Group at a glance

Janus Henderson is an independent global asset manager, specialising in active management. We offer a broad range of investment solutions across major asset classes to a client base around the world.

Our purpose

We exist to help our clients achieve their long-term financial goals

At Janus Henderson

We put our clients first

We succeed as a team

We act like an owner

We aim to

Be a partner our clients can trust working to deliver excellence in both investment returns and service

Partner with each other on our responsibilities to our clients and create an environment where all our colleagues can thrive and successfully achieve their personal and professional goals

Be a responsible steward for our owners, pursuing efficiency and delivering stable and consistent financial returns

Total assets under management (AUM) (US$)

328.5bn

2017: 370.8bn

Equities (US$)

167.6bn

2017: 189.7bn

Diverse business encompassing a wide range of geographic and investment styles.

Fixed Income (US$)

72.4bn

2017: 80.1bn

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

Quantitative Equities (US$)

44.3bn

2017: 49.9bn

Our quantitative equity manager, Intech, applies advanced mathematical and systematic portfolio rebalancing intended to harness the volatility of stock price movements.

Multi-Asset (US$)

30.2bn

2017: 31.6bn

A diversity of strategies, including US and global asset allocation, traditional multi-manager and alternative asset class specialists.

Alternatives (US$)

14.0bn

2017: 19.5bn

A cross-asset class combination of alpha generation, risk management and efficient beta replication strategies.

Investment performance by capability

Percentage of AUM outperforming benchmark

	AUM (US$bn)	1 year	3 years	5 years
Equities	167.6	67%	55%	71%
Fixed Income	72.4	36%	88%	93%
Quantitative Equities	44.3	20%	11%	15%
Multi-Asset	30.2	81%	90%	91%
Alternatives	14.0	35%	94%	100%
Total	328.5	55%	61%	72%

Note: Investment performance data represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed on page 180.

Client relationships and brand

Our individual, intermediary, and institutional clients span the globe. Our conviction in the value of active management means building partnerships on openness and trust, channelling expertise from across the business, and communicating the views of our experts in a timely and relevant way.

For more information go to page 9

Investments by capability

We offer expertise across major asset classes, with investment teams situated around the world.

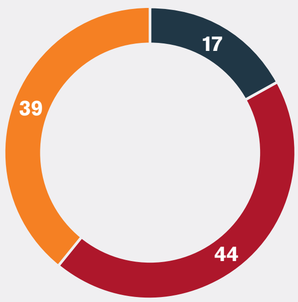
For more information go to page 12

Note: All data as at 31 December 2018, unless stated otherwise.

Assets under management

AUM by client type (%)

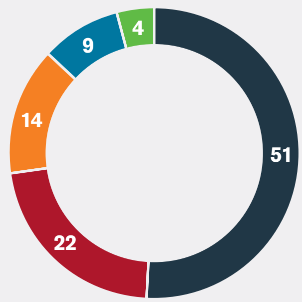
Our clients are financial professionals as well as private and institutional investors.



Self-directed	US$56.4bn
Intermediary	US$143.1bn
Institutional	US$129.0bn

AUM by capability (%)

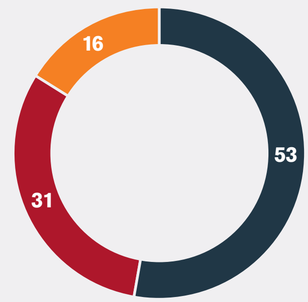
We manage assets diversified across five core investment capabilities: Equities, Fixed Income, Quantitative Equities, Multi-Asset and Alternatives.



Equities	US$167.6bn
Fixed Income	US$72.4bn
Quantitative Equities	US$44.3bn
Multi-Asset	US$30.2bn
Alternatives	US$14.0bn

AUM by client location (%)

We manage assets for clients based across the world.



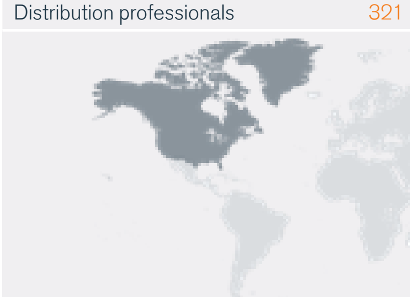
North America	US$172.4bn
EMEA & Latin America	US$102.7bn
Asia Pacific	US$53.4bn

Global geographic distribution

We have strong distribution platforms and deep client relationships in the US, UK, Continental Europe, Japan and Australia, and an evolving business in Latin America and the Middle East.

