

# Janus Henderson Group 4Q19 and FY19 results presentation

Tuesday 4 February 2020

**Dick Weil**  
Chief Executive Officer

**Roger Thompson**  
Chief Financial Officer



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# 4Q19 and FY19 results presentation **2019 results and 2020 outlook**

**Dick Weil**  
Chief Executive Officer



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# FY19 results

- Investment performance strengthened during 2019
- Total AUM increased 14%, reflecting strong markets partially offset by net outflows
- Adjusted diluted EPS of US\$2.47
- Declared and distributed US\$272m in dividends
- Completed US\$200m buyback in 2019; Board approved additional authorisation of US\$200m in 2020

## Key metrics – FY19 vs FY18

	FY19	FY18
3 year investment outperformance <sup>1</sup>	76%	61%
Net flows	(US\$27.4bn)	(US\$18.1bn)
Total AUM	US\$374.8bn	US\$328.5bn
US GAAP diluted EPS	US\$2.21	US\$2.61
Adjusted diluted EPS <sup>2</sup>	US\$2.47	US\$2.74
Dividend per share	US\$1.44	US\$1.40

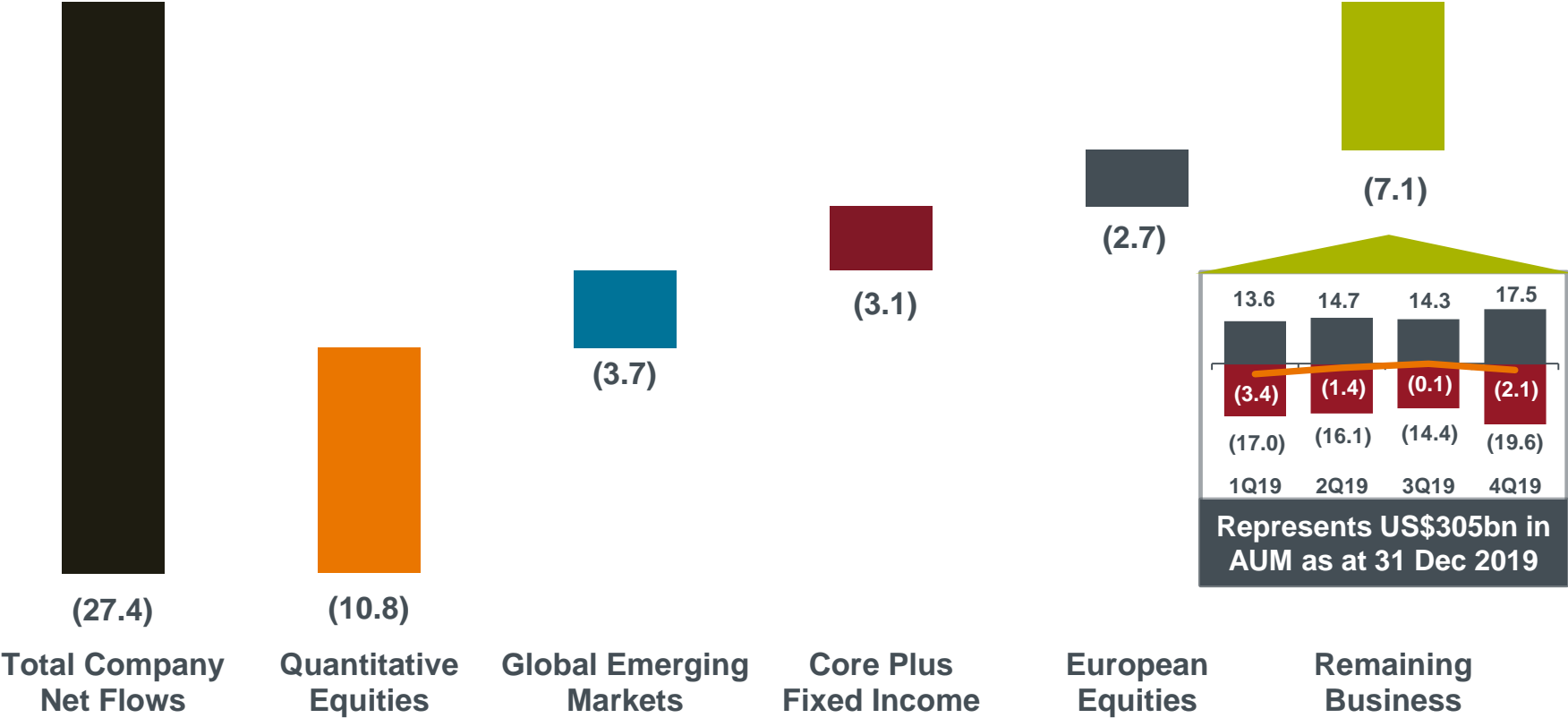
<sup>1</sup> Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 30.

<sup>2</sup> See adjusted financial measures reconciliation on slides 36 and 37 for additional information.

# Principal components of 2019 net flows

2019 flows reflect outflows from four concentrated areas

2019 flows  
(US\$bn)

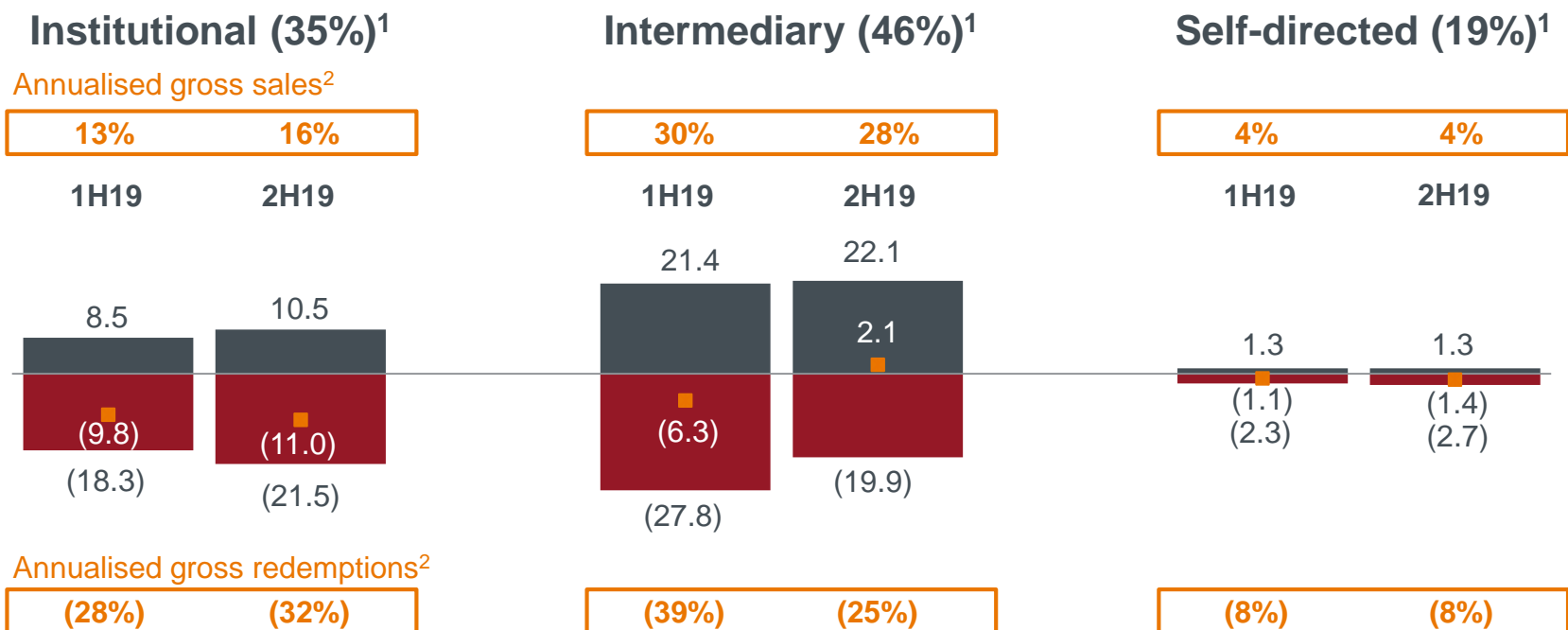


Note: Numbers may not cast due to rounding.

# 2019 flows by client type

2019 outflows reflect significant improvement in Intermediary with elevated outflows in Institutional

2019 flows by client type  
(US\$bn)



■ Sales ■ Redemptions ■ Net sales / (redemptions)

<sup>1</sup> Represents percentage of AUM as at 31 Dec 2019 by Client Type.

<sup>2</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM. Numbers may not cast due to rounding.

# Our outlook is encouraging

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## Net outflows mask many encouraging results we see across our business



### Investment performance

- 69%, 76% and 77% of AUM beating benchmarks over the 1, 3 and 5 year time periods, respectively<sup>1</sup>
- 83%, 82% and 76% of mutual fund AUM in top 2 Morningstar quartiles over 1, 3 and 5 year time periods, respectively<sup>2</sup>
- 85% of US mutual fund AUM has a 4 or 5 star Overall Morningstar Rating<sup>3</sup>



### Winning new business

- Intermediary momentum; capturing market share in key retail markets
- Newly globalised Institutional business is rebuilding pipeline
- Strategic products grew substantially across Equities, Fixed Income and Multi-Asset capabilities



### People and talent

- Attracting outstanding talent alongside a strong existing team



### Financial strength

- Strong cash flow generation and balance sheet is supporting ongoing investments in the business to meet evolving client needs
- Returning excess cash to shareholders via dividends and share repurchases

<sup>1</sup> Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 30.

<sup>2</sup> The top two Morningstar quartiles represent funds in the top half of their category based on total return. Full performance disclosures detailed in the appendix on slide 31.

<sup>3</sup> Based on risk-adjusted returns for Class I / Institutional Shares, or share class with longest history. Full performance disclosures detailed in the appendix on slide 44.

