

## Section 1: 10-Q (10-Q)

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-38103



## Janus Henderson Group plc

(Exact name of registrant as specified in its charter)

**Jersey, Channel Islands**  
(State or other jurisdiction of  
incorporation or organization)

**98-1376360**  
(I.R.S. Employer  
Identification No.)

**201 Bishopsgate EC2M 3AE**  
**United Kingdom**  
(Address of principal executive offices)

**N/A**  
(Zip Code)

**+44 (0) 20 7818 1818**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer       Accelerated Filer       Non-Accelerated Filer       Smaller Reporting Company   
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 26, 2018, there were 198,632,634 shares of the Group's common stock, \$1.50 par value per share, issued and outstanding.

---

---

---

**PART I — FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**JANUS HENDERSON GROUP PLC**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(Dollars in Millions, Except Share Data)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 754.8	\$ 760.1
Investment securities	310.3	280.4
Fees and other receivables	333.3	419.6
OEIC and unit trust receivables	174.4	239.9
Assets of consolidated VIEs:		
Cash and cash equivalents	41.3	34.1
Investment securities	303.9	419.7
Other current assets	10.0	12.9
Other current assets	68.4	75.9
Total current assets	<u>1,996.4</u>	<u>2,242.6</u>
<b>Non-current assets:</b>		
Property, equipment and software, net	65.0	70.6
Intangible assets, net	3,146.2	3,204.8
Goodwill	1,495.1	1,533.9
Retirement benefit asset, net	204.9	199.3
Other non-current assets	15.9	21.5
Total assets	<u>\$ 6,923.5</u>	<u>\$ 7,272.7</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 220.9	\$ 292.9
Current portion of accrued compensation, benefits and staff costs	287.1	398.7
Current portion of long-term debt	—	57.2
OEIC and unit trust payables	166.7	234.8
Liabilities of consolidated VIEs:		
Accounts payable and accrued liabilities	15.0	21.5
Total current liabilities	<u>689.7</u>	<u>1,005.1</u>
<b>Non-current liabilities:</b>		
Accrued compensation, benefits and staff costs	48.2	23.0
Long-term debt	319.8	322.0
Deferred tax liabilities, net	744.8	752.6
Retirement benefit obligations, net	4.5	4.6
Other non-current liabilities	78.8	99.6
Total liabilities	<u>1,885.8</u>	<u>2,206.9</u>
<b>Commitments and contingencies (See Note 13)</b>		
<b>REDEEMABLE NONCONTROLLING INTERESTS</b>	<u>139.2</u>	<u>190.3</u>
<b>EQUITY</b>		
Common stock (\$1.50 par, 480,000,000 shares authorized and 198,632,634 and 200,406,138 shares issued and outstanding, respectively)	297.9	300.6
Additional paid-in-capital	3,800.1	3,842.9
Treasury shares (4,534,011 and 4,071,284 shares held, respectively)	(171.2)	(155.8)
Accumulated other comprehensive loss, net of tax	(377.8)	(301.8)
Retained earnings	1,322.9	1,151.4
Total shareholders' equity	<u>4,871.9</u>	<u>4,837.3</u>

Nonredeemable noncontrolling interests	26.6	38.2
Total equity	<u>4,898.5</u>	<u>4,875.5</u>
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 6,923.5</u>	<u>\$ 7,272.7</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

JANUS HENDERSON GROUP PLC

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
(Dollars in Millions, Except per Share Data)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Revenue:</b>				
Management fees	\$ 498.7	\$ 481.8	\$ 1,495.1	\$ 982.8
Performance fees	(6.0)	(2.1)	3.6	70.4
Shareowner servicing fees	33.1	30.2	96.4	40.1
Other revenue	55.4	57.0	166.2	103.2
Total revenue	<u>581.2</u>	<u>566.9</u>	<u>1,761.3</u>	<u>1,196.5</u>
<b>Operating expenses:</b>				
Employee compensation and benefits	159.5	176.7	457.2	370.7
Long-term incentive plans	61.1	50.9	156.3	114.6
Distribution expenses	112.3	112.3	344.3	235.4
Investment administration	12.2	11.7	35.3	31.6
Marketing	7.1	8.1	25.1	21.4
General, administrative and occupancy	59.9	54.2	191.3	146.6
Depreciation and amortization	20.8	14.8	52.0	30.5
Total operating expenses	<u>432.9</u>	<u>428.7</u>	<u>1,261.5</u>	<u>950.8</u>
<b>Operating income</b>	148.3	138.2	499.8	245.7
Interest expense	(4.0)	(4.7)	(11.7)	(7.8)
Investment gains (losses), net	(8.3)	6.1	(25.6)	15.0
Other non-operating income, net	2.3	8.7	55.1	8.0
Income before taxes	138.3	148.3	517.6	260.9
Income tax provision	(33.2)	(46.1)	(118.8)	(74.6)
Net income	105.1	102.2	398.8	186.3
Net loss (income) attributable to noncontrolling interests	6.1	(2.7)	18.2	(2.5)
<b>Net income attributable to JHG</b>	<u>\$ 111.2</u>	<u>\$ 99.5</u>	<u>\$ 417.0</u>	<u>\$ 183.8</u>
<b>Earnings per share attributable to JHG common shareholders:</b>				
Basic	\$ 0.55	\$ 0.49	\$ 2.08	\$ 1.20
Diluted	\$ 0.55	\$ 0.49	\$ 2.07	\$ 1.19
<b>Other comprehensive income, net of tax:</b>				
Foreign currency translation gains (losses)	\$ (22.6)	\$ 41.6	\$ (74.6)	\$ 116.1
Net unrealized gains (losses) on available-for-sale securities	—	0.2	—	(0.2)
Other comprehensive income (loss), net of tax	(22.6)	41.8	(74.6)	115.9
Other comprehensive loss attributable to noncontrolling interests	0.3	2.8	1.1	19.1
<b>Other comprehensive income (loss) attributable to JHG</b>	<u>\$ (22.3)</u>	<u>\$ 44.6</u>	<u>\$ (73.5)</u>	<u>\$ 135.0</u>
Total comprehensive income	\$ 82.5	\$ 144.0	\$ 324.2	\$ 302.2
Total comprehensive loss attributable to noncontrolling interests	6.4	0.1	19.3	16.6
<b>Total comprehensive income attributable to JHG</b>	<u>\$ 88.9</u>	<u>\$ 144.1</u>	<u>\$ 343.5</u>	<u>\$ 318.8</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

JANUS HENDERSON GROUP PLC

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(Dollars in Millions)

	Nine months ended September 30,	
	2018	2017
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b>Operating activities:</b>		
Net income	\$ 398.8	\$ 186.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52.0	30.5
Stock-based compensation plan expense	64.5	57.3
Investment (gains) losses, net	25.6	(15.0)
Gain from BNP Paribas transaction	(22.3)	—
Dai-ichi option fair value adjustments	(26.8)	—
Contributions to pension plans in excess of costs recognized	(13.2)	(14.7)
Other, net	(2.6)	(5.1)
Changes in operating assets and liabilities:		
OEIC and unit trust receivables and payables	(2.6)	(4.8)
Other assets	109.9	(88.1)
Other accruals and liabilities	(155.8)	71.8
Net operating activities	<u>427.5</u>	<u>218.2</u>
<b>Investing activities:</b>		
Cash acquired from acquisition	—	417.2
Proceeds from (purchases of):		
Property, equipment and software	(17.6)	(9.1)
Investment securities, net	38.1	102.6
Investment securities by consolidated seeded investment products, net	25.6	23.9
Proceeds from BNP Paribas transaction, net	36.5	—
Dividends received from equity-method investments	—	0.2
Net cash received (paid) on settled hedges	1.0	(16.3)
Proceeds from sale of Volantis	4.3	0.5
Net investing activities	<u>87.9</u>	<u>519.0</u>
<b>Financing activities:</b>		
Proceeds from settlement of convertible note hedge	—	59.3
Settlement of stock warrant	—	(47.8)
Proceeds from issuance of option	—	25.7
Proceeds from stock-based compensation plans	0.4	2.4
Purchase of common stock for stock-based compensation plans	(85.2)	(44.3)
Purchase of common stock for share buyback program	(49.9)	—
Dividends paid to shareholders	(205.9)	(192.3)
Repayment of long-term debt	(95.3)	(50.2)
Payment of contingent consideration	(22.8)	—
Distributions to noncontrolling interests	(3.6)	(0.8)
Third-party redemptions in consolidated seeded investment products, net	(25.6)	(122.7)
Principal payments under capital lease obligations	(1.1)	(0.4)
Net financing activities	<u>(489.0)</u>	<u>(371.1)</u>
<b>Cash and cash equivalents:</b>		
Effect of foreign exchange rate changes	(24.5)	10.4
Net change	1.9	376.5
At beginning of period	794.2	323.2
At end of period	<u>\$ 796.1</u>	<u>\$ 699.7</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 14.8	\$ 8.0
Cash paid for income taxes, net of refunds	\$ 143.9	\$ 55.7
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents	\$ 754.8	\$ 650.1
Cash and cash equivalents held in consolidated VIEs	41.3	49.6
Total cash and cash equivalents	<u>\$ 796.1</u>	<u>\$ 699.7</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**JANUS HENDERSON GROUP PLC**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
(Amounts in Millions)

	Number of shares	Common stock	Additional paid-in- capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
<b>Balance at December 31, 2016</b>	1,131.8	\$ 234.4	\$ 1,237.9	\$ (155.1)	\$ (434.5)	\$ 764.8	\$ 44.8	\$ 1,692.3
Share consolidation	(1,018.6)	—	—	—	—	—	—	—
Net income	—	—	—	—	—	183.8	1.6	185.4
Other comprehensive income (loss)	—	—	—	—	135.0	—	(19.1)	115.9
Dividends paid to shareholders	—	—	—	—	—	(192.3)	—	(192.3)
Distributions to noncontrolling interests	—	—	—	—	—	—	(0.6)	(0.6)
Fair value adjustments to Intech redeemable noncontrolling interests	—	—	—	—	—	(0.2)	—	(0.2)
Derivative instruments acquired on acquisition	—	—	31.4	—	—	—	—	31.4
Noncontrolling interests recognized on acquisition	—	—	—	—	—	—	16.5	16.5
Redemptions of convertible debt and settlement of derivative instruments	—	—	(6.4)	—	—	—	—	(6.4)
Tax impact of convertible debt redemptions and settlement of derivative instruments	—	—	(5.7)	—	—	—	—	(5.7)
Purchase of common stock for stock- based compensation plans	—	—	—	(44.3)	—	—	—	(44.3)
Issuance of common stock	87.2	130.8	2,551.2	—	—	—	—	2,682.0
Redenomination and reduction of par value of stock	—	(64.6)	64.6	—	—	—	—	—
Acquisition adjustment in relation to unvested awards	—	—	(81.3)	—	—	—	—	(81.3)
Vesting of stock-based compensation plans	—	—	(17.8)	40.2	—	(22.4)	—	—
Stock-based compensation plan expense	—	—	47.4	—	—	9.9	—	57.3
Proceeds from stock-based compensation plans	—	—	2.4	—	—	—	—	2.4
<b>Balance at September 30, 2017</b>	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,823.7</u>	<u>\$ (159.2)</u>	<u>\$ (299.5)</u>	<u>\$ 743.6</u>	<u>\$ 43.2</u>	<u>\$ 4,452.4</u>
<b>Balance at December 31, 2017</b>	200.4	\$ 300.6	\$ 3,842.9	\$ (155.8)	\$ (301.8)	\$ 1,151.4	\$ 38.2	\$ 4,875.5
Cumulative-effect adjustment	—	—	—	—	(2.5)	2.7	—	0.2
<b>Balance at December 31, 2017 - Adjusted</b>	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,842.9</u>	<u>\$ (155.8)</u>	<u>\$ (304.3)</u>	<u>\$ 1,154.1</u>	<u>\$ 38.2</u>	<u>\$ 4,875.7</u>
Net income	—	—	—	—	—	417.0	(8.4)	408.6
Other comprehensive loss	—	—	—	—	(73.5)	—	—	(73.5)
Dividends paid to shareholders	—	—	0.1	—	—	(201.1)	—	(201.0)
Share buyback program	(1.8)	(2.7)	—	—	—	(47.2)	—	(49.9)
Distributions to noncontrolling interests	—	—	—	—	—	—	(3.2)	(3.2)
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.1	—	0.1
Redemptions of convertible debt	—	—	(38.0)	—	—	—	—	(38.0)
Purchase of common stock for stock- based compensation plans	—	—	(37.3)	(47.9)	—	—	—	(85.2)
Vesting of stock-based compensation plans	—	—	(32.5)	32.5	—	—	—	—
Stock-based compensation plan expense	—	—	64.5	—	—	—	—	64.5
Proceeds from stock-based compensation plans	—	—	0.4	—	—	—	—	0.4
<b>Balance at September 30, 2018</b>	<u>198.6</u>	<u>\$ 297.9</u>	<u>\$ 3,800.1</u>	<u>\$ (171.2)</u>	<u>\$ (377.8)</u>	<u>\$ 1,322.9</u>	<u>\$ 26.6</u>	<u>\$ 4,898.5</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.



## JANUS HENDERSON GROUP PLC

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

#### **Note 1 — Basis of Presentation and Significant Accounting Policies**

##### ***Basis of Presentation***

In the opinion of management of Janus Henderson Group plc (“JHG” or “the Group”), the accompanying unaudited condensed consolidated financial statements contain all normal recurring adjustments necessary to fairly state the financial position, results of operations and cash flows of JHG in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Such financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the annual consolidated financial statements and notes presented in JHG’s Annual Report on Form 10-K for the year ended December 31, 2017. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying financial statements through the issuance date and are included in the notes to the condensed consolidated financial statements.

On May 30, 2017, JHG completed a merger of equals with Janus Capital Group Inc. (“JCG”) (the “Merger”). As a result of the Merger, JCG and its consolidated subsidiaries became subsidiaries of JHG.

##### ***Recent Accounting Pronouncements Adopted***

###### *Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new revenue recognition standard. The standard’s core principle is that a company will recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the standard specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The revenue standard became effective on January 1, 2018.

In March 2016, the FASB issued an amendment to its principal-versus-agent guidance in the FASB’s new revenue standard. The key provisions of the amendment are assessing the nature of the entity’s promise to the customer, identifying the specified goods or services, and applying the control principle and indicators of control. The amendment became effective on January 1, 2018. In addition, entities are required to adopt the amendment by using the same transition method they used to adopt the new revenue standard.

The Group adopted the new revenue recognition standard, along with the updated principal-versus-agent guidance, effective January 1, 2018, using the retrospective method, which required adjustments to be reflected as of January 1, 2016. In connection with the adoption of this guidance, the Group determined that the new guidance does not change the timing of when the Group recognizes revenue. However, management did conclude that certain distribution and servicing fees earned from its U.S. mutual funds associated with mutual fund transfer agent, accounting, shareholder servicing and participant recordkeeping activities could no longer be reported net of the expenses paid to third-party intermediaries that perform such services. Under the new guidance, the Group is deemed to have control over the distribution and servicing activities before they are transferred to the U.S. mutual funds. As such, distribution and servicing fees collected from the Group’s U.S. mutual funds are reported separately from distribution and servicing fees paid to third-party intermediaries on the Group’s Condensed Consolidated Statements of Comprehensive Income.

The adoption of the standard increased management fees, other revenue and distribution expenses on the Group's Condensed Consolidated Statements of Comprehensive Income as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Increase in:				
Management fees	\$ 4.7	\$ 4.1	\$ 12.8	\$ 11.6
Other revenue	\$ 26.2	\$ 25.4	\$ 77.7	\$ 33.2
Distribution expenses	\$ 30.9	\$ 29.5	\$ 90.5	\$ 44.8

The adoption of the standard did not have an impact to net income attributable to JHG on the Group's Condensed Consolidated Statements of Comprehensive Income.

#### *Financial Instruments*

In January 2016, the FASB issued amendments to its financial instruments standard, including changes relating to the accounting for equity investments and the presentation and disclosure requirements for financial instruments. Under the amended guidance, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. There will no longer be an available-for-sale classification (changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values. The amended guidance also requires financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category (e.g., fair value, amortized cost, lower of cost or market value) and form of financial asset (e.g., loans, securities). The standard became effective on January 1, 2018.

On January 1, 2018, the Group adopted the financial instruments accounting standard on a modified retrospective basis. The accounting standard required the Group to reclassify a \$2.5 million unrealized gain related to available-for-sale securities in accumulated other comprehensive loss to retained earnings as a beginning of period cumulative-effect adjustment. As of January 1, 2018, the balance in accumulated other comprehensive loss related to available-for-sale securities is zero, and gains and losses associated with all equity securities are recognized in investment gains (losses), net on the Group's Condensed Consolidated Statements of Comprehensive Income.

#### *Retirement Benefit Plans*

In March 2017, the FASB issued an Accounting Standards Update ("ASU") that requires the bifurcation of net periodic pension costs. The service cost component will be presented with other employee compensation costs in operating income, while the other components of net periodic pension costs will be presented separately outside of operations. The guidance became effective on January 1, 2018. The impact to other components of net periodic pension costs (presented separately outside of operating expenses) for the nine months ended September 30, 2018 was \$4.7 million.

#### *Statements of Cash Flows*

In August 2016, the FASB issued an ASU to clarify guidance on the classification of certain cash receipts and cash payments in the statements of cash flows. The FASB issued the ASU with the intent of reducing diversity in practice regarding eight types of cash flows. The ASU became effective on January 1, 2018. The adoption of the new accounting standard did not have a material impact on the Group's Condensed Consolidated Statements of Cash Flows.

#### *Fair Value Measurement Disclosures*

In August 2018, the FASB issued an ASU in order to modify the disclosure requirements on fair value measurements. The ASU provides for the removal of disclosure requirements related to (1) transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfer between levels and (3) the valuation processes for Level 3 fair value measurements. The ASU modifies disclosure requirements to report liquidation events for investments in entities that calculate net asset value. The ASU also adds requirements related to unrealized gains and losses included in other comprehensive income, and requirements related to the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements.

The ASU is effective January 1, 2020, and allows for early adoption of the disclosure removals and modifications separate from the additions. The Group early adopted the removal and modification provisions effective September 30, 2018, has removed its disclosures related to Level 1 and Level 2 transfers. The Group is currently evaluating the impact of adopting the disclosure additions.

### ***Recent Accounting Pronouncements Not Yet Adopted***

#### *Leases*

In February 2016, the FASB issued a new standard on accounting for leases. The new standard represents a significant change to lease accounting and introduces a lessee model that brings most leases onto the balance sheet. The standard also aligns certain of the underlying principles of the new lessor model with those in the FASB's new revenue recognition standard. Furthermore, the new standard addresses other concerns related to the current leases model. The standard is effective for fiscal years beginning after December 15, 2018.

The Group is evaluating the effect of adopting this new accounting standard and has focused its efforts on determining the impact of the guidance on its property leases. The Group's property leases represent the vast majority of its lease commitments, with office spaces in Denver and London representing a significant portion of its property. The Group will adopt the guidance as of January 1, 2019, using the modified retrospective approach. Comparative prior periods will not be adjusted upon adoption, and the Group will utilize the practical expedients available under the guidance. Specifically, the Group will not (1) reassess existing contracts for embedded leases, (2) reassess existing lease agreements for finance or operating classification, and (3) reassess existing lease agreements in consideration of initial direct costs. Although subject to further analysis, the Group anticipates recording right of use assets of approximately \$180 million upon adoption of the guidance and a corresponding lease liability of approximately the same amount.

#### *Hedge Accounting*

In August 2017, the FASB issued an ASU that amends hedge accounting. The ASU expands the strategies eligible for hedge accounting, changes how companies assess hedge effectiveness and will require new disclosures and presentation. The ASU is effective on January 1, 2019, for calendar year-end companies; however, early adoption is permitted. The Group is evaluating the effect of adopting this new accounting standard.

#### *Retirement Benefit Plans*

In August 2018, the FASB issued an ASU that modifies the disclosure requirements for employers that sponsor defined benefit pension plans. The ASU removes, adds and clarifies a number of disclosure requirements related to sponsored benefit plans. The standard is effective January 1, 2021, for calendar year-end companies, and early adoption is permitted. The Group is evaluating the effect of adopting this new accounting standard.

#### *Implementation Costs — Cloud Computing Arrangements*

In August 2018, the FASB issued an ASU that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The ASU is effective January 1, 2020, for calendar year-end companies, and for the interim periods within those years. Early adoption is permitted. The ASU allows either a retrospective or prospective approach to all implementation costs incurred after adoption. The Group is evaluating the effect of adopting this new accounting standard.

### ***Revenue Recognition Policy — Updated January 1, 2018***

Revenue is measured and recognized based on the five-step process outlined in US GAAP. Revenue is determined based on the transaction price negotiated with the customer, net of rebates. Management fees, performance fees, shareowner servicing fees and other revenue are derived from providing professional services to manage investment products.

Management fees are earned over time as services are provided and are generally based on a percentage of the market value of assets under management ("AUM"). These fees are calculated as a percentage of either the daily, month-end or quarter-end average asset balance in accordance with contractual agreements.

Performance fees are specified in certain fund and client contracts and are based on investment performance either on an absolute basis or compared to an established index over a specified period of time. Performance fees are generated on certain management contracts when performance hurdles or other specified criteria are achieved. Performance fees for all fund ranges and separate accounts are recognized when it is probable that a significant reversal of revenue recognized will not occur in future periods. There are no performance fee contracts where revenue can be clawed back. There are no cumulative revenues recognized that would be reversed if all of the existing investments became worthless.

Management fees are primarily received monthly or quarterly, while performance fees are usually received monthly, quarterly or annually by the Group, although the frequency of receipt varies between agreements. Management and performance fee revenue not yet received is recognized within fees and other receivables on the Group's Condensed Consolidated Balance Sheets.

Shareowner servicing fees are earned for services rendered related to transfer agent and administrative activities performed for investment products. These services are transferred over time and are generally based on a percentage of the market value of AUM.

Other revenue includes distribution and servicing fees earned from U.S. mutual funds associated with mutual fund transfer agent, accounting, shareholder servicing and participant recordkeeping activities. These services are transferred over time and are generally based on a percentage of the market value of AUM.

#### *U.S. Mutual Fund Performance Fees*

The investment management fee paid by each U.S. mutual fund subject to a performance fee is the base management fee plus or minus a performance fee adjustment as determined by the relative investment performance of the fund compared to a specified benchmark index. Under the performance-based fee structure, the investment advisory fee paid by each fund consists of two components: (1) a base fee calculated by applying the contractual fixed rate of the advisory fee to the fund's average daily net assets during the previous month, plus or minus (2) a performance fee adjustment calculated by applying a variable rate of up to 0.15% to the fund's average daily net assets during the performance measurement period. The performance measurement period begins as a trailing period ranging from 12 to 18 months, and each subsequent month is added to each successive performance measurement period until a 36-month period is achieved. At that point, the measurement period becomes a rolling 36-month period.

The addition of performance fees to all funds without such fees is subject to the approval of both a majority of the shareholders of such funds and the funds' independent board of trustees.

#### *Principal versus Agent*

The Group utilizes third-party intermediaries to fulfill certain performance obligations in its revenue agreements. Generally, JHG is deemed to be the principal in these arrangements because the Group controls the investment management and other related services before they are transferred to customers. Such control is evidenced by the Group's primary responsibility to customers, the ability to negotiate the third-party contract price and select and direct third-party service providers, or a combination of these factors. Therefore, distribution and service fee revenues and the related third-party distribution and service expenses are reported on a gross basis.

## **Note 2 — Consolidation**

### ***Variable Interest Entities***

#### *Consolidated Variable Interest Entities*

JHG's consolidated variable interest entities ("VIEs") as of September 30, 2018, and December 31, 2017, include certain consolidated seeded investment products in which the Group has an investment and acts as the investment manager. The assets of these VIEs are not available to JHG or the creditors of JHG. JHG may not, under any circumstances, access cash and cash equivalents held by consolidated VIEs to use in its operating activities or otherwise. In addition, the investors in these VIEs have no recourse to the credit of the Group.