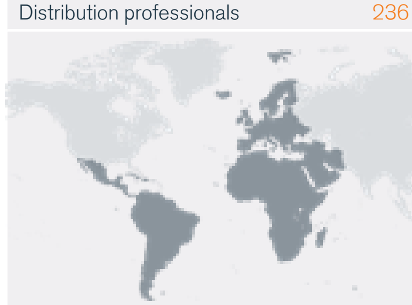
For more information go to page 11

North America	
Total AUM	US$172.4bn
Investment professionals	163
Distribution professionals	321



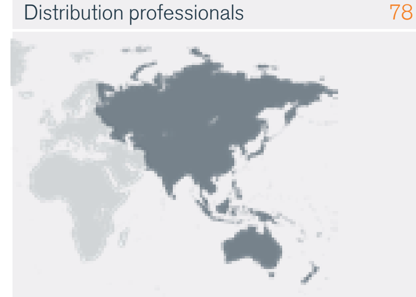
Established North American distribution network serving a diverse set of clients across financial intermediaries, institutions and self-directed channels.

EMEA & Latin America	
Total AUM	US$102.7bn
Investment professionals	148
Distribution professionals	236



Strong retail and institutional client base in the UK with an award-winning Investment Trust business. Strong relationships with global distributors in Continental Europe and growing institutional opportunities. The organic build-out of our Latin America business is gathering momentum.

Asia Pacific	
Total AUM	US$53.4bn
Investment professionals	50
Distribution professionals	78



Strategic partnership with Dai-ichi Life and its partners supports the growth of our Japanese business. Australian distribution offers a suite of global and domestic capabilities. The wider Asian business continues to evolve, with growing brand presence.

Our focus for 2019

Our five strategic priorities:

Produce dependable investment outcomes
Focus on quality and stability of investment performance.

Excel in client experience
Drive consistent and continuous improvement.

Increase focus and operational efficiency
Focus on profitability and processes.

Enhance proactive risk and control environment
Demand reliability, scalability, and simplicity.

Develop new growth initiatives
Build the businesses of tomorrow.

Chairman and Deputy Chairman's statement

This has been a year of transformation for Janus Henderson. We are now a truly global active asset manager and ready to seize the opportunities that the current volatile markets present to us.

Richard Gillingwater
Chairman

Glenn Schafer
Deputy Chairman

Completing the merger integration

2018 marked a year of transition and tremendous activity for the Group, as the teams have continued to work tirelessly on delivering exceptional service to our clients and on the merger integration. While we projected a three-year timetable to derive the expected cost synergies and complete the integration of our companies into one global asset management company, we're pleased to report that we have substantially completed the integration of the companies during the year and exceeded our stated synergy targets – nearly 18 months ahead of schedule.

As we wrote last year, establishing a common culture for Janus Henderson was one of the overarching aims of the Board and Management. We have made good progress on developing this common culture and these efforts remain a priority for the Board going forward. We are particularly encouraged by the stability of our investment platform during this period of transition. Our dedicated and talented investment teams have come together well and have been working in a truly collaborative way. This effort has been supported by a shared focus on active asset management and client service and has embodied our ethos of *Knowledge. Shared.*

Appointment of Richard Weil as CEO

During the year, we made the decision to appoint Richard Weil as sole CEO. While not an easy decision, due to having two highly qualified candidates, the CEO decision was based on a very rigorous process over several months, supported by expert advice from external consultants. The co-CEO structure was designed to be temporary to facilitate integration and, based on the exceptional merger integration progress, the Board believed it was the appropriate time for the Company to be led once again by a sole CEO, with the co-CEO structure having achieved its goals. This decision was made with the full support of the Board, and the Board believes Richard is the most appropriate individual to take Janus Henderson to the next level.

Richard brings a breadth of skills and experience from prior roles in his career where he successfully led organisations through challenge and change. His priorities for the business will continue to be to lead our colleagues and clients through this period of transition and ensure Janus Henderson is well-positioned for the long term.

As a result of the Board's decision, Andrew Formica left the firm at the end of the year, after leading the Henderson business and co-leading the Janus Henderson business for the past 10 years. We, along with the rest of the Janus Henderson Board, wanted to thank Andrew for all that he accomplished through the 25 years he was with the organisation, especially his significant efforts in completing the merger of Janus Capital and Henderson to create the firm we have today. We wish Andrew success in all of his future endeavours.

Uncertain markets, Brexit and regulation

2018 turned out to be a much more eventful year than many had expected, marked by political events having a major impact on financial markets. Trade conflicts and interest rate concerns following the end of quantitative easing have dominated the year and brought about a volatile environment.

> “At Janus Henderson, we believe that our approach to active asset management is key to helping our clients navigate these uncertain markets and achieve their long-term financial goals.”

As we write, markets continue to be volatile and the UK is facing an uncertain outcome with Brexit looming. Our own Brexit preparations have been well underway for quite some time, looking at all possible Brexit impacts in our own distribution activities. Against this backdrop, the Board recognises that the asset management industry continues to face pressure from an ever-present increase in regulatory change. One of the key objectives of the Board is to strive to engage and build very strong relationships with the regulators in all of the global regions where we operate. Needless to say, we hope that the outcome of the current debate in the UK Parliament will lead to an outcome which preserves, as far as possible, the UK's strong financial services industry.