**4Q19 and FY19 results presentation**  
**4Q19 business and financial results**

**Roger Thompson**  
Chief Financial Officer

# 4Q19 results

- AUM of US\$374.8bn reflects strong markets partially offset by net outflows
- Adjusted diluted EPS of US\$0.65 improved on 7% growth in adjusted operating income
- Declared US\$0.36 per share dividend and completed US\$13m of share buybacks finishing the US\$200m buyback programme

## Key metrics – 4Q19 vs 3Q19

	4Q19	3Q19
3 year investment outperformance <sup>1</sup>	76%	74%
Net flows	(US\$6.7bn)	(US\$3.5bn)
Total AUM	US\$374.8bn	US\$356.1bn
US GAAP diluted EPS	US\$0.59	US\$0.58
Adjusted diluted EPS <sup>2</sup>	US\$0.65	US\$0.64
Dividend per share	US\$0.36	US\$0.36

<sup>1</sup> Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 30.

<sup>2</sup> See adjusted financial measures reconciliation on slides 36 and 37 for additional information.



# Investment performance

## Total company investment performance remains strong

**% of AUM outperforming benchmark**  
(as at 31 Dec 2019)

Capability	1 year	3 years	5 years
Equities	67%	76%	80%
Fixed Income	82%	84%	92%
Quantitative Equities	37%	40%	16%
Multi-Asset	91%	91%	93%
Alternatives	94%	99%	100%
<b>Total</b>	<b>69%</b>	<b>76%</b>	<b>77%</b>

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

Capability	1 year	3 years	5 years
Equities	88%	87%	77%
Fixed Income	70%	55%	56%
Quantitative Equities	22%	22%	19%
Multi-Asset	93%	89%	90%
Alternatives	36%	74%	95%
<b>Total</b>	<b>83%</b>	<b>82%</b>	<b>76%</b>

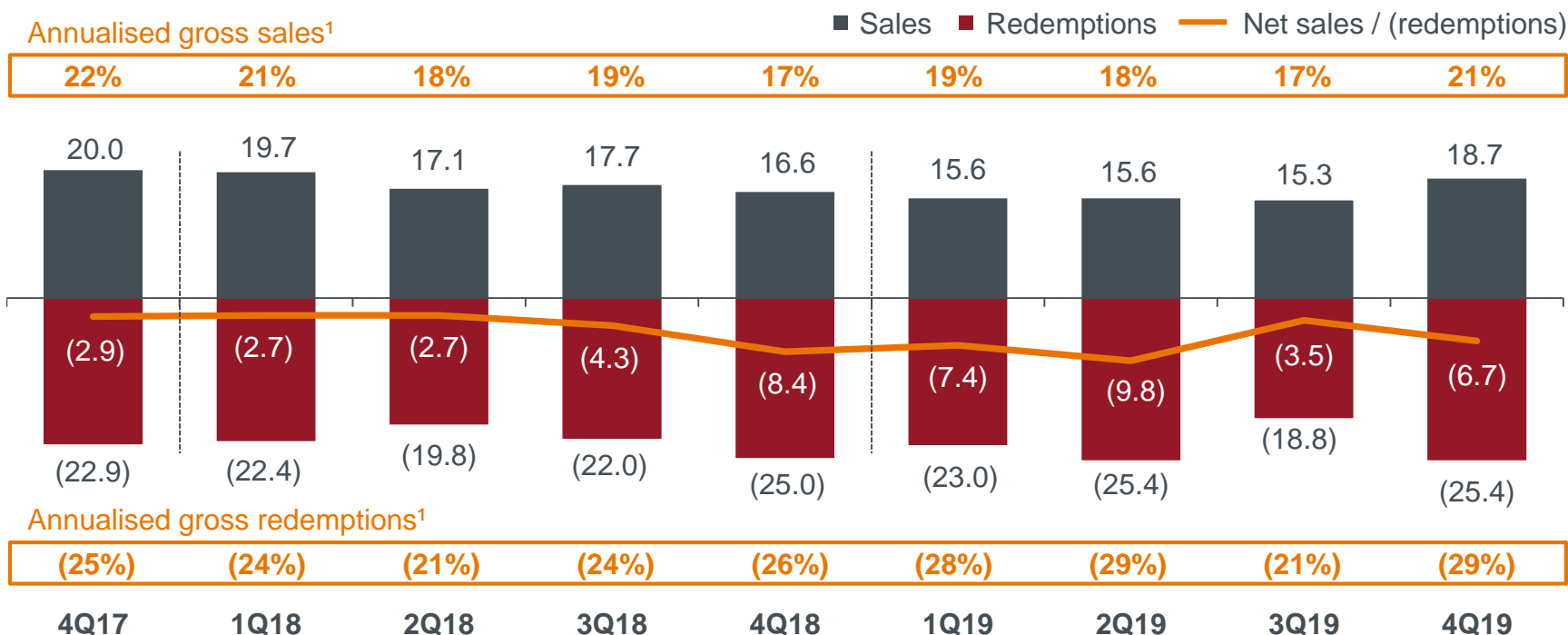
Note: Full performance disclosures detailed in the appendix on slides 30 and 31. Past performance is no guarantee of future results. The top two Morningstar quartiles represent funds in the top half of their category based on total return. Refer to slide 31 for the 10-year period, percent of funds in the top 2 quartiles for all periods, and description and quantity of funds included in the analysis.

# Total flows

Net outflows driven by higher redemptions offset by higher gross sales

## Total flows

4Q17 to 4Q19 (US\$bn)

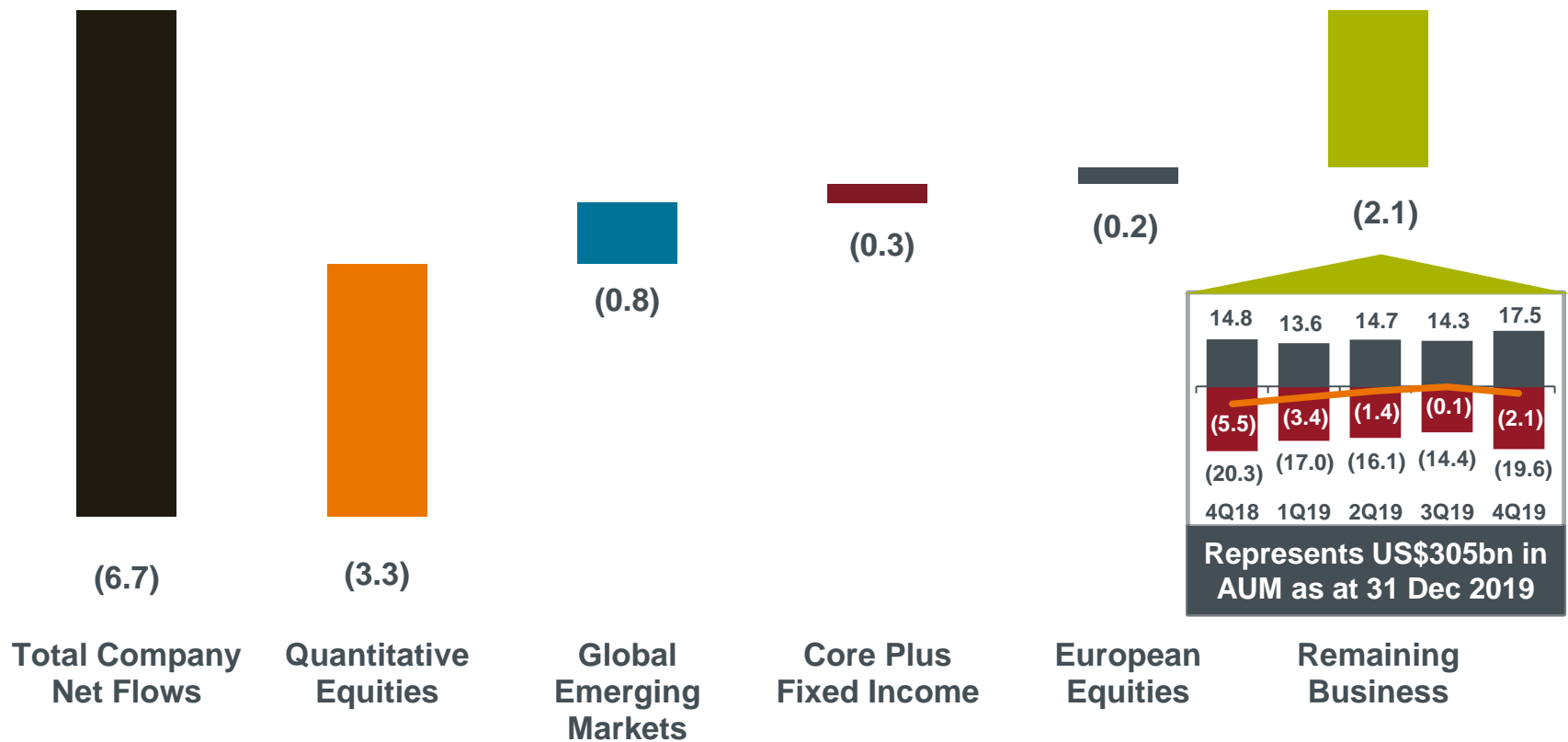


<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

# Principal components of 4Q19 net flows

4Q19 flows driven by Institutional outflows

4Q19 flows  
(US\$bn)



# Statement of income

## US GAAP and adjusted

US\$m	3 months ended 31 Dec 2019			Year ended 31 Dec 2019		
	US GAAP	Adjustments	Adjusted	US GAAP	Adjustments	Adjusted
<b>Revenue</b>						
Management fees	457.8			1,792.3		
Performance fees	18.3			17.6		
Shareowner servicing fees	71.9			185.4		
Other revenue	53.2			197.1		
<b>Total revenue</b>	<b>601.2</b>	<b>(138.1)</b>	<b>463.1</b>	<b>2,192.4</b>	<b>(444.3)</b>	<b>1,748.1</b>
<b>Operating expenses</b>						
Employee compensation and benefits	163.1			602.5		
Long-term incentive plans	44.5			184.3		
Distribution expenses	138.1			444.3		
Investment administration	13.8			47.9		
Marketing	10.0			31.1		
General, administrative and occupancy	60.3			260.8		
Depreciation and amortisation	17.1			80.6		
<b>Total operating expenses</b>	<b>446.9</b>	<b>(154.8)</b>	<b>292.1</b>	<b>1,651.5</b>	<b>(530.0)</b>	<b>1,121.5</b>
<b>Operating income</b>	<b>154.3</b>	<b>16.7</b>	<b>171.0</b>	<b>540.9</b>	<b>85.7</b>	<b>626.6</b>

Note: See adjusted financial measures reconciliation on slides 36 and 37 for additional information.