### *Unconsolidated Variable Interest Entities*

At September 30, 2018, and December 31, 2017, JHG's carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VIEs were \$3.7 million and \$6.2 million, respectively. JHG's total exposure to unconsolidated VIEs represents the value of its economic ownership interest in the investment securities.

### **Voting Rights Entities**

#### *Consolidated Voting Rights Entities*

The following table presents the balances related to consolidated voting rights entities ("VREs") that were recorded on JHG's Condensed Consolidated Balance Sheets, including JHG's net interest in these products (in millions):

	September 30, 2018	December 31, 2017
Investment securities	\$ 17.9	\$ 18.9
Cash and cash equivalents	0.5	5.9
Other current assets	0.2	0.6
Accounts payable and accrued liabilities	(0.3)	(2.2)
Total	18.3	23.2
Redeemable noncontrolling interests in consolidated VREs	(7.6)	(6.6)
JHG's net interest in consolidated VREs	\$ 10.7	\$ 16.6

JHG's total exposure to consolidated VREs represents the value of its economic ownership interest in these seeded investment products. JHG may not, under any circumstances, access cash and cash equivalents held by consolidated VREs to use in its operating activities or for any other purpose.

#### *Unconsolidated Voting Rights Entities*

At September 30, 2018, and December 31, 2017, JHG's carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VREs were \$53.6 million and \$50.0 million, respectively. JHG's total exposure to unconsolidated VREs represents the value of its economic ownership interest in the investment securities.

### **Note 3 — Investment Securities**

JHG's investment securities as of September 30, 2018, and December 31, 2017, are summarized as follows (in millions):

	September 30, 2018	December 31, 2017
Seeded investment products:		
Consolidated VIEs	\$ 303.9	\$ 419.7
Consolidated VREs	17.9	18.9
Unconsolidated VIEs and VREs	57.3	56.2
Separate accounts	76.5	75.6
Pooled investment funds	25.7	27.5
Total seeded investment products	481.3	597.9
Investments related to deferred compensation plans	128.9	94.0
Other investments	4.0	8.2
Total investment securities	\$ 614.2	\$ 700.1

Net unrealized gains (losses) on investment securities held as of September 30, 2018 and 2017, are summarized as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Unrealized gains (losses) on investment securities held at period end	\$ (4.1)	\$ 19.7	\$ (25.6)	\$ 15.2

#### *Derivative Instruments*

JHG maintains an economic hedge program that uses derivative instruments to mitigate against market volatility of certain seeded investments by using index and commodity futures (“futures”), index swaps, total return swaps (“TRSs”) and credit default swaps. Foreign currency exposures associated with the Group’s seeded investment products are also hedged by using foreign currency forward contracts. The Group also has a net investment hedge related to foreign currency translation on hedged seed investments denominated in currencies other than the Group’s functional currency.

JHG was party to the following derivative instruments as of September 30, 2018, and December 31, 2017 (in millions):

	Notional value	
	September 30, 2018	December 31, 2017
Futures	\$ 155.5	\$ 190.6
Credit default swaps	143.0	117.5
Index swaps	—	76.7
Total return swaps and index swaps	79.8	70.3
Foreign currency forward contracts	131.6	118.8

The derivative instruments are not designated as hedges for accounting purposes, with the exception of foreign currency forward contracts used for net investment hedging. Changes in fair value of the futures, index swaps, TRSs and credit default swaps are recognized in investment gains (losses), net on JHG’s Condensed Consolidated Statements of Comprehensive Income. Changes in the fair value of the foreign currency forward contracts designated as hedges for accounting purposes are recognized in other comprehensive income, net of tax on JHG’s Condensed Consolidated Statements of Comprehensive Income.

The value of the individual derivative contracts is recognized on a gross basis and included in other current assets or accounts payable and accrued liabilities on the Condensed Consolidated Balance Sheets and are immaterial individually and in aggregate.

The Group recognized the following net foreign currency translation gains and losses on hedged seed investments denominated in currencies other than the Group’s functional currency and net gains and losses associated with foreign currency forward contracts under net investment hedge accounting for the three and nine months ended September 30, 2018 and 2017 (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Foreign currency translation	\$ (1.2)	\$ 1.1	\$ (5.0)	\$ 1.8
Foreign currency forward contracts	1.2	(1.1)	5.0	(1.8)
Total	\$ —	\$ —	\$ —	\$ —

#### *Derivative Instruments in Consolidated Seeded Investment Products*

Certain of the Group’s consolidated seeded investment products utilize derivative instruments to contribute to the achievement of defined investment objectives. These derivative instruments are classified within other current

assets or accounts payable and accrued liabilities on JHG's Condensed Consolidated Balance Sheets and are immaterial individually and in aggregate. Gains and losses on these derivative instruments are classified within investment gains (losses), net on JHG's Condensed Consolidated Statements of Comprehensive Income.

JHG's consolidated seeded investment products were party to the following derivative instruments as of September 30, 2018, and December 31, 2017 (in millions):

	Notional value	
	September 30, 2018	December 31, 2017
Futures	\$ 211.9	\$ 241.2
Contracts for differences	13.5	10.2
Credit default swaps	13.2	15.0
Total return swaps	39.3	36.7
Interest rate swaps	53.5	58.3
Options	64.5	144.3
Swaptions	8.3	2.7
Foreign currency forward contracts	133.5	135.9

As of September 30, 2018, certain consolidated seeded investment products sold credit protection through the use of credit default swap contracts. The contracts provide alternative credit risk exposure to individual companies and countries outside of traditional bond markets. The terms of the credit default swap contracts range from one to five years.

As sellers in credit default swap contracts, the consolidated seeded investment products would be required to pay the notional value of a referenced debt obligation to the counterparty in the event of a default on the debt obligation by the issuer. The notional value represents the estimated maximum potential undiscounted amount of future payments required upon the occurrence of a credit default event. As of September 30, 2018, and December 31, 2017, the notional values of the agreements totaled \$3.9 million and \$4.0 million, respectively. The credit default swap contracts include recourse provisions that allow for recovery of a certain percentage of amounts paid upon the occurrence of a credit default event. As of September 30, 2018, and December 31, 2017, the fair value of the credit default swap contracts selling protection was \$0.1 million for both periods.

#### *Investment Gains (Losses), Net*

Investment gains (losses), net on JHG's Condensed Consolidated Statements of Comprehensive Income included the following for the three and nine months ended September 30, 2018 and 2017 (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Seeded investment products and derivatives, net	\$ (14.2)	\$ 6.0	\$ (32.4)	\$ 4.8
Gain on sale of Volantis	—	—	—	10.2
Other	5.9	0.1	6.8	—
Investment gains (losses), net	<u>\$ (8.3)</u>	<u>\$ 6.1</u>	<u>\$ (25.6)</u>	<u>\$ 15.0</u>

#### *Cash Flows*

Cash flows related to investment securities for the nine months ended September 30, 2018 and 2017, are summarized as follows (in millions):

	Nine months ended September 30,			
	2018		2017	
	Purchases and settlements	Sales, settlements and maturities	Purchases and settlements	Sales, settlements and maturities
Investment securities	\$ (24.9)	88.6	(73.0)	199.5

#### Note 4 — Fair Value Measurements

The following table presents assets, liabilities and redeemable noncontrolling interests presented in the financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as of September 30, 2018 (in millions):

	Fair value measurements using:			Total
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets:</b>				
Cash equivalents	\$ 328.6	\$ —	\$ —	\$ 328.6
Investment securities:				
Consolidated VIEs	113.9	169.4	20.6	303.9
Other investment securities	215.6	94.7	—	310.3
Total investment securities	329.5	264.1	20.6	614.2
Seed hedge derivatives	—	0.4	—	0.4
Derivatives in consolidated seeded investment products	—	2.5	—	2.5
Volantis contingent consideration	—	—	5.3	5.3
Total assets	\$ 658.1	\$ 267.0	\$ 25.9	\$ 951.0
<b>Liabilities:</b>				
Derivatives in consolidated seeded investment products	\$ —	\$ 2.6	\$ —	\$ 2.6
Financial liabilities in consolidated seeded investment products	2.6	—	—	2.6
Seed hedge derivatives	—	3.9	—	3.9
Long-term debt(1)	—	304.0	—	304.0
Deferred bonuses	—	—	63.8	63.8
Contingent consideration	—	—	59.1	59.1
Total liabilities	\$ 2.6	\$ 310.5	\$ 122.9	\$ 436.0
<b>Redeemable noncontrolling interests:</b>				
Consolidated seeded investment products	\$ —	\$ —	\$ 124.2	\$ 124.2
Intech	—	—	15.0	15.0
Total redeemable noncontrolling interests	\$ —	\$ —	\$ 139.2	\$ 139.2

(1) Carried at amortized cost and disclosed at fair value.



The following table presents assets, liabilities and redeemable noncontrolling interests presented in the financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as of December 31, 2017 (in millions):

	Fair value measurements using:				Total
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
<b>Assets:</b>					
Cash equivalents	\$ 422.5	\$ —	\$ —	\$ —	\$ 422.5
Investment securities:					
Consolidated VIEs	131.0	251.4	37.3		419.7
Other investment securities	185.7	94.5	0.2		280.4
Total investment securities	316.7	345.9	37.5		700.1
Seed hedge derivatives	0.9	—	—		0.9
Derivatives in consolidated seeded investment products	2.9	3.6	—		6.5
Contingent consideration	—	—	9.0		9.0
Total assets	\$ 743.0	\$ 349.5	\$ 46.5	\$ —	\$ 1,139.0
<b>Liabilities:</b>					
Derivatives in consolidated seeded investment products	\$ 1.8	\$ 2.5	\$ —	\$ —	\$ 4.3
Financial liabilities in consolidated seeded investment products	11.6	—	—		11.6
Seed hedge derivatives	5.9	4.2	—		10.1
Current portion of long-term debt(1)	—	57.3	—		57.3
Long-term debt(1)	—	323.4	—		323.4
Deferred bonuses	—	—	64.7		64.7
Contingent consideration	—	—	76.6		76.6
Dai-ichi options	—	—	26.1		26.1
Total liabilities	\$ 19.3	\$ 387.4	\$ 167.4	\$ —	\$ 574.1
<b>Redeemable noncontrolling interests:</b>					
Consolidated seeded investment products	\$ —	\$ —	\$ 174.9	\$ —	\$ 174.9
Intech	—	—	15.4		15.4
Total redeemable noncontrolling interests	\$ —	\$ —	\$ 190.3	\$ —	\$ 190.3

### Level 1 Fair Value Measurements

JHG's Level 1 fair value measurements consist mostly of seeded investment products, investments in advised mutual funds, cash equivalents and investments related to deferred compensation plans with quoted market prices in active markets. The fair value level of consolidated seeded investment products is determined by the underlying securities of the product. The fair value level of unconsolidated seeded investment products is determined using the respective net asset value ("NAV") of each product.

### Level 2 Fair Value Measurements

JHG's Level 2 fair value measurements consist mostly of consolidated seeded investment products, derivative instruments and JHG's long-term debt. The fair value of consolidated seeded investment products is determined by the underlying securities of the product. The fair value of JHG's long-term debt is determined using broker quotes and recent trading activity, which are considered Level 2 inputs.

### Level 3 Fair Value Measurements

#### Investment Securities

As of September 30, 2018, and December 31, 2017, certain securities within consolidated VIEs were valued using significant unobservable inputs, resulting in Level 3 classification.

(1) Carried at amortized cost and disclosed at fair value.

Valuation techniques and significant unobservable inputs used in the valuation of JHG's material Level 3 assets included within consolidated VIEs as of September 30, 2018, and December 31, 2017, were as follows (in millions):

<b>As of September 30, 2018</b>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inputs</b>
Investment securities of consolidated VIEs	\$ 20.6	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	15% 19.3 30.1

<b>As of December 31, 2017</b>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inputs - Range (weighted average)</b>
Investment securities of consolidated VIEs	\$ 37.3	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	12.0% - 15.0% (14.3)% 11.6 - 15.1 (14.3) 22.6 - 61.3 (52.4)

#### Contingent Consideration

The maximum amount payable and fair value of Geneva, Perennial, Kapstream and VelocityShares contingent consideration is summarized below (in millions):

	<b>As of September 30, 2018</b>			
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>	<b>VelocityShares</b>
Maximum amount payable	\$ 61.3	\$ 43.4	\$ 28.0	\$ 8.0

#### Fair value included in:

	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>	<b>VelocityShares</b>
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 13.7	\$ —
Other non-current liabilities	24.6	8.5	12.3	—
Total fair value	\$ 24.6	\$ 8.5	\$ 26.0	\$ —

	<b>As of December 31, 2017</b>			
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>	<b>VelocityShares</b>
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 18.8	\$ 6.1
Other non-current liabilities	19.3	7.0	25.4	—
Total fair value	\$ 19.3	\$ 7.0	\$ 44.2	\$ 6.1

#### Acquisition of Geneva

The fair value of the contingent consideration payable upon the acquisition of Geneva Capital Management LLC ("Geneva") is estimated at each reporting date by forecasting revenue, as defined by the sale and purchase agreement, over the contingency period and by determining whether targets will be met. Significant unobservable inputs used in the valuation are limited to forecast revenues, which factor in expected growth in AUM based on performance and industry trends. Fair value adjustments to the contingent consideration during the three and nine months ended September 30, 2018, resulted in a \$3.9 million increase in the liability. The fair value adjustment was recorded to other non-operating income (expenses), net on the Group's Condensed Consolidated Statements of Comprehensive Income.

#### Acquisition of Perennial

The consideration payable on the acquisition of Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd (together "Perennial") included contingent consideration payable in 2019 if revenues of the Perennial equities business meet certain targets. The total maximum payment over the remaining contingent consideration period is \$5.4 million as of September 30, 2018. In addition, there is a maximum amount of

\$38.0 million payable in two tranches in 2019 and 2020, which have employee service conditions attached (“earn-out”). The earn-out is accrued over the service period as compensation expense and is based on net management fee revenue.

The fair value of the Perennial contingent consideration and earn-out is calculated at each reporting date by forecasting Perennial revenues over the contingency period and determining whether the forecasted amounts meet the defined targets. The significant unobservable input used in the valuation is forecasted revenue. No fair value adjustments were made to the contingent consideration during the three and nine months ended September 30, 2018.

#### Acquisition of Kapstream

The outstanding Kapstream Capital Pty Limited (“Kapstream”) contingent cash consideration in respect to the initial acquisition of a 51% controlling interest was payable in the third quarter of 2018 if certain Kapstream AUM reach defined targets. On June 30, 2018 (36 months after acquisition), Kapstream reached defined AUM targets and the Group paid \$3.8 million in July 2018.

The purchase of the remaining 49% had contingent consideration of up to \$43.0 million. Payment of the contingent consideration is subject to all Kapstream products and certain products advised by the Group, reaching defined revenue targets on the first, second and third anniversaries of January 31, 2017. The contingent consideration is payable in three equal installments on the anniversary dates and is indexed to the performance of the premier share class of the Kapstream Absolute Return Income Fund. When Kapstream achieves the defined revenue targets, the holders receive the value of the contingent consideration adjusted for gains or losses attributable to the mutual fund to which the contingent consideration is indexed, subject to tax withholding. On January 31, 2018, the first anniversary of the acquisition, Kapstream reached defined revenue targets, and the Group paid \$15.3 million in February 2018.

The fair value of the Kapstream contingent consideration is calculated at each reporting date by forecasting certain Kapstream AUM or defined revenue over the contingency period and determining whether the forecasted amounts meet the defined targets. Significant unobservable inputs used in the valuation are limited to forecasted Kapstream AUM and performance against defined revenue targets. No fair value adjustment was necessary during the three and nine months ended September 30, 2018.

#### Acquisition of VelocityShares

JCG’s acquisition of VS Holdings Inc. (“VelocityShares”) in 2014 included contingent consideration. The payment is contingent on certain VelocityShares’ exchange-traded products (“ETPs”) reaching defined net revenue targets. VelocityShares reached defined net revenue targets in November 2017, and the Group paid \$3.6 million in January 2018.

The fair value of the VelocityShares contingent consideration is calculated at each reporting date by forecasting net ETP revenue, as defined by the purchase agreement, over the contingency period and by determining whether net forecasted ETP revenue targets are achieved. Significant unobservable inputs used in the valuation are considered non-public data and limited to forecasted gross revenues and certain expense items, which are deducted from these revenues. No fair value adjustment was necessary during the three months ended September 30, 2018. Fair value adjustments to the consideration during the nine months ended September 30, 2018, resulted in a \$2.7 million decrease to the liability, which reduced the fair value to nil as of September 30, 2018. The fair value adjustment was recorded to other non-operating income (expenses), net on the Group’s Condensed Consolidated Statements of Comprehensive Income.

#### Disposal of Volantis

On April 1, 2017, the Group completed the sale of the Volantis UK Small Cap alternative team assets. Consideration for the sale was a 10% share of the management and performance fees generated by Volantis for a period of three years.

The fair value of the Volantis contingent consideration is estimated at each reporting date by forecasting revenues over the contingency period of three years. Significant unobservable inputs used in the valuation are limited to

forecast revenues, which factor in expected growth in AUM based on performance and industry trends. Increases in forecast revenue increase the fair value of the consideration, while decreases in forecast revenue decrease the fair value. The forecasted share of revenues is then discounted back to the valuation date using an 11.8% discount rate.

During the nine months ended September 30, 2018, JHG received \$4.3 million contingent consideration payment in relation to Volantis. As of September 30, 2018, the fair value of the Volantis contingent consideration was \$5.3 million.

#### *Deferred Bonuses*

Deferred bonuses represent liabilities to employees over the vesting period that will be settled by investments in JHG products. The significant unobservable inputs are investment designations and vesting periods.

#### *Dai-ichi Options*

As of September 30, 2018, the fair value of the options sold to Dai-ichi Life Holdings Inc. (“Dai-ichi”) was nil. The fair value was determined using a Black-Scholes option pricing model. The Black-Scholes model requires management to estimate certain variables, primarily the volatility of the underlying shares. Changes in the fair value of the options are recognized in other non-operating income (expenses), net on JHG’s Condensed Consolidated Statements of Comprehensive Income. The options expired on October 3, 2018.

#### *Redeemable Noncontrolling Interests in Intech*

Redeemable noncontrolling interests in Intech Investment Management LLC (“Intech”) are measured at fair value on a quarterly basis or more frequently if events or circumstances indicate that a material change in the fair value of Intech has occurred. The fair value of Intech is determined using a valuation methodology that incorporates observable metrics from publicly traded peer companies as valuation comparables and adjustments related to investment performance and changes in AUM. Changes in fair value are recognized in other non-operating income (expenses), net on JHG’s Condensed Consolidated Statements of Comprehensive Income.

#### *Redeemable Noncontrolling Interests in Consolidated Seeded Investment Products*

Redeemable noncontrolling interests in consolidated seeded investment products are measured at fair value. Their fair values are primarily driven by the fair value of the investments in consolidated funds. The significant unobservable inputs are investment designations. The fair value of redeemable noncontrolling interests may also fluctuate from period to period based on changes in the Group’s relative ownership percentage of seed investments. Changes in fair value are recognized in investment gains (losses), net on JHG’s Condensed Consolidated Statements of Comprehensive Income.

#### *Changes in Fair Value*

Changes in fair value of JHG’s Level 3 assets for the three and nine months ended September 30, 2018 and 2017, are as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Beginning of period fair value	\$ 38.7	\$ 57.4	\$ 46.5	\$ 42.7
Balance acquired from the Merger	—	—	—	3.0
Additions	—	0.7	—	10.9
Disposals	(7.6)	—	(7.6)	—
Settlements	(2.1)	(0.8)	(4.3)	(0.8)
Movements recognized in net income	(3.0)	2.5	(8.3)	1.7
Movements recognized in other comprehensive income	(0.1)	(2.0)	(0.4)	0.3
End of period fair value	<u>\$ 25.9</u>	<u>\$ 57.8</u>	<u>\$ 25.9</u>	<u>\$ 57.8</u>

Changes in fair value of JHG's individual Level 3 liabilities and redeemable noncontrolling interests for the three and nine months ended September 30, 2018 and 2017, are as follows (in millions):

	Three months ended September 30,							
	2018				2017			
	Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests
Beginning of period fair value	\$ 57.3	\$ 64.3	\$ 2.1	\$ 177.8	\$ 76.0	\$ 50.3	\$ 26.9	\$ 172.0
Balances acquired from the Merger	—	—	—	—	—	—	—	—
Additions	—	—	—	—	—	—	—	—
Changes in ownership	—	—	—	(34.0)	—	—	—	18.2
Net movement in bonus deferrals	—	(0.5)	—	—	—	3.2	—	—
Fair value adjustments	6.3	—	(2.1)	(0.3)	(0.5)	—	(10.3)	0.9
Unrealized gains (losses)	—	—	—	(4.4)	—	—	—	16.2
Amortization and vesting of Intech appreciation rights	—	—	—	0.4	—	—	—	1.1
Distributions	(4.0)	—	—	—	—	—	—	(0.2)
Foreign currency translation	(0.5)	—	—	(0.3)	1.1	—	0.9	2.6
End of period fair value	\$ 59.1	\$ 63.8	\$ —	\$ 139.2	\$ 76.6	\$ 53.5	\$ 17.5	\$ 210.8

	Nine months ended September 30,							
	2018				2017			
	Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests
Beginning of period fair value	\$ 76.6	\$ 64.7	\$ 26.1	\$ 190.3	\$ 25.5	\$ 42.9	\$ —	\$ 158.0
Balances acquired from the Merger	—	—	—	—	45.4	—	—	42.9
Additions	—	—	—	—	—	—	25.7	—
Changes in ownership	—	—	—	(39.5)	—	—	—	13.1
Net movement in bonus deferrals	—	(0.9)	—	—	—	8.2	—	—
Fair value adjustments	8.1	—	(26.8)	(0.1)	2.8	—	(9.1)	1.2
Unrealized gains (losses)	—	—	—	(9.8)	—	—	—	(7.6)
Amortization and vesting of Intech appreciation rights	—	—	—	(0.2)	—	—	—	1.5
Distributions	(22.8)	—	—	(0.4)	—	—	—	(0.3)
Foreign currency translation	(2.8)	—	0.7	(1.1)	2.9	2.4	0.9	2.0
End of period fair value	\$ 59.1	\$ 63.8	\$ —	\$ 139.2	\$ 76.6	\$ 53.5	\$ 17.5	\$ 210.8

### Nonrecurring Fair Value Measurements

Nonrecurring Level 3 fair value measurements include goodwill and intangible assets. The Group measures the fair value of goodwill and intangible assets on initial recognition using discounted cash flow analysis that requires assumptions regarding projected future earnings and discount rates. Because of the significance of the unobservable inputs in the fair value measurements of these assets, such measurements are classified as Level 3.

## Note 5 — Goodwill and Intangible Assets

The following table presents movements in intangible assets and goodwill during the period (in millions):

	December 31, 2017	Amortization	Impairment	Foreign currency translation	Disposal	September 30, 2018
Indefinite-lived intangible assets:						
Investment management agreements	\$ 2,543.9	\$ —	\$ (5.4)	\$ (28.3)	\$ —	\$ 2,510.2
Trademarks	381.2	—	—	(0.3)	—	380.9
Definite-lived intangible assets:						
Client relationships	369.4	—	—	(4.3)	—	365.1
Accumulated amortization	(89.7)	(22.2)	—	1.9	—	(110.0)
Net intangible assets	<u>\$ 3,204.8</u>	<u>\$ (22.2)</u>	<u>\$ (5.4)</u>	<u>\$ (31.0)</u>	<u>\$ —</u>	<u>\$ 3,146.2</u>
Goodwill	<u>\$ 1,533.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (29.3)</u>	<u>\$ (9.5)</u>	<u>\$ 1,495.1</u>

### Transaction with BNP Paribas

On March 31, 2018, the Group and BNP Paribas Securities Services (“BNP Paribas”) completed a transaction transferring JHG’s back-office (including fund administration and fund accounting), middle-office (including portfolio accounting, securities operations and trading operations) and custody functions in the U.S. to BNP Paribas. As part of the transaction, more than 100 JHG employees, based in Denver, Colorado, transitioned to BNP Paribas, and BNP Paribas became the fund services provider for JHG’s U.S. regulated mutual funds. Gross consideration of \$40.0 million was received for the transaction, which resulted in the recognition of a \$22.3 million gain in other non-operating income (expenses), net on the Condensed Consolidated Statements of Comprehensive Income. JHG also allocated \$9.5 million of goodwill to the transaction, which resulted in a \$9.5 million goodwill reduction, disclosed in the disposal column in the table above.