The outlook for markets in 2019 looks set to be as varied and unpredictable as the last 12 months, given the unprecedented nature of some key aspects of the current macroeconomic environment and the fact that both policy and geopolitical uncertainty continue to remain high. At Janus Henderson, we believe that our approach to active asset management is key to helping our clients navigate these uncertain markets and achieve their long-term financial goals.

Balance sheet and capital return

The Board takes an active, disciplined approach to the management of Janus Henderson's cash and capital resources. It believes in balancing the capital needs and the investment opportunities of the business with shareholder interests, without emphasising the use of leverage.

As we wrote last year, we would look to return excess capital to shareholders as integration efforts bedded down and the short-term need for cash abated, and when capital generation outweighed opportunities to organically invest in the business. This approach has been demonstrated this year by announcing and completing the Group's first on-market share buyback of US$100 million. We will continue to look to return excess capital to shareholders following the Board's stated approach.

Dai-ichi Life Holdings Inc. and Janus Henderson: a growing strategic partnership

We would like to take the opportunity to express our thanks to our strategic partners at Dai-ichi Life. We thank them, not only for strengthening their support as shareholders by increasing their shareholding in Janus Henderson to 16%, but also for their continued support in growing our Japanese business; and more recently, in expanding our business through opportunities with their wholly-owned subsidiaries. We are grateful for their partnership and look forward to continuing to nurture the relationship in the years to come.

Conclusion

In concluding, as well as thanking our fellow Board members for their commitment, we wish to thank retiring Board member, Sarah Arkle, for the invaluable advice and experience she has brought to the Group for more than six years. We express our thanks to all our colleagues at Janus Henderson for a successful year and also to our clients and shareholders for their continuing support.

As Janus Henderson evolves from a period of transformation, we are now a truly global active asset manager with a deep and diverse product range and strong distribution capabilities in the major global investment markets. We have a talented leadership team and we are fully ready to seize the opportunities that the current volatile markets present to us, with the balance sheet strength to weather market downturns.

R. D. Gillingwater

Richard Gillingwater
Chairman

Glenn S Schafer

Glenn Schafer
Deputy Chairman

Chief Executive Officer's statement

2018 was another integral year for Janus Henderson, one marked by continued transformation across the firm and ongoing challenges across the competitive landscape.

Richard Weil
Chief Executive Officer

Throughout the year, our teams have been focused on delivering results and returns for our clients, while completing the integration work that is required to build a truly global asset management company. When we announced our merger more than two years ago, we said the benefits of the combination for clients, shareholders and employees would be fourfold. First, it would expand our distribution, enabling us to better serve our clients. Second, it would create a world-class global investment team positioned to deliver more consistent results for our clients. Third, it would improve our financial flexibility allowing us to invest in the business throughout market cycles, which should lead to stronger returns for our shareholders. Finally, we believed it would allow us to build a common culture that grows, attracts and retains the most talented professionals in our industry. As we reflect on these tenets, it is clear that they all still ring true.

- **Building stronger long-term partnerships:** during 2018, we served over 20 million clients around the world who trusted us with more than US$70 billion of new business and we are seeing deeper engagement with our global clients.
- **Solid long-term performance:** our deep bench of investment professionals continued to deliver results for our clients with over 70% of firm-wide AUM beating its respective benchmarks over the trailing five years.
- **Long-term value creation:** full year 2018 adjusted operating margins were 39% reflecting the firm's strong financial position, which will provide the flexibility for us to invest in the business.
- **Synergy realisation:** we have substantially completed the integration, realising US$125 million of annualised cost synergies nearly a year and a half ahead of the original timeline.
- **Building a common culture:** we continue to establish the firm's culture around our ethos of *Knowledge. Shared*, which is allowing us to better serve the needs of our clients and attract new talent and expertise to the team.

Despite all of the progress we have made, 2018 also saw ongoing pressures across the business as we worked through a number of areas of underperformance, faced increased competitive pressures and continued to navigate the growing swell of regulatory change around the globe.

All this said, today we are more convinced of the potential value we can create for our shareholders in the years to come. Whilst the path will not be linear, we know long-term success will be determined by our ability to deliver exceptional service to our clients, profitably grow assets under management, increase our market share across our existing businesses and develop growth drivers to build the businesses of tomorrow – we are committed to these ambitions.

2018 results

Across the global equity markets, 2018 reflected a year of volatility. One well-known measure of US retail investor sentiment (the Bull-Bear spread) perfectly illustrated the degree of volatility that we saw impact the market throughout the year. In January, this spread was in the top 97% of all-time readings, by the end of December, the spread had fallen below the third percentile of all-time readings, reflecting the sheer contrast of market sentiment over the course of the year.

Against this backdrop, our investment performance during the year was mixed across our diverse set of capabilities. As at 31 December 2018, over the one-, three- and five-year time periods, Janus Henderson had 55%, 61% and 72% of assets outperforming their respective benchmarks. As an active manager, we believe that during periods of volatility, like we experienced in 2018, we have the opportunity to set ourselves apart from the competition; it is these times when our investment discipline, collaborative thinking and innovative ideas can deliver true value for our clients. Our investment team remains committed to identifying areas with meaningful intrinsic value and unlocking that value for our clients.

