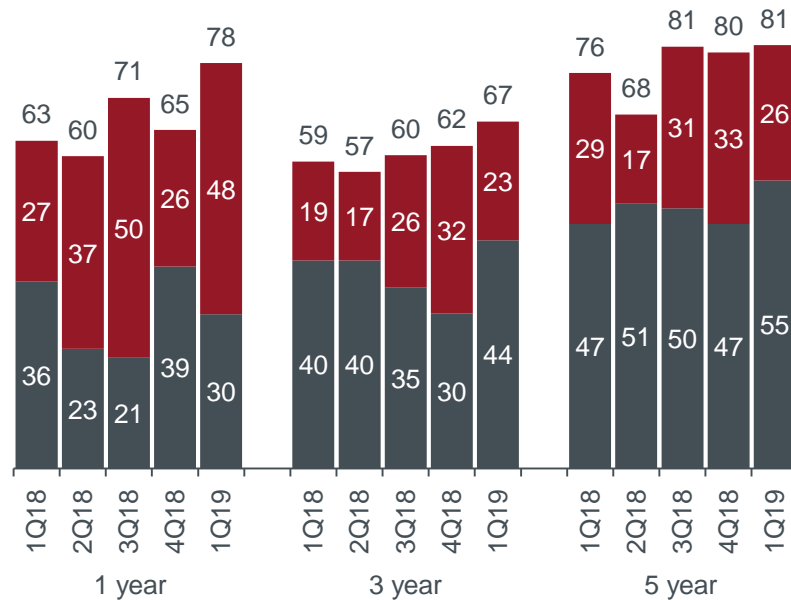
Analysis based on 'primary' share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class. Rankings may be based, in part, on the performance of a predecessor fund or share class and are calculated by Morningstar using a methodology that differs from that used by Janus Henderson. Methodology differences may have a material effect on the return and therefore the ranking. When an expense waiver is in effect, it may have a material effect on the total return, and therefore the ranking for the period.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by Janus Henderson. © 2019 Morningstar, Inc. All Rights Reserved.

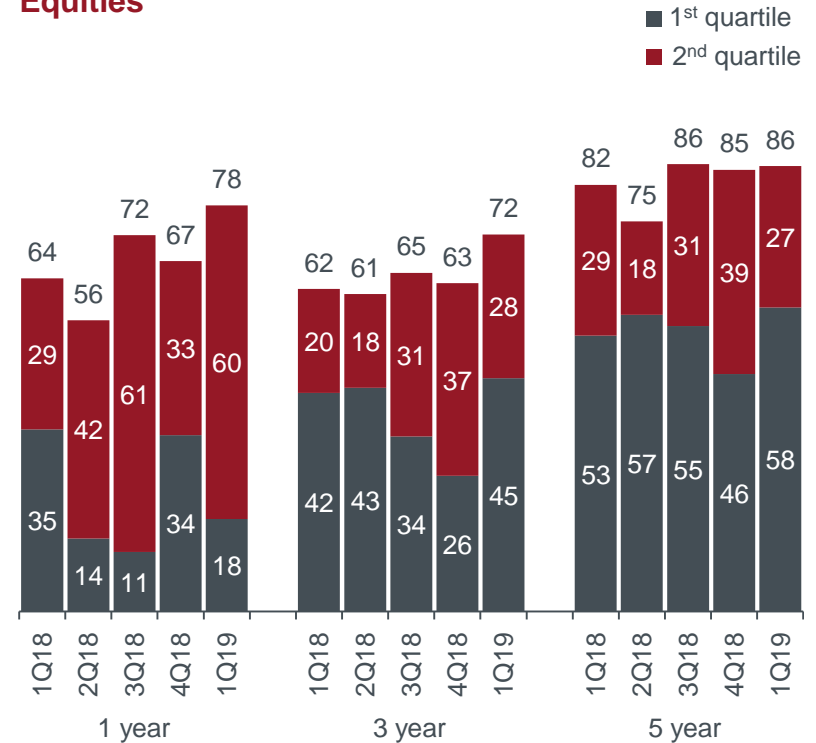
# Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