### Impairment

The Group recorded a \$5.4 million impairment associated with its Gartmore investment management agreements during the three months ended September 30, 2018.

### Future Amortization

Expected future amortization expense related to client relationships is summarized below (in millions):

Year ended December 31,	Amount
2018 (remainder of year)	\$ 7.3
2019	29.5
2020	29.5
2021	26.6
2022	18.1
Thereafter	144.1
Total	<u>\$ 255.1</u>

## Note 6 — Debt

Debt as of September 30, 2018, and December 31, 2017, consisted of the following (in millions):

	September 30, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
4.875% Senior Notes due 2025	\$ 319.8	\$ 304.0	\$ 322.0	\$ 323.4
0.750% Convertible Senior Notes due 2018	—	—	57.2	57.3
Total debt	319.8	304.0	379.2	380.7
Less: Current portion of long-term debt	—	—	57.2	57.3
Total long-term debt	\$ 319.8	\$ 304.0	\$ 322.0	\$ 323.4

### 4.875% Senior Notes Due 2025

The Group's 4.875% Senior Notes due 2025 ("2025 Senior Notes") have a principal value of \$300.0 million as of September 30, 2018, pay interest at 4.875% semiannually on February 1 and August 1 of each year, and mature on August 1, 2025. The 2025 Senior Notes include unamortized debt premium, net at September 30, 2018, of \$19.8 million, which will be amortized over the remaining life of the notes. The unamortized debt premium is recorded as a liability within long-term debt on JHG's Condensed Consolidated Balance Sheets. JHG fully and unconditionally guarantees the obligations of JCG in relation to the 2025 Senior Notes.

### 0.750% Convertible Senior Notes Due 2018

During the three and nine months ended September 30, 2018, \$9.4 million and \$57.5 million of principal of the Group's 0.750% Convertible Senior Notes due 2018 (the "2018 Convertible Notes") was redeemed and settled with cash for a total cash outlay of \$13.4 million and \$95.3 million, respectively. The difference between the principal redeemed and the cash paid primarily represents the value of the conversion feature. As of July 15, 2018 (maturity date), the obligations associated with the 2018 Convertible Notes were settled with cash, and the carrying value was reduced to zero.

### Credit Facility

At September 30, 2018, JHG had a \$200 million, unsecured, revolving credit facility ("Credit Facility") with Bank of America Merrill Lynch International Limited as coordinator, book runner and mandated lead arranger. JHG and its subsidiaries can use the Credit Facility for general corporate purposes. The rate of interest for each interest period is the aggregate of the applicable margin, which is based on JHG's long-term credit rating and the London Interbank Offered Rate ("LIBOR"); the Euro Interbank Offered Rate ("EURIBOR") in relation to any loan in euros ("EUR"); or in relation to any loan in Australian dollars ("AUD"), the benchmark rate for that currency. JHG is required to pay a quarterly commitment fee on any unused portion of the Credit Facility, which is also based on JHG's long-term credit rating. Under the Credit Facility, the financing leverage ratio cannot exceed 3.00x EBITDA. At September 30, 2018, JHG was in compliance with all covenants, and there were no borrowings under the Credit Facility at September 30, 2018, or during the three and nine months ended September 30, 2018. The maturity date of the Credit Facility is February 16, 2023.

## Note 7 — Income Taxes

The Group's effective tax rates for the three and nine months ended September 30, 2018 and 2017, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Effective tax rate	24.0%	31.1%	23.0%	28.6%

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"), which made broad and complex changes to the U.S. tax code. Among other things, the Act reduced the U.S. federal corporation tax rate to 21%

and implemented a new system of taxation for non-U.S. earnings, including a one-time transition tax on the deemed repatriation of undistributed earnings of non-U.S. subsidiaries.

As of September 30, 2018, the Group has not finalized its accounting for the tax effects of enactment of the Act because all of the necessary information is not currently available, prepared or analyzed. Therefore, any amounts recorded are estimates and, as permitted by Staff Accounting Bulletin 118 (“SAB 118”), the Group will continue to assess the impacts of the Act and may record additional estimated amounts or adjustments to estimates during the year. The final effects of the Act may differ from the Group’s estimates, potentially materially, due to, among other things, changes in interpretations of the Act, analysis of the Act, or any updates or changes to estimates. The Group expects to complete the accounting for these impacts as the analysis is finalized, but in no event later than one year from the enactment date of the Act.

The decrease in the effective tax rates for the three and nine months ended September 30, 2018, compared to the same periods in 2017 is primarily due to the lower U.S. federal corporation tax rate subsequent to passage of the rate reduction in the Act and the decrease in non-tax deductible merger costs.

As of September 30, 2018, and December 31, 2017, JHG had \$9.8 million and \$10.2 million of unrecognized tax benefits held for uncertain tax positions, respectively. JHG estimates that the existing liability for uncertain tax positions could decrease by up to \$1.8 million within the next 12 months, without giving effect to changes in foreign currency translation.

## Note 8 — Noncontrolling Interests

### *Redeemable Noncontrolling Interests*

Redeemable noncontrolling interests as of September 30, 2018, and December 31, 2017, consisted of the following (in millions):

	September 30, 2018	December 31, 2017
Consolidated seeded investment products	\$ 124.2	\$ 174.9
Intech:		
Appreciation rights	10.7	11.0
Founding member ownership interests	4.3	4.4
Total redeemable noncontrolling interests	<u>\$ 139.2</u>	<u>\$ 190.3</u>

### *Consolidated Seeded Investment Products*

Noncontrolling interests in consolidated seeded investment products are classified as redeemable noncontrolling interests when there is an obligation to repurchase units at the investor’s request. Redeemable noncontrolling interests in consolidated seeded investment products may fluctuate from period to period and are impacted by changes in JHG’s relative ownership, changes in the amount of third-party investment in seeded products and volatility in the market value of the seeded products’ underlying securities. Third-party redemption of investments is redeemed from the respective product’s net assets and cannot be redeemed from the assets of other seeded products or from the assets of JHG.



The following table presents the movement in redeemable noncontrolling interests in consolidated seeded investment products for the three and nine months ended September 30, 2018 and 2017 (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Opening balance	\$ 163.0	\$ 152.2	\$ 174.9	\$ 158.0
Balance acquired from the Merger	—	—	—	23.2
Changes in market value	(4.5)	16.8	(10.1)	(6.7)
Changes in ownership	(34.0)	18.2	(39.5)	13.1
Foreign currency translation	(0.3)	2.4	(1.1)	2.0
Closing balance	<u>\$ 124.2</u>	<u>\$ 189.6</u>	<u>\$ 124.2</u>	<u>\$ 189.6</u>

#### *Intech*

Intech ownership interests held by a founding member had an estimated fair value of \$4.3 million as of September 30, 2018, representing an approximate 1.1% ownership of Intech. This founding member is entitled to retain his remaining Intech interests until his death and has the option to require JHG to purchase his ownership interests in Intech at fair value.

Intech appreciation rights are being amortized on a graded vesting method over the respective vesting period. The appreciation rights are exercisable upon termination of employment from Intech to the extent vested. Upon exercise, the appreciation rights are settled in Intech equity.

#### **Nonredeemable Noncontrolling Interests**

Nonredeemable noncontrolling interests as of September 30, 2018, and December 31, 2017, are as follows (in millions):

	September 30, 2018	December 31, 2017
Nonredeemable noncontrolling interests in:		
Seed capital investments	\$ 13.2	\$ 24.9
Intech	13.4	13.3
Total nonredeemable noncontrolling interests	<u>\$ 26.6</u>	<u>\$ 38.2</u>

#### **Note 9 — Long-Term Incentive and Employee Compensation**

The Group granted \$8.4 million and \$181.6 million in long-term incentive awards during the three and nine months ended September 30, 2018, respectively, which generally vest and will be recognized on a graded vesting method over a three- or four-year period. The shares underlying certain 2018 grants were purchased on the open market during the three and nine months ended September 30, 2018, at a cost of \$0.3 million and \$82.6 million, respectively.

## Note 10 — Retirement Benefit Plans

The Group operates defined contribution retirement benefit plans and defined benefit pension plans.

The main defined benefit pension plan sponsored by the Group is the defined benefit section of the Janus Henderson Group UK Pension Scheme (“JHGPS”).

### Net Periodic Benefit Credit

The components of net periodic benefit credit in respect of defined benefit plans for the three and nine months ended September 30, 2018 and 2017, include the following (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Service cost	\$ (0.3)	\$ (0.3)	\$ (0.9)	\$ (0.9)
Interest cost	(4.8)	(5.5)	(13.8)	(16.0)
Expected return on plan assets	6.1	6.2	17.6	18.1
Net periodic benefit credit	\$ 1.0	\$ 0.4	\$ 2.9	\$ 1.2

## Note 11 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of tax, for the three and nine months ended September 30, 2018 and 2017, are as follows (in millions):

	Three months ended September 30,						
	2018			2017			
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Available- for-sale securities	Retirement benefit asset, net	Total
Beginning balance	\$ (376.5)	\$ 21.0	\$ (355.5)	\$ (380.5)	\$ 4.3	\$ 32.1	\$ (344.1)
Other comprehensive income (loss)	(22.6)	—	(22.6)	41.6	0.2	—	41.8
Less: other comprehensive loss attributable to noncontrolling interests	0.3	—	0.3	2.8	—	—	2.8
Ending balance	\$ (398.8)	\$ 21.0	\$ (377.8)	\$ (336.1)	\$ 4.5	\$ 32.1	\$ (299.5)

  

	Nine months ended September 30,							
	2018				2017			
	Foreign currency	Available- for-sale securities	Retirement benefit asset, net	Total	Foreign currency	Available- for-sale securities	Retirement benefit asset, net	Total
Beginning balance	\$ (325.3)	\$ 2.5	\$ 21.0	\$ (301.8)	\$ (471.3)	\$ 4.7	\$ 32.1	\$ (434.5)
Cumulative-effect adjustment	—	(2.5)	—	(2.5)	—	—	—	—
Adjusted beginning balance	(325.3)	—	21.0	(304.3)	(471.3)	4.7	32.1	(434.5)
Other comprehensive income (loss)	(74.6)	—	—	(74.6)	116.1	(0.2)	—	115.9
Less: other comprehensive loss attributable to noncontrolling interests	1.1	—	—	1.1	19.1	—	—	19.1
Ending balance	\$ (398.8)	\$ —	\$ 21.0	\$ (377.8)	\$ (336.1)	\$ 4.5	\$ 32.1	\$ (299.5)

Refer to Note 1 — Basis of Presentation and Significant Accounting Policies for information on the cumulative-effect adjustment.

The components of other comprehensive income (loss), net of tax for the three and nine months ended September 30, 2018 and 2017, are as follows (in millions):

	Three months ended September 30,					
	2018			2017		
	Pre-tax amount	Tax benefit	Net amount	Pre-tax amount	Tax benefit	Net amount
Foreign currency translation adjustments	\$ (22.6)	\$ —	\$ (22.6)	\$ 41.6	\$ —	\$ 41.6
Net unrealized gains on available-for-sale securities	—	—	—	0.2	—	0.2
Total other comprehensive income (loss)	<u>\$ (22.6)</u>	<u>\$ —</u>	<u>\$ (22.6)</u>	<u>\$ 41.8</u>	<u>\$ —</u>	<u>\$ 41.8</u>

  

	Nine months ended September 30,					
	2018			2017		
	Pre-tax amount	Tax benefit	Net amount	Pre-tax amount	Tax benefit	Net amount
Foreign currency translation adjustments	\$ (74.6)	\$ —	\$ (74.6)	\$ 116.1	\$ —	\$ 116.1
Net unrealized losses on available-for-sale securities	—	—	—	(0.2)	—	(0.2)
Total other comprehensive income (loss)	<u>\$ (74.6)</u>	<u>\$ —</u>	<u>\$ (74.6)</u>	<u>\$ 115.9</u>	<u>\$ —</u>	<u>\$ 115.9</u>

## Note 12 — Earnings and Dividends Per Share

### Earnings Per Share

The following is a summary of the earnings per share calculation for the three and nine months ended September 30, 2018 and 2017 (in millions, except per share data):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	Net income attributable to JHG	\$ 111.2	\$ 99.5	\$ 417.0
Less: Allocation of earnings to participating stock-based awards	(3.0)	(2.8)	(10.2)	(4.8)
Net income attributable to JHG common shareholders	<u>\$ 108.2</u>	<u>\$ 96.7</u>	<u>\$ 406.8</u>	<u>\$ 179.0</u>
Weighted-average common shares outstanding - basic	195.2	196.5	195.6	148.7
Dilutive effect of:				
Non-participating stock-based awards	0.7	1.7	1.3	1.8
Weighted-average common shares outstanding - diluted	<u>195.9</u>	<u>198.2</u>	<u>196.9</u>	<u>150.5</u>
Earnings per share:				
Basic	<u>\$ 0.55</u>	<u>\$ 0.49</u>	<u>\$ 2.08</u>	<u>\$ 1.20</u>
Diluted (two class)	<u>\$ 0.55</u>	<u>\$ 0.49</u>	<u>\$ 2.07</u>	<u>\$ 1.19</u>

The following instruments are anti-dilutive and have not been included in the weighted-average diluted shares outstanding calculation (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	Unvested nonparticipating stock awards	0.5	0.7	0.6
Dai-ichi options	—	10.0	—	4.5

As of September 30, 2018, the Dai-ichi options had a value of nil. The options expired on October 3, 2018.

### Dividends Per Share

The payment of cash dividends is within the discretion of JHG's Board of Directors and depends on many factors, including, but not limited to, the Group's results of operations, financial condition, capital requirements, and general business conditions and legal requirements.

The following is a summary of cash dividends paid during the three and nine months ended September 30, 2018:

Dividend per share		Date declared	Dividends paid (in US\$ millions)	Date paid
\$ 0.32		February 5, 2018	\$ 63.1	March 2, 2018
\$ 0.36		May 8, 2018	\$ 71.6	June 1, 2018
\$ 0.36		July 31, 2018	\$ 71.2	August 24, 2018

On October 31, 2018, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on November 30, 2018, to shareholders of record at the close of business on November 12, 2018.

### Note 13 — Commitments and Contingencies

Commitments and contingencies may arise in the normal course of business. As of September 30, 2018, there were no material changes in the commitments and contingencies as reported in JHG's Annual Report on Form 10-K for the year ended December 31, 2017.

#### *Litigation and Other Regulatory Matters*

JHG is periodically involved in various legal proceedings and other regulatory matters.

##### *Richard Pease v. Henderson Administration Limited*

The outcome of a court case involving an ex-employee was determined in the first quarter of 2018. The case related to the fees the Group should receive after a fund was transferred to an ex-employee and the ex-employee's entitlement to deferred and forfeited remuneration. Subject to any successful appeal, the judgment given in the case resulted in the Group recognizing a \$12.2 million charge in general, administrative and occupancy on JHG's Condensed Consolidated Statements of Comprehensive Income after the judge held that the ex-employee's contract gave him an entitlement to deferred and forfeited remuneration. The amount also represents legal costs relating to the case.

##### *Eisenberg v. Credit Suisse AG and Janus Index, Halbert v. Credit Suisse AG and Janus Index, and Qiu v. Credit Suisse AG and Janus Index*

On March 15, 2018, a purported class action lawsuit was filed in the United States District Court for the Southern District of New York ("SDNY") against Janus Index & Calculation Services LLC ("Janus Index"), a subsidiary of the Group, on behalf of a proposed class consisting of investors who purchased VelocityShares Daily Inverse VIX Short-Term ETN (Ticker: XIV) between January 29, 2018, and February 5, 2018 (*Eisenberg v. Credit Suisse AG and Janus Index*). Credit Suisse, the issuer of the XIV notes, is also named as a defendant in the lawsuit. The plaintiffs allege Credit Suisse and Janus Index disseminated and/or approved materially false and misleading intraday indicative values for XIV, causing inflated values of XIV at market close on February 5, 2018. On April 17, 2018, a second lawsuit was filed against Janus Index and Credit Suisse in the United States District Court of the Northern District of Alabama by certain investors in XIV (*Halbert v. Credit Suisse AG and Janus Index*). On May 4, 2018, a third lawsuit, styled as a class action on behalf of investors who purchased XIV between January 29, 2018, and February 5, 2018, was filed against Janus Index and Credit Suisse AG in the SDNY (*Qiu v. Credit Suisse AG and Janus Index*). The *Halbert* and *Qiu* allegations generally copy the allegations in the *Eisenberg* case. On August 20, 2018, an amended complaint was filed in the *Eisenberg* and *Qiu* cases (which have been consolidated in the SDNY under the name *Set Capital LLC, et al. v. Credit Suisse AG, et al.*), adding Janus Distributors LLC, doing business as Janus Henderson Distributors, and Janus Henderson Group plc as parties, and adding allegations of market manipulation by all of the defendants.

The Group believes the claims in these lawsuits are without merit and is strongly defending the actions.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Janus Henderson Group plc

### **Results of Review of Financial Statements**

We have reviewed the accompanying condensed consolidated balance sheet of Janus Henderson Group plc and its subsidiaries as of September 30, 2018, and the related condensed consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017 and the condensed consolidated statements of changes in equity and of cash flows for the nine-month periods ended September 30, 2018 and 2017, including the related notes (collectively referred to as the “interim financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended (not presented herein), and in our report dated 27 February 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### **Basis for Review Results**

These interim financial statements are the responsibility of the Company’s management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP  
London, UK  
1 November 2018

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF JANUS HENDERSON GROUP PLC**

**FORWARD-LOOKING STATEMENTS**

*Certain statements in this Quarterly Report on Form 10-Q contain "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of Janus Henderson Group plc (the "Company") and its consolidated subsidiaries (collectively, the "Group" or "JHG") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and future results could differ materially from historical performance. Statements preceded by, followed by or that otherwise include the words "believes", "expects", "anticipates", "intends", "projects", "estimates", "plans", "may increase", "may fluctuate", "forecast", "seeks", "targets", "outlook" and similar words and expressions and future or conditional verbs such as "will", "should", "would", "may", "could" and variations or negatives of these words, are generally forward-looking in nature and not historical facts. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. These statements are based on the beliefs and assumptions of Company management based on information currently available to management.*

*Various risks, uncertainties, assumptions and factors that could cause future results to differ materially from those expressed by the forward-looking statements included in this Quarterly Report on Form 10-Q include, but are not limited to, risks, uncertainties, assumptions and factors specified in the Group's Annual Report on Form 10-K for the year ended December 31, 2017, and this Quarterly Report on Form 10-Q included under headings such as "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of Janus Henderson Group plc", and "Quantitative and Qualitative Disclosures about Market Risk", and in other filings and furnishings made by the Company with the Securities and Exchange Commission ("SEC") from time to time. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this Quarterly Report on Form 10-Q may not occur. Forward-looking statements by their nature address matters that are, to different degrees, subject to numerous assumptions and known and unknown risks and uncertainties, which change over time and are beyond the control of the Company and its management. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this Quarterly Report on Form 10-Q. The Company does not assume any duty and does not undertake to update forward-looking statements, to report events or to report the occurrence of unanticipated events, whether as a result of new information, future developments or otherwise, should circumstances change, nor does the Company intend to do so, except as otherwise required by securities and other applicable laws and regulations.*

**AVAILABLE INFORMATION**

Copies of JHG's filings with the SEC can be obtained from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information can be obtained about the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

JHG makes available free of charge its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto as soon as reasonably practical after such filing has been made with the SEC. Reports may be obtained through the Investor Relations section of JHG's website ([www.janushenderson.com](http://www.janushenderson.com)) or by contacting JHG at +44 (0)207 818 5310. The contents of JHG's website are not incorporated herein for any purpose.

JHG's Officer Code of Ethics for the Principal Executive Officers and Senior Financial Officers (including its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer) (the "Officer Code"); Corporate Code of Business Conduct for all employees; corporate governance guidelines; and the charters of key committees of the Board of Directors (including the Audit, Compensation, and Nominating and Governance committees) are available on the Investor Relations section of JHG's website ([www.janushenderson.com](http://www.janushenderson.com)). Any future amendments to or waivers of the Officer Code will be posted to the Investor Relations section of JHG's website.

## **Business Overview**

JHG is an independent global asset manager, specializing in active investment across all major asset classes. JHG actively manages a broad range of investment products for institutional and retail investors across five capabilities: Equities, Quantitative Equities, Fixed Income, Multi-Asset and Alternatives.

On May 30, 2017, JHG completed a merger of equals with JCG (the "Merger"). As a result of the Merger, JCG and its consolidated subsidiaries became subsidiaries of JHG.

## **Segment Considerations**

JHG is a global asset manager and manages a range of investment products, operating across various product lines, distribution channels and geographic regions. However, information is reported to the chief operating decision-maker, the Chief Executive Officer ("CEO"), on an aggregated basis. Strategic and financial management decisions are determined centrally by the CEO and, on this basis, the Group operates as a single segment investment management business.

## **Revenue**

Revenue primarily consists of management fees and performance fees. Management fees are generally based on a percentage of the market value of assets under management ("AUM") and are calculated using either the daily, month-end or quarter-end average asset balance in accordance with contractual agreements. Accordingly, fluctuations in the financial markets have a direct effect on the Group's operating results. Additionally, AUM may outperform or underperform the financial markets and therefore may fluctuate in varying degrees from that of the general market.

Performance fees are specified in certain fund and client contracts and are based on investment performance either on an absolute basis or compared to an established index over a specified period of time. This is often subject to a hurdle rate. Performance fees are recognized at the end of the contractual period (typically monthly, quarterly or annually) if the stated performance criteria are achieved. Certain fund and client contracts allow for negative performance fees where there is underperformance against the relevant index.

## **THIRD QUARTER 2018 SUMMARY**

### ***Third Quarter 2018 Highlights***

- Investment performance across all time periods is solid, with 63%, 60% and 81% of AUM outperforming benchmarks on a one-, three- and five-year basis, respectively, as of September 30, 2018.
- AUM increased to \$378.1 billion, up 2.2% from June 30, 2018, due to positive markets, partially offset by net outflows and unfavorable foreign currency translation.
- Third quarter 2018 diluted earnings per share was \$0.55, or \$0.69 on an adjusted basis. Refer to the Non-GAAP Financial Measures section for information on adjusted non-GAAP figures.
- On October 31, 2018, the Board declared a \$0.36 per share dividend for the third quarter of 2018.
- During the third quarter ended September 30, 2018, the Group acquired 1,773,504 shares of its common stock for \$49.9 million.

## Financial Summary

Results are reported on a GAAP basis. Adjusted non-GAAP figures are presented in the Non-GAAP Financial Measures section.

Revenue for the third quarter of 2018 was \$581.2 million, an increase of \$14.3 million, or 3%, from the third quarter of 2017. Average AUM increased by 7%, driving an increase in management fees during the third quarter of 2018 compared to the same period in 2017. These increases are partially offset by lower performance fees.

Total operating expenses for the third quarter of 2018 were \$432.9 million, an increase of \$4.2 million, or 1%, compared to operating expenses in the third quarter of 2017. The increase is due to a number of non-significant items discussed in Results of Operations.

Operating income for the third quarter of 2018 was \$148.3 million, an increase of \$10.1 million, or 7%, compared to the third quarter of 2017. The Group's operating margin was 25.5% in the third quarter of 2018 compared to 24.4% in the third quarter of 2017.

Net income attributable to JHG in the third quarter of 2018 was \$111.2 million, an increase of \$11.7 million, or 12%, compared to the same period in 2017, due to the revenue and operating expense explanations above. In addition, other non-operating income, net decreased \$6.4 million from the third quarter of 2017, primarily due to fair value adjustments related to the Dai-ichi options.