Janus Henderson finished the year with US$329 billion of assets under management, a decline of 11% from a year ago, driven by US$24 billion of market decline and changes in currency rates, as well as US$18 billion of net outflows.

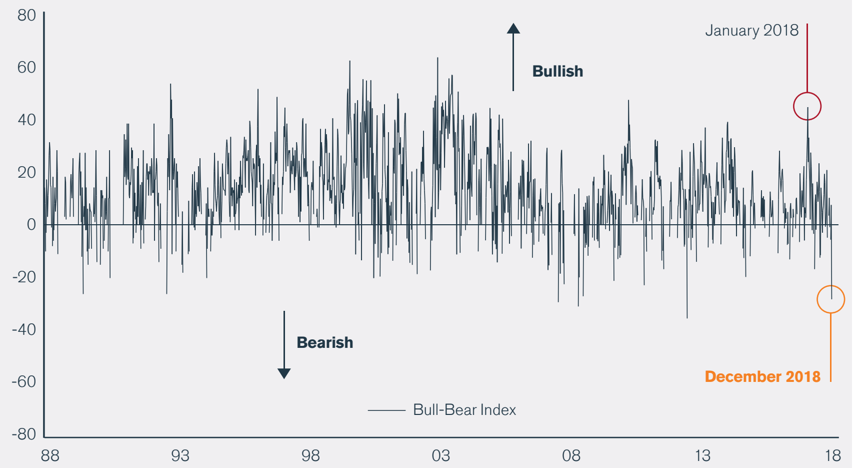
Despite the negative markets in the fourth quarter, average AUM was up 6% over the prior year, which drove higher management fees and led to a 1% increase in adjusted total revenue compared to 2017. Full year adjusted operating margin continued to be very healthy at 39%, and adjusted diluted EPS for the year was US$2.74, compared to US$2.48 in 2017. The 10% increase in adjusted EPS was driven primarily by a reduction in the full year tax rate, as a result of the tax reform that took place in the US.

The business continues to generate meaningful cash flow, and we remain committed to returning excess cash to shareholders through a mix of dividends and share buybacks. We initiated and completed a US$100 million share buyback programme during the year, in addition to returning US$275 million through our regular quarterly dividend. Looking forward, as we generate excess cash, we will continue to follow the capital return philosophy we have previously laid out, evaluating and balancing ongoing investments in the business with external opportunities we see, and when excess cash remains, returning that capital to shareholders.

Completion of integration

I am very pleased that during 2018 we were able to substantially complete our integration efforts. This delivery was nearly 18 months ahead of the original timeline we set out to achieve, and was made possible by the hard work and commitment of our employees. Since the announcement of the merger, we knew our ability to derive the true benefits for clients, shareholders and employees were largely dependent on the success of our integration efforts. The quality of the work by our team has been exemplary and I am very pleased that due to these efforts we have been able to realise our targeted cost synergies of US$125 million well ahead of plan.

US retail investor sentiment on stocks – Bull-Bear Index



Source: Bloomberg, as at 31 December 2018. Spread is difference between bullish and bearish readings of the weekly survey of the American Association of Individual Investors.

Investment management overview

From an investment perspective, it is fair to say that the year was one of mixed fortunes. Success in certain areas was diminished by weakness elsewhere. Our over-riding goal is to deliver dependable investment outcomes that meet our clients' objectives. In that regard, while our aggregate three- and five-year performance figures are strong outside of Quantitative Equities, there is no escaping our disappointment with our one-year figures. While Equities, our largest capability, and Multi-Asset did well, we need to do better in the other areas.

Equities

A key strength of the Equities business at Janus Henderson is its breadth, from traditional core domestic equities to more specialised investing, such as technology, healthcare and real estate. During 2018, we saw continued strong performance among many of the traditional US equity strategies, and several of our specialised equities portfolios were among our top performers, delivering both outperformance for clients and positive fund flows. They highlight the global nature of the Company, encompassing teams based in the US, the UK, Singapore and Australia.

Additionally, we continued to build out our offering with the launch of a biotechnology fund in Europe that allows more investors to access the expertise of our highly regarded life sciences team in Denver. In Australia, the natural resources team won a number of large institutional mandates during the year, while retail investors continued to be attracted to our global sustainable equity offering, which captures the growing trend for investment in companies that are both profitable and positively impact society.

Overall, our Equity capability had net outflows of US$10 billion, which was driven by significant outflows from our European equity strategies that experienced notable underperformance. This reflected a combination of softer economic growth, political tension and the region's smaller representation in technology companies. It is not unusual for money to rotate in and out of the region and we continued to invest in our European equities business, recruiting experienced fund managers and analysts to ensure that we remain top-of-mind with investors. The majority of these strategies have seen improved returns during the year, but the improvement needs to be sustained for a longer period of time before it is significant enough to gain clients' attention.