# Summary financial results

## US GAAP and adjusted

### Summary of results

US\$, except margin data	4Q19	3Q19	Change 4Q19 vs 3Q19	FY19	FY18	Change FY19 vs FY18
Average AUM	362.4bn	358.2bn	1%	357.1bn	367.7bn	(3%)
Total revenue	601.2m	536.0m	12%	2,192.4m	2,306.4m	(5%)
Operating income	154.3m	143.6m	7%	540.9m	649.8m	(17%)
Operating margin	25.7%	26.8%	(1.1ppt)	24.7%	28.2%	(3.5ppt)
US GAAP diluted EPS	0.59	0.58	2%	2.21	2.61	(15%)
Adjusted revenue	463.1m	433.2m	7%	1,748.1m	1,859.7m	(6%)
Adjusted operating income	171.0m	160.2m	7%	626.6m	726.0m	(14%)
Adjusted operating margin	36.9%	37.0%	(0.1ppt)	35.8%	39.0%	(3.2ppt)
Adjusted diluted EPS	0.65	0.64	2%	2.47	2.74	(10%)

Note: See adjusted financial measures reconciliation on slides 36 and 37 for additional information.

# Revenue

4Q19 revenue reflects higher performance fees, average AUM and fee margin

## 4Q19 adjusted revenue drivers

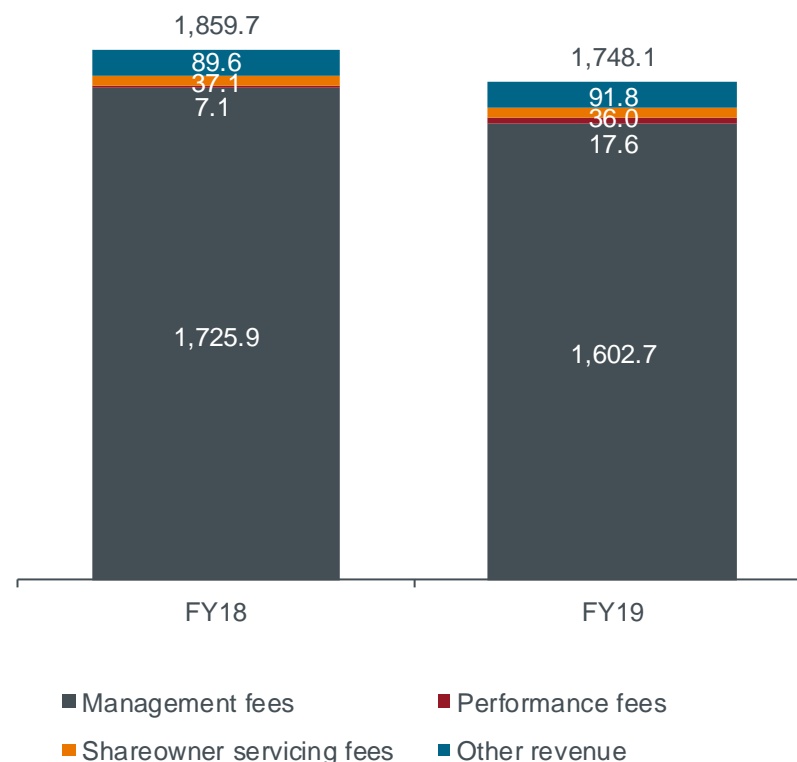
US\$m, except margin data	4Q19	3Q19	Change
<b>Total adjusted revenue</b>	<b>463.1</b>	<b>433.2</b>	<b>7%</b>
Management fees	409.8	400.6	2%
Performance fees	18.3	1.4	nm
Shareowner servicing fees	9.2	8.9	3%
Other revenue	25.8	22.3	16%
<i>Average net<sup>1</sup> mgmt fee margin</i>	<i>44.9bps</i>	<i>44.4bps</i>	<i>0.5bps</i>

- Net management fee margin increased 0.5bps in 4Q19 reflecting markets and mix shift from lower fee outflows and higher fee inflows
- Performance fees increased in FY19 driven by improvement in US mutual fund performance fees

Note: See adjusted financial measures reconciliation on slides 36 and 37 for additional information.

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

## Adjusted revenue – FY18 vs FY19 (US\$m)



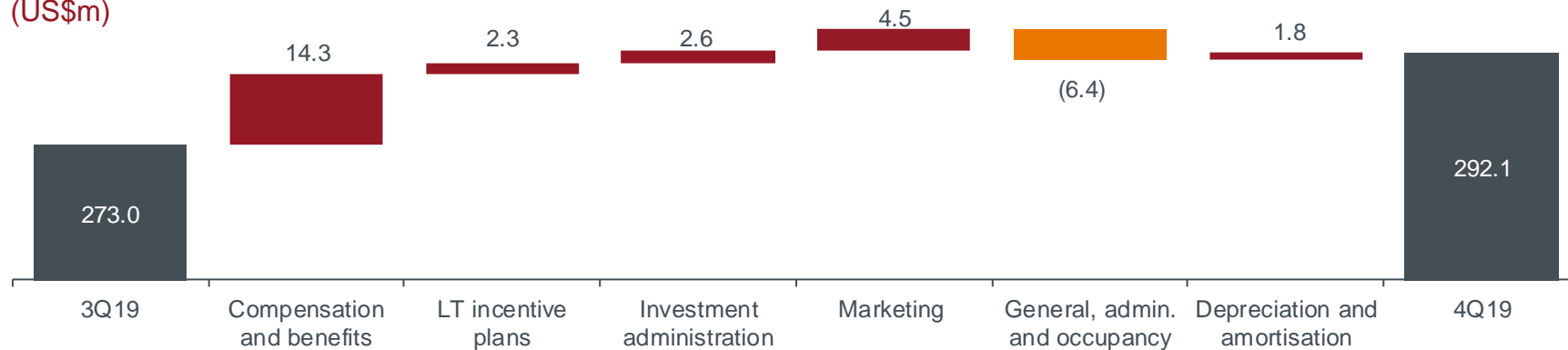
# Operating expenses

## Increase in compensation drove higher expenses

US\$m	4Q19 US GAAP	Adjustments	4Q19 adjusted	3Q19 adjusted	Change 4Q19 adjusted vs 3Q19 adjusted
Employee compensation and benefits	163.1	(6.3)	156.8	142.5	10%
Long-term incentive plans	44.5	0.2	44.7	42.4	5%
<b>Total compensation expenses</b>	<b>207.6</b>	<b>(6.1)</b>	<b>201.5</b>	<b>184.9</b>	<b>9%</b>
Distribution expenses	138.1	(138.1)	–	–	nm
Investment administration	13.8	–	13.8	11.2	23%
Marketing	10.0	–	10.0	5.5	82%
General, administrative and occupancy	60.3	(3.2)	57.1	63.5	(10%)
Depreciation and amortisation	17.1	(7.4)	9.7	7.9	23%
<b>Non-staff operating expenses</b>	<b>239.3</b>	<b>(148.7)</b>	<b>90.6</b>	<b>88.1</b>	<b>3%</b>
<b>Total operating expenses</b>	<b>446.9</b>	<b>(154.8)</b>	<b>292.1</b>	<b>273.0</b>	<b>7%</b>

### Adjusted operating expenses – 3Q19 vs 4Q19

(US\$m)



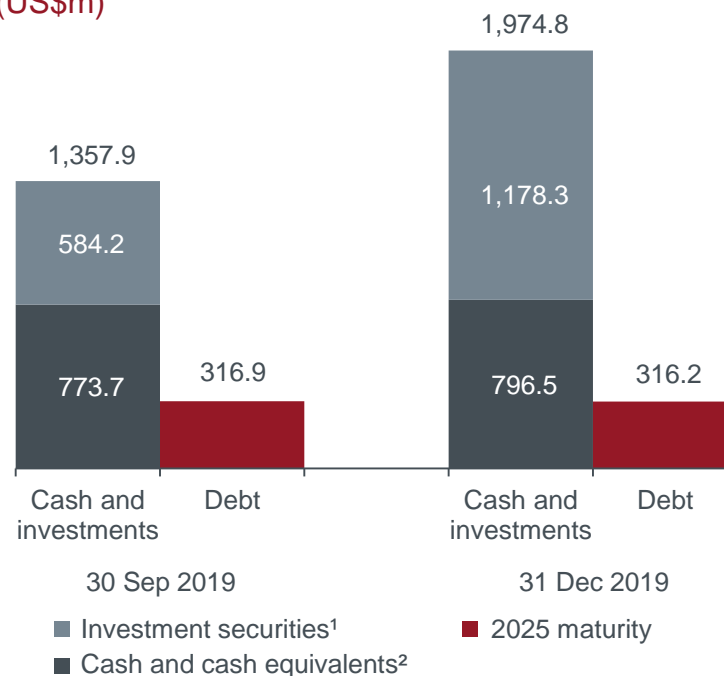
Note: See adjusted financial measures reconciliation on slides 36 and 37 for additional information.