The Group's ordinary dividend in respect of the third quarter of 2018 totaled \$0.36 per share.

## Investment Performance of Assets Under Management

The following table is a summary of investment performance as of September 30, 2018:

Percentage of assets under management outperforming benchmark	1 year	3 years	5 years
Equities	61%	56%	75%
Fixed Income	79%	92%	94%
Quantitative Equities	21%	8%	83%
Multi-Asset	89%	89%	90%
Alternatives	99%	73%	100%
<b>Total Group</b>	<b>63%</b>	<b>60%</b>	<b>81%</b>



## Assets Under Management

The Group's AUM as of September 30, 2018, was \$378.1 billion, an increase of \$7.3 billion, or 2.0%, from December 31, 2017, driven primarily by positive market movements of \$22.7 billion. This increase was partially offset by net redemptions of \$9.8 billion and unfavorable foreign exchange movements of \$5.6 billion due to the strengthening of the US dollar ("USD").

JHG's non-USD AUM is primarily denominated in Great British pound ("GBP"), euro ("EUR") and Australian dollar ("AUD"). During the three and nine months ended September 30, 2018, the USD strengthened against the GBP, the EUR and the AUD. As of September 30, 2018, approximately 34% of the Group's AUM was non-USD-denominated, resulting in a net unfavorable currency effect, particularly in products exposed to GBP.

VelocityShares exchange-traded notes ("ETNs") and certain index products are not included within AUM as JHG is not the named adviser or subadviser to ETNs or index products. VelocityShares ETN assets totaled \$2.4 billion and \$4.0 billion as of September 30, 2018, and December 31, 2017, respectively. VelocityShares index product assets not included within AUM totaled \$1.2 billion and \$0.1 billion as of September 30, 2018, and December 31, 2017, respectively.

Asset and flows by capability for the three and nine months ended September 30, 2018 and 2017, are as follows (in billions):

By capability	Closing AUM Dec. 31, 2017	Sales	Redemptions(1)	Net sales (redemptions)	Markets	FX(2)	Acquisitions & Disposals	Closing AUM Sept. 30, 2018
Equities	\$ 189.7	\$25.3	\$ (31.1)	\$ (5.8)	\$ 17.4	\$ (2.1)	\$ —	\$ 199.2
Fixed Income	80.1	16.2	(18.9)	(2.7)	(0.4)	(2.5)	—	74.5
Quantitative Equities	49.9	3.3	(3.9)	(0.6)	3.7	(0.1)	—	52.9
Multi-Asset	31.6	5.3	(3.8)	1.5	1.8	(0.3)	—	34.6
Alternatives	19.5	4.3	(6.5)	(2.2)	0.2	(0.6)	—	16.9
<b>TOTAL</b>	<b>\$ 370.8</b>	<b>\$54.4</b>	<b>\$ (64.2)</b>	<b>\$ (9.8)</b>	<b>\$ 22.7</b>	<b>\$ (5.6)</b>	<b>\$ —</b>	<b>\$ 378.1</b>

By capability	Closing AUM June 30, 2018	Sales	Redemptions(1)	Net sales (redemptions)	Markets	FX(2)	Acquisitions & Disposals	Closing AUM Sept. 30, 2018
Equities	\$ 193.3	\$ 6.8	\$ (9.9)	\$ (3.1)	\$ 9.6	\$ (0.6)	\$ —	\$ 199.2
Fixed Income	76.5	6.0	(7.6)	(1.6)	0.3	(0.7)	—	74.5
Quantitative Equities	50.1	1.3	(1.3)	—	2.8	—	—	52.9
Multi-Asset	32.6	2.2	(1.3)	0.9	1.2	(0.1)	—	34.6
Alternatives	17.6	1.4	(1.9)	(0.5)	—	(0.2)	—	16.9
<b>TOTAL</b>	<b>\$ 370.1</b>	<b>\$17.7</b>	<b>\$ (22.0)</b>	<b>\$ (4.3)</b>	<b>\$ 13.9</b>	<b>\$ (1.6)</b>	<b>\$ —</b>	<b>\$ 378.1</b>

By capability	Closing AUM Dec. 31, 2016(3)	Sales	Redemptions(1)	Net sales (redemptions)	Markets	FX(2)	Acquisitions & Disposals	Closing AUM Sept. 30, 2017
Equities	\$ 63.6	\$21.8	\$ (21.1)	\$ 0.7	\$ 13.7	\$ 4.6	\$ 99.7	\$ 182.3
Fixed Income	34.7	12.0	(10.7)	1.3	1.2	3.6	38.6	79.4
Quantitative Equities	—	0.9	(2.9)	(2.0)	2.9	0.1	48.0	49.0
Multi-Asset	8.9	1.8	(2.5)	(0.7)	1.2	0.8	20.0	30.2
Alternatives	17.5	5.4	(4.8)	0.6	0.6	1.4	(0.5)	19.6
<b>TOTAL</b>	<b>\$ 124.7</b>	<b>\$41.9</b>	<b>\$ (42.0)</b>	<b>\$ (0.1)</b>	<b>\$ 19.6</b>	<b>\$10.5</b>	<b>\$ 205.8</b>	<b>\$ 360.5</b>

By capability	Closing AUM June 30, 2017	Sales	Redemptions(1)	Net sales (redemptions)	Markets	FX(2)	Acquisitions & Disposals	Closing AUM Sept. 30, 2017
Equities	\$ 173.4	\$ 9.6	\$ (9.0)	\$ 0.6	\$ 6.5	\$ 1.8	\$ —	\$ 182.3
Fixed Income	77.2	5.3	(4.9)	0.4	0.4	1.4	—	79.4
Quantitative Equities	—	—	—	—	—	—	—	—
Equities	46.5	0.7	(1.2)	(0.5)	2.9	0.1	—	49.0
Multi-Asset	29.4	0.9	(1.2)	(0.3)	0.8	0.3	—	30.2
Alternatives	18.4	1.8	(1.3)	0.5	0.2	0.5	—	19.6
<b>TOTAL</b>	<b>\$ 344.9</b>	<b>\$18.3</b>	<b>\$ (17.6)</b>	<b>\$ 0.7</b>	<b>\$ 10.8</b>	<b>\$ 4.1</b>	<b>\$ —</b>	<b>\$ 360.5</b>

(1) Redemptions include the impact of client transfers which could cause a positive balance on occasion.

- (2) FX reflects movements in AUM resulting from changes in foreign currency rates as non-USD denominated AUM is translated into USD.
- (3) AUM as of December 31, 2016 has been reclassified between capabilities following the completion of the Merger.

### **Closing Assets Under Management**

The following table presents the closing AUM, split by client type and client location, as of September 30, 2018 (in billions):

<b>By client type</b>	<b>Closing AUM</b>	
	<b>September 30, 2018</b>	
Intermediary	\$	166.4
Institutional		145.6
Self-directed		66.1
Total	\$	378.1

  

<b>By client location</b>	<b>Closing AUM</b>	
	<b>September 30, 2018</b>	
North America	\$	202.5
EMEA and Latin America		115.8
Asia-Pacific		59.8
Total	\$	378.1

### **Valuation of Assets Under Management**

The fair value of AUM is based on the value of the underlying cash and investment securities of the funds, trusts and segregated mandates. A significant proportion of these securities is listed or quoted on a recognized securities exchange or market and is regularly traded thereon; these investments are valued based on unadjusted quoted market prices. Investments including, but not limited to, over the counter derivative contracts (which are dealt in or through a clearing firm), exchanges or financial institutions will be valued by reference to the most recent official settlement price quoted by the appointed market vendor, and in the event no price is available from this source, a broker quotation may be used. Physical property held is valued monthly by a specialist independent appraiser.

When a readily ascertainable market value does not exist for an investment, the fair value is calculated based on the expected cash flows of its underlying net asset base, taking into account applicable discount rates and other factors. Judgment is used to ascertain if a formerly active market has become inactive and to determine fair values when markets have become inactive. The Fair Value Pricing Committee is responsible for determining or approving these unquoted prices, which are reported to those charged with governance of the funds and trusts. For funds that invest in markets that are closed at their valuation point, an assessment is made daily to determine whether a fair value pricing adjustment is required to the fund's valuation. This may be due to significant market movements in other correlated open markets, scheduled market closures or unscheduled market closures as a result of natural disaster or government intervention.

Third-party administrators hold a key role in the collection and validation of prices used in the valuation of the securities. Daily price validation is completed using techniques such as day-on-day tolerance movements, invariant prices, excessive movement checks and intra-vendor tolerance checks. The JHG data management team performs oversight of this process and completes annual due diligence on the processes of third-parties.

In other cases, the Group performs a number of procedures to validate the pricing received from third-party providers. For actively traded equity securities, prices are received daily from both a primary and secondary vendor. For fixed income securities, prices are received daily from a primary vendor and weekly from a secondary vendor. Prices from the primary and secondary vendors are compared to identify any discrepancies. In the event of a discrepancy, a price challenge may be issued to both vendors. Securities with significant day-to-day price changes require additional research, which may include a review of all news pertaining to the issue and issuer, and any corporate actions. All fixed income prices are reviewed by JHG's fixed income trading desk to incorporate market activity information available to JHG's traders. In the event the traders have received price indications from market makers for a particular issue, this information is transmitted to the pricing vendors.

JHG leverages the expertise of its fund management teams across the business to cross-invest assets and create value for its clients. Where cross investment occurs, assets and flows are identified and the duplication is removed.

## Results of Operations

The nine-month period ended September 30, 2017 includes four months (June through September) of JCG post-merger activity, while the same period in 2018 includes JCG activity for all months in the period. This scenario creates significant variances throughout the Results of Operations when comparing activity for the nine months ended September 30, 2018, to the same period in 2017. For purposes of the Results of Operations discussions below, the variances due to this scenario will be separately identified and disclosed as “the inclusion of five additional months of JCG”.

Foreign currency translation will impact the expense analysis throughout the Results of Operations section. The translation of GBP to USD is the primary driver of foreign currency translation in expenses. The GBP weakened against the USD during the three and nine months ended September 30, 2018, compared to the same periods in 2017. Revenue is also impacted by foreign currency translation, but the impact is generally determined by the primary currency of the fund.

## Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Revenue (in millions):</b>				
Management fees	\$ 498.7	\$ 481.8	\$ 1,495.1	\$ 982.8
Performance fees	(6.0)	(2.1)	3.6	70.4
Shareowner servicing fees	33.1	30.2	96.4	40.1
Other revenue	55.4	57.0	166.2	103.2
Total revenue	<u>\$ 581.2</u>	<u>\$ 566.9</u>	<u>\$ 1,761.3</u>	<u>\$ 1,196.5</u>

### Management fees

Management fees increased by \$16.9 million, or 4%, during the three-month period ended September 30, 2018, compared to the same period in 2017. Higher AUM due to favorable markets increased management fees by \$35.7 million during the quarter ended September 30, 2018, compared to the same period in the prior year. This increase was partially offset by the net outflows impact of \$16.9 million during the quarter ended September 30, 2018.

Management fees increased by \$512.3 million, or 52%, during the nine-month period ended September 30, 2018, compared to the same period in 2017. The inclusion of five additional months of JCG management fees of \$437.2 million was the primary driver of the increase. Higher AUM due to favorable markets and foreign currency translation also increased management fees by \$70.6 million and \$30.1 million, respectively, during the nine-month period ended September 30, 2018, compared to the same period in 2017. These increases were partially offset by the net outflows impact of \$26.8 million during the nine months ended September 30, 2018.

### Performance fees

Performance fees are derived across a number of product ranges. Pooled fund and segregated mandate performance fees are recognized on a quarterly or annual basis, while mutual fund performance fees are recognized on a monthly basis. Performance fees by product type consisted of the following for the three and nine months ended September 30, 2018 and 2017 (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Performance fees (in millions):</b>				
SICAVs	\$ —	\$ 1.8	\$ 5.2	\$ 39.8
UK OEICs & Unit Trusts	—	—	4.4	16.9
Offshore Absolute Return	1.2	1.2	3.1	5.2
Segregated Mandates	3.1	2.1	10.0	9.4
Investment Trusts	0.2	0.7	6.9	9.1
Mutual Funds	(10.6)	(8.1)	(26.1)	(10.5)
Other	0.1	0.2	0.1	0.5
Total performance fees	\$ (6.0)	\$ (2.1)	\$ 3.6	\$ 70.4

For the three months ended September 30, 2018, performance fees decreased \$3.9 million compared to the same period in 2017. The decrease for the three months ended September 30, 2018, compared to the same period in 2017, was primarily due to a decrease in mutual fund performance fees primarily as a result of a decline in the 3-year performance for the Forty Fund and Mid Cap Value funds in addition to a decrease in SICAV performance fees from a decline in performance of several large European absolute return products.

For the nine months ended September 30, 2018, performance fees decreased \$66.8 million compared to the same period in 2017. The decrease for the nine-month period ended September 30, 2018, compared to the same period in 2017, was primarily due to a decrease in SICAV and UK OEICs and Unit Trusts performance fees from a decline in performance of several large European equity strategies and absolute return products and a decrease in mutual fund performance fees. The inclusion of five additional months of JCG net performance fees also contributed \$9.2 million to the decrease.

### Shareowner servicing fees

Shareowner servicing fees is primarily composed of JCG mutual fund servicing fees. For the three months ended September 30, 2018, shareowner servicing fees increased \$2.9 million, compared to the same period in 2017, primarily due to higher AUM.

For the nine months ended September 30, 2018, shareowner servicing fees increased \$56.3 million compared to the same period in 2017, primarily due to higher AUM and the inclusion of five additional months of JCG shareowner servicing fees of \$52.7 million.

### Other revenue

Other revenue increased by \$63.0 million during the nine months ended September 30, 2018, compared to the same period in 2017, with the largest driver being the inclusion of five additional months of JCG distribution and service fee revenue of \$61.4 million, partially offset by the impact of the transition of JHG's back-office, middle-office and custody functions to BNP Paribas.

## Operating Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Operating expenses (in millions):</b>				
Employee compensation and benefits	\$ 159.5	\$ 176.7	\$ 457.2	\$ 370.7
Long-term incentive plans	61.1	50.9	156.3	114.6
Distribution expenses	112.3	112.3	344.3	235.4
Investment administration	12.2	11.7	35.3	31.6
Marketing	7.1	8.1	25.1	21.4
General, administrative and occupancy	59.9	54.2	191.3	146.6
Depreciation and amortization	20.8	14.8	52.0	30.5
Total operating expenses	<u>\$ 432.9</u>	<u>\$ 428.7</u>	<u>\$ 1,261.5</u>	<u>\$ 950.8</u>

### Employee compensation and benefits

During the three-month period ended September 30, 2018, employee compensation and benefits decreased \$17.2 million compared to the equivalent period in 2017, primarily due to lower redundancy costs, lower bonus pool accruals and lower headcount in 2018, which contributed \$7.6 million, \$6.3 million and \$4.4 million to the decrease, respectively. One-time cash awards in lieu of long-term incentive plan awards of \$4.2 million during the three-month period ended September 30, 2017, also contributed to the decrease in employee compensation and benefits. These decreases are partially offset by an increase of \$4.1 million due to a change in the accounting treatment of pension interest, which was recognized in employee compensation and benefits in 2017 and moved to other non-operating income, net on JHG's Condensed Consolidated Statements of Comprehensive Income in 2018.

During the nine-month period ended September 30, 2018, employee compensation and benefits increased \$86.5 million compared to the equivalent period in 2017. The increase was primarily driven by the inclusion of five additional months of JCG, which contributed \$131.6 million. Foreign currency translation also contributed \$12.9 million to the increase. These increases are partially offset by lower redundancy charges, lower performance fee variable compensation, lower bonus accruals and certain cash awards in the third quarter of 2017 (discussed above), which reduced costs by \$30.8 million, \$17.2 million, \$4.1 million and \$4.2 million, respectively.

### Long-term incentive plans

Long-term incentive plans increased by \$10.2 million during the three-month period ended September 30, 2018, compared to the equivalent period in 2017. The increase was primarily due to a \$7.7 million acceleration of incentive plans expense due to redundancies and \$14.0 million due to new awards. Fair value adjustments related to mutual fund awards also contributed \$3.5 million to the increase. These increases were partially offset by a \$14.7 million decrease from the vesting of awards granted in previous years.

Long-term incentive plans increased by \$41.7 million during the nine-month period ended September 30, 2018, compared to the equivalent period in 2017. The increase was primarily driven by the inclusion of five additional months of JCG long-term incentive plans expenses of \$35.3 million and a \$27.3 million increase due to new grants. Unfavorable foreign currency translation and fair value adjustments related to mutual fund awards each contributed \$3.5 million to the increase during the nine-month period ended September 30, 2018. These increases were partially offset by a \$21.1 million decrease from the vesting of awards granted in previous years and a \$5.6 million decrease due to the acceleration of incentive plans due to redundancies.

### Distribution expenses

Distribution expenses are paid to financial intermediaries for the distribution of JHG's retail investment products and are typically calculated based on the amount of the intermediary-sourced AUM. Distribution expenses were flat for the three-month period ended September 30, 2018, compared to the same period in 2017.

For the nine-month period ended September 30, 2018, distribution expenses increased by \$108.9 million, with the inclusion of five additional months of JCG distribution expenses of \$104.9 million as the primary driver of the

increase. Higher average AUM and new revenue sharing agreements contributed \$5.8 million and \$2.2 million to the increase, respectively.

#### *Investment administration*

Investment administration expenses, which represent back-office operations (including fund administration and fund accounting), increased \$0.5 million during the three-month period ended September 30, 2018, compared to the same period in 2017. The increase is mostly due to \$1.2 million in expenses related to transitioning JHG's back-office, middle-office and custody functions to BNP Paribas.

Investment administration expenses increased \$3.7 million during the nine-month period ended September 30, 2018, compared to the same period in 2017. The increase is mostly due to \$4.2 million in expenses related to transitioning JHG's back-office, middle-office and custody functions to BNP Paribas.

#### *Marketing*

Marketing expenses for the three-month period ended September 30, 2018, decreased by \$1.0 million compared to the same period in 2017, primarily due to a \$0.9 million decrease in proxy expenses.

Marketing expenses increased \$3.7 million during the nine-month period ended September 30, 2018, compared to the same period in 2017. The increase was primarily driven by the inclusion of five additional months of JCG marketing expenses of \$8.0 million, which was partially offset by a \$2.1 million decrease in proxy expenses.

#### *General, administrative and occupancy*

General, administrative and occupancy expenses increased by \$5.7 million during the three-month period ended September 30, 2018, compared to the same period in 2017. The increase is primarily related to an increase of \$3.4 million in research costs related to the Markets in Financial Instruments Directive II ("MiFID II") and an increase of \$3.0 million in legal and other professional fees in 2018.

General, administrative and occupancy expenses increased \$44.7 million during the nine-month period ended September 30, 2018, compared to the same period in 2017. The increase was primarily driven by the inclusion of five additional months of JCG general, administrative and occupancy expenses of \$43.7 million. The outcome of a court case and research costs related to MiFID II increased expenses during the nine-month period ended September 30, 2018, by \$12.2 million and \$12.2 million, respectively. In addition, an \$8.4 million increase in irrecoverable sales tax related to research costs, a \$5.1 million increase in legal and other professional fees and unfavorable foreign currency translation of \$3.8 million contributed to the year-over-year increase. These increases are partially offset by \$39.0 million of deal and integration costs (excluding JCG) related to the Merger recognized in the nine-month period ended September 30, 2017.

#### *Depreciation and amortization*

Depreciation and amortization expenses increased by \$6.0 million during the three-month period ended September 30, 2018, compared to the same period in 2017. The increase is primarily due to a \$5.4 million impairment related to Gartmore investment management contracts classified as intangible assets on the Condensed Consolidated Balance Sheets.

Depreciation and amortization expenses increased by \$21.5 million during the nine-month period ended September 30, 2018, compared to the same period in 2017. The increase is primarily due to the impairment discussed above and amortization of intangibles recognized as a result of the Merger.

## Non-Operating Income and Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Non-operating income and expenses (in millions):</b>				
Interest expense	\$ (4.0)	\$ (4.7)	\$ (11.7)	\$ (7.8)
Investment gains (losses), net	\$ (8.3)	\$ 6.1	\$ (25.6)	\$ 15.0
Other non-operating income, net	\$ 2.3	\$ 8.7	\$ 55.1	\$ 8.0

### Interest expense

Interest expense decreased by \$0.7 million during the three-month period ended September 30, 2018, compared to the equivalent period in 2017. The decrease is primarily due to the maturity and final settlement of the 0.750% Convertible Senior Notes due 2018 (the "2018 Convertible Notes") on July 15, 2018.

Interest expense increased by \$3.9 million during the nine-month period ended September 30, 2018, compared to the equivalent period in 2017. The increase is primarily due to interest on the 2018 Convertible Notes (up to the July 15, 2018 maturity date) and the 4.875% Senior Notes due 2025 ("2025 Senior Notes") as a result of the Merger.

### Investment gains (losses), net

The components of investment gains (losses), net for the three and nine months ended September 30, 2018 and 2017, are as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Investment gains (losses), net (in millions):</b>				
Seeded investment products and derivatives, net	\$ (14.2)	\$ 6.0	\$ (32.4)	\$ 4.8
Gain on sale of Volantis	—	—	—	10.2
Other	5.9	0.1	6.8	—
Investment gains (losses), net	\$ (8.3)	\$ 6.1	\$ (25.6)	\$ 15.0

Investment gains (losses), net moved unfavorably by \$14.4 million and \$40.6 million during the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017, primarily due to fair value adjustments in relation to the Group's consolidated VIEs and other seeded investment products. The \$10.2 million gain recognized on the sale of Volantis in 2017 also contributed to the year-over-year unfavorable change.

### Other non-operating income, net

Other non-operating income, net decreased \$6.4 million during the three months ended September 30, 2018, compared to the same period in 2017. The decrease was primarily due to fair value adjustments related to the Dai-ichi options, which benefited other non-operating income, net by \$2.1 million during the three-month period ended September 30, 2018, primarily due to time decay, compared to a benefit of \$10.3 million in the same period in 2017. This decrease was partially offset by favorable foreign currency translation of \$3.3 million during the three months ended September 30, 2018, compared to the same period in 2017.

Other non-operating income (expenses), net increased \$47.1 million during the nine months ended September 30, 2018, compared to the same period in 2017. Fair value adjustments related to the Dai-ichi options benefited other non-operating income (expense), net by \$26.8 million during the nine-month period ended September 30, 2018, primarily due to a decrease in JHG's stock price and time decay, compared to a benefit of \$9.1 million in the same period in 2017. The increase was also due to a \$22.3 million gain recognized during the nine months ended September 30, 2018, on the disposal of the Group's back-office, middle-office and custody functions in the U.S. and a change in the accounting treatment of pension interest discussed in employee



compensation and benefits above. Favorable foreign currency translation of \$4.0 million also contributed to the increase during the nine months ended September 30, 2018, compared to the same period in 2017.

*Income tax provision*

The Group's effective tax rates for the three and nine months ended September 30, 2018 and 2017, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Effective tax rate	24.0%	31.1%	23.0%	28.6%

The decrease in the effective tax rates for the three and nine months ended September 30, 2018, compared to the same periods in 2017 is primarily due to the lower U.S. federal corporation tax rate subsequent to passage of the rate reduction in the Tax Cuts and Jobs Act effective for 2018 and the decrease in non-tax deductible merger costs.

## Non-GAAP Financial Measures

JHG reports its financial results in accordance with GAAP. However, in the opinion of JHG management, the profitability of the Group and its ongoing operations is best evaluated using additional non-GAAP financial measures. Management uses these performance measures to evaluate the business, and adjusted values are consistent with internal management reporting.