Chief Executive Officer's statement continued

Investment performance by capability

Percentage of AUM outperforming benchmark

	AUM (US$bn)	1 year	3 years	5 years
Equities	167.6	67%	55%	71%
Fixed Income	72.4	36%	88%	93%
Quantitative Equities	44.3	20%	11%	15%
Multi-Asset	30.2	81%	90%	91%
Alternatives	14.0	35%	94%	100%
Total	328.5	55%	61%	72%

Note: Investment performance data represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed on page 180.

Encouragingly, in 2018, we continued to see net inflows across a number of our largest US equity strategies, driven by some very strong long-term investment returns delivered by the team, and we are very pleased that we are continuing to take market share in the active equity business among US intermediaries. Many of our strategies appealed to investors, spurred by strong long-term track records across platform and capitalisation ranges. Our flagship portfolios in the mid- and small-cap space continued their record of strong performance and inflows, as did several of our large cap and concentrated growth strategies. With the continued outperformance of growth stocks, value strategies were frequently in less demand and our Perkins range typically experienced outflows as did some of our international equity funds as US investors often favoured a domestic bias.

Our determination to invest for the long term bore fruit in our emerging market equities business, which secured several new institutional mandates from around the world during 2018 to lift strategy assets to US$5 billion. Similarly, our enhanced index strategies, which add an active element to a passive approach continued to attract the attention of global institutions.

Fixed Income

Fixed income markets were volatile, with an initial expectation of rising yields giving way to a decline as the year progressed. Question marks over the robustness of corporate earnings and debt levels caused credit spreads to widen, weighing on corporate bond returns. There was some rotation away from core fixed income towards more defensive or strategic strategies, which led to inflows for our strategic fixed income and absolute return strategies as the year progressed.

Overall, Fixed Income net outflows were US$4 billion for the year, driven by redemptions in the US and Europe, offset by continuing momentum in the Asia Pacific region, particularly in Australia. Once again, Australia was a key source of growth capturing positive net flows across both retail and institutional clients for the year.

Our expertise in offering investors access to secured credit asset classes not typically found in traditional fixed income portfolios led to flows into multi-asset credit and multi-sector fixed income. We continued to build out our securitised debt offerings through the launch of a mortgage-backed securities exchange-traded fund (ETF), which helps fill the white space between actively managed funds and passive indices.

A key goal in 2018 was to bring the teams under a more global structure, the most prominent of which was the establishment of a Global Bonds team that linked the US, London and Sydney.

Quantitative Equities

The year-long divergence in capital concentration between the US and international markets, along with a sharp reversal from momentum to defensive stocks in the fourth quarter, led to mixed 2018 performance for Intech, the quantitative equity subsidiary. The market rewarded Intech's Low Volatility Equity strategies, while hampering the firm's traditional Relative Risk strategies.

In 2018, net outflows of US$2 billion were US$6 billion better than the prior year, with inflows from EMEA offset by outflows from Asia. However, due to underperformance in 2018, the Quantitative Equities business will likely face headwinds in 2019.

Over the course of the year, we launched Intech Equity Market Stress Monitor™, an innovative web-based resource to help clients monitor market risk, extended the absolute return platform with Intech Global Absolute Return, and introduced Intech Global Minimum Volatility FactorPlus, which applies Intech's relative risk process to a popular factor benchmark. Additionally, the Intech team published a paper with the London School of Economics, which Savvy Investor recognised as one of the Best Factor Investing Papers in 2018.

Multi-Asset

Multi-Asset flows during the year were strong with US$2 billion of net inflows, a 6% organic growth rate. This result was driven by net inflows in the Balanced portfolios as a result of the strategy's exceptional investment performance and the global strength of our distribution team. In uncertain times, its active mix of assets, experienced team and solid track record was a winning formula. The strategy generated positive flows across all three regions of business, including both intermediary and institutional clients showing the cross-selling benefits of the merger. The dynamic and adaptive asset allocation products managed from Denver also attracted positive flows globally. Within Europe, the cautious managed strategy suffered outflows as Brexit concerns weighed on UK assets, although the core income proposition began to see some momentum.

In December, we announced the hiring of Michael Ho, who will oversee both Multi-Asset and Alternatives. His role is to help expand these divisions as well as bringing the two areas closer together since there is a natural overlap in terms of portfolio blending and constructing solutions for investors. His arrival at the Executive Committee level underscores our commitment to these capabilities.

Alternatives

Alternatives net outflows for the year were US$4 billion, compared to slight inflows in the prior year. Investor nervousness surrounding Brexit weighed on the UK Property PAIF and underperformance in our UK Absolute Return strategy led to considerable withdrawals.

During the year, we merged smaller Alternatives teams into a single Diversified Alternatives team; this brings former Janus and Henderson capabilities together into a single global team, which better positions our investment capability and improved institutional credibility. We engaged in a successful roadshow with the new team on risk premia products, which paves the way for a key sales initiative in 2019.