## Group



## Equities

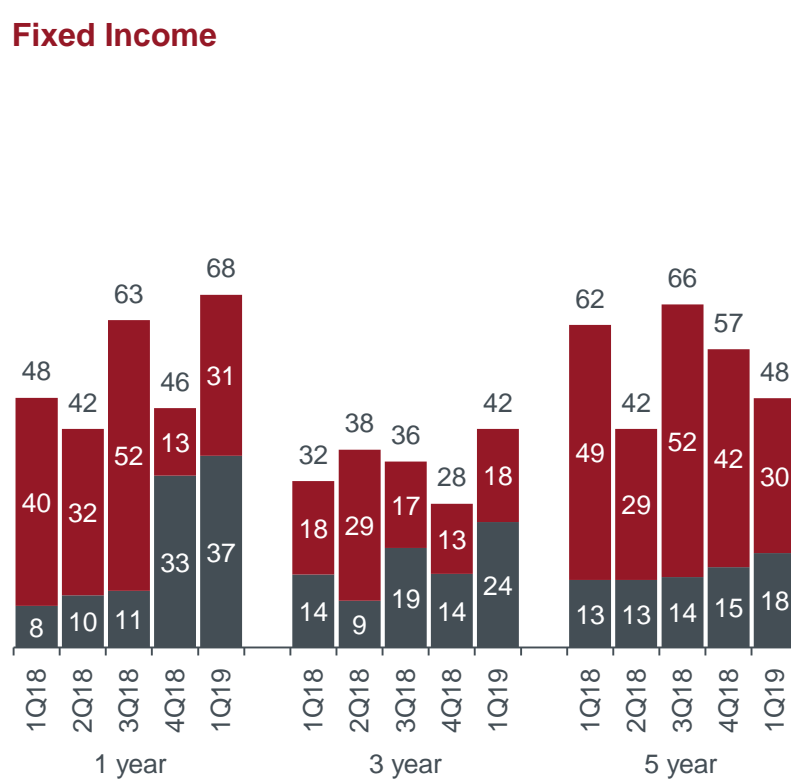


Note: Full performance disclosures detailed on slide 21. Numbers may not cast due to rounding.

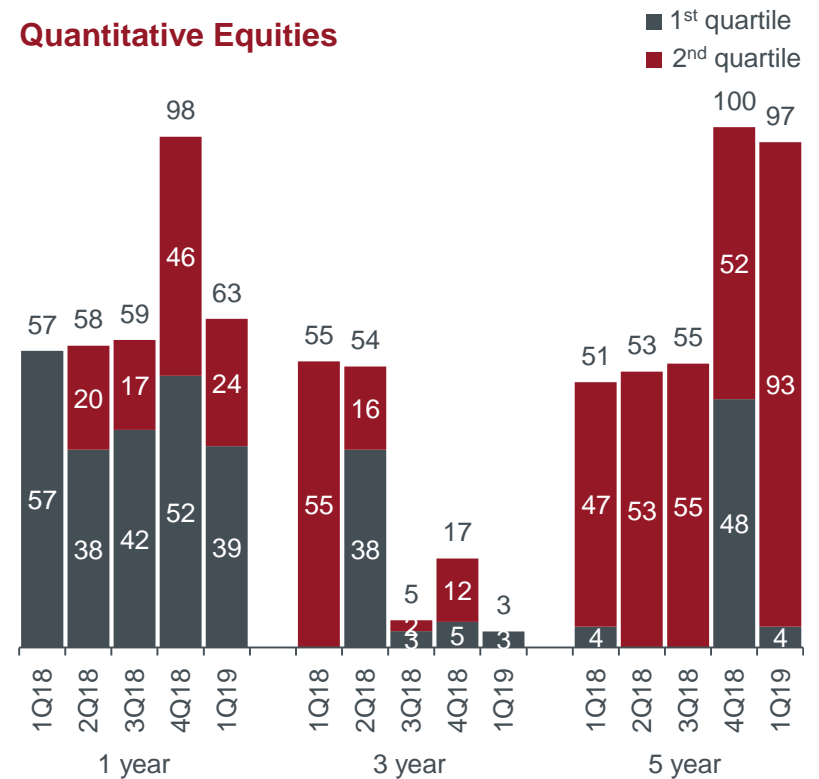
# Mutual fund investment performance (cont'd)