### Alternative performance measures

The following is a reconciliation of revenue, operating income, net income attributable to JHG and diluted earnings per share to adjusted revenue, adjusted operating income, adjusted net income attributable to JHG and adjusted diluted earnings per share, respectively, for the three-month period ended September 30, 2018 (in millions, except per share and operating margin data):

	Three months ended September 30, 2018
<b>Reconciliation of revenue to adjusted revenue</b>	
Revenue	\$ 581.2
Distribution expenses(1)	(112.3)
Adjusted revenue	<u>\$ 468.9</u>
<b>Reconciliation of operating income to adjusted operating income</b>	
Operating income	\$ 148.3
Employee compensation and benefits(2)	8.1
Long-term incentive plans(2)	10.0
General, administrative and occupancy(2)	1.3
Depreciation and amortization(3)	12.8
Adjusted operating income	<u>\$ 180.5</u>
Operating margin(4)	25.5%
Adjusted operating margin(5)	38.5%
<b>Reconciliation of net income attributable to JHG to adjusted net income attributable to JHG</b>	
Net income attributable to JHG	\$ 111.2
Employee compensation and benefits(2)	8.1
Long-term incentive plans(2)	10.0
General, administrative and occupancy(2)	1.3
Depreciation and amortization(3)	12.8
Interest expense(6)	0.8
Other non-operating income, net(6)	2.5
Income tax provision(7)	(8.1)
Adjusted net income attributable to JHG	138.6
Less: allocation of earnings to participating stock-based awards	(3.7)
Adjusted net income attributable to JHG common shareholders	<u>\$ 134.9</u>
Weighted-average common shares outstanding - diluted (two class)	195.9
Diluted earnings per share (two class)(8)	\$ 0.55
Adjusted diluted earnings per share (two class)(9)	\$ 0.69

(1) 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.

(2) Adjustments primarily represent integration costs in relation to the Merger. The costs represent severance costs, legal costs and consulting fees. JHG management believes these costs do not represent the ongoing operations of the Group.

- (3) Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognized 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 amortized 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.
- (4) Operating margin is operating income divided by revenue.
- (5) Adjusted operating margin is adjusted operating income divided by adjusted revenue.
- (6) Adjustments primarily represent fair value movements on options issued to Dai-ichi and deferred consideration costs associated with acquisitions. JHG management believes these costs do not represent the ongoing operations of the Group. The options issued to Dai-ichi expired on October 3, 2018.
- (7) The tax impact of the adjustments is calculated based on the U.S. or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible.
- (8) Diluted earnings per share is net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.
- (9) Adjusted diluted earnings per share is adjusted net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.

#### Quarterly analysis

The following provides analysis of the Group's adjusted revenue and adjusted operating expense for the three-month period ended September 30, 2018, as compared to adjusted revenue and adjusted operating expense for the three-month period ended September 30, 2017 (in millions).

	Three months ended September 30, 2018	Three months ended September 30, 2017
Adjusted revenue	\$ 468.9	\$ 454.6
Adjusted operating expense	\$ 288.4	\$ 286.2

Adjusted revenue increased \$14.3 million, or 3%, primarily due to an increase in management fees. Adjusted operating expenses increased \$2.2 million, or 1%. There were no significant movements contributing to the variance in operating expenses.

The following is a reconciliation of revenue and operating expense to adjusted revenue and adjusted operating expense, respectively, for the three months ended September 30, 2018 and 2017 (in millions):

	Three months ended September 30, 2018	Three months ended September 30, 2017
<b>Reconciliation of revenue to adjusted revenue</b>		
Revenue	\$ 581.2	\$ 566.9
Distribution expenses(1)	(112.3)	(112.3)
Adjusted revenue	<u>\$ 468.9</u>	<u>\$ 454.6</u>
<b>Reconciliation of operating expense to adjusted operating expense</b>		
Operating expense	\$ 432.9	\$ 428.7
Employee compensation and benefits(2)	(8.1)	(15.3)
Long-term incentive plans(2)	(10.0)	(2.8)
Distribution expenses(1)	(112.3)	(112.3)
Marketing(2)	—	(0.7)
General, administrative and occupancy(2)	(1.3)	(4.4)
Depreciation and amortization(3)	(12.8)	(7.0)
Adjusted operating expense	<u>\$ 288.4</u>	<u>\$ 286.2</u>

- 
- (1) 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.
  - (2) Adjustments primarily represent deal and integration costs in relation to the Merger. The costs primarily represent severance costs, legal costs and consulting fees. JHG management believes these costs do not represent the ongoing operations of the Group.
  - (3) Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognized 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 amortized 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.

## LIQUIDITY AND CAPITAL RESOURCES

JHG's capital structure, together with available cash balances, cash flows generated from operations, and further capital and credit market activities, if necessary, should provide the Group with sufficient resources to meet present and future cash needs, including operating and other obligations as they fall due and anticipated future capital requirements.

The following table summarizes key balance sheet data relating to JHG's liquidity and capital resources as of September 30, 2018, and December 31, 2017 (in millions):

	September 30, 2018	December 31, 2017
Cash and cash equivalents held by the Group	\$ 754.3	\$ 754.2
Fees and other receivables	\$ 333.3	\$ 419.6
Investment securities held by the Group	\$ 292.4	\$ 261.5
Debt	\$ 319.8	\$ 379.2

Cash and cash equivalents consist primarily of cash at banks and in money market funds. Cash and cash equivalents and investment securities held by consolidated VIEs and VREs are not available for general corporate purposes and have been excluded from the table above.

Investment securities held by the Group represents seeded investment products (exclusive of investments held by consolidated VIEs and VREs), investments related to deferred compensation plans and other less significant investments.

The Group believes that existing cash and cash from operations should be sufficient to satisfy its short-term capital requirements. Expected short-term uses of cash include ordinary operating expenditures, seed capital investments, interest expense, dividend payments, income tax payments, contingent consideration payments, integration costs in relation to the Merger and common stock repurchases. JHG may also use available cash for other general corporate purposes and acquisitions.

## Regulatory Capital

JHG is subject to regulatory oversight by the SEC, the Financial Industry Regulatory Authority ("FINRA"), the U.S. Commodity Futures Trading Commission, the Financial Conduct Authority ("FCA") and other international

regulatory bodies. The Group ensures it is compliant with its regulatory obligations at all times. The Group's main capital requirement relates to the FCA-supervised regulatory group (a sub-group of JHG), comprising Henderson Group Holdings Asset Management Limited, all of its subsidiaries and Janus Capital International Limited ("JCIL"). JCIL is included to meet the requirements of certain regulations under the Banking Consolidation Directive. The combined capital requirement is £282.3 million (\$368.1 million), resulting in capital above the regulatory group's regulatory requirement of £124.2 million (\$162.0 million) as of September 30, 2018, based on internal calculations and excluding unaudited current year profits. Capital requirements in other jurisdictions are not significant.

## **Short-Term Liquidity and Capital Resources**

### *Convertible Notes*

During the three and nine months ended September 30, 2018, \$9.4 million and \$57.5 million of principal was redeemed and settled with cash for a total cash outlay of \$13.5 million and \$95.3 million, respectively. The difference between the principal redeemed and the cash paid primarily represents the value of the conversion feature. As of July 15, 2018 (maturity date), the obligations associated with the 2018 Convertible Notes were settled with cash and the carrying value was reduced to zero.

### *Options Sold to Dai-ichi*

As of September 30, 2018, the fair value of the options sold to Dai-ichi was nil. The fair value was determined using a Black-Scholes option pricing model. The Black-Scholes model requires management to estimate certain variables, primarily the volatility of the underlying shares. Changes in the fair value of the options are recognized in other non-operating income (expenses), net on JHG's Condensed Consolidated Statements of Comprehensive Income. The options expired on October 3, 2018.

### *Common Stock Repurchases*

At the Annual General Meeting held on May 3, 2018, shareholders authorized JHG to make on-market purchases of up to 10% of the issued share capital of the Group. During the three-month period ended September 30, 2018, the Group commenced an on-market buyback program to repurchase up to \$100 million of its ordinary shares on the New York Stock Exchange and its CHES Depositary Interests ("CDIs") on the Australian Securities Exchange ("ASX") over 12 months. The Group purchased 1,773,504 shares of common stock for \$49.9 million in the third quarter of 2018. The purchased shares were all canceled in the third quarter.

Some of the Group's executives and employees receive rights over JHG ordinary shares as part of their remuneration arrangements and employee entitlements. These entitlements may be satisfied either by the transfer of existing ordinary shares acquired on market or by the issue of ordinary shares. The Group purchased 2,422,757 shares at an average price of \$34.92 in satisfaction of employee awards and entitlements during the nine months ended September 30, 2018.

### *Dividends*

The payment of cash dividends is within the discretion of the Group's Board of Directors and depends on many factors, including, but not limited to, the Group's results of operations, financial condition, capital requirements, general business conditions and legal requirements.

Dividends declared and paid during the nine months ended September 30, 2018, were as follows:

Dividend per share	Date declared	Dividends paid (in US\$ millions)	Date paid
\$ 0.32	February 5, 2018	\$ 63.1	March 2, 2018
\$ 0.36	May 8, 2018	\$ 71.6	June 1, 2018
\$ 0.36	July 31, 2018	\$ 71.2	August 24, 2018

On October 31, 2018, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on November 30, 2018, to shareholders of record at the close of business on November 12, 2018.

### ***Long-Term Liquidity and Capital Resources***

Expected long-term commitments as of September 30, 2018, include principal and interest payments related to the 2025 Senior Notes, operating and capital lease payments, Perkins and Intech senior profits interests awards, Intech appreciation rights and phantom interests, Intech non-controlling interests and contingent consideration related to the acquisitions of Geneva, Perennial, VelocityShares and Kapstream. JHG expects to fund its long-term commitments with existing cash, with cash generated from operations or by accessing capital and credit markets as necessary.

#### *2025 Senior Notes*

Upon closing of the Merger, JHG fully and unconditionally guaranteed JCG's obligations under its 2025 Senior Notes. The 2025 Senior Notes have a principal amount of \$300.0 million, pay interest at 4.875% semiannually on February 1 and August 1 of each year, and mature on August 1, 2025.

#### *Perkins Senior Profits Interests Awards*

On November 18, 2013, Perkins granted senior profits interests awards designed to retain and incentivize key employees to grow the business. These awards fully vest on December 31, 2018, with the holders entitled to a total of 10% of Perkins' annual taxable income. The entitlement to a percentage of Perkins' annual taxable income over the vesting period is tiered and starts at 2% in 2015 and increases 2% each year thereafter until reaching 10% in 2019 after fully vesting on December 31, 2018. In addition, these awards have a formula-driven terminal value based on Perkins' revenue. JHG can call and terminate any or all of the awards on December 31, 2018, and each year thereafter. Holders of such interests can require JHG to purchase the interests in exchange for the then-applicable formula price on December 31, 2018. The senior profits interests awards are also subject to termination at premiums or discounts to the formula at the option of JHG or certain employees, as applicable, upon certain corporate- or employment-related events affecting Perkins or certain employees.

#### *Intech*

Intech ownership interests held by a founding member, representing approximately 1.1% aggregate ownership of Intech, provide this founding member with an entitlement to retain his remaining Intech interest until his death and provide the option to require JHG to purchase the ownership interests of Intech at fair value.

Intech has granted long-term incentive awards to retain and incentivize employees. The awards consist of appreciation rights, profits interests and phantom interests, and are designed to give recipients an equity-like stake in Intech. The grant date fair value of the appreciation rights is being amortized on a graded basis over the 10-year vesting period. The awards are exercisable upon termination of employment from Intech to the extent vested. The profits interests and phantom interests awards entitle recipients to 9.00% of Intech's pre-incentive profits.

### Contingent Consideration

The maximum amount payable and fair value of Geneva, Perennial, Kapstream and VelocityShares contingent consideration are summarized below (in millions):

	As of September 30, 2018			
	Geneva	Perennial	Kapstream	VelocityShares
Maximum amount payable	\$ 61.3	\$ 43.4	\$ 28.0	\$ 8.0
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 13.7	\$ —
Other non-current liabilities	24.6	8.5	12.3	—
Total fair value	\$ 24.6	\$ 8.5	\$ 26.0	\$ —
	As of December 31, 2017			
	Geneva	Perennial	Kapstream	VelocityShares
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 18.8	\$ 6.1
Other non-current liabilities	19.3	7.0	25.4	—
Total fair value	\$ 19.3	\$ 7.0	\$ 44.2	\$ 6.1

#### Acquisition of Geneva

The consideration payable on the acquisition of Geneva in 2014 included two contingent tranches payable over seven years.

#### Acquisition of Perennial

The consideration payable on the acquisition of Perennial included contingent consideration payable in 2019 if revenues of the Perennial equities business meet certain targets. The total maximum payment over the remaining contingent consideration period is \$5.4 million as of September 30, 2018. In addition, there is a maximum amount of \$38.0 million payable in two tranches in 2019 and 2020, which have employee service conditions attached (“earn-out”). The earn-out is accrued over the service period as compensation expense and is based on net management fee revenue.

#### Acquisition of Kapstream

The outstanding Kapstream contingent cash consideration in respect to the initial acquisition of a 51% controlling interest is payable in the third quarter of 2018 if certain Kapstream AUM reach defined targets. On June 30, 2018 (36 months after acquisition), Kapstream reached defined AUM targets, and the Group paid \$3.8 million in July 2018.

The purchase of the remaining 49% had contingent consideration of up to \$43.0 million. Payment of the contingent consideration is subject to all Kapstream products and certain products advised by the Group, reaching defined revenue targets on the first, second and third anniversaries of January 31, 2017. The contingent consideration is payable in three equal installments on the anniversary dates and is indexed to the performance of the premier share class of the Kapstream Absolute Return Income Fund. Upon achieving the defined revenue targets, the holders receive the value of the contingent consideration adjusted for gains or losses attributable to the mutual fund to which the contingent consideration is indexed, subject to tax withholding. On January 31, 2018, the first anniversary of the acquisition, Kapstream reached defined revenue targets, and the Group paid \$15.3 million in February 2018.

#### Acquisition of VelocityShares

JCG’s acquisition of VelocityShares in 2014 included contingent consideration. The payment is contingent on certain VelocityShares’ exchange-traded products (“ETPs”) reaching defined net revenue targets. VelocityShares reached defined net revenue targets in November 2017, and the Group paid \$3.6 million in January 2018.

For additional details of the contingent consideration, please refer to Note 4 — Fair Value Measurements.

#### *Defined Benefit Pension Plan*

The Group's latest triennial valuation of its defined benefit pension plan resulted in a surplus of £12.0 million (\$15.6 million).

The Group believes that it will have sufficient resources to satisfy its long-term liquidity requirements.

#### *Off-Balance Sheet Arrangements*

Other than certain lease agreements, JHG is not party to any off-balance sheet arrangements that may provide, or require the Group to provide, financing, liquidity, market or credit risk support that is not reflected in JHG's consolidated financial statements.

#### **Other Sources of Liquidity**

At September 30, 2018, JHG had a \$200 million unsecured, revolving credit facility ("Credit Facility") with Bank of America Merrill Lynch International Limited as coordinator, book runner and mandated lead arranger. The Credit Facility includes an option for JHG to request an increase to the overall amount of the Credit Facility of up to an additional \$50.0 million. The Credit Facility had a maturity date of February 16, 2022, with two one-year extension options that could be exercised at the discretion of JHG with the lender's consent on the first and second anniversary of the date of the agreement, respectively. JHG exercised its option on the first anniversary date of the agreement to extend the maturity date by one year; the revised maturity date of the Credit Facility is February 16, 2023.

The Credit Facility may be used for general corporate purposes. The Credit Facility bears interest on borrowings outstanding at the relevant interbank offer rate plus a spread.

The Credit Facility contains a financial covenant with respect to leverage. The financing leverage ratio cannot exceed 3.00x EBITDA. At the latest practicable date before the date of this report, JHG was in compliance with all covenants and there were no borrowings under the Credit Facility.

#### **Cash Flows**

A summary of cash flow data for the nine months ended September 30, 2018 and 2017, is as follows (in millions):

	Nine months ended September 30,	
	2018	2017
Cash flows provided by (used for):		
Operating activities	\$ 427.5	\$ 218.2
Investing activities	87.9	519.0
Financing activities	(489.0)	(371.1)
Effect of foreign exchange rate changes on cash and cash equivalents	(24.5)	10.4
Net change in cash and cash equivalents	1.9	376.5
Cash balance at beginning of period	794.2	323.2
Cash balance at end of period	\$ 796.1	\$ 699.7

#### *Operating Activities*

Fluctuations in operating cash flows are attributable to changes in net income and working capital items, which can vary from period to period based on the amount and timing of cash receipts and payments.



### Investing Activities

Cash provided by investing activities for the nine months ended September 30, 2018 and 2017, is as follows (in millions):

	Nine months ended September 30,	
	2018	2017
Purchases and sales of investment securities, net	\$ 38.1	\$ 102.6
Purchase and sales of securities by consolidated investment products, net	25.6	23.9
Purchase of property, equipment and software	(17.6)	(9.1)
Cash acquired from acquisition	—	417.2
Proceeds from BNP Paribas transaction, net	36.5	—
Cash received (paid) on settled hedges, net	1.0	(16.3)
Other	4.3	0.7
Cash provided by investing activities	<u>\$ 87.9</u>	<u>\$ 519.0</u>

Cash inflows from investing activities were \$87.9 million and \$519.0 million during the nine months ended September 30, 2018 and 2017, respectively. Cash provided by investing activities during the nine months ended September 30, 2018, was primarily due to proceeds received from the BNP Paribas transaction and net sales of investment securities.

### Financing Activities

Cash used for financing activities for the nine months ended September 30, 2018 and 2017, is as follows (in millions):

	Nine months ended September 30,	
	2018	2017
Dividends paid to shareholders	\$ (205.9)	\$ (192.3)
Repayment of long-term debt	(95.3)	(50.2)
Third-party sales (redemptions) in consolidated seeded investment products, net	(25.6)	(122.7)
Purchase of common stock for stock-based compensation plans	(85.2)	(44.3)
Purchase of common stock for share buyback program	(49.9)	—
Payment of contingent consideration	(22.8)	—
Proceeds from issuance of option	—	25.7
Proceeds from settlement of convertible note hedge	—	59.3
Settlement of stock warrant	—	(47.8)
Other financing activities	(4.3)	1.2
Cash used for financing activities	<u>\$ (489.0)</u>	<u>\$ (371.1)</u>

Cash outflows from financing activities were \$489.0 million and \$371.1 million in the nine months ended September 30, 2018 and 2017, respectively. Cash outflows during the nine months ended September 30, 2018, were primarily due to dividends paid to shareholders, repayment of the 2018 Convertible Notes and the purchase of common stock for stock-based compensation awards and for the share buyback program.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Group has had no material changes in its exposures to market risks from that previously reported in the Group's Annual Report on Form 10-K for the year ended December 31, 2017.

### Item 4. Controls and Procedures

As of September 30, 2018, JHG's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the

Exchange Act). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Group in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Group's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Disclosure controls and procedures are designed by the Group to ensure that it records, processes, summarizes and reports in a timely manner the information it must disclose in reports that it files with or submits to the SEC. Richard M. Weil, Chief Executive Officer, and Roger Thompson, Chief Financial Officer, reviewed and participated in management's evaluation of the disclosure controls and procedures. Based on this evaluation, Mr. Weil and Mr. Thompson concluded that as of the date of their evaluation, JHG's disclosure controls and procedures were effective.

There has been no change in JHG's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third quarter of 2018 that has materially affected, or is reasonably likely to materially affect, JHG's internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

See Part I, Item 1. Financial Statements, Note 13 — Commitments and Contingencies.

### Item 1A. Risk Factors

The Group has had no material changes in its risk factors from those previously reported in the Group's Annual Report on Form 10-K for the year ended December 31, 2017.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Common Stock Purchases

At the Annual General Meeting held on May 3, 2018, shareholders authorized JHG to make on-market purchases of up to 10% of the issued share capital of the Group. During the three-month period ended September 30, 2018, the Group commenced an on-market buyback program to repurchase up to \$100 million of its ordinary shares on the New York Stock Exchange and its CDIs on the ASX over 12 months. The Group purchased 1,773,504 shares of common stock for \$49.9 million in the third quarter of 2018. The purchased shares were all canceled in the third quarter.

Some of the Group's executives and employees receive rights over JHG ordinary shares as part of their remuneration arrangements and employee entitlements. These entitlements may be satisfied either by the transfer of existing ordinary shares acquired on-market or by the issue of ordinary shares.

The following table presents JHG ordinary shares purchased on-market by month during the nine months ended September 30, 2018, in satisfaction of employee awards and entitlements, and in connection with the share buyback program.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approximate dollar value of shares that may yet be purchased under the programs (end of month)
January	5,783	\$ 41.00	—	—
February	1,130,501	35.74	—	—
March	1,196,671	34.37	—	—
April	13,007	32.47	—	—
May	39,207	31.97	—	—
June	2,747	32.16	—	—
July	12,330	31.84	—	\$ 100 million
August	1,235,278	28.56	1,221,029	\$ 65 million
September	560,737	27.13	552,475	\$ 50 million
<b>Total</b>	<b>4,196,261</b>	<b>\$ 32.03</b>	<b>1,773,504</b>	

### Items 3, 4 and 5.

Not applicable.

**Item 6. Exhibits**

- 10.33 Service agreement between Janus Henderson Group and Richard Weil, effective from August 1, 2018, is attached to this Quarterly Report on Form 10-Q as exhibit 10.33
- 10.34 Settlement agreement between Janus Henderson Group and Andrew Formica, effective from July 31, 2018, is attached to this Quarterly Report on Form 10-Q as exhibit 10.34
- 31.1 Certification of Richard M. Weil, Chief Executive Officer of Registrant
- 31.2 Certification of Roger Thompson, Chief Financial Officer of Registrant
- 32.1 Certification of Richard M. Weil, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Roger Thompson, Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Insurance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

**JANUS HENDERSON GROUP plc**  
**INDEX TO EXHIBITS**

<b>Exhibit No.</b>	<b>Document</b>	<b>Regulation S-K Item 601(b) Exhibit No.</b>
10.33	<a href="#"><u>Service agreement between Janus Henderson Group plc and Richard Weil, effective from August 1, 2018, is attached to this Quarterly Report on Form 10-Q as exhibit 10.33</u></a>	10
10.34	<a href="#"><u>Settlement agreement between Janus Henderson Group plc and Andrew Formica, effective from July 31, 2018, is attached to this Quarterly Report on Form 10-Q as exhibit 10.34</u></a>	10
31.1	<a href="#"><u>Certification of Richard M. Weil, Chief Executive Officer of Registrant</u></a>	31
31.2	<a href="#"><u>Certification of Roger Thompson, Chief Financial Officer of Registrant</u></a>	31
32.1	<a href="#"><u>Certification of Richard M. Weil, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	32
32.2	<a href="#"><u>Certification of Roger Thompson, Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	32
101.INS	XBRL Insurance Document	101
101.SCH	XBRL Taxonomy Extension Schema Document	101
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	101
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	101
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	101
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	101

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 1, 2018

Janus Henderson Group plc

/s/ Richard M. Weil

Richard M. Weil,  
Director and Chief Executive Officer  
(Principal Executive Officer)

/s/ Roger Thompson

Roger Thompson,  
Chief Financial Officer  
(Principal Financial Officer)

/s/ Brennan A. Hughes

Brennan A. Hughes,  
Senior Vice President,  
Chief Accounting Officer and Treasurer  
(Principal Accounting Officer)

50

---

[\(Back To Top\)](#)

## Section 2: EX-10.33 (EX-10.33)

Exhibit 10.33

1 August 2018

**Strictly Private and Confidential**

By hand  
Richard M. Weil

Dear Richard:

I am pleased to confirm your continued employment as the Chief Executive Officer of Janus Henderson Group. For avoidance of doubt, the employing entity will be Janus Management Holdings Corporation, (together with Janus Henderson Group Plc, the **Company**).

---

The following terms include the statutory particulars we are required to give you in accordance with the terms of the Employment Rights Act 1996, which, together with the contractual sections of the Employee Handbook make up your contract of employment (the **Agreement**). Where there is any conflict between the statement of terms of employment and the contractual sections of the Employee Handbook the statement of terms will apply. We do not automatically send out copies of the Employee Handbook as it is available on Shared Space (the Company's intranet). If you wish to see a copy before accepting this offer, please let me know.

## 1. **Date of commencement of Employment**

- 1.1 Your employment as the Chief Executive Officer of Janus Henderson Group Plc under this Agreement will become effective 1 August 2018. Your period of continuous employment for the purposes of the Employment Rights Act 1996 began on 1 February 2010.