# Balance sheet

## Strong liquidity position

- Cash and cash equivalents increased 3%, as cash flow generation more than offset capital return and seed investments
- Significant increase in investment securities due to new seed investments and consolidation of certain seed investments
- Board declared a dividend of US\$0.36 per share to be paid on 5 March to shareholders on record at the close of business on 18 February
- Repurchased 0.5m shares for US\$13m, completing buyback programme authorised in February 2019; Board approved additional buyback authorisation of US\$200m

### Balance sheet profile – carrying value (30 Sep 2019 vs 31 Dec 2019) (US\$m)



<sup>1</sup> Includes seed investments of US\$461.8m (including investment securities of consolidated variable interest entities of US\$359.9m), investments related to deferred compensation plans of US\$117.0m and other investments of US\$5.4m as at 30 September 2019; includes seed investments of US\$1,047.0m (including investment securities of consolidated variable interest entities of US\$924.8m), investments related to deferred compensation plans of US\$125.9m and other investments of US\$5.4m as at 31 December 2019.

<sup>2</sup> Includes cash and cash equivalents of consolidated variable interest entities of US\$37.4m and US\$62.6m as at 30 September 2019 and 31 December 2019, respectively.

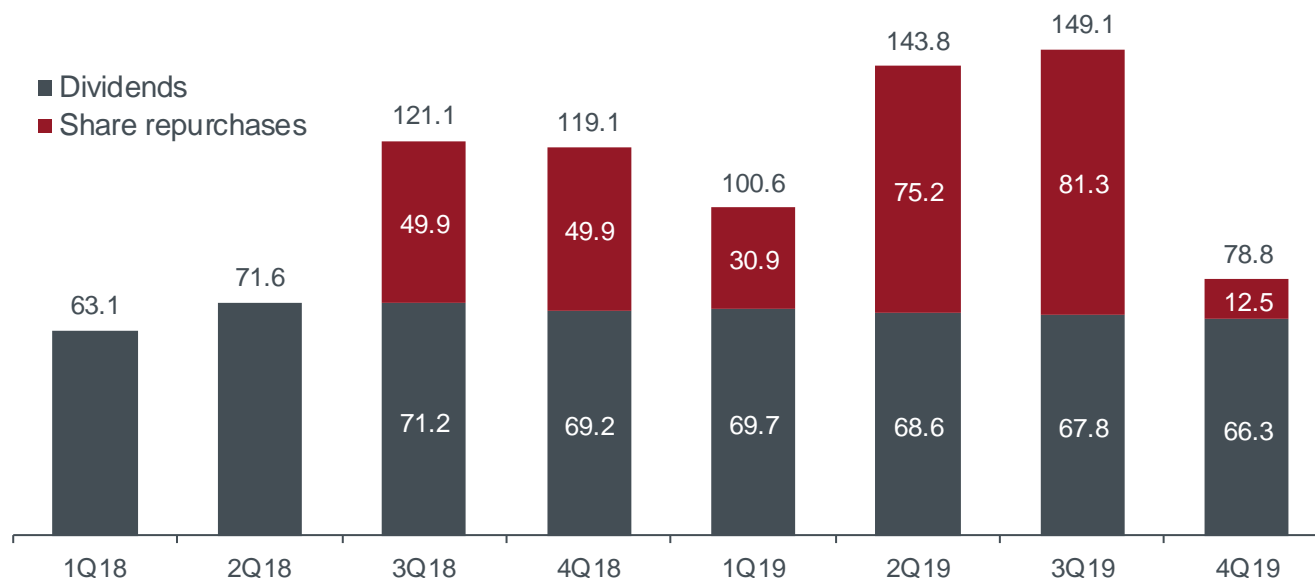


# Capital management

On 3 February 2020, the Board authorised an additional on-market share buyback of up to US\$200 million

## Quarterly capital return

1Q18 to 4Q19



Dividend paid / share	\$0.32	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Debt repayment (US\$m)	81.6	0.3	13.5	–	–	–	–	–
Shares repurchased (m)	–	–	1.8	2.2	1.3	3.5	4.2	0.5
<b>Total shares outstanding<sup>1</sup> (m)</b>	<b>200.4</b>	<b>200.4</b>	<b>198.6</b>	<b>196.4</b>	<b>195.2</b>	<b>191.6</b>	<b>187.5</b>	<b>187.0</b>

Note: JHG purchases shares on market for the annual share grants associated with variable compensation, which is not included in the above share repurchases. Numbers may not cast due to rounding.

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

# Conclusion

**Dick Weil**  
Chief Executive Officer



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# Our strategy: Simple Excellence

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**Produce  
dependable  
investment  
outcomes**



*Focus on quality  
and stability of  
investment  
performance*

**Excel in  
client  
experience**



*Deliver industry-  
leading client  
experiences that  
drive client  
loyalty and  
increase  
duration*

**Focus and  
increase  
operational  
efficiency**



*Standardise the  
global model and  
modernise our  
infrastructure*

**Proactive  
risk and  
control  
environment**



*Embed  
understanding and  
ownership of risk  
and controls at all  
levels and  
establish strong  
feedback loops for  
learning &  
improvement*

**Develop  
new growth  
initiatives**



*Build the  
businesses of  
tomorrow*

# Conclusion

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## Business fundamentals are improving

- Investment performance is strong and remains the best leading indicator of future success
- Improving flow trends are beginning to reflect the great investment performance
  - Intermediary flows turned positive in 2H 2019 across several regions with momentum carrying into 2020
  - Strategic products have grown meaningfully, including Balanced, Multi-Sector and Strategic Fixed Income
- Changes in portfolio leadership and management we believe will benefit clients in 2020 and beyond
- Our financial foundation is solid, allowing investment in the business while returning excess cash to shareholders

Q&A

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# Appendix

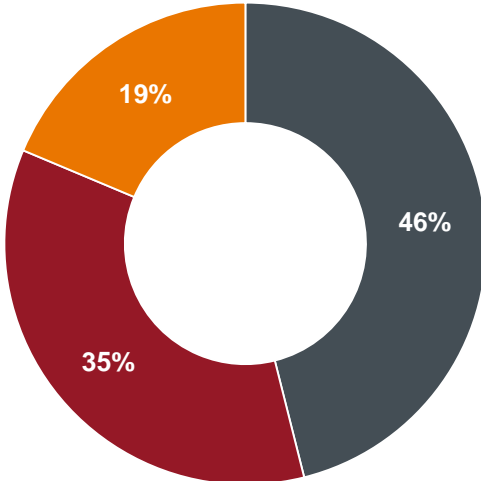


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# Assets under management as at 31 Dec 2019

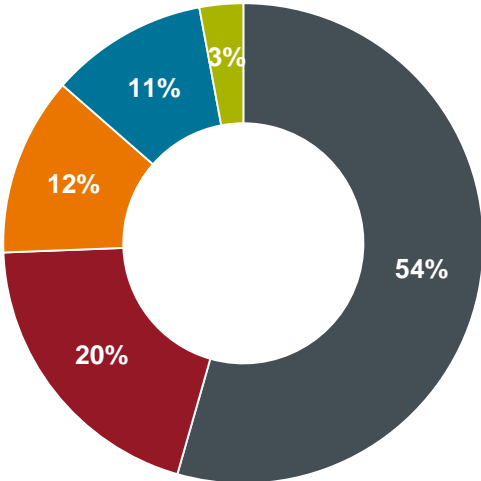
AUM: US\$374.8bn

By client type



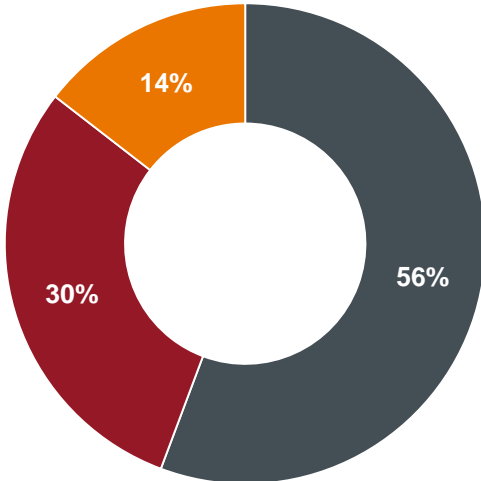
■ Intermediary	US\$172.7bn
■ Institutional	US\$132.1bn
■ Self-directed	US\$70.0bn

By capability



■ Equities	US\$204.0bn
■ Fixed Income	US\$74.8bn
■ Quantitative Equities	US\$45.2bn
■ Multi-Asset	US\$39.8bn
■ Alternatives	US\$11.0bn