Client relationships and brand

A key driver of the Janus Henderson merger was the benefits it would deliver to clients through the enhanced distribution of world-class capabilities and solutions. Greater breadth of opportunity and depth of insight are, we believe, key to the future of client relationships.

Global connections

In 2018, we were excited to be able to connect our investment expertise with new markets. New systems were introduced, integration projects completed, client support teams strengthened and distribution teams came together to deliver global solutions.

The benefits are already being seen. At an institutional client level, we are now able to offer strategies and services befitting the world's largest global investors. This was evidenced by wins with clients who, prior to the merger, would not have considered our businesses large enough to partner with.

It has also resulted in investment capabilities that were previously only offered to investors in single regions being easier to access globally, thanks to product development and greater cross-border collaboration. This included our Global Life Sciences and Balanced franchises, run out of the US, garnering client interest in Europe and Asia, while our UK-based Emerging Market and Strategic Fixed Income teams saw demand from North America. Elsewhere our Absolute Return Income offering is being opened up to meet widespread demand, while the asset allocation expertise of our Adaptive Multi-Asset team is being utilised by clients in Asia.

Establishing a connection between clients' investments and their tangible impact formed a key part of our marketing activity. One example was our global disruption-themed campaign, whereby our managers shared their thinking on the power of disruption across industries and geographies and why they are focused on companies that are helping investors stay on the right side of change. Another powerful example was a video in which one of our client portfolio managers with diabetes demonstrated how technology from a company invested in by our Global Life Sciences team was helping her to pursue her passion of long-distance running.

Regional picture

On a regional flows basis, 2018 saw our EMEA and Latin America business experience challenges with allocations away from some of our core product areas. We did, however, see interest and mandate wins in our global bond capabilities and specialist equity offerings. In the US, flows were healthy for the first nine months, before the general 'risk-off' move in the fourth quarter caused these to reverse. The US advisor channel, however, achieved notable gross sales growth and market share gains. There were also wins with our Adaptive Multi-Asset team and our extensive US research capability. In Asia Pacific, flows were positive as a result of strengthening relationships with Dai-ichi Life, inflows into Intech, our quantitative equities subsidiary, and strong sales into our Fixed Income and Balanced franchises. The Asia ex-Japan distribution team also underwent a restructuring to better take advantage of the region's strong growth tailwinds.

Chief Executive Officer's statement continued

Four key themes impacting the distribution landscape

Solutions-based outcomes
Inputs and outputs matter to an ever-greater extent. Large clients are increasingly interested in specific outcomes and how best we might be able to blend capabilities in seeking to deliver on these. This can be linked to Environmental, Social and Governance criteria or combining investment styles and techniques as part of a multi-asset solution.

Institutionalised selection
Manager selection and monitoring is becoming increasingly sophisticated. The ever-greater use of gatekeepers to shape buy lists means selection decisions rest with fewer individuals. Equally, the analysis and monitoring of managers is ever more advanced. That is why we continue to invest in the systems and global connectivity to deliver reporting and insights at pace, along with client support teams able to add value through timely updates.

Increased transparency
Clients and regulators are expecting ever-greater levels of information and transparency of approaches across global markets. Clients are rightly analysing when the potential added-value from exposure to a particular investment style or process makes it worthwhile to pay higher fees. They are also looking for expertise in the most cost-effective and appropriate share class, wrapper or vehicle. We are proud to have the flexibility to deliver a range of options and the product development capabilities to stay at the forefront of this change.

Return of volatility
Many clients this year have been reassessing whether their focus and allocations are right for the environment ahead. It is in these conditions that the value of active management can prove its worth with the blending of strategies and risk overlays opening up paths to investment returns less correlated to broader equity market moves. For this reason we continue to innovate with new solutions, risk management and enhanced portfolio construction techniques.

Volatility challenges

The fourth quarter's equity market volatility and client 'de-risking' proved a timely reminder to many of the importance of diversification. Against this challenging backdrop, clients tell us they need greater support and place even more value on partnerships and insight that allow them to make better-informed investment and business decisions. This has shaped our *Knowledge. Shared* approach which seeks to provide timely and relevant expert insight as part of an ongoing dialogue with clients. It is an approach that received external validation through 2018 with awards won in North America and Europe based on digitally delivered content. Additionally, our Knowledge Labs consultancy and training programmes, and recognition of innovation within our Knowledge Exchange client events provide further opportunities for us to partner with our clients. These will be further enhanced in 2019 with our new web platform coming online, a new client relationship management (CRM) system and technology being utilised, taking client experience to the next level.

Outlook
In our industry, there are always many factors which we cannot control – markets, client behaviour and industry trends – but the important thing is to continue to make progress in the areas we do control. As we look forward, we do not expect the competitive pressures we face to abate; rather we expect those to become stronger. We also do not see a slowdown in the regulatory change our industry is facing, and we see no reversal in the increased volatility that the markets demonstrated in 2018. In this environment, our most important challenge as a company will be managing our business effectively with a strong and stable team, process and philosophy, while maintaining a sound focus on financial discipline. If we do this, we will be successful in delivering on the aspirations of what we hope to be as a firm, and we will deliver market-leading returns to our shareholders.