## 2. **Duties**

- 2.1 Your Job title is Chief Executive Officer and you will perform and observe such duties as may from time to time be required of you by the Company, provided they are consistent with your skills and experience. The Company reserves the right to change reporting lines and change, add or withdraw duties subject to giving you prior notice.

## 3. **Remuneration and Benefits**

### 3.1 Basic Salary

- 3.1.1 Your initial basic salary will be \$650,000 per annum (Basic Salary) payable semi-monthly in arrears to your bank account, as directed by you.

- 3.1.2 Salaries are reviewed in the first quarter of each year and your salary will first be reviewed in 2020. The Company would, however, have no obligation to increase your salary consequent on any such review. The Company will not decrease your salary.

### 3.2 Discretionary Bonus

- 3.2.1 You will be eligible to be considered for an annual discretionary bonus under the Company's bonus scheme in place from time to time. To be eligible to receive any award, you must be in employment with, and not have voluntarily given notice of termination to, or received notice of termination from, the Company for any reason whatsoever by the date payment would otherwise be made. Any award will be entirely at the discretion of the compensation committee of the Board of Directors (the **Compensation Committee**), is not part of your contractual remuneration and is not pensionable. Where you have received notice of termination from the Company (but not where you have resigned) and have served a complete bonus year and the bonus has already been decided but not paid, the Company's general policy would be to pay that bonus to you, provided you are not being dismissed for gross misconduct or otherwise in accordance with clause 9.
-

- 3.2.2 Award of bonuses (if any) is usually made in the first quarter of each year, and any awards which are made are determined by reference to performance in the calendar year (the **Performance Year**) preceding the award.
- 3.2.3 The amount and form of any discretionary bonus award will be determined by the Company in its absolute discretion taking into account such factors as the Company considers, from time to time, to be appropriate, which may include the performance of Janus Henderson Group plc, and the performance, contribution and conduct of the individual.
- 3.2.4 The fact that the Company may pay you a bonus in one year does not mean that you will receive a bonus in any later year and you should not expect this. The Company has the right in its absolute discretion (such discretion to be exercised in a rational and bone fide way) to amend any aspect of the scheme or to withdraw it completely and in particular (without limitation) the Company may impose conditions in relation to forfeiture and/or clawback.
- 3.3 Incentive Schemes and Remuneration Policies
- 3.3.1 Any proportion of any award or payment may at the Company's discretion be paid in the form of shares in Janus Henderson Group plc or other instruments. The Company may require you to defer a proportion of any award or payment into the Company's deferral scheme from time to time in force. The terms of the current deferral scheme will be no less beneficial to you than the terms applied to similarly situated senior executives of Janus Henderson Group plc (provided however that the Company may require deferrals to be partially in the form of performance awards) and will be communicated to you in the event that any award or payment reaches the appropriate deferral threshold.
- 3.3.2 Subject to clause 8.3, on termination of employment, all of your outstanding awards under any of the Company's incentive schemes and/or remuneration policies will be treated in accordance with the rules of such incentive schemes or remuneration policies as amended from time to time.
- 3.3.3 If, on termination of employment (whether lawfully or in breach of contract) you lose any award, or any of the rights or benefits under any incentive, deferral or other scheme in which you have participated during your employment (including rights or benefits which you would not have lost had your employment not terminated) you will not be entitled, by way of compensation for loss of office, breach of contract or otherwise, to any compensation for the loss of any such award, rights or benefits.
- 3.3.4 If the amount of any award or payment made to you pursuant to your employment exceeds any maximum amount that may be paid to you pursuant to any law or relevant regulation in effect at the time of such award or payment (or vesting thereof), your eligibility or entitlement (as relevant) will be reduced to the maximum amount allowed under such law or regulation and the Company's obligations to make any such award or payment will be reduced accordingly. You agree that if such a payment or award has already been received by you, you will on 30 days' written demand repay the sum
-



equivalent to any sum received by you in respect of any excess above the maximum permitted amount (less any tax already paid).

- 3.3.5 The provisions of this 'Incentive Schemes and Remuneration Policies' clause apply not only to any awards and payments referred to in this Agreement but also to any awards and payments made to you subsequently, irrespective of whether the provisions of this clause are repeated in any notification relating to such awards or payments. For the avoidance of doubt, 'awards' and 'payments' may include (but are not limited to) guaranteed bonuses and salary.
- 3.4 Medical Cover
- 3.4.1 You will remain eligible to participate in employee benefit plans, programs and arrangements generally available to other similarly situated senior executives of Janus Management Holdings Corporation as such plans, programs and arrangements may be amended from time to time. Subject, and in addition, to the foregoing, you shall be eligible to participate in the Global Health Plan of the Company in accordance with its terms (or any replacement plan implemented by the Company from time to time).
- 3.5 Pension Scheme
- 3.5.1 Unless you object and/or elect to remain a participant in the 401(k) Plan (as defined in clause 3.5.3), you will automatically join the money purchase section of the UK staff pension scheme, subject to the rules of the scheme. A copy of the Pension Scheme Booklet which sets out the rules of the scheme is enclosed. You should familiarise yourself with this document.
- 3.5.2 The administrators of the 401(k) Plan or the trustees of the pension scheme and their advisers and administrators will need to process certain data about you. These may include items which are categorised as personal data and sensitive personal data under the Data Protection Act 2018 such as medical details or death benefit nominations. You accept that the trustees and their advisers and administrators need this data to calculate and pay benefits for statistical purposes for reference purposes and to administer the 401(k) Plan and the pension scheme as a whole. By signing this contract you agree to this processing taking place.
- 3.5.3 You will remain entitled to participate in all savings and retirement plans, practices, policies and programs sponsored or maintained by the Company and its affiliates, including the Janus Capital Group Inc. 401(k) Plan, Profit Sharing and Employee Stock Ownership Plan or successor thereto (the **401(k) Plan**), in accordance with the terms of such plans, practices, policies and programs and on terms and conditions no less favourable than the terms and conditions generally applicable to similar level employees.
-

### 3.6 Expenses

- 3.6.1 Subject to any Company policy in operation from time to time, the Company will reimburse you promptly in respect of all expenses reasonably incurred by you in the proper performance of your duties, subject to you providing such receipts or other evidence that the Company may reasonably require.

### 3.7 Expatriate Benefits

- 3.7.1 You will continue to receive expatriate benefits in accordance with the terms of that certain letter agreement, dated as of 12 May 2017, by and between you and the Company, the Company Expat Assignment Policy and the Tax Equalization Policy of the Company, including tax equalization benefits for compensation includable in income during the 2018/19 United Kingdom tax year and the 2019 United States tax year. Cash compensation paid and share-based compensation granted on and after 6 April 2019 will not be equalised.

## 4. Absence from Work

### 4.1 Sickness or Injury

- 4.2.1 If you are ill or injured and unable to attend work, you must return to work as soon as you are fit to do so and ensure that the relevant individuals at work are aware of your absence in order to manage calendars and meeting commitments. You should keep the Chairman of the Board notified of any ongoing sickness absence of more than one week. Full details of the procedures in case of sickness or injury are set out in the Employee Handbook, which will be available to you on the Company's intranet.

### 4.3 Sick Pay

- 4.3.1 In addition to the rights afforded you under the Family Medical Leave Act (FMLA), you will be paid your base salary for illness related absences in accordance with Company policy (which currently provides for payment of up to 6 consecutive weeks). Thereafter you will be eligible for disability cover in accordance with the Company's practice at the time for similarly situated employees.

- 4.3.2 Any payments made by the Company on account of absence through sickness or injury will be inclusive of any entitlements you may have to Statutory Sick Pay and will be reduced by any benefits to which you may be entitled from the Department for Work and Pensions (**DWP**) as a result of such sickness or injury (whether or not claimed or recovered). You should claim any benefits due from the DWP.

### 4.4 Medical Examinations/Reports

- 4.4.1 We have the right to require you at any stage of absence to produce a medical certificate and/or we may require you at any time to undergo a medical examination at our expense and by your own registered medical practitioner subject to your consent and your rights under the Access to Medical Reports Act. We also have the right to require you to undergo
-

a medical examination by a registered medical practitioner of our own choice and at our own expense. Provided we keep such information strictly confidential, you agree that such medical practitioner may disclose to us and discuss with us or a Company medical advisor the result of such examination and any matters which arise from it particularly any matters which in his/her opinion might hinder or prevent you (if during a period of incapacity) from returning to work or (in other circumstances) from efficiently performing any of your contractual duties.

- 4.5 If you are prevented by incapacity from properly performing your duties under this Agreement for a consecutive period of 20 working days, the Board may in consultation with you (if possible) appoint another person or persons to perform those duties until such time as you are able to resume fully the performance of your duties.
- 4.6 If you are prevented by illness, accident or other incapacity from properly performing your duties under this Agreement for a period of 60 working days in any 52 weeks, or become of unsound mind or a patient under any statute relating to mental health the Board may appoint another person to perform your duties and you will resign from the Board of Directors of the Company and any other Group Company. At such time as you are able to return to work the Company will discuss in good faith your return to your current role or a role that is similar and appropriate to your status and your health at the time. If that is not possible you will be deemed redundant and subject to notice in accordance with clause 8.1.1 and the Company's severance policy at the time.

## **5. Hours of Work**

- 5.1 The Company's standard working week is 35 hours: 9.00 am to 5.00 pm, Monday to Friday, with a one hour break for lunch, but as a senior executive, your working time is not measured or predetermined. You are responsible for determining your own hours of work, providing that such hours are consistent with the proper performance of your duties. You agree that weekly limit on working time contained in the Working Time Regulations will therefore not apply to your employment with the Company.
- 5.2 The Company reserves the right to alter established working hours to meet business contingencies. From time to time, you may be required to work additional hours for the proper performance of your duties. You will not be entitled to additional remuneration for working outside your standard hours of work.

## **6. Holidays**

- 6.1 The Company's holiday year runs from 1 January to 31 December.
- 6.2 Your annual holiday entitlement is 30 days, in addition to the usual public holidays in the UK. This includes your statutory holiday entitlement.
- 6.3 Your annual holiday entitlement accrues at the rate of 1/365<sup>th</sup> per calendar day. If your holiday entitlement changes part way through the holiday year, your holiday entitlement(s) will be pro-rated on this basis.
-

- 6.4 If you leave the Company part way through the holiday year, your entitlement will be calculated in the same way. You will be paid for any holiday which has accrued during the final holiday year of your employment, but which has not been taken by the last day of your employment. If you have taken holiday in excess of your entitlement, you will be required to repay to the Company the relevant amount, which you agree may be deducted from your final salary payment or other sums otherwise owed from the Company pursuant to the Employment Rights Act 1996.
- 6.5 The method of calculating a day's pay for holiday pay and unpaid leave will be your Basic Salary (or, if applicable, your Adjusted Salary) divided by 260 for full-time employees; for part-time employees, holiday pay will be calculated by the same method but on a pro-rated basis.
- 6.6 Holiday may only be carried over into a new holiday year if there are legitimate business reasons which have prevented you from taking your full allowance.

## 7. **Employee Handbook**

- 7.1 The Company reserves the right to make alterations to the Employee Handbook at any time. The Company will bring material alterations to your attention.

## 8. **Notice**

- 8.1 Subject to clause 9 below, in order to terminate your employment, either party will be required to give the other party written notice as follows:
- 8.1.1 from the Company to you: 12 months
- 8.1.2 from you to the Company: 6 months
- 8.2 The Company will not be obliged to provide work to you at any time after notice of termination of your employment has been given either by you or by the Company and the Company may, at its discretion, take any one or more of the following steps in respect of all or part of an unexpired period of notice (**Garden Leave**):
- 8.2.1 require you to comply with such conditions as it may specify in relation to attending at, or remaining away from, the places of business of the Company and any company in the Janus Henderson Group;
- 8.2.2 assign you to other duties;
- 8.2.3 withdraw any powers vested in, or duties assigned to you; or
- 8.2.4 require you to take any outstanding holiday.

For the avoidance of doubt, you may however seek new employment or other work during such garden leave period, including attending interviews, speaking to headhunters and

---

negotiating contracts.

- 8.3 The Company reserves the right to terminate your employment at any time (including where you have given notice to the Company) by paying to you pay in lieu of basic salary and the value of your contractual benefits for your period of notice or any remaining period of notice (whether given by the Company or by you), subject to such deductions as are required by law, including but not limited to for tax and employee national insurance. You shall have no entitlement to such payment which shall be made entirely at the Company's discretion. For the avoidance of doubt, any payment in lieu shall not include the value of any bonus, incentive (whether in the form of equity or otherwise), commission, or holiday entitlement which would have accrued to you had you been employed until the expiry of your notice period. The Company's right to make a payment in lieu of notice in accordance with this clause does not give you any right to demand such a payment.
- 8.4 If the Company elects to terminate your employment by making a payment in lieu of notice, and it subsequently discovers misconduct by you which would have entitled it to terminate the contract summarily, without making such a payment, the Company shall be entitled to withhold payment in lieu and you shall have no rights to recover such sum as a debt owing.
- 8.5 The Company may elect to pay any sum under clause 8.3 to you in equal monthly instalments in arrears paid on its normal payroll dates starting with the month following the date of termination of your employment (the **Termination Date**). If the Company elects to exercise this discretion, you agree to use your best endeavours to obtain and commence alternative employment or engagement as soon as possible after the Termination Date and shall notify the Company immediately of your acceptance and the terms of any offer of alternative employment. The Company may reduce its monthly payments by an amount equivalent to your earnings in such alternative employment or engagement.
- 8.6 If the Company terminates your employment at any time, other than in accordance with clause 9 below, you shall be entitled to receive the following severance benefits (**Severance Benefits**):
- 8.6.1 A lump sum payment equivalent to 12 months' Basic Salary at your Termination Date;
- 8.6.2 A payment equivalent to your total variable compensation target in the Performance Year immediately prior to your Termination Date;
- 8.6.3 An annual discretionary bonus payment for the Performance Year in which your employment terminates calculated pro-rata to reflect the number of full months worked by you in such Performance Year. Such payment will be based on actual performance, through the most recent quarter immediately preceding the Termination Date, and paid not later than the date on which that year's discretionary bonus is otherwise paid to employees (but no later than 15 March in the year immediately following the Performance Year in which your employment terminates);
- 8.6.4 If it has not already been paid, your full annual discretionary bonus for the Performance Year preceding your Termination Date; and
-

- 8.6.5 Unvested share awards will vest subject to the achievement of applicable performance conditions and in accordance with the terms of the applicable award plans and award agreements.

The Severance Benefits will be subject to statutory deductions and, where applicable, deferral under the terms of the Company's deferral scheme at the time. Any pay or benefits that you receive during any period of garden leave (in accordance with clause 8.2) or in lieu of notice (in accordance with clause 8.3) shall be offset against any such Severance Benefits. The payment of the Severance Benefits will be conditional upon you entering into a settlement agreement (or equivalent) in a form acceptable to the Company to release any claims that you might have against the Company or any Group Company, arising from your employment or its termination.

## **9. Termination of Employment without Notice**

- 9.1 Notwithstanding the notice periods set out in clause 8 above the Company may, by written notice, terminate your employment immediately and without compensation (except for salary and holiday pay accrued, due but unpaid) in any of the following circumstances:
- 9.1.1 if you are in serious or repeated default of any of your material obligations of employment or any material provisions in any Company policy or fail to maintain a satisfactory standard of conduct or performance within a reasonable time after receiving a written warning from the Board relating to your conduct and/or performance;
  - 9.1.2 if you are guilty of gross or persistent misconduct, dishonesty or any conduct tending to bring the Company into disrepute;
  - 9.1.3 if you are imprisoned for any reason or convicted of a crime other than a minor offence under the Road Traffic Acts;
  - 9.1.4 if you fail to achieve or maintain any relevant regulatory approval appropriate to your position;
  - 9.1.5 if you cease to be eligible to work in the UK;
  - 9.1.6 if you become bankrupt or had an interim order made against you under the UK Insolvency Act 1986 (or other equivalent local legislation) or compounded with your creditors generally;
  - 9.1.7 if you have ceased for any reason to be a director of the Company or any Group Company (other than at the explicit request of the Board);
  - 9.1.8 if you have been disqualified from being a director of any company;
  - 9.1.9 if you have failed to comply with the Bribery Act 2010 or any other similar legislation, regulations or rules in any relevant jurisdiction related to, giving payments, gifts or
-

entertainment to obtain a business advantage unlawfully, or adopted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Transactions; or

- 9.1.10 if you have breached any regulatory requirement, committed an offence relating to insider dealing, commit market abuse or are in breach of the rules of any authority or regulatory organization which apply to you.

## **10. Location**

- 10.1 Your normal place of work will be the London office of the Company or such other place within the United Kingdom as the Company may from time to time determine. You may also be required to travel to such places, whether in or outside the UK as the Company may from time to time require.

## **11. Disciplinary and Grievance Procedures**

- 11.1 Details of the Company's disciplinary and grievance procedures are contained in the Employee Handbook. These rules may be amended by the Company from time to time at its absolute discretion.

## **12. Collective Agreements**

- 12.1 There are no collective agreements in force which directly affect your employment.

## **13. Health and safety**

- 13.1 You are required to observe such health and safety regulations as may from time to time be in force at your place of work. The health and safety policy is displayed on notice boards in the Company's London office.

## **14. Financial Regulation**

- 14.1 You have an obligation to act and conduct yourself in conformity with the rules of the FCA, any other regulatory organisation constituted in accordance with the Financial Services and Markets Act 2000 and any other relevant overseas regulatory authority.
- 14.2 All employees must comply and co-operate fully with all instructions, directions, requirements or requests made or imposed by or on behalf of our regulators under the relevant rules. In particular you must comply with all relevant principles, rules and requirements of the FCA including, in the case of Senior Managers, the "Conduct Rules" for Senior Managers. If you are a Senior Manager you will also be required to comply with your Statement of Regulatory Responsibilities and Overall Responsibilities.
- 14.3 You are required to comply with the rules for employees' personal investment transactions (the ***Personal Code of Ethics***), relating to the purchase and sale of securities, details of which are enclosed.
-

**15. Confidentiality**

15.1 You shall neither during your employment (except in the proper performance of your duties) nor at any time (without limit) after the termination of your employment:

15.1.1 divulge or communicate to any person, company, business entity or other organization;

15.1.2 use for your own purposes for any purposes other than those of the Company or any Group Company; or

15.1.3 through any failure to exercise due care and diligence, permit or cause any unauthorised disclosure of,

any Confidential Information, provided that these restrictions shall cease to apply to any information which shall become available to the public generally otherwise than through an unauthorised disclosure by you or any other person.

15.2 For the purposes of this Agreement **Confidential Information** shall mean any information about the Company or any Group Company that is not publicly available including:

a) any trade secrets;

b) confidential information relating to, for example, research activities, details of customers, investors, potential investors, marketing and business plans;

c) any other information which you were notified was confidential or which you reasonably ought to realize was confidential; and

d) any other information which Janus Henderson or its affiliates could reasonably be expected to regard as confidential,

whether or not such information was reduced to a tangible form or marked in writing as "confidential", including but not limited to, information which is commercially sensitive, which came into your possession by virtue of your employment and which was not in the public domain and all information which was or may be derived or obtained from any such information.

15.3 This clause 15 shall only bind you to the extent allowed by law and nothing in this clause shall prevent you from making a statutory disclosure.

15.4 Pursuant to 18 U.S.C. § 1833(b), you understand that you will not be held criminally or civilly liable under any trade secret law of the United States for the disclosure of a trade secret of the Company or its affiliates that (i) is made (A) in confidence to a government official, either directly or indirectly, or to your attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. You understand that if you file a lawsuit for retaliation by the Company or its affiliates for reporting a suspected violation of law, you may disclose the trade

---



secret to your attorney and use the trade secret information in the court proceeding if you (x) file any document containing the trade secret under seal, and (y) do not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, or any other agreement that you have with the Company or its affiliates, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in this Agreement or any other agreement that you have with the Company or its affiliates shall prohibit or restrict you from making any voluntary disclosure of information or documents concerning possible violations of law to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.

**16. Return of Papers, Etc.**

16.1 You will promptly, whenever requested by the Company and in any event upon the termination of your employment, deliver to the Company all lists of the Company's clients or customers, as well as all correspondence and all other documents, papers and records, including computer information and disks, which belong to the Company and which may have been prepared by you or have come into your possession, custody or control in the course of your employment, and you will not be entitled to and will not retain any copies thereof. Title and copyright therein will remain with the Company. For the avoidance of doubt you are entitled to retain your personal employment documents including but not limited your contract, the Company handbook, your payslips and award statements.

**17. Other Employment**

17.1 During your employment, you must not be engaged in any other business without prior written consent of the Company.

**18. Deductions**

18.1 We are entitled to deduct from your pay or any other sums payable to you by the Company any sums which you may owe us including (without limitation) any overpayments of salary. Before making any such deduction, the Company will notify you of the nature of the proposed deduction and give you a reasonable opportunity to challenge it.

18.2 All sums payable by the Company will be subject to deductions required by law.

**19. Third Party Rights**

19.1 You and the Company agree that any rights which a third party (other than a member of the Janus Henderson Group) may acquire under this contract of employment by reason of the Contracts (Rights of Third Parties) Act 1999 are excluded.

---

## 20. Data Protection

- 20.1 You are obliged to comply with our data protection policy set out in the Employee Handbook.
- 20.2 The Company will collect and process information relating to you in accordance with the privacy notice which is on the Company's intranet (SharedSpace). For the avoidance of doubt, processing includes the monitoring of your e-mails and computer use to the extent we consider necessary to ensure compliance with our e-mail policy, legal and regulatory obligations and any other roles or policies which apply from time to time.
- 20.3 You may continue to use your any personal computer and devices, as long as you comply with the Company's data protection policy and any other relevant policy in place from time to time and notified to you
- 20.4 If we instruct you to do so (and in any event when your employment terminates for whatever reason) you must surrender all manual data belonging to any business of the Company and erase (in so far as this is feasible without specialist IT help) all data relating to any business of the Company from any computer to which you have access but which is not under the custody or control of the Company. In such circumstances you must also surrender (or destroy) any paper copies made of such data.

## 21. Covenants

- 21.1 For the purposes of clause 21, **Termination Date** means the date of the termination of your employment howsoever caused (including, without limitation, termination by the Company which is in repudiatory breach of this Agreement).
- 21.2 You covenant with the Company (for itself and as trustee and agent for each other company in the Janus Henderson Group) that you will not, whether directly or indirectly, on your own behalf or on behalf of or in conjunction with any other person, firm, company or other entity during your employment and for the period of 12 months following the Termination Date (subject to clause 21.4 below) you shall not:
- 21.2.1 directly or indirectly, as an officer, director, employee, consultant, owner, shareholder, adviser, joint venturer, or otherwise, compete with the Company or Group Company within the United States of America or the United Kingdom (the **Protected Region**) in any Competitive Business;
- 21.2.2 knowingly solicit, hire or attempt to hire, or assist another in soliciting, hiring or attempting to hire, on behalf of any Competitive Business, any person who is employed or engaged by the Company or any Group Company as a director, fund manager or in a senior managerial or other specialist capacity and with whom you had material business dealings in the course of your employment in the 12 month period immediately prior to the Termination Date;
- 21.2.3 knowingly divert, attempt to divert, or solicit, or assist another in diverting, attempting to divert or soliciting, the customer business or account of any Protected Client on behalf of a
-

Competitive Business; or

- 21.2.4 knowingly interfere with any relationship which may exist from time to time between the Company or any Group Company any of its employees, consultants, agents or representatives.
- 21.3 For the purposes of this clause 21, **Competitive Business** means any business that provides investment advisory or investment management services or related services; and **Protected Client** shall mean any person or entity to whom the Company or any Group Company provided investment advisory or investment management services at any point during the six months preceding the Termination Date and with whom or which you first had contact or otherwise developed a relationship while employed by the Company.
- 21.4 The period during which the restrictions referred to in this clause 21 will apply following the Termination Date will be reduced by the amount of time during which, if at all, you are placed on garden leave under the provisions of clause 8.2.
- 21.5 You agree that if, during your employment with the Company or the period of the restrictions set out in clause 21.2 (subject to the provisions of clause 21.4), you receive an offer of employment or engagement, you will provide a copy of clause 21 to the offeror as soon as is reasonably practicable after receiving the offer and will inform the Company of the identity of the offeror as soon as possible after the offer is accepted.
- 21.6 You will, at the request and expense of the Company, enter into a separate agreement with any company in the Janus Henderson Group under the terms of which you will agree to be bound by restrictions corresponding to those contained in clause 21.2 (or such as may be reasonably appropriate in the circumstances).
- 21.7 Each and every obligation under this clause 21 will be treated as a separate obligation and will be severally enforceable as such. If any restriction contained in this clause 21 will be adjudged by any court of competent jurisdiction to be void or unenforceable as going beyond what is reasonable in the circumstances but would be valid if part of the wording were deleted the said restriction will apply with such deletions as may be necessary to make it valid and effective.