## % of mutual fund AUM in top 2 Morningstar quartiles

### Fixed Income



### Quantitative Equities



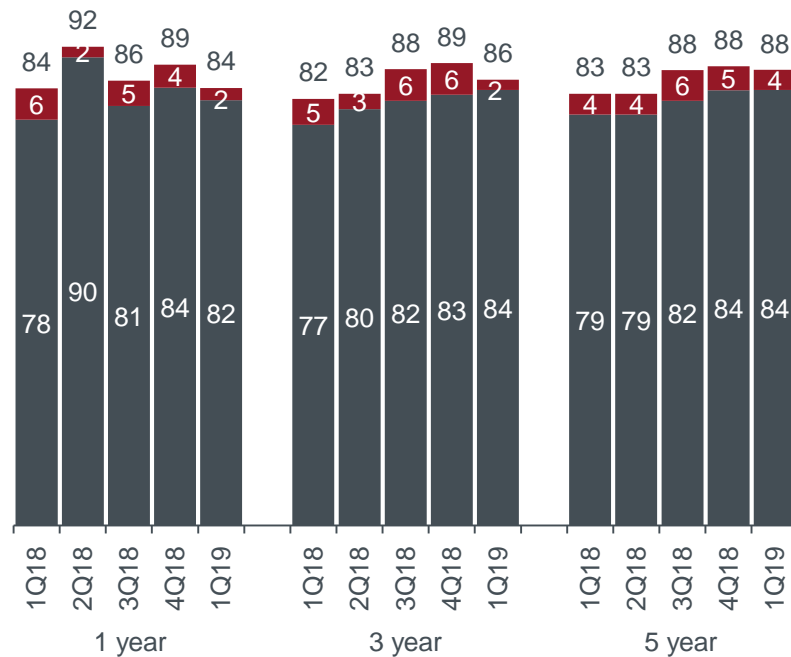
Note: Full performance disclosures detailed on slide 21. Numbers may not cast due to rounding.



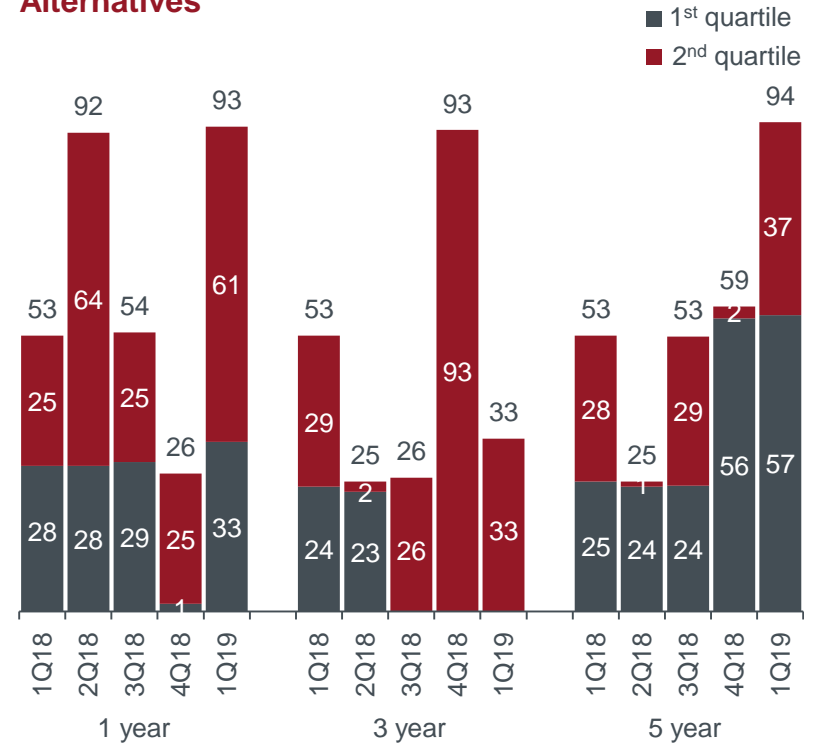
# Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