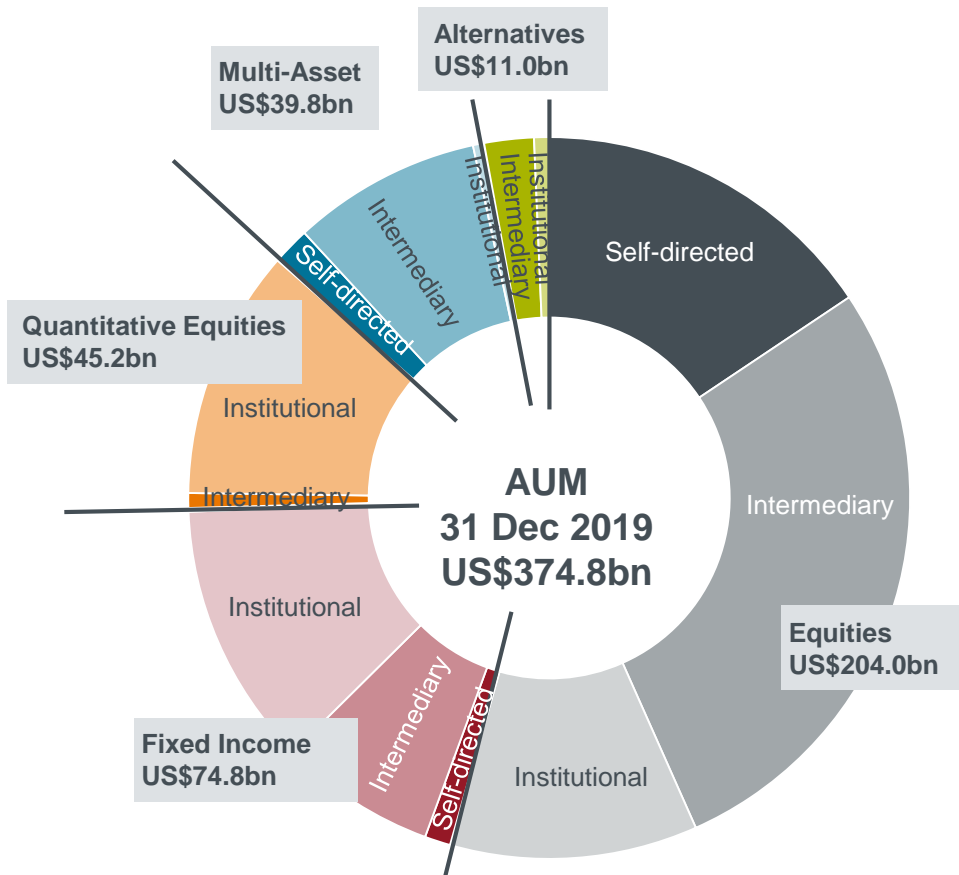
By client location



■ North America	US\$208.8bn
■ EMEA & LatAm	US\$111.6bn
■ Asia Pacific	US\$54.4bn

# Investment management capabilities

## Diversified product range



### Equities (56bps<sup>1</sup>)

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

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

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

### Quantitative Equities (20bps<sup>1</sup>)

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

### Multi-Asset (50bps<sup>1</sup>)

- US teams manage US and global asset allocation strategies; UK teams include asset allocation specialists, traditional multi-manager investors, and those focused on alternative asset classes

### Alternatives (69bps<sup>1</sup>)

- A cross-asset class combination of alpha generation, risk management, and efficient beta replication strategies, including multi-strategy, liquid alternatives, agriculture and global commodities/managed futures

<sup>1</sup> Full-year 2019 average net management fee margin; net margin based on management fees net of distribution expenses. Full-year 2018 average net management fee margins were: Equity (59bps), Fixed Income (28bps), Quantitative Equity (22bps), Multi-Asset (47bps) and Alternatives (73bps).



# Largest strategies by capability

Capability	Strategy	AUM (US\$bn) 31 Dec 2019
Equity	US Mid Cap Growth	29.3
	US Concentrated Growth	18.2
	US Research Growth Equity	16.7
	US SMID Cap Growth	13.2
	Global Life Sciences	10.6
Fixed Income	Core Plus Fixed Income	12.7
	Buy & Maintain Credit	10.0
	Global Strategic Fixed Income	7.7
	Kapstream Absolute Return Income	7.2
	Australian Fixed Income	4.6
Quantitative Equities	Intech Global Large Cap Core ex-Japan	9.0
	Intech US Enhanced Plus	6.5
	Intech Global Large Cap Core	5.1
	Intech US Broad Large Cap Growth	3.3
	Intech Global Enhanced Index ex-Australia ex-Tobacco 1% Risk	2.4
Multi-Asset	Balanced	33.4
	UK Income and Growth	1.9
	Multi Manager	1.3
	Global Adaptive Capital Appreciation	0.3
	Multi Asset - Institutional	0.3
Alternatives	UK Large Cap Absolute Return Equity	5.6
	Property	2.8
	Global Commodities	0.6
	Europe Large Cap Long/Short	0.6
	Concentrated Pan Europe Equity	0.4
<b>Total</b>		<b>203.8</b>

Note: Numbers may not cast due to rounding.

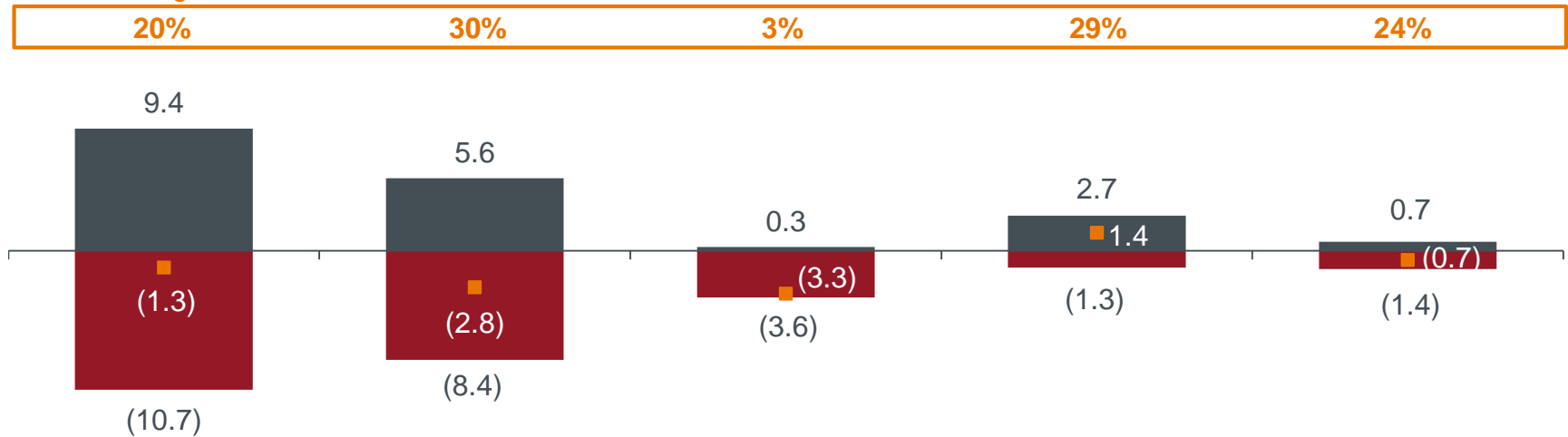
# 4Q19 flows by capability

## 4Q19 flows by capability

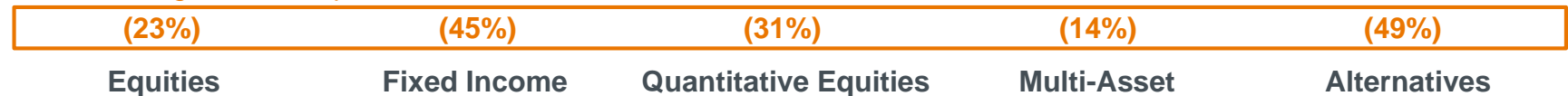
(US\$bn)

Annualised gross sales<sup>1</sup>

■ Sales ■ Redemptions ■ Net sales / (redemptions)



Annualised gross redemptions<sup>1</sup>

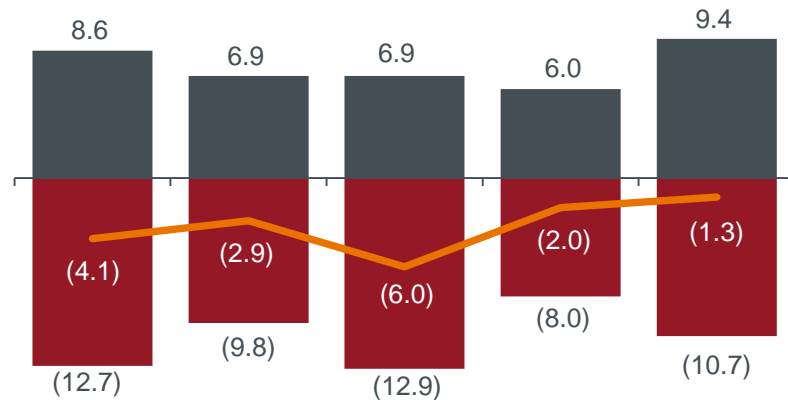


<sup>1</sup> Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

# Flows: Equities and Fixed Income

## Equities (US\$bn)

Annualised gross sales<sup>1</sup>

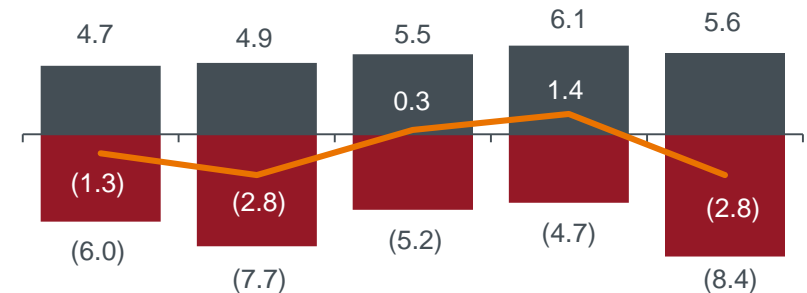


Annualised gross redemptions<sup>1</sup>



4Q18 1Q19 2Q19 3Q19 4Q19

## Fixed Income (US\$bn)



4Q18 1Q19 2Q19 3Q19 4Q19

■ Sales ■ Redemptions — Net sales / (redemptions)

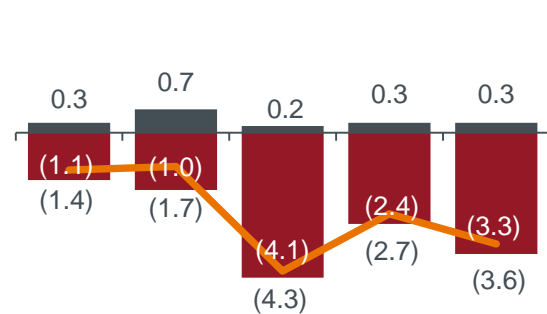
Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 29.