Overall, I remain optimistic about the outlook for our business. With the strength of the existing team, augmented by the talent and leadership we have recently added, I believe the firm is positioned well for the future. The Executive Committee remains focused on building a balance between business discipline and appropriate reinvestment in our business to maximise profits over the medium term. I believe in our potential, in the progress we are making and, most of all, in our people. We are taking the right steps as a firm to deliver on our promises to our clients, our shareholders and our employees, and I am confident that if we continue to successfully execute our initiatives that we will be a stronger, and more globally diverse firm.

Rd M. Weil

Richard Weil
Chief Executive Officer

Global distribution footprint[1]

Global distribution professionals

635

Total Group AUM (US$)

328.5bn

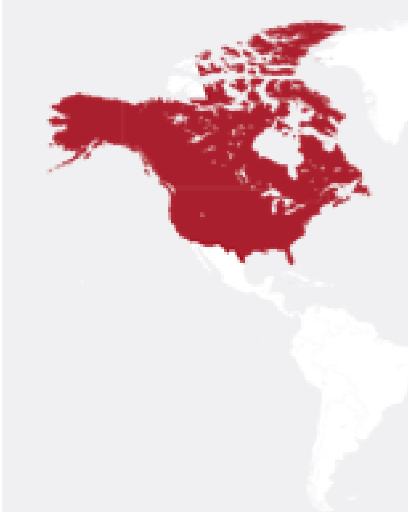
North America

Distribution professionals

321

Total AUM (US$)

172.4bn



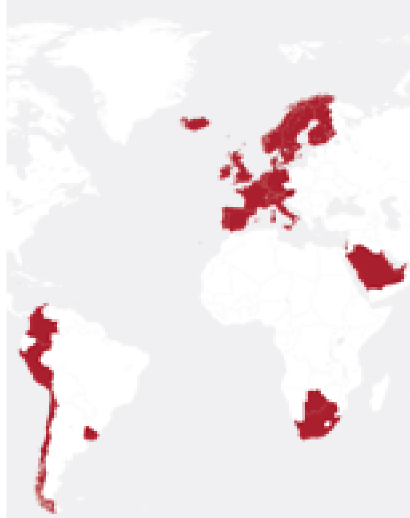
EMEA & Latin America

Distribution professionals

236

Total AUM (US$)

102.7bn



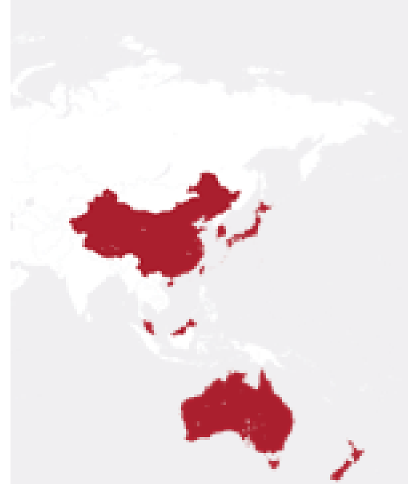
Asia Pacific

Distribution professionals

78

Total AUM (US$)

53.4bn



Growth opportunities

North America

- Leverage strong long-term track records in flagship portfolios
- Continue to expand institutional business through depth and breadth of investment strategy offering
- Build brand presence, with *Knowledge. Shared* ethos

EMEA & Latin America

- Leverage increased distribution footprint, driving cross-selling opportunities
- Maintain UK market share and capitalise on retail opportunities in Europe
- Institutional opportunities in Europe and Middle East
- Develop relationships with global financial institutions
- Capitalise on opportunities within Latin America

Asia Pacific

- Maximise strategic partnership with Dai-ichi Life and its partners
- Build on strong brand presence to leverage enhanced product suite
- Leverage the strong capabilities of our fixed income and natural resources teams in Australia
- Continue to build on cross-selling momentum in broader Asia Pacific region

1. Location of client assets of US$20m or more as at 31 December 2018.

Investments by capability

We offer expertise across major asset classes, with investment teams situated around the world.

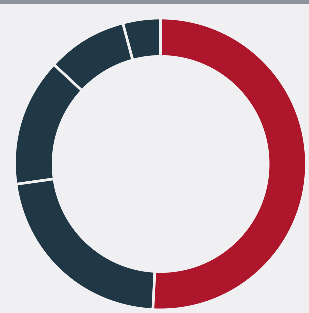
Equities

We offer a wide range of equity strategies encompassing different geographic focuses and investment styles. The equity teams include those with a global perspective, those with a regional focus – US, Europe and Asia – and those invested in specialist sectors. These teams generally apply processes based on fundamental research and bottom-up stock picking.