## Multi-Asset



## Alternatives



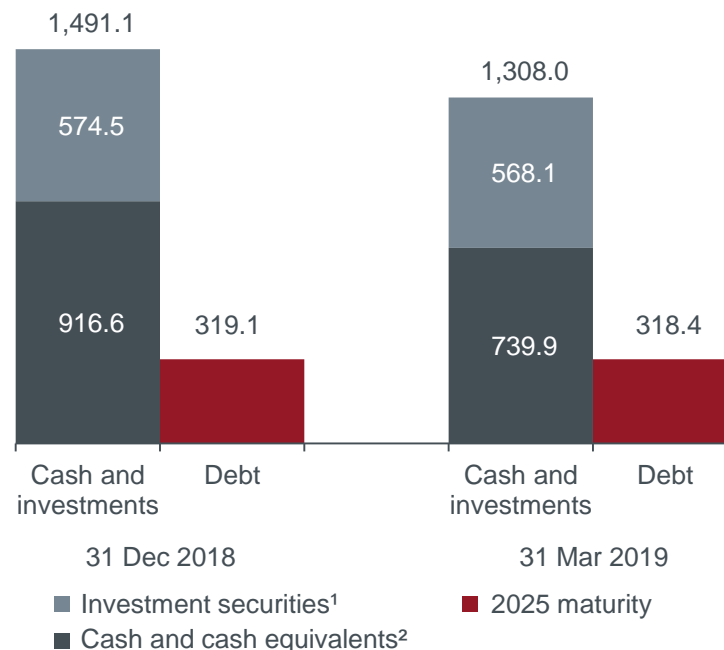
Note: Full performance disclosures detailed on slide 21. Numbers may not cast due to rounding.

# Balance sheet

## Strong liquidity position

- At 31 March 2019, cash and investment securities totalled US\$1,308m compared to outstanding debt of US\$318m
- Cash and cash equivalents decreased 19% driven by seasonal compensation payments, dividend payments and stock repurchases
- Board declared a dividend of US\$0.36 per share to be paid on 29 May to shareholders on record at the close of business on 13 May
- Repurchased approximately 1.3m shares for US\$31m, completing a portion of the US\$200m buyback programme authorised in February 2019

### Balance sheet profile – carrying value (31 Dec 2018 vs 31 Mar 2019) (US\$m)



<sup>1</sup> Includes seed investments of US\$447.5m (including investment securities of consolidated variable interest entities of US\$282.7m), investments related to deferred compensation plans of US\$120.3m and other investments of US\$6.7m as at 31 December 2018; includes seed investments of US\$442.7m (including investment securities of consolidated variable interest entities of US\$297.4m), investments related to deferred compensation plans of US\$125.0m and other investments of US\$0.4m as at 31 March 2019.

<sup>2</sup> Includes cash and cash equivalents of consolidated variable interest entities of US\$36.2m and US\$22.8m as at 31 December 2018 and 31 March 2019, respectively.

# US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
<b>Revenue</b>			
Management fees	441.9	452.3	502.9
Performance fees	(5.6)	3.5	(3.9)
Shareowner servicing fees	35.9	37.0	38.4
Other revenue	47.1	52.3	50.3
<b>Total revenue</b>	<b>519.3</b>	<b>545.1</b>	<b>587.7</b>
<b>Operating expenses</b>			
Employee compensation and benefits	145.0	155.8	146.7
Long-term incentive plans	48.4	32.3	40.0
Distribution expenses	101.9	102.4	117.3
Investment administration	11.8	11.6	11.4
Marketing	7.5	12.8	8.5
General, administrative and occupancy	65.2	62.4	72.2
Depreciation and amortisation	15.0	17.8	15.4
<b>Total operating expenses</b>	<b>394.8</b>	<b>395.1</b>	<b>411.5</b>
<b>Operating income</b>	<b>124.5</b>	<b>150.0</b>	<b>176.2</b>
Interest expense	(4.1)	(4.0)	(3.8)
Investment gains (losses), net	13.3	(15.3)	(0.7)
Other non-operating income, net	(3.9)	13.5	38.9
<b>Income before taxes</b>	<b>129.8</b>	<b>144.2</b>	<b>210.6</b>
Income tax provision	(29.9)	(43.4)	(47.4)
<b>Net income</b>	<b>99.9</b>	<b>100.8</b>	<b>163.2</b>
Net loss (income) attributable to non-controlling interests	(5.8)	6.0	2.0
<b>Net income attributable to JHG</b>	<b>94.1</b>	<b>106.8</b>	<b>165.2</b>
Less: allocation of earnings to participating stock-based awards	(2.4)	(2.8)	(4.2)
<b>Net income attributable to JHG common shareholders</b>	<b>91.7</b>	<b>104.0</b>	<b>161.0</b>
Diluted weighted-average shares outstanding (m)	192.5	194.1	196.9
<b>Diluted EPS (in US\$)</b>	<b>0.48</b>	<b>0.54</b>	<b>0.82</b>