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

# Flows: Quantitative Equities, Multi-Asset and Alternatives

## Quantitative Equities (US\$bn)

Annualised gross sales<sup>1</sup>

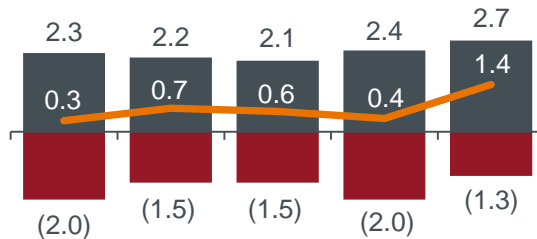


Annualised gross redemptions<sup>1</sup>



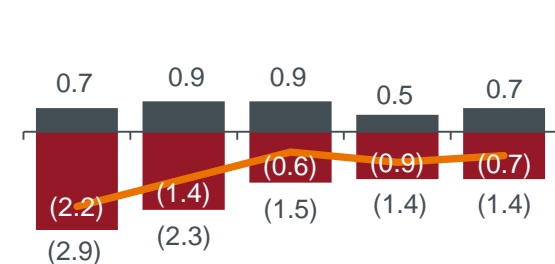
4Q18 1Q19 2Q19 3Q19 4Q19

## Multi-Asset (US\$bn)



4Q18 1Q19 2Q19 3Q19 4Q19

## Alternatives (US\$bn)



4Q18 1Q19 2Q19 3Q19 4Q19

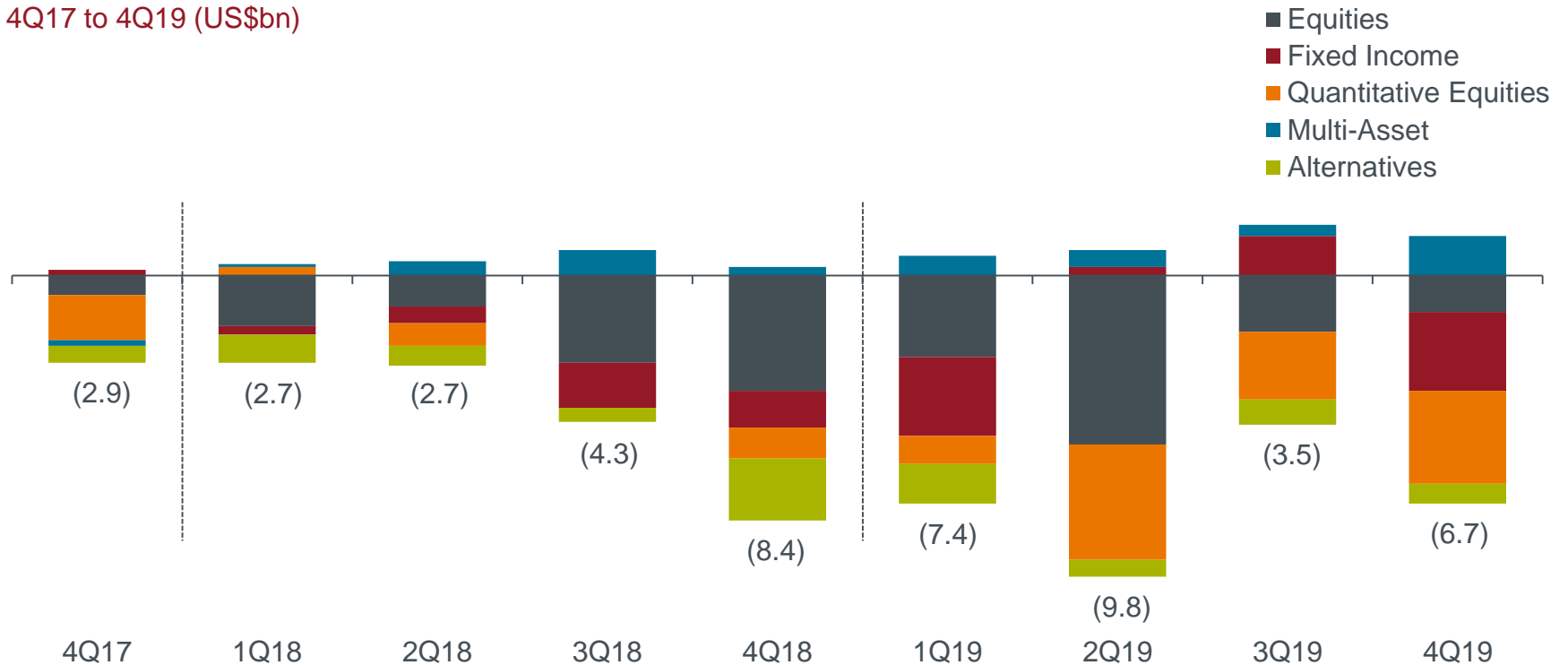
■ Sales ■ Redemptions — Net sales / (redemptions)

Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 29.

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

# Total net flows by capability

**Total net flows by capability**  
4Q17 to 4Q19 (US\$bn)



Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 29.

# AUM and flows by capability

All data in US\$bn	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
<b>AUM 30 Sep 2018</b>	<b>199.2</b>	<b>74.5</b>	<b>52.9</b>	<b>34.6</b>	<b>16.9</b>	<b>378.1</b>
Sales	8.6	4.7	0.3	2.3	0.7	16.6
Redemptions	(12.7)	(6.0)	(1.4)	(2.0)	(2.9)	(25.0)
Net sales / (redemptions)	(4.1)	(1.3)	(1.1)	0.3	(2.2)	(8.4)
Market / FX	(29.2)	(1.3)	(7.5)	(2.5)	(0.7)	(41.2)
Reclassification <sup>1</sup>	1.7	0.5	–	(2.2)	–	–
<b>AUM 31 Dec 2018</b>	<b>167.6</b>	<b>72.4</b>	<b>44.3</b>	<b>30.2</b>	<b>14.0</b>	<b>328.5</b>
Sales	6.9	4.9	0.7	2.2	0.9	15.6
Redemptions	(9.8)	(7.7)	(1.7)	(1.5)	(2.3)	(23.0)
Net sales / (redemptions)	(2.9)	(2.8)	(1.0)	0.7	(1.4)	(7.4)
Market / FX	24.1	2.9	6.3	2.5	0.4	36.2
<b>AUM 31 Mar 2019</b>	<b>188.8</b>	<b>72.5</b>	<b>49.6</b>	<b>33.4</b>	<b>13.0</b>	<b>357.3</b>
Sales	6.9	5.5	0.2	2.1	0.9	15.6
Redemptions	(12.9)	(5.2)	(4.3)	(1.5)	(1.5)	(25.4)
Net sales / (redemptions)	(6.0)	0.3	(4.1)	0.6	(0.6)	(9.8)
Market / FX	8.5	0.7	2.1	1.1	(0.1)	12.3
<b>AUM 30 Jun 2019</b>	<b>191.3</b>	<b>73.5</b>	<b>47.6</b>	<b>35.1</b>	<b>12.3</b>	<b>359.8</b>
Sales	6.0	6.1	0.3	2.4	0.5	15.3
Redemptions	(8.0)	(4.7)	(2.7)	(2.0)	(1.4)	(18.8)
Net sales / (redemptions)	(2.0)	1.4	(2.4)	0.4	(0.9)	(3.5)
Market / FX	(1.1)	0.1	0.4	0.8	(0.4)	(0.2)
<b>AUM 30 Sep 2019</b>	<b>188.2</b>	<b>75.0</b>	<b>45.6</b>	<b>36.3</b>	<b>11.0</b>	<b>356.1</b>
Sales	9.4	5.6	0.3	2.7	0.7	18.7
Redemptions	(10.7)	(8.4)	(3.6)	(1.3)	(1.4)	(25.4)
Net sales / (redemptions)	(1.3)	(2.8)	(3.3)	1.4	(0.7)	(6.7)
Market / FX	17.1	2.6	2.9	2.1	0.7	25.4
<b>AUM 31 Dec 2019</b>	<b>204.0</b>	<b>74.8</b>	<b>45.2</b>	<b>39.8</b>	<b>11.0</b>	<b>374.8</b>

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

# Investment performance

## % of AUM outperforming benchmark

Capability	4Q18			1Q19			2Q19			3Q19			4Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	67%	55%	71%	64%	69%	77%	73%	74%	83%	75%	74%	80%	67%	76%	80%
Fixed Income	36%	88%	93%	58%	92%	89%	61%	90%	89%	63%	94%	90%	82%	84%	92%
Quantitative Equities	20%	11%	15%	15%	14%	12%	32%	11%	39%	39%	26%	25%	37%	40%	16%
Multi-Asset	81%	90%	91%	88%	91%	91%	90%	91%	92%	90%	91%	93%	91%	91%	93%
Alternatives	35%	94%	100%	89%	98%	100%	39%	100%	100%	96%	99%	100%	94%	99%	100%
Total	55%	61%	72%	60%	69%	74%	66%	72%	80%	70%	74%	78%	69%	76%	77%

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

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

# Mutual fund investment performance

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

Capability	4Q18			1Q19			2Q19			3Q19			4Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	67%	63%	85%	78%	72%	86%	85%	70%	88%	84%	79%	87%	88%	87%	77%
Fixed Income	46%	28%	57%	68%	42%	48%	50%	50%	51%	53%	53%	55%	70%	55%	56%
Quantitative Equities	98%	17%	100%	63%	3%	97%	61%	3%	51%	97%	57%	97%	22%	22%	19%
Multi-Asset	89%	89%	88%	84%	86%	88%	87%	87%	88%	87%	88%	89%	93%	89%	90%
Alternatives	26%	93%	59%	93%	33%	94%	32%	58%	58%	38%	37%	56%	36%	74%	95%
<b>Total</b>	<b>65%</b>	<b>62%</b>	<b>80%</b>	<b>78%</b>	<b>67%</b>	<b>81%</b>	<b>78%</b>	<b>68%</b>	<b>81%</b>	<b>78%</b>	<b>74%</b>	<b>82%</b>	<b>83%</b>	<b>82%</b>	<b>76%</b>