## 22. Intellectual Property

- 22.1 For the purposes of this clause 22, **Intellectual Property Rights** shall mean: patents, utility models, trademarks, design rights, applications for any of the foregoing, copyright, moral rights, database rights, rights in databases, performers' rights, know-how, secret processes, inventions, developments, discoveries, improvements or processes, trade or business names, domain names, goodwill and the right to sue for passing off and all other intellectual property rights, in each case whether registered or unregistered, including all applications and rights to apply for, and be granted renewals and extensions of, such rights and all similar rights in any country whether currently existing or created in the future, together with the right to sue for and recover damages or other relief in respect of infringements of any of them.
-

- 22.2 Any Intellectual Property Rights made, discovered or produced by you in the course of your employment in connection with or in any way affecting or relating to, or capable of being used or adapted for use in connection with, the business of the Company or any company in the Janus Henderson Group shall immediately be disclosed to the Company in writing and shall automatically, on creation, vest absolutely in the Company or such company in the Janus Henderson Group as the Company may nominate for that purpose. To the extent that such rights do not automatically vest in the Company, you hereby assign, including by way of present assignment of future rights, all Intellectual Property Rights to the Company with full title guarantee free from all encumbrances and third party rights. You shall (at the request and reasonable expense of the Company) sign all such documents and perform all such acts as may be required fully to vest all such rights in the Company (or its nominee).
- 22.3 You waive irrevocably all moral rights (as defined in Chapter IV of Part I of the Copyright, Designs and Patents Act 1988, and all similar rights in other jurisdictions to the extent permitted in the relevant jurisdiction) in any works produced during your employment in which copyright is vested in the Company or any company in the Janus Henderson Group whether by virtue of this clause 22 or otherwise.
- 22.4 You irrevocably appoint the Company as your attorney to appoint any other director of the Company as your agent to sign any documents in your name and on your behalf and do anything necessary to obtain for itself or its nominee the full benefit of this clause 22.
- 22.5 You acknowledge that the Company in its sole and absolute discretion shall decide the extent, if any, of the protection sought in relation to the matters referred to in clause 22. Accordingly, you shall not (whether during or after this employment) apply or join in applying for any patent, registered design, trade mark or other equivalent protection in connection with the matters listed in clause 22.2 without the prior written approval of the Company.
- 22.6 You agree that:
- 22.6.1 at the Company's request and in any event on the termination of your employment to give to the Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Intellectual Property Rights;
- 22.6.2 not to attempt to register nor patent any Intellectual Property Rights unless requested to do so by the Company; and
- 22.6.3 to keep confidential all Intellectual Property Rights developed in the course of your employment unless the Company has consented in writing to its disclosure by you.
- 22.7 You acknowledge that, except as provided by law, no further remuneration or compensation other than that provided for in this agreement is or may become due to you in respect of your compliance with this clause 22. This is without prejudice to your rights under the Patents Act 1977.
-

## 23. General

- 23.1 The headings to clauses are for convenience only and have no legal effect.
- 23.2 Any reference to **Janus Henderson Group** or the **Group** means Janus Henderson Group plc and any and all of its subsidiaries (as such term is defined in s.1159 Companies Act 2006). A **Group Company** is any entity in the Janus Henderson Group or the Group.
- 23.3 This Agreement shall be governed by and construed in accordance with the laws of England. Non-contractual obligations (if any) arising out of or in connection with this Agreement (including its formation) shall also be governed by the laws of England. The Parties submit to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter (whether contractual or non-contractual) arising out of or in connection with this Agreement (including its formation).
- 23.4 The Agreement sets out the entire agreement and understanding between you and the Company regarding the terms of your employment. This Agreement supersedes all prior discussions between you and the Company and all representations, terms and conditions and warranties (other than in relation to anything affecting your suitability for employment) whenever given and whether orally or in writing and any other contracts of employment (oral or written) which you may have from or with the Company, including (without limitation) your Change in Control Agreement (as defined below), except that nothing herein will limit liability for fraud. You hereby agree that the Change in Control Agreement, dated February 1, 2010, by and between you and Janus Capital Group Inc. (the **Change in Control Agreement**) is terminated effective 1 August 2018 and you relinquish any benefits under such agreement on and following such date.
- 23.5 The Company may amend this Agreement at its sole discretion where required to do so to comply with any law, regulation, or regulatory requirement.
- 23.6 The parties to this Agreement intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to you hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a manner which does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following your separation from service shall instead be paid on the first business day after the date that is six months following your termination date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in
-

kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. You shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

23.6 This Agreement may be executed in any number of counterparts, each of which when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument.

I trust that this offer is acceptable. If so, I should be grateful if you would sign the attached copy and return it to me in the envelope supplied, together with the documents listed below as enclosures. Please note that if we have not received a signed copy of this letter within seven days the offer of employment will lapse.

Yours sincerely,

The parties have executed this Agreement as a deed on the date shown at its head.

EXECUTED as a DEED by )

RICHARD M.WEIL ) /s/ RICHARD M. WEIL

in the presence of )

Witness: \_\_\_\_\_

Signature: /s/ Michelle R. Rosenberg

Name: Michelle R. Rosenberg

Address: 151 Detroit St. Denver CO 80206

EXECUTED as a DEED by )

**JANUS MANAGEMENT HOLDINGS CORPORATION** )

acting by a director )

in the presence of )

Witness: \_\_\_\_\_

Signature: /s/ R. D. Gillingwater

Name: Richard Gillingwater

Address: 151 Detroit St. Denver CO 80206

---

[\(Back To Top\)](#)

### Section 3: EX-10.34 (EX-10.34)

Exhibit 10.34

WITHOUT PREJUDICE  
SUBJECT TO CONTRACT

#### SETTLEMENT AGREEMENT

DATE: 31 July 2018

PARTIES:

(1) **You:** Andrew J Formica of [ADDRESS]

(2) The **Company:** HGI Group Limited whose registered office is at 201 Bishopsgate, London EC2M 3AE

## WHEREAS

- (1) The Company is duly authorised to enter into this Agreement on its own behalf and as agent for any Group Company.
- (2) You are employed by the Company under the terms of a contract of employment between you and Henderson Group plc dated 5 November 2008 (as amended from time to time) (the **Contract of Employment**).
- (3) Without admission of liability, the Company and you have agreed on the terms set out in this Agreement by way of settlement of all claims you have or may have against the Company (or any Group Company) arising out of or in relation to your employment and the termination of your employment and (if relevant to you) any Directorships or their termination or cessation.

IT IS AGREED as follows:

### 1. Definitions

1.1 In this Agreement the following words and expressions will (unless they are inconsistent with the context) have the following meanings:

<b>Associated Company</b>	An associated employer within the meaning of section 231 of the Employment Rights Act 1996.
<b>Compensation Committee</b>	The Compensation Committee of the Janus Henderson Group plc Board of Directors.
<b>Redundancy Payment</b>	The payment referred to in clause 3.1.2 of this Agreement (inclusive of the statutory redundancy payment) which is compensation for loss of employment.
<b>Directorships</b>	Directorships or offices of any Group Company and directorships, trusteeships and offices of, or partnerships in, any company, trust or entity (i) connected with the

---

Janus Henderson Group or its business or (ii) which you hold at the request or instruction of the Janus Henderson Group.

**Further Tax**

Any income tax, employee National Insurance contributions, interest, penalties, charges and/or costs arising in respect of the Redundancy Payment (except where such income tax and/or employee National Insurance contributions are deducted by the Company under the terms of the Agreement and where such interest, penalties, charges and/or costs arise due to the delay or default of the Company) and/or any other taxable benefits under this Agreement which you are liable to pay and/or which HMRC requires the Company to pay.

**Janus Henderson Group**

The Company, or any company which controls the Company from time to time, or any Subsidiary from time to time of the Company, or of any company which controls the Company, or any company having, whether directly or indirectly, a parent company in common with the Company, or any Associated Company of the Company (each, a **Group Company**).

**Pension Scheme**

The Janus Henderson Group UK Pension Scheme.

**Subsidiary**

In relation to a company (a holding company) means a subsidiary (as defined in section 1159 of the Companies Act 2006) and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company.

**Termination Date**

31 December 2018

**2. Termination of Employment/Payment of Salary/Holiday Pay**

**2.1** Your employment will terminate on the Termination Date.

**2.2** From the date of this Agreement to the Termination Date (the **Garden Leave Period**) you will:

**2.2.1** not be required to attend work save as set out below:

**2.2.2** perform consulting and executive advisory services regarding business strategy, policy and client service as reasonably directed by the Chairman of the board of directors of Janus Henderson Group plc (the **Board**) and/or the Chief Executive Officer of Janus Henderson Group plc (the **Chief Executive Officer**) that are commensurate with your prior level of position and knowledge;

---



- 2.2.3 effectively hand over any ongoing issues or work efforts to the Chief Executive Officer;
- 2.2.4 be available upon request to support and engage with employees, senior colleagues, shareholders, clients, regulators, and industry organisations but will not otherwise initiate contact with any clients or employees of the Janus Henderson Group other than in a social capacity. For the avoidance of doubt you may respond to any enquiries by any employees, senior colleagues, shareholders, clients, regulators, and industry organisations in a manner consistent with the announcement(s) and related communications agreed in accordance with clause 6.5;
- 2.2.5 comply fully with all applicable laws, and all applicable policies of the Company and the Janus Henderson Group; and
- 2.2.6 have the title Advisor to the Board of Directors.
- 2.3 During the Garden Leave Period your obligations to act in good faith and in the best interests of the Company and the Janus Henderson Group and your obligations under your Contract of Employment shall remain in full force and effect. You acknowledge and agree that, during the Garden Leave Period, you shall not work on a full or part-time basis for another person, firm or entity; provided that you may serve as a director or trustee of an outside organisation upon the prior approval of the Board.
- 2.4 You will continue to receive your salary and benefits until the Termination Date and will be entitled to receive the sum of monies which represents payment for holiday which has accrued during the current holiday year but which remains untaken as at the Termination Date, less deductions for income tax and National Insurance contributions at appropriate rates and less any sums owed in respect of taken but un-accrued holiday and any sums authorised by you as deductions or reductions or otherwise owed by you to the Company (together, Deductions).

### 3. **Payments**

- 3.1 Subject to your compliance with the terms of this Agreement, including but not limited to clauses 2.2 and 2.3, within 28 days of the later of (i) receipt by the Company this Agreement and the second settlement agreement attached at Schedule 2 duly executed by you and the attached adviser's certificate completed by your solicitor and (ii) the Termination Date, the Company (having already considered and made any adjustment for mitigation) will pay to you:
    - 3.1.1.1 a Redundancy Payment of £436,000 less deductions (if any) required by law. No part of the Redundancy Payment is taxable as Post-Employment Notice Pay (as defined in section 402D of the Income Tax (Earnings and Pensions) Act 2003 (*ITEPA*)). The parties therefore believe that the first £30,000 of the Redundancy Payment can be paid free of tax as a termination award under the threshold within the meaning of sections 402A(1) and 403 of ITEPA (although the Company gives no warranty to this effect) and so will be paid without
-

deduction of income tax or National Insurance contributions. The balance of the Redundancy Payment will be taxable as a termination award exceeding the threshold within the meaning of sections 402A(1) and 403 of ITEPA. The Company shall accordingly deduct income tax (but not national insurance contributions) from it at the appropriate rate. The Redundancy Payment is inclusive of your entitlement to a statutory redundancy payment; and

- 3.1.1.2** a payment in lieu of your contractual notice period of £496,175 less deductions required by law. This payment in lieu is Post-Employment Notice Pay (as defined in section 402E(5) of ITEPA) and is taxable as earnings. The Company shall accordingly deduct income tax and employee National Insurance contributions from it at the appropriate rate.
- 3.2** The Company will pay you (i) your incentive bonus for the full 2018 performance year, and (ii) a special bonus of US \$750,000 (which will be paid to you in GBP calculated using the spot exchange rate on the last day of the month preceding the date of this Agreement), in each case on the Company's normal bonus payment date(s). Part of your 2018 incentive bonus will be paid in cash, and the balance of your 2018 incentive bonus and special bonus will be subject to mandatory deferral under the terms of the Company's current deferral scheme and may be paid in the form of shares in Janus Henderson Group plc or funds. It will also be subject to deductions required by law. The amount of your 2018 incentive bonus will be calculated on the same basis as and will be commensurate with that for the Chief Executive Officer and so is subject to 2018 Company performance as determined using the CEO Scorecard and the discretion of the Compensation Committee.
- 3.3** The Company will account to HMRC for the income tax/National Insurance so deducted.
- 3.4** Subject to the rules of the applicable scheme(s), for the 24 month period immediately following the Termination Date, the Company shall arrange to provide the Executive and his dependents (who currently benefit under such plans), medical, dental and vision insurance benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Termination Date. If it is not possible to extend cover under the applicable schemes for the 24 month period immediately following the Termination Date, the Company will pay to you a cash amount equal to the reasonable cost of you replacing the applicable cover within 14 days of the Termination Date. You will bear the tax and employee National Insurance on this benefit.
- 3.5** The Company will reimburse you for all expenses reasonably and properly incurred up to the Termination Date in connection with your employment and in accordance with the Company's usual policies and procedures regarding expenses, provided that the Company receives all appropriate receipts or invoices within 7 days prior to the Termination Date.
- 4. Tax Indemnity**
- 4.1** You undertake that if the Company is called upon to account to HMRC for any Further Tax and if the Company pays the Further Tax to HMRC and notifies
-

you of the fact, you will without delay pay to the Company an amount equal to the Further Tax. No payment of Further Tax will be made to HMRC without particulars of any proposed payment being given to you and the Company will provide reasonable assistance if you wish to challenge the payment of any Further Tax. You agree to promptly indemnify the Company on an after-tax basis in respect of any Further Taxes.

## **5. Pension Arrangements and SIPP**

- 5.1** As you opted out of the Pension Scheme from 30 April 2015 no Company contributions have been paid to the Pension Scheme since that date. You can leave your fund invested in the Pension Scheme until such time as you wish to take your retirement income. Alternatively, you can transfer your fund to another registered pension arrangement at any time.
- 5.2** Your investments in the Group Self Invested Pension Plan (SIPP) remain yours and you should contact Hargreaves Lansdown for further information.

## **6. Secrecy**

- 6.1** Save to the extent set out at clause 6.2 and 6.5:
- 6.1.1** you agree to; and
- 6.1.2** the Company agrees to; and
- 6.1.3** the Company agrees to instruct each member of the Executive Committee who is aware of the terms of this Agreement to; keep the terms of this Agreement and the terms on which your employment was terminated strictly confidential and not to disclose or communicate or otherwise make public the same to anyone.
- 6.2** The restrictions set out at clause 6.1 shall not apply to information which you or the Company or such other individuals disclose:
- 6.2.1** pursuant to the order of a court of competent jurisdiction;
- 6.2.2** pursuant to and in accordance with the Public Interest Disclosure Act 1998;
- 6.2.3** in circumstances where the Company or you are required by law to do so;
- 6.2.4** in order to report misconduct or a serious breach of regulatory requirements to an appropriate regulator;
- 6.2.5** to a law enforcement agency;
- 6.2.6** if required by a relevant regulatory authority;
- 6.2.7** as required to meet any applicable stock exchange or equivalent reporting requirements;
-

- 6.2.8** to the extent necessary in connection with a criminal investigation or prosecution;
- 6.2.9** to HMRC; or
- 6.2.10** (where, and to the extent, necessary or appropriate and provided such person(s) agree to keep the information confidential) to your or the Company's legal or professional advisers or such other persons that are required in order to fulfil the terms of this agreement or (in your case) your spouse, civil partner or partner.
- 6.3** You undertake that you will not (whether directly or indirectly) make, or cause to be made, any public or otherwise communicate any disparaging, critical or derogatory statements, remarks or comments whether in writing or otherwise concerning the Company or any Group Company or any of its or their officers, clients, customers, suppliers, employees or ex-employees.
- 6.4** In return, the Company will:
- 6.4.1** not authorise or encourage any of its employees or officers to; and
- 6.4.2** instruct each member of the Executive Committee not to and thereafter use reasonable endeavours to ensure that those individuals do not;
- make public or otherwise communicate any disparaging, critical or derogatory statements, remarks or comments whether in writing or otherwise concerning you.
- 6.5** You and the Company will endeavour to agree in good faith the terms of an internal and external announcement and related communications concerning the termination of your appointment following signature of this Agreement and neither party will make any statement which is inconsistent with such announcement(s) and communications, without the other party's prior written consent.

## **7. Confidentiality and Restrictive Covenants**

- 7.1** Save that the non-competition provision set out at clause 19.2(c) which will shall be waived in full and not enforced by the Company, in consideration for the further payment of £10 (from which the Company will deduct such income tax and employee National Insurance which it is by law obliged to deduct), you agree and acknowledge that you remain bound by and will continue to comply with the post-employment restrictions as set out in clause 19 of your Contract of Employment and your duty of confidentiality towards the Company and any Group Company as set out in clause 18 of your Contract of Employment and will treat as trade secrets all confidential and specialised data and information acquired by you during the course of your employment including but not limited to any information concerning:
- 7.1.1** the Company's (or any Group Company's) products, sales and marketing strategies, plans, training programmes, instructions, client care policies, pricing structures, client details, and management practice;
-

- 7.1.2** any person who at the Termination Date or formerly was an employee or client of the Company or any Group Company, and will not at any time in the future use any such trade secrets or information for your own benefit nor divulge them to any individual, organisation, firm or company without the prior written consent of the Company. For the avoidance of doubt this clause does not apply to any information which has entered the public domain otherwise than as a result of a direct or indirect disclosure by you.
- 7.2** The Company warrants that the only post-employment restrictions applicable to you are contained in clause 19 of your Contract of Employment and that there are no such restrictions contained in any document that is binding on you, including any share scheme plan or award documents to which you are subject.
- 7.3** Clauses 6 and 7 shall only bind you to the extent allowed by law and nothing in this Agreement shall prevent you from making a protected disclosure.
- 8. Warranties**
- 8.1** You warrant and represent that:
- 8.1.1** you have not at any time committed a repudiatory breach of your Contract of Employment which would entitle the Company to terminate your employment without notice;
- 8.1.2** on or before the Termination Date, you will return to the Company all property (including your Company identification), Company credit card, office keys, computer equipment, blackberry records, correspondence, documents, files, client lists, client records and other information (whether originals copies or extracts and whether in written or in computer readable form) belonging to the Company or any Group Company, provided that you shall be provided with reasonable access to Board papers or such other papers as may be reasonably necessary for the purposes of answering questions from the Company or defending the Company or you in respect of any internal or regulatory investigation or court proceedings. Further, it is agreed that you may retain the mobile handset that you have the use of and with effect from the Termination Date the Company will ensure that the mobile number is transferred to you (and will ensure that the provider gives you a PAC code). You will be responsible for all costs associated with the mobile handset and number from the Termination Date;
- 8.1.3** you will not retain any copies (in any form) of any such records, correspondence, documents, files, client lists, client records or other information;
- 8.1.4** you will erase and procure the erasure of all data relating to the business of the Company from any computer to which you have access and which is not under the custody or control of the Company and will destroy any paper copies made of such data; and
-

- 8.1.5** you have not and will not commence any action or issue any legal proceedings against the Company or any of its respective officers or employees in any court or Tribunal, save for any claim which is not waived in this Agreement.
- 8.2** The Company is under no obligation to make the payments provided for in clause 3 or 9 in the event that you are in breach of any of the warranties in this clause 8, or if on or before the Termination Date, you do or fail to do anything which amounts to a repudiatory breach of the express or implied terms of your employment with the Company.
- 9. Legal Expenses**
- 9.1** Subject to receipt of a signed copy of this Agreement from you, the Company will, on the production of an appropriate copy VAT invoice (addressed to you but marked payable by the Company) and subject to the terms of this Agreement, pay to your solicitors your legal expenses relating exclusively to advice on your rights in connection with this Agreement, up to a maximum of £27,500 plus VAT.
- 10. Share Schemes**
- 10.1** All provisions in this clause are strictly subject to the rules of the relevant scheme from time to time in force. All share awards held by you will be determined in accordance with the rules of the applicable scheme(s), except as otherwise provided below, and illustrated in the table at Schedule 4.
- 10.2** You agree that the provisions set out in this clause will take effect provided that you ensure that the Company has your up to date personal email address at all times so that the schemes' trustees and administrators can maintain contact with you.
- 10.3** Your participation in the Janus Henderson Group PLC Second Amended and Restated 2010 Long Term Incentive Plan (**Janus LTI**):
- 10.3.1** Your entitlements to any long term incentive awards (in the form of shares of restricted stock, stock options, mutual fund unit awards or any other equity awards of Janus Capital Group Inc.) and any entitlements under the Janus LTI will be dealt with in accordance with the relevant rules of the Janus LTI and any applicable award agreement provided that your long term incentive award granted on 11 August 2017 will continue to vest and will not be subject to pro-ration.
- 10.3.2** Your unvested performance share units (PSU) granted under the Janus LTI will be subject to performance criteria measured and based on the attainment of the applicable performance metrics as of the Termination Date, but in no event will the performance vesting percentage be less than 52%. This award will continue to vest over time in accordance with the applicable vesting schedule.
-

**10.4** Your participation in the Sharesave (**SAYE**) Plan:

**10.4.1** You will retain the right to exercise your options up to the value of your savings. You have the right to continue saving directly with the Yorkshire Building Society (YBS) for a further six months after the Termination Date and may exercise your options at any time during that period. **10.4.2** YBS will contact you within two months of the Termination Date with detailed information regarding the choices available to you. If you wish to continue saving after the Termination Date, or have any queries regarding your SAYE Plan, you should contact YBS on [TELEPHONE].

**10.5** Your participation in the Buy As You Earn (**BAYE**) Plan:

**10.5.1** If you have applied for and received Partnership Shares and/or Matching Shares and/or Free Shares and/or Dividend Shares under the BAYE Plan, you will retain all the shares that you acquired. You will not pay income tax or National Insurance contributions on your shares regardless of how long they have been held in the trust.

**10.5.2** Conduent HR Services, the plan administrator, processes payments and releases of shares to leavers on a monthly basis. It may therefore take up to two months from the Termination Date before you receive the shares or the proceeds of the shares (if you have elected to sell them). Conduent HR Services will write to you with further details within two months of the Termination Date. If you have any queries you should contact the Conduent HR Services helpline on [TELEPHONE].

**10.6** Your participation in the Deferred Equity Plan (**DEP**):

**10.6.1** The Company confirms that, in accordance with the rules of the DEP, all of your deferred awards granted under the DEP will be released on the scheduled release dates. Income tax and National Insurance/social security contributions will be due on any deferred awards based on the share price at the date the shares are released to you.

**10.6.2** The Trustee will write to you about the Pay-As-You-Earn (PAYE) process in due course and on vesting the Trustee will contact you to request that you select a vesting choice online.

**10.7** Your participation in the Henderson Long Term Incentive Plan (**Henderson LTIP**):

**10.7.1** Your award under the Henderson LTIP will vest subject to, and to the extent that, specific performance conditions have been satisfied, and the decision on this will be made approximately two months after the end of the performance period. The award will vest based on the A/B formula — A being the number of complete months you have been employed during the performance period and B being the vesting period in complete months. Any award that vests must be exercised within five years otherwise it will automatically lapse. You will be notified in due course as to what portion, if any, of your award will be

---

eligible for exercise. Please note that some awards may be subject to additional holding periods with the Trustee.