Note: 1Q18 reflects the reclassification of certain revenue amounts from 'Other revenue' to 'Shareowner servicing fees'.

# Adjusted: statement of income

US\$m, except per share data or as noted	3 months ended		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
<b>Revenue</b>			
Management fees	441.9	452.3	502.9
Performance fees	(5.6)	3.5	(3.9)
Shareowner servicing fees	35.9	37.0	38.4
Other revenue	47.1	52.3	50.3
Distribution expenses	(101.9)	(102.4)	(117.3)
<b>Total adjusted revenue</b>	<b>417.4</b>	<b>442.7</b>	<b>470.4</b>
<b>Operating expenses</b>			
Employee compensation and benefits	140.7	151.4	143.8
Long-term incentive plans	48.6	32.5	39.9
Investment administration	11.8	11.6	11.4
Marketing	7.5	12.7	8.4
General, administrative and occupancy	57.8	60.5	70.1
Depreciation and amortisation	7.6	8.7	8.0
<b>Total adjusted operating expenses</b>	<b>274.0</b>	<b>277.4</b>	<b>281.6</b>
<b>Adjusted operating income</b>	<b>143.4</b>	<b>165.3</b>	<b>188.8</b>
Interest expense	(3.2)	(3.1)	(3.1)
Investment gains (losses), net	13.3	(15.3)	(0.7)
Other non-operating income (expenses), net	(3.5)	13.8	(5.9)
<b>Adjusted income before taxes</b>	<b>150.0</b>	<b>160.7</b>	<b>179.1</b>
Income tax provision	(34.2)	(49.2)	(37.5)
<b>Adjusted net income</b>	<b>115.8</b>	<b>111.5</b>	<b>141.6</b>
Net loss (income) attributable to non-controlling interests	(5.8)	6.0	2.0
<b>Adjusted net income attributable to JHG</b>	<b>110.0</b>	<b>117.5</b>	<b>143.6</b>
Less: allocation of earnings to participating stock-based awards	(2.8)	(3.2)	(3.6)
<b>Adjusted net income attributable to JHG common shareholders</b>	<b>107.2</b>	<b>114.3</b>	<b>140.0</b>
Diluted weighted-average shares outstanding (m)	192.5	194.1	196.9
<b>Adjusted diluted EPS (in US\$)</b>	<b>0.56</b>	<b>0.59</b>	<b>0.71</b>

Note: 1Q18 reflects the reclassification of certain revenue amounts from 'Other revenue' to 'Shareowner servicing fees'. See adjusted financial measures reconciliation on slides 28 and 29 for additional information.

# Alternative performance measures

## Reconciliation of adjusted financial measures

US\$m, except margin data	3 months ended		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
<b>Reconciliation of revenue to adjusted revenue</b>			
Revenue	519.3	545.1	587.7
Distribution expenses <sup>1</sup>	(101.9)	(102.4)	(117.3)
<b>Adjusted revenue</b>	<b>417.4</b>	<b>442.7</b>	<b>470.4</b>
<b>Reconciliation of operating income to adjusted operating income</b>			
Operating income	124.5	150.0	176.2
Employee compensation and benefits <sup>2,4</sup>	4.3	4.4	2.9
Long-term incentive plans <sup>2</sup>	(0.2)	(0.2)	0.1
Marketing <sup>2</sup>	–	0.1	0.1
General, administrative and occupancy <sup>2,4</sup>	7.4	1.9	2.1
Depreciation and amortisation <sup>3</sup>	7.4	9.1	7.4
<b>Adjusted operating income</b>	<b>143.4</b>	<b>165.3</b>	<b>188.8</b>
<b>Operating margin</b>	<b>24.0%</b>	<b>27.5%</b>	<b>30.0%</b>
<b>Adjusted operating margin</b>	<b>34.4%</b>	<b>37.3%</b>	<b>40.1%</b>

Note: Reconciliation to be used in conjunction with slide 29. Footnotes included on slide 30.