Fixed Income

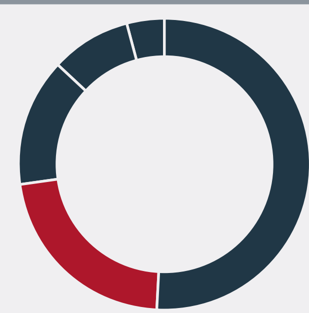
Our Fixed Income teams provide coverage across the asset class, applying a wide range of differentiated techniques. These teams include those adopting global unconstrained approaches through to those with more focused mandates. The capabilities of these teams can be accessed through individual strategies and are combined where appropriate to form multi-strategy offerings.

Equities AUM (US$)



167.6bn

Fixed Income AUM (US$)



72.4bn

Investment outperformance

	1 year	3 years	5 years
Equities	67%	55%	71%

Investment outperformance

	1 year	3 years	5 years
Fixed Income	36%	88%	93%

Largest pooled funds

Funds	AUM 31 Dec 2018 (US$bn)
JnsHnd Enterprise	**16.4**
JnsHnd Research	**12.1**
JnsHnd Forty	**11.0**
JnsHnd Triton	**9.7**
JnsHnd Growth and Income	**5.1**

Largest pooled funds

Funds	AUM 31 Dec 2018 (US$bn)
JnsHnd Flexible Bond	**6.3**
JnsHnd Absolute Return	**4.3**
JnsHnd Strategic Bond	**2.6**
JnsHnd Tactical Income	**2.3**
JnsHnd Euro Corporate Bond	**1.4**

Note: Investment performance data represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed on page 180.

Quantitative Equities

Our Quantitative Equities business, known under the brand Intech, applies advanced mathematics and systematic portfolio rebalancing intended to harness the volatility of movements in stock prices – a reliable source of excess returns and risk control. With over 30 years of volatility expertise, the Intech team employs a distinctive quantitative approach based on observations of actual price movements, not on subjective forecasts of companies' future performance.

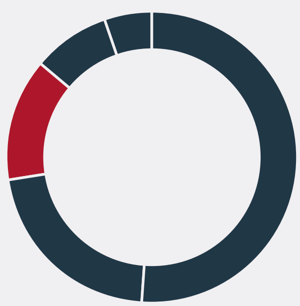
Multi-Asset

Janus Henderson Multi-Asset includes teams in the US and UK. In the US, our teams manage US and global asset allocation strategies. In the UK, we have asset allocation specialists, traditional multi-manager investors and those focused on alternative asset classes.

Alternatives

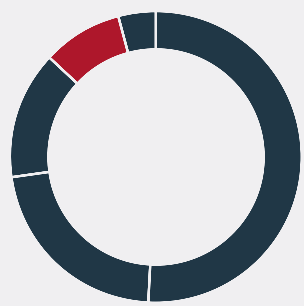
The Janus Henderson Alternatives grouping includes teams with different areas of focus and approach. The Diversified Alternatives team brings together a cross-asset class combination of alpha generation, risk management and efficient beta replication strategies. These include multi-strategy, liquid alternatives, absolute return, agriculture and global commodities/managed futures. Finally, the investment management of our direct UK commercial property offering is sub-advised to Nuveen Real Estate.

Quantitative Equities AUM (US$)



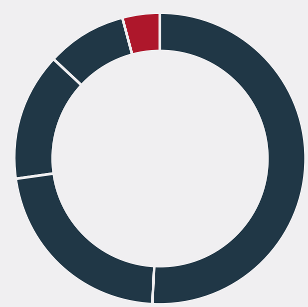
44.3bn

Multi-Asset AUM (US$)



30.2bn

Alternatives AUM (US$)



14.0bn

Investment outperformance

	1 year	3 years	5 years
Quantitative Equities	20%	11%	15%

Investment outperformance

	1 year	3 years	5 years
Multi-Asset	81%	90%	91%

Investment outperformance

	1 year	3 years	5 years
Alternatives	35%	94%	100%

Five investment platforms

All strategies subscribe to an investment idea used across five investment platforms: equity price volatility is enduring and a reliable source of both excess return and a key to risk control.

Enhanced Equity	Low Tracking Error Relative Return Objective
Active Core Equity	
Adaptive Volatility Equity	
Low Volatility Equity	
Absolute Return	Low Standard Deviation Absolute Return Objective

Largest pooled funds

Funds	AUM 31 Dec 2018 (US$bn)
JnsHnd Balanced (US Mutual Funds)	**19.5**
JnsHnd Cautious Managed	**2.0**
JnsHnd Balanced (OEIC)	**1.7**
JnsHnd Multi-Manager Managed	**0.4**

Largest pooled funds

Funds	AUM 31 Dec 2018 (US$bn)
JnsHnd UK Absolute Return (SICAV)	**4.0**
JnsHnd UK Property PAIF/PAIF Feeder	**3.6**
JnsHnd UK Absolute Return (OEIC)	**2.9**
JnsHnd Horizon Pan European Alpha	**0.8**
Alphagen Euro Best Ideas	**0.3**