**10.8** Your participation in the Restricted Share Plan (*RSP*):

**10.8.1** This also applies to any awards that are paid through the RSP process. You will receive any unvested awards on a pro-rated basis. The number of shares will be based on the A/B formula — A being the number of complete months you have been employed during the vesting period and B being the vesting period in complete months, may also be subject to satisfaction of any performance conditions. The Awards will not be released until the original vest date.

**11. Reference**

**11.1** Subject to (i) its obligations to any relevant regulatory body and (ii) any further information coming to the Company's attention which it considers should properly be reflected in the reference, the Company will, if requested by a potential employer, supply a reference in its standard form from time to time in use. A specimen of the Company's current standard reference is attached as Schedule 1 to this Agreement.

**12. Outplacement Counselling**

**12.1** For a period of up to six (6) months from 1 September 2018, the Company will provide you with outplacement counselling services and assistance from the preferred supplier, LHH Penna, which includes a number of 'flexible credits' and support as explained in the leaflet available from Human Resources. If you require further information about outplacement counselling you should call LHH Penna on [TELEPHONE], or contact Human Resources.

**13. Resignation from Directorships**

**13.1** Where you hold any Directorships, you will resign your Directorships by signing the letter attached at schedule 3 and will execute any other documents necessary to give effect to such resignation(s) in a form prescribed by the Company and will return this/these to the Company on or immediately before 1 August 2018.

**13.2** The 2017 Instrument of Indemnity between you and Henderson Group plc (the *Indemnity Instrument*), will remain in full force and effect and you will continue to have the benefit of D&O cover as provided in that agreement.

**14. Waiver of Claims**

**14.1** Without any admission of liability by the Company, you agree to accept the terms set out in this Agreement in full and final settlement of any and all claims, demands, costs, expenses or rights of action which you have or may have against the Company and/or any Group Company or any of its or their current or former officers or employees, whether at common law, statutory, pursuant to European Union law or otherwise, however arising, directly or indirectly in connection with your employment and/or its termination and

---



(where relevant) your Directorships and/or your removal or resignation from them (the **Identified Issues**).

**14.2** In particular, but without limitation, the waiver and release contained in clause 14.1 extends to:

- 14.2.1** any damages for wrongful dismissal or breach of contract including but not limited to any claim in respect of unpaid salary, bonus, commission, overtime, holiday pay, sick pay, pension contributions, benefits, allowances, re-imbursment of expenses, notice pay or any other termination or severance payment howsoever arising and in respect of stigma;
- 14.2.2** any claim for compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other similar scheme operated by the Company or any Group Company other than as set out in clause 10; and
- 14.2.3** any statutory claims which you have or may have as follows:
  - (a) a claim of unfair dismissal under sections 93 or 111 of the Employment Rights Act 1996;
  - (b) a claim for a redundancy payment, under section 163 of the Employment Rights Act 1996;
  - (c) a claim of unlawful deductions under section 23 of the Employment Rights Act 1996;
  - (d) a claim in relation to working time or holiday pay under regulation 30 of the Working Time Regulations 1998;
  - (e) a claim under section 48 of the Employment Rights Act 1996 in respect of detriment suffered in relation to making a protected disclosure, under section 47B;
  - (f) a claim under section 48 of the Employment Rights Act 1996 in respect of detriment suffered in relation to the right to be accompanied, under section 10 of the Employment Relations Act 1999;
  - (g) a claim of discrimination relating to age under regulation 36 of the Employment Equality (Age) Regulations 2006 and/or under section 120 of the Equality Act 2010;
  - (h) for damages under Sections 158-160 of the Data Protection Act 2018 or under Article 82 of the General Data Protection Regulation.

The claims specified in these clauses 14.1 and 14.2 (together the **Employee Claims**) are claims which it is recognised you have or may have arising out of the circumstances surrounding your employment and/or its termination.

**14.3** In signing this Agreement, you confirm that you are not aware of any other claims other than those specified in clause 14 or facts or circumstances that

---

may give rise to any claim against the Company, any Group Company or any of its officers, or current or former employees in relation to any other matters.

- 14.4** By your signature of this Agreement you agree that you will not institute or commence any claims, actions or proceedings against the Company or any Group Company or any officer or employee of the Company or any Group Company in relation to the Identified Issues before any Employment Tribunal or court whether in respect of the Employee Claims or otherwise. For the avoidance of doubt, the Company acknowledges that nothing in this Agreement affects your accrued pension rights, or right to enforce this Agreement or right to bring a claim in respect of personal injury and you represent and warrant that as at the date of signature of this Agreement, you are not aware of any circumstances which give rise or may give rise to any claim in relation to personal injury.
- 14.5** You represent and warrant that:
- 14.5.1** you have received independent legal advice from a relevant independent adviser (as defined by section 203 of the Employment Rights Act 1996) as to the terms and effect of this Agreement and in particular its effect on your ability to pursue a claim in relation to the Identified Issues and you have previously notified any and all potential claims of any nature you have or may have against the Company or any Group Company (or any of its or their officers or employees) to the Company in writing and that you have no other complaints or grounds for any claim whatsoever against the Company in relation to the Identified Issues, including without limitation the Employee Claims;
- 14.5.2** the name of the independent adviser referred to in clause 14.5.1 above is Sarah Keeble of Mishcon de Reya LLP.
- 14.5.3** you are advised by the independent adviser that there is in force and was at the time you received the advice referred to above an insurance policy covering the risk of a claim by you in respect of loss arising in consequence of that advice.

You acknowledge that the Company has acted in reliance on these warranties when entering into this Agreement.

- 14.6** You agree and acknowledge that the conditions regulating settlement and compromise agreements contained in section 147 of the Equality Act 2010, section 203 of the Employment Rights Act 1996, section 77 of the Sex Discrimination Act 1975, section 72 of the Race Relations Act 1976, section 9 of the Disability Discrimination Act 1995, section 288 of the Trade Union and Labour Relations (Consolidation) Act 1992, Regulation 35 of the Working Time Regulations 1998, Regulation 9 of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, Regulation 10 of the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, Schedule 4 of the Employment Equality (Sexual Orientation) Regulations 2003, Schedule 4 of the Employment Equality (Religion or
-

Belief) Regulations 2003, Schedule 5 of the Employment Equality (Age) Regulations 2006 Regulation 40 of the Information and Consultation of Employees Regulations 2004, paragraph 12 of the schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006, the Pensions Act 2008 and any other similar relevant statutory provisions relating to the settlement of statutory claims are intended to be and have been satisfied.

- 14.7** You agree that if you materially breach any provision in this Agreement or pursue a claim against the Company or any Group Company relating to your employment or its termination, other than such claims which are not waived in this Agreement, an amount equal to the loss (including any legal fees or costs) which the Company and/or any Group Company suffers or incurs as a result will be immediately payable to the Company upon demand and the Company will be released from any continuing obligation under this Agreement.
- 14.8** The Company (for itself and each company in the Janus Henderson Group) warrants that, as of the date of this Agreement, it is not aware of any claims against you and you warrant that, as of the date of this Agreement you are not aware of any claims or of any facts or circumstances likely to lead to any claims, that the Company might have against you and, on this basis, to the extent permissible by law, the Company hereby irrevocably waives any and all claims against you as of the date of this Agreement.
- 15. Interpretation**
- 15.1** The headings to clauses are for convenience only and have no legal effect.
- 16. Whole Agreement**
- 16.1** Each party for the behalf of itself and, in the case of the Company, as agent for each Group Company, agrees with the other that (i) this Agreement and the Indemnity Instrument set out the entire agreement and understanding between you and the Company and each Group Company in relation to your employment with the Company and its termination and your directorships with the Company and any Group Company and their termination, and supersedes all prior discussions between them or their advisers and all statements representations assurances or warranties whenever given and whether orally or in writing and (ii) neither party has relied on any statement, representation, assurance or warranty of any person (whether party to this Agreement or not and whether in writing or not) other than as expressly set out in this Agreement.
- 16.2** Nothing in this Agreement will, however, operate to limit or exclude any liability for fraud.
- 17. Further Assistance**
- 17.1** You agree that you will, at the reasonable request of the Company, provide the Company or any Group Company with such reasonable assistance as it or they
-

may require in the conduct of any legal proceedings, investigation or enquiry in respect of which the Company or its advisers reasonably believe that you may be of assistance. The Company will reimburse any reasonable expenses incurred by you as a consequence of complying with your obligations under this clause.

**18. Applicable Law and Jurisdiction**

**18.1** This Agreement will be construed in accordance with English law and the parties irrevocably submit to the exclusive jurisdiction of the English Courts to settle any dispute which may arise in connection with this Agreement.

**19. Miscellaneous**

**19.1** If the amount of any payment or the vesting of any award under this Agreement exceeds any maximum pursuant to any relevant law or regulation or is in any other respect prohibited, your entitlement under this Agreement will be reduced to the maximum allowed under such law or regulation and the Company's obligations to make any such payment or vest any such award will be reduced accordingly.

**19.2** This Agreement is entered into by the Company for itself and in trust for each Group Company with the intention that each such company will be entitled to enforce it directly. The parties agree that each Group Company will be entitled to enforce the benefit of this Agreement in accordance with the Contracts (Rights of Third Parties) Act 1999. Other than as stated in this clause 19.2, no person other than a party to this Agreement will have any rights to enforce any term of this Agreement.

**19.3** This Agreement although marked 'Without Prejudice' and 'Subject to Contract' will upon signature by both parties be treated as an open document evidencing an agreement binding on the parties.

**19.4** This Agreement may consist of one or more counterparts, each signed by one or more parties to this Agreement. If so, the signed counterparts are treated as making up one document, the date on which the last counterpart is executed will be the date of the Agreement and when executed and delivered each counterpart is treated as an original and together will constitute one document.

**/s/ ANDREW FORMICA**

**SIGNED by You**

**/s/ ROGER THOMPSON**

**SIGNED for and on behalf of the Company**

---

CERTIFICATE

**I, Sarah Keeble**

**of Mishcon de Reya LLP** confirm that I have given independent legal advice to Andrew Formica as to the terms and effect of the above Agreement and in particular its effect on the ability of Andrew Formica to pursue his rights before a court or Employment Tribunal.

I confirm that I am a Solicitor of the Senior Courts of England & Wales holding a current Practising Certificate and that there is and was at the time I gave the advice referred to above in force a policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of a claim by Andrew Formica in respect of any loss arising in consequence of that advice.

Signed /s/ SARAH KEEBLE

Dated 31 July 2018

---

**Schedule 1**

Our Reference:

Your Reference:

Date:

Private & Confidential

**Dear [NAME]**

Thank you for your letter of [DATE]. It is Janus Henderson Group Plc policy to issue a certificate of employment only in response to a reference request [if relevant: and I am therefore unable to provide all the information you requested.]

**CERTIFICATE OF EMPLOYMENT**

Name: Andrew J Formica

Dates of employment: 1 March 1993 — 31 December 2018

Last position(s) held: Co-Chief Executive Officer up to 31 July 2018. Advisor to the Board of Directors from 1 August 2018 to 31 December 2018.

We confirm Andrew J Formica was registered as CF1 (Director) from [DATE] to [DATE] and was deemed fit and proper/ threshold competent at his time of leaving.

Under no circumstances must the information be divulged to the subject of the reference or any other third party without our consent.

**Yours sincerely**

**Janus Henderson HR Administration**

---

Schedule 2

WITHOUT PREJUDICE  
SUBJECT TO CONTRACT

SECOND SETTLEMENT AGREEMENT

DATE:

PARTIES :

- (1) **You:** Andrew J Formica of [ADDRESS]
- (2) The **Company:** Henderson Administration Limited whose registered office is at 201 Bishopsgate, London EC2M 3AE

IT IS AGREED as follows:

**1. Definitions**

- 1.1 Capitalised terms used herein shall have the meaning given to them in the settlement agreement between you and the Company dated [31 July 2018] (the **First Settlement Agreement**).

**2. Payments**

- 2.1 Subject to the terms and conditions set out in the First Settlement Agreement, the Company will make the payment set out therein.
- 2.2 Subject to receipt of a signed copy of this Agreement from you, the Company will, on the production of an appropriate copy VAT invoice (addressed to you but marked payable by the Company) and subject to the terms of this Agreement, pay to your solicitors your legal expenses relating exclusively to advice on your rights in connection with this Agreement, up to a maximum of £300 plus VAT.

**3. Waiver of Claims**

- 3.1 Without any admission of liability by the Company, you agree to accept the terms set out in this Agreement in full and final settlement of any and all claims, demands, costs, expenses or rights of action which you have or may have against the Company and/or any Group Company or any of its or their officers or employees, whether at common law, statutory, pursuant to European Union law or otherwise, however arising, in connection with your employment and/or its termination (the **Identified Issues**).
  - 3.2 In particular, but without limitation, the waiver and release contained in clause 3.1 extends to:
    - 3.2.1 any damages for wrongful dismissal or breach of contract including but not limited to any claim in respect of unpaid salary, bonus, commission, overtime, holiday pay, sick pay, pension contributions, benefits, allowances, re-
-

imbursement of expenses, notice pay or any other termination or severance payment howsoever arising and in respect of stigma;

**3.2.2** any claim for compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other similar scheme operated by the Company or any Group Company other than as set out in the First Settlement Agreement; and

**3.2.3** any statutory claims which you have or may have as follows:

- (a) a claim of unfair dismissal under sections 93 and 111 of the Employment Rights Act 1996;
- (b) a claim for a redundancy payment, under section 163 of the Employment Rights Act 1996;
- (c) a claim of unlawful deductions under section 23 of the Employment Rights Act 1996;
- (d) a claim in relation to working time or holiday pay under regulation 30 of the Working Time Regulations 1998;
- (e) a claim under section 48 of the Employment Rights Act 1996 in respect of detriment suffered in relation to making a protected disclosure, under section 47B;
- (f) a claim under section 48 of the Employment Rights Act 1996 in respect of detriment suffered in relation to the right to be accompanied, under section 10 of the Employment Relations Act 1999;
- (g) for damages under Sections 158-160 of the Data Protection Act 2018 or under the General Data Protection Regulation; and
- (h) a claim of discrimination relating to age under regulation 36 of the Employment Equality (Age) Regulations 2006 and/or under section 120 of the Equality Act 2010.

The claims specified in these clauses 3.1 and 3.2 (together the **Employee Claims**) are claims which it is recognised you have or may have arising out of the circumstances surrounding your employment and/or its termination.

In signing this Agreement, you confirm that you are not aware of any other claims other than those specified in clause 3 or facts or circumstances that may give rise to any claim against the Company or its employees in relation to any other matters.

**3.3** By your signature of this Agreement you agree that you have not and you will not institute or commence any claims, actions or proceedings against the Company or any Group Company or any officer or employee of the Company or any Group Company in relation to the Identified Issues before any Employment Tribunal or court whether in respect of the Employee Claims or

---



otherwise. For the avoidance of doubt, the Company acknowledges that nothing in this Agreement affects your accrued pension rights, or right to enforce this Agreement or right to bring a claim in respect of personal injury and you represent and warrant that as at the date of signature of this Agreement, you are not aware of any circumstances which give rise or may give rise to any claim in relation to personal injury. Furthermore nothing in this Second Settlement Agreement shall affect your right to enforce the terms of your First Settlement Agreement and any such action shall not be construed as a breach of either the First Settlement Agreement or the Second Settlement Agreement.

**3.4** You represent and warrant that:

**3.4.1** you have received independent legal advice from a relevant independent adviser (as defined by section 203 of the Employment Rights Act 1996) as to the terms and effect of this Agreement and in particular its effect on your ability to pursue a claim in relation to the Identified Issues and you have previously notified any and all potential claims of any nature you have or may have against the Company or any Group Company (or any of its or their officers or employees) to the Company in writing and that you have no other complaints or grounds for any claim whatsoever against the Company in relation to the Identified Issues, including without limitation the Employee Claims;

**3.4.2** the name of the independent adviser referred to in clause 3.4.1 above is Sarah Keeble of Mishcon de Reya LLP;

**3.4.3** you are advised by the independent adviser that there is in force and was at the time you received the advice referred to above an insurance policy covering the risk of a claim by you in respect of loss arising in consequence of that advice.

You acknowledge that the Company has acted in reliance on these warranties when entering into this Agreement.

**3.5** You agree and acknowledge that the conditions regulating settlement and compromise agreements contained in section 147 of the Equality Act 2010, section 203 of the Employment Rights Act 1996, section 77 of the Sex Discrimination Act 1975, section 72 of the Race Relations Act 1976, section 9 of the Disability Discrimination Act 1995, section 288 of the Trade Union and Labour Relations (Consolidation) Act 1992, Regulation 35 of the Working Time Regulations 1998, Regulation 9 of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, Regulation 10 of the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, Schedule 4 of the Employment Equality (Sexual Orientation) Regulations 2003, Schedule 4 of the Employment Equality (Religion or Belief) Regulations 2003, Schedule 5 of the Employment Equality (Age) Regulations 2006 Regulation 40 of the Information and Consultation of Employees Regulations 2004, paragraph 12 of the schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006, the Pensions Act 2008 and any

---

other similar relevant statutory provisions relating to the settlement of statutory claims are intended to be and have been satisfied.

- 3.6 For the avoidance of doubt, you confirm that the First Settlement Agreement remains in full force and effect notwithstanding the execution of this Agreement.
- 3.7 You agree that if you materially breach any provision in this Agreement or pursue a claim against the Company or any Group Company relating to your employment or its termination, other than such claims which are not waived in this Agreement, an amount equal to the loss (including any legal fees or costs) which the Company and/or any Group Company suffers or incurs as a result will be immediately payable to the Company upon demand and the Company will be released from any continuing obligation under this Agreement.
- 3.8 The Company (for itself and each company in the Janus Henderson Group) warrants that, as of the date of this Agreement, it is not aware of any claims against you and you warrant that, as of the date of this Agreement you are not aware of any claims or of any facts or circumstances likely to lead to any claims, that the Company might have against you and, on this basis, to the extent permissible by law, the Company hereby irrevocably waives any and all claims against you as of the date of this Agreement.

#### **4. Interpretation**

- 4.1 The headings to clauses are for convenience only and have no legal effect.

#### **5. Applicable Law and Jurisdiction**

- 5.1 This Agreement will be construed in accordance with English law and the parties irrevocable submit to the exclusive jurisdiction of the English Courts to settle any dispute which may arise in connection with this Agreement.

#### **6. Miscellaneous**

- 6.1 If the amount of any payment or the vesting of any award under this Agreement exceeds any maximum pursuant to any relevant law or regulation or is in any other respect prohibited, your entitlement under this Agreement will be reduced to the maximum allowed under such law or regulation and the Company's obligations to make any such payment or vest any such award will be reduced accordingly.
  - 6.2 This Agreement is entered into by the Company for itself and in trust for each Group Company with the intention that each such company will be entitled to enforce it directly. The parties agree that each Group Company will be entitled to enforce the benefit of this Agreement in accordance with the Contracts (Rights of Third Parties) Act 1999. Other than as stated in this clause 6.2, no person other than a party to this Agreement will have any rights to enforce any term of this Agreement.
  - 6.3 This Agreement although marked 'Without Prejudice' and 'Subject to
-

Contract' will upon signature by both parties be treated as an open document evidencing an agreement binding on the parties.

- 6.4** This Agreement may consist of one or more counterparts, each signed by one or more parties to this Agreement. If so, the signed counterparts are treated as making up one document, the date on which the last counterpart is executed will be the date of the Agreement and when executed and delivered each counterpart is treated as an original and together will constitute one document.

---

**SIGNED by You**

---

**SIGNED for and on behalf of the Company**

---

**CERTIFICATE**

**I, Sarah Keeble**

**of Mishcon de Reya LLP** confirm that I have given independent legal advice to Andrew Formica as to the terms and effect of the above Agreement and in particular its effect on the ability of Andrew Formica to pursue his rights before a Court or Employment Tribunal.

I confirm that I am a Solicitor of the Senior Courts of England & Wales holding a current Practising Certificate and that there is and was at the time I gave the advice referred to above in force a policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of a claim by Andrew Formica in respect of any loss arising in consequence of that advice.

**Signed** \_\_\_\_\_

**Dated** \_\_\_\_\_

---

**SCHEDULE 3**

**DIRECTOR RESIGNATION LETTER**

To the Company Secretary of:

G.I.L. Nominees Limited  
Gartmore Group Limited  
Gartmore Investment Limited  
Gartmore Investment Management Limited  
Gartmore Investment Services Limited  
Henderson Administration Limited  
Henderson Alternative Investment Advisor Limited  
Henderson Asset Management Limited  
Henderson Equity Partners Limited  
Henderson Finances  
Henderson Fund Management Limited  
Henderson Global Group Limited  
Henderson Global Investors (Holdings) Limited  
Henderson Global Investors (International Holdings) B.V.  
Henderson Global Investors Geneva Finance Limited  
Henderson Global Investors Limited  
Henderson Group Holdings Asset Management Limited  
Henderson Holdings Group Limited  
Henderson Holdings Limited  
Henderson Nominees Limited  
Henderson UK Finance Limited  
HGI (Investments) Limited  
HGI Asset Management Group Limited  
HGI Group Limited  
Janus Henderson Group plc  
New Star Asset Management (Bermuda) Limited  
New Star Asset Management Group Limited  
Oxford Acquisition III Limited  
Intech Investment Management LLC

(together, the "**Companies**")

2018

Dear [Company Secretary],

**RESIGNATION AS DIRECTOR**

I hereby confirm my resignation as a director of each of the Companies (as defined above), and any other company in the Janus Henderson Group of which I am a director, to take effect from 1 August 2018.

I confirm that I have no claim whatsoever against the Companies or any of their Group Companies arising from my appointment as a director, my office as director or its termination either under common law or statute or otherwise.

Yours sincerely

---

Andrew Formica

---

## SCHEDULE 4

### Schedule of Share Awards

tbc

---

[\(Back To Top\)](#)

## Section 4: EX-31.1 (EX-31.1)

Exhibit 31.1

### CERTIFICATION

I, Richard M. Weil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Henderson Group plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Richard M. Weil

---

Richard M. Weil  
Chief Executive Officer

Date: November 1, 2018

A signed original of this written statement required by Section 302 has been provided to Janus Henderson Group plc and will be retained by Janus Henderson Group plc and furnished to the Securities and Exchange Commission or its staff upon request.

---

[\(Back To Top\)](#)

## Section 5: EX-31.2 (EX-31.2)

Exhibit 31.2

### CERTIFICATION

I, Roger Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Henderson Group plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Roger Thompson

\_\_\_\_\_  
Roger Thompson  
Chief Financial Officer

Date: November 1, 2018

A signed original of this written statement required by Section 302 has been provided to Janus Henderson Group plc and will be retained by Janus Henderson Group plc and furnished to the Securities and Exchange Commission or its staff upon request.

[\(Back To Top\)](#)

## Section 6: EX-32.1 (EX-32.1)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the quarterly report of Janus Henderson Group plc on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Richard M. Weil, Chief Executive Officer of Janus Henderson Group plc, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Janus Henderson Group plc.

/s/ Richard M. Weil

Richard M. Weil  
Chief Executive Officer

Date: November 1, 2018

A signed original of this written statement required by Section 906 has been provided to Janus Henderson Group plc and will be retained by Janus Henderson Group plc and furnished to the Securities and Exchange Commission or its staff upon request.

1

---

[\(Back To Top\)](#)

## **Section 7: EX-32.2 (EX-32.2)**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the quarterly report of Janus Henderson Group plc on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Roger Thompson, Chief Financial Officer of Janus Henderson Group plc, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Janus Henderson Group plc.

/s/ Roger Thompson

Roger Thompson  
Chief Financial Officer

Date: November 1, 2018

A signed original of this written statement required by Section 906 has been provided to Janus Henderson Group plc and will be retained by Janus Henderson Group plc and furnished to the Securities and Exchange Commission or its staff upon request.

1

---

[\(Back To Top\)](#)