Note: Includes Janus Investment Fund, Janus Aspen Series and Clayton Street Trust (US Trusts), Janus Henderson Capital Funds (Dublin based), Dublin and UK OEIC and Investment Trusts, Luxembourg SICAVs and Australian Managed Investment Schemes. The top two Morningstar quartiles represent funds in the top half of their category based on total return. On an asset-weighted basis, 82%, 80%, 74%, 82% and 82% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 31 Dec 2018, 31 Mar 2019, 30 Jun 2019, 30 Sep 2019 and 31 Dec 2019, respectively. For the 1-, 3-, 5- and 10-year periods ending 31 Dec 2019, 64%, 56%, 59% and 62% of the 201, 195, 183 and 146 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

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

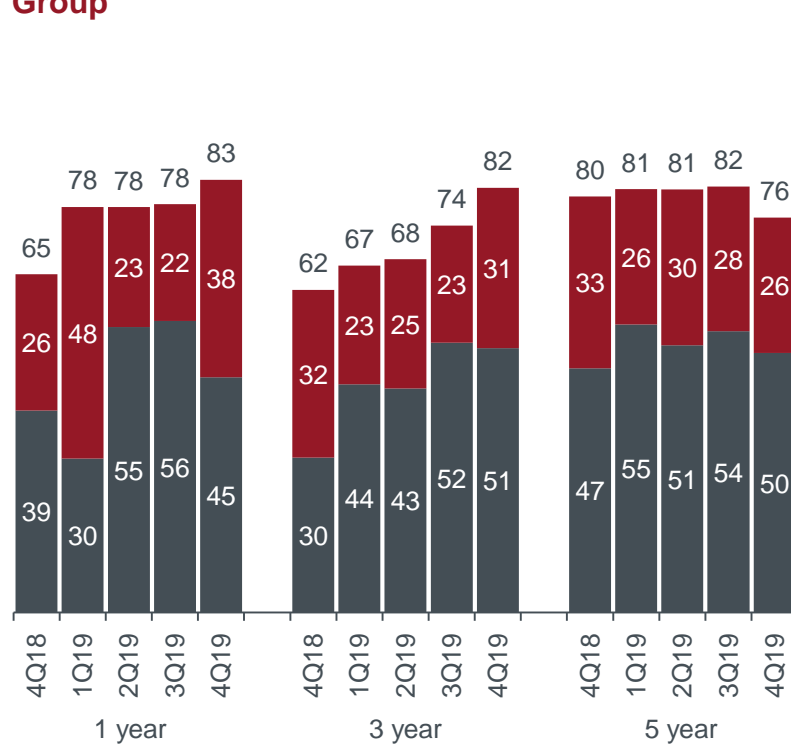
ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by Janus Henderson. © 2019 Morningstar, Inc. All Rights Reserved.



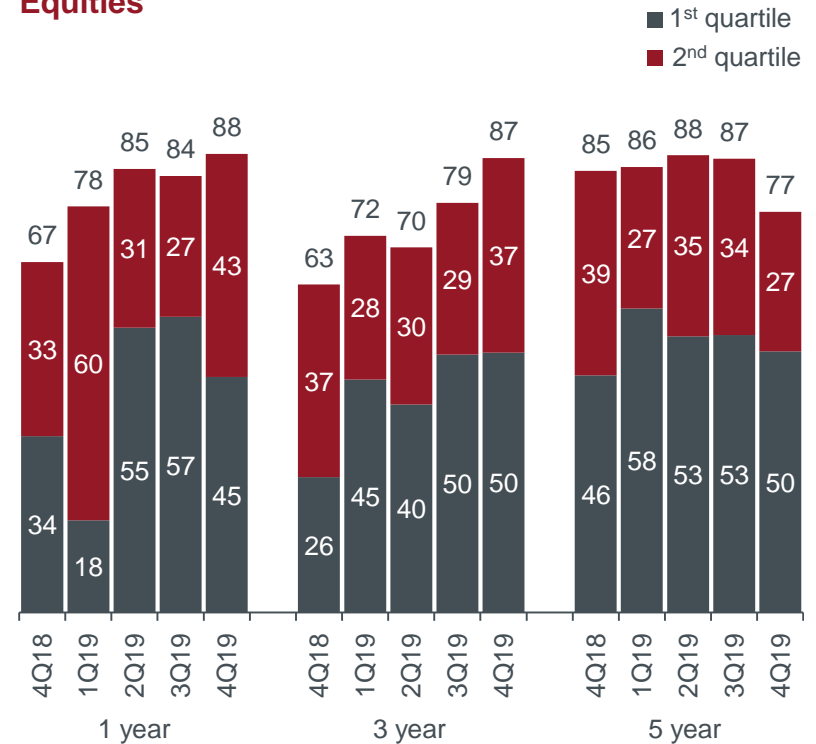
# Mutual fund investment performance (cont'd)

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

### Group



### Equities

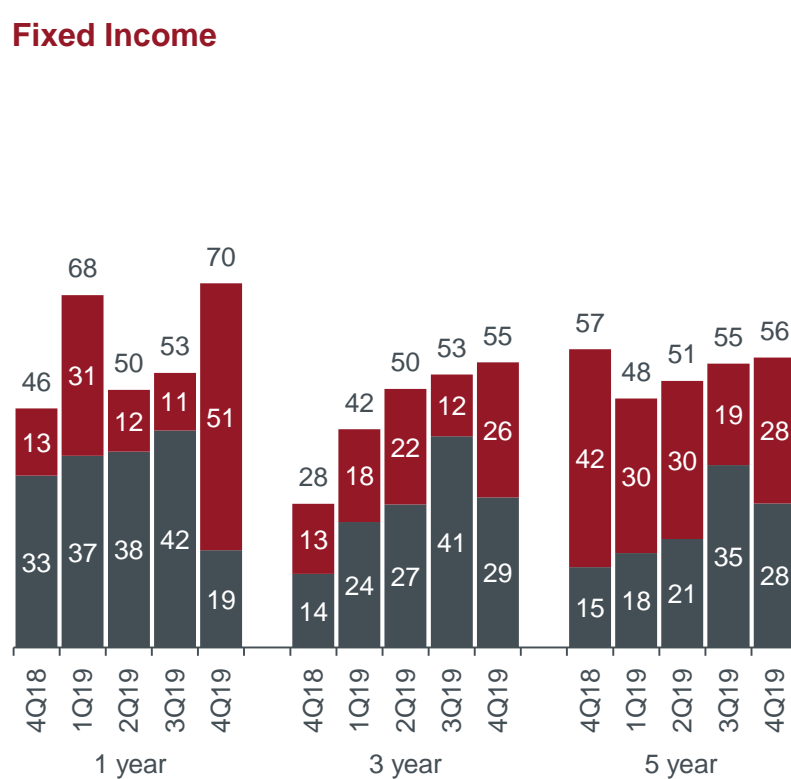


Note: Full performance disclosures detailed on slide 31. Numbers may not cast due to rounding.

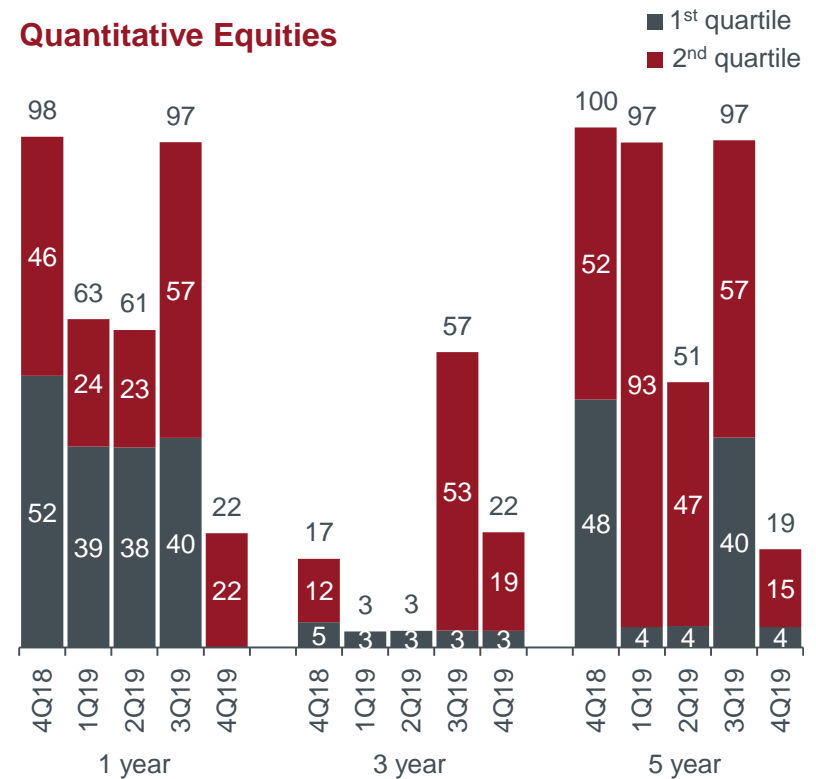
# Mutual fund investment performance (cont'd)

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

### Fixed Income



### Quantitative Equities

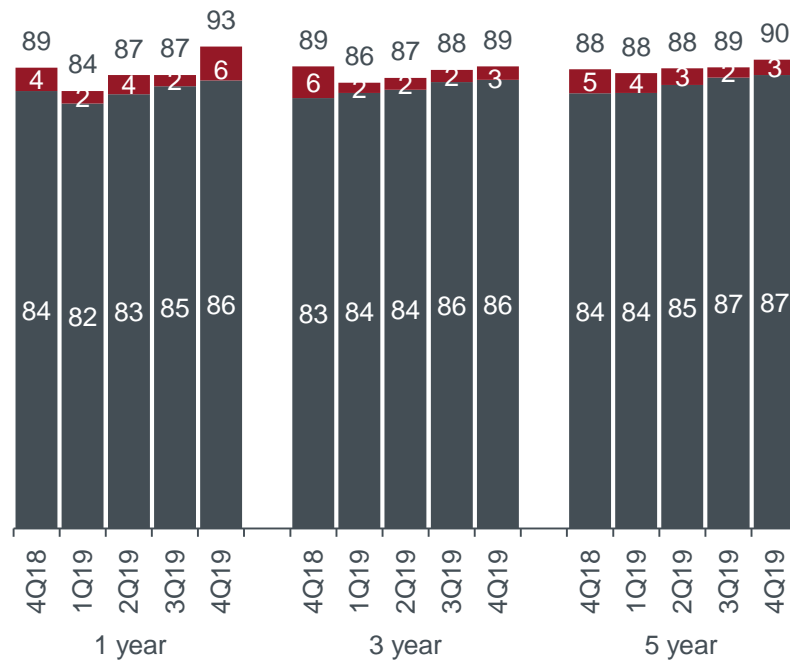


Note: Full performance disclosures detailed on slide 31. Numbers may not cast due to rounding.