# Alternative performance measures (cont'd)

## Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
<b>Reconciliation of net income to adjusted net income, attributable to JHG</b>			
<b>Net income attributable to JHG</b>	<b>94.1</b>	<b>106.8</b>	<b>165.2</b>
Employee compensation and benefits <sup>2,4</sup>	4.3	4.4	2.9
Long-term incentive plans <sup>2</sup>	(0.2)	(0.2)	0.1
Marketing <sup>2</sup>	–	0.1	0.1
General, administrative and occupancy <sup>2,4</sup>	7.4	1.9	2.1
Depreciation and amortisation <sup>3</sup>	7.4	9.1	7.4
Interest expense <sup>4</sup>	0.9	0.9	0.7
Other non-operating income (expense) <sup>4</sup>	0.4	0.3	(44.8)
Income tax provision <sup>5</sup>	(4.3)	(5.8)	9.9
<b>Adjusted net income attributable to JHG</b>	<b>110.0</b>	<b>117.5</b>	<b>143.6</b>
<b>Diluted earnings per share (in US\$)</b>	<b>0.48</b>	<b>0.54</b>	<b>0.82</b>
<b>Adjusted diluted earnings per share (in US\$)</b>	<b>0.56</b>	<b>0.59</b>	<b>0.71</b>

Note: Reconciliation to be used in conjunction with slide 28. Footnotes included on slide 30.

# Alternative performance measures (cont'd)

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## Footnotes to reconciliation of adjusted financial measures

- <sup>1</sup> Distribution expenses are paid to financial intermediaries for the distribution of JHG's investment products. JHG management believes that the deduction of third-party distribution, service and advisory expenses from revenue in the computation of net revenue reflects the nature of these expenses, as these costs are passed through to external parties that perform functions on behalf of, and distribute, the Group's managed AUM.
- <sup>2</sup> Adjustments primarily represent integration costs in relation to the Merger, including severance costs, legal costs and consulting fees. JHG management believes these costs do not represent the ongoing operations of the Group.
- <sup>3</sup> Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortised on a straight-line basis over the expected life of the contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.
- <sup>4</sup> Adjustments for the three months ended 31 March 2019 and 31 December 2018 primarily represent increased debt expense as a consequence of the fair value uplift on debt due to acquisition accounting and deferred consideration costs associated with acquisitions prior to the Merger. Adjustments for the three months ended 31 March 2018 include the gain on the sale of JHG's back-office, middle-office and custody function in the US to BNP Paribas, fair value movement on options issued to Dai-ichi in addition to the same adjustments affecting the three-month 2019 period. JHG management believes these costs do not represent the ongoing operations of the Group.
- <sup>5</sup> The tax impact of the adjustments is calculated based on the US or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible.

# Performance fees

	1Q19 (US\$m)	4Q18 (US\$m)	1Q18 (US\$m)	AUM generating 1Q19 pfees (US\$bn)	# of funds generating 1Q19 pfees	Frequency	Timing
SICAVs	–	0.1	1.0	–	–	23 annually; 2 quarterly	23 at June; 2 on quarters
Offshore Absolute Return	–	0.3	0.4	0.2	2	Quarterly / Annually	Various
Segregated Mandates <sup>1</sup>	3.3	14.7	2.5	11.8	6	Quarterly / Annually	Various
UK OEICs & Unit Trusts	–	0.0	–	–	–	Quarterly	Various
Investment Trusts	–	0.0	–	–	–	Annually	Various
US Mutual Funds <sup>2</sup>	(8.9)	(11.5)	(7.8)	43.0	17	Monthly	Monthly
<b>Total</b>	<b>(5.6)</b>	<b>3.5</b>	<b>(3.9)</b>	<b>55.0</b>	<b>25</b>		

Note: Performance fees include prior quarter accrual true-ups. 4Q18 performance fees do not cast due to rounding.

<sup>1</sup> Segregated Mandates includes Private Accounts, Managed CDOs and Private Equity.

<sup>2</sup> AUM data presents US Mutual Fund AUM subject to performance fees as at 31 Mar 2019. Janus Investment Funds and Janus Aspen Series Portfolios are counted as distinct and separate funds.



# US mutual funds with performance fees

Mutual funds with performance fees <sup>1</sup>	AUM 31 Mar 2019 US\$m	Benchmark	Base fee	Performance fee <sup>2</sup>	Performance cap/(floor) vs benchmark	1Q19 P&L impact US\$'000
Research Fund <sup>3</sup>	13,965	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(4,040)
Forty Fund <sup>3</sup> and Portfolio	13,445	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 8.50%	(2,049)
Global Research Fund and Portfolio	3,445	MSCI World Index <sup>SM</sup>	0.60%	± 15 bps	± 6.00%	729
Mid Cap Value Fund and Portfolio	3,318	Russell Midcap <sup>®</sup> Value Index	0.64%	± 15 bps	± 4.00%	(1,189)
Small Cap Value Fund	2,967	Russell 2000 <sup>®</sup> Value Index	0.72%	± 15 bps	± 5.50%	(824)
Contrarian Fund	2,611	S&P 500 <sup>®</sup> Index	0.64%	± 15 bps	± 7.00%	(1,010)
Overseas Fund and Portfolio	2,044	MSCI All Country World ex-U.S. Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	(317)
Research Portfolio <sup>4</sup>	515	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(193)
Global Real Estate Fund	335	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	91
Global Value Fund	204	MSCI World Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	(87)
Large Cap Value Fund	98	Russell 1000 <sup>®</sup> Value Index	0.64%	± 15 bps	± 3.50%	(52)
Select Value Fund	58	Russell 3000 <sup>®</sup> Value Index	0.70%	± 15 bps	± 5.00%	16
Asia Equity Fund	25	MSCI All Country Asia ex-Japan Index <sup>SM</sup>	0.92%	± 15 bps	± 7.00%	2
<b>Total</b>	<b>43,029</b>					<b>(8,925)</b>

Note: AUM data shown on a managed view. Numbers may not cast due to rounding.

<sup>1</sup> The funds listed have a performance-based investment advisory fee that adjusts up or down based on performance relative to a benchmark over 36-month rolling periods. Please see the funds' Statements of Additional Information for more details and benchmark information.

<sup>2</sup> Adjustment of ± 15 bps assumes constant assets and could be higher or lower depending on asset fluctuations.

<sup>3</sup> The Janus Fund merged into the Research Fund and the Twenty Fund merged into the Forty Fund effective 1 May 2017. For two years, the investment advisory fee will be waived to the lesser of the investment advisory fee rate payable by the surviving fund, or the investment advisory fee rate that the merged fund would have paid if the merger did not occur.

<sup>4</sup> Until 1 May 2020, the portion of performance for periods prior to 1 May 2017 will be compared to the Portfolio's former benchmark, the Core Growth Index (50% S&P 500<sup>®</sup> Index / 50% Russell 1000<sup>®</sup> Growth Index). Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

# Long-term incentive compensation

## Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2019	2020	2021	2022	2023
2016 annual grant	7	7	–	–	–	–
2017 annual grant	24	18	6	–	–	–
2018 annual grant	82	52	24	6	–	–
2019 annual grant	148	72	49	22	4	1
Other <sup>1</sup>	111	37	30	20	13	11
<b>Total long-term incentive compensation</b>	<b>373</b>	<b>187</b>	<b>109</b>	<b>48</b>	<b>17</b>	<b>12</b>

Note: 2016, 2017 and 2018 annual grants generally vest over three and four years. 2019 annual grants generally vest over three years. Assumes no forfeitures in future periods. Assumes no change in future values related to market or currency, which would impact expense related to cash based awards (MFSA's and DEP funds) and social security expense upon vesting.

<sup>1</sup> Includes retention and recruiting awards, other subsidiary grants and social security expense. Social security expense is estimated based on amount of existing awards expected to vest in that year.

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