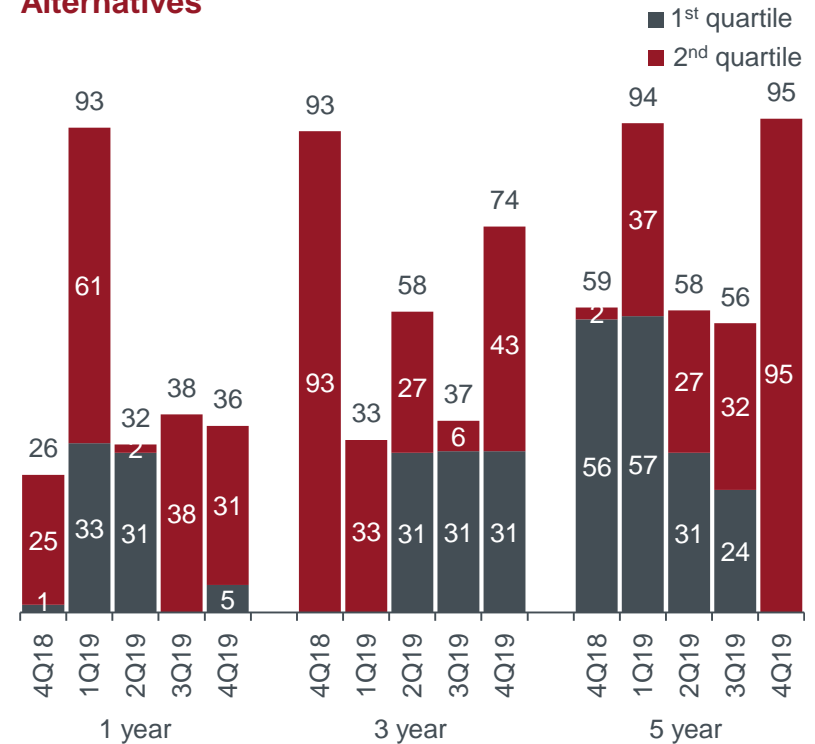
# Mutual fund investment performance (cont'd)

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

### Multi-Asset



### Alternatives



Note: Full performance disclosures detailed on slide 31. Numbers may not cast due to rounding.

# US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended			Year ended	
	31 Dec 2019	30 Sep 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
<b>Revenue</b>					
Management fees	457.8	446.2	452.3	1,792.3	1,947.4
Performance fees	18.3	1.4	3.5	17.6	7.1
Shareowner servicing fees	71.9	39.3	37.0	185.4	154.2
Other revenue	53.2	49.1	52.3	197.1	197.7
<b>Total revenue</b>	<b>601.2</b>	<b>536.0</b>	<b>545.1</b>	<b>2,192.4</b>	<b>2,306.4</b>
<b>Operating expenses</b>					
Employee compensation and benefits	163.1	147.9	155.8	602.5	613.0
Long-term incentive plans	44.5	42.2	32.3	184.3	188.6
Distribution expenses	138.1	102.8	102.4	444.3	446.7
Investment administration	13.8	11.2	11.6	47.9	46.9
Marketing	10.0	5.5	12.8	31.1	37.9
General, administrative and occupancy	60.3	67.6	62.4	260.8	253.7
Depreciation and amortisation	17.1	15.2	17.8	80.6	69.8
<b>Total operating expenses</b>	<b>446.9</b>	<b>392.4</b>	<b>395.1</b>	<b>1,651.5</b>	<b>1,656.6</b>
<b>Operating income</b>	<b>154.3</b>	<b>143.6</b>	<b>150.0</b>	<b>540.9</b>	<b>649.8</b>
Interest expense	(3.3)	(3.5)	(4.0)	(15.1)	(15.7)
Investment gains (losses), net	12.1	4.0	(15.3)	34.2	(40.9)
Other non-operating income (expenses), net	(5.8)	4.7	13.5	23.5	68.6
<b>Income before taxes</b>	<b>157.3</b>	<b>148.8</b>	<b>144.2</b>	<b>583.5</b>	<b>661.8</b>
Income tax provision	(36.9)	(35.7)	(43.4)	(137.8)	(162.2)
<b>Net income</b>	<b>120.4</b>	<b>113.1</b>	<b>100.8</b>	<b>445.7</b>	<b>499.6</b>
Net loss (income) attributable to noncontrolling interests	(8.4)	(1.0)	6.0	(18.1)	24.2
<b>Net income attributable to JHG</b>	<b>112.0</b>	<b>112.1</b>	<b>106.8</b>	<b>427.6</b>	<b>523.8</b>
Less: allocation of earnings to participating stock-based awards	(3.1)	(3.1)	(2.8)	(11.7)	(12.7)
<b>Net income attributable to JHG common shareholders</b>	<b>108.9</b>	<b>109.0</b>	<b>104.0</b>	<b>415.9</b>	<b>511.1</b>
Diluted weighted-average shares outstanding (m)	184.1	188.3	194.1	188.6	195.9
<b>Diluted EPS (in US\$)</b>	<b>0.59</b>	<b>0.58</b>	<b>0.54</b>	<b>2.21</b>	<b>2.61</b>

# Alternative performance measures

## Reconciliation of adjusted financial measures

US\$m, except margin data	3 months ended			Year ended	
	31 Dec 2019	30 Sep 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
<b>Reconciliation of revenue to adjusted revenue</b>					
<b>Revenue</b>	<b>601.2</b>	<b>536.0</b>	<b>545.1</b>	<b>2,192.4</b>	<b>2,306.4</b>
Management fees <sup>1</sup>	(48.0)	(45.6)	(48.6)	(189.6)	(221.5)
Shareowner servicing fees <sup>1</sup>	(62.7)	(30.4)	(27.9)	(149.4)	(117.1)
Other revenue <sup>1</sup>	(27.4)	(26.8)	(25.9)	(105.3)	(108.1)
<b>Adjusted revenue</b>	<b>463.1</b>	<b>433.2</b>	<b>442.7</b>	<b>1,748.1</b>	<b>1,859.7</b>
<b>Reconciliation of operating expenses to adjusted operating expenses</b>					
<b>Operating expenses</b>	<b>446.9</b>	<b>392.4</b>	<b>395.1</b>	<b>1,651.5</b>	<b>1,656.6</b>
Employee compensation and benefits <sup>2</sup>	(6.3)	(5.4)	(4.4)	(19.1)	(21.4)
Long-term incentive plans <sup>2</sup>	0.2	0.2	0.2	0.8	(10.6)
Investment administration <sup>2</sup>	–	–	–	–	(0.7)
Marketing <sup>2</sup>	–	–	(0.1)	–	–
Distribution expenses <sup>1</sup>	(138.1)	(102.8)	(102.4)	(444.3)	(446.7)
General, administrative and occupancy <sup>2</sup>	(3.2)	(4.1)	(1.9)	(20.0)	(6.8)
Depreciation and amortisation <sup>3</sup>	(7.4)	(7.3)	(9.1)	(47.4)	(36.7)
<b>Adjusted operating expenses</b>	<b>292.1</b>	<b>273.0</b>	<b>277.4</b>	<b>1,121.5</b>	<b>1,133.7</b>
<b>Adjusted operating income</b>	<b>171.0</b>	<b>160.2</b>	<b>165.3</b>	<b>626.6</b>	<b>726.0</b>
<b>Operating margin</b>	<b>25.7%</b>	<b>26.8%</b>	<b>27.5%</b>	<b>24.7%</b>	<b>28.2%</b>
<b>Adjusted operating margin</b>	<b>36.9%</b>	<b>37.0%</b>	<b>37.3%</b>	<b>35.8%</b>	<b>39.0%</b>

Note: Reconciliation to be used in conjunction with slide 37. Footnotes included on slide 38.

# Alternative performance measures (cont'd)

## Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended			Year ended	
	31 Dec 2019	30 Sep 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
<b>Reconciliation of net income to adjusted net income attributable to JHG</b>					
<b>Net income attributable to JHG</b>	<b>112.0</b>	<b>112.1</b>	<b>106.8</b>	<b>427.6</b>	<b>523.8</b>
Employee compensation and benefits <sup>2</sup>	6.3	5.4	4.4	19.1	21.4
Long-term incentive plans <sup>2</sup>	(0.2)	(0.2)	(0.2)	(0.8)	10.6
Investment administration <sup>2</sup>	–	–	–	–	0.7
Marketing <sup>2</sup>	–	–	0.1	–	–
General, administrative and occupancy <sup>2</sup>	3.2	4.1	1.9	20.0	6.8
Depreciation and amortisation <sup>3</sup>	7.4	7.3	9.1	47.4	36.7
Interest expense <sup>4</sup>	0.2	0.4	0.9	2.5	3.1
Investment gains (losses), net	–	(1.0)	–	–	–
Other non-operating income (expense) <sup>4</sup>	(1.9)	(0.2)	0.3	(24.3)	(46.0)
Income tax provision <sup>5</sup>	(3.1)	(3.2)	(5.8)	(13.2)	(7.5)
<b>Adjusted net income attributable to JHG</b>	<b>123.9</b>	<b>124.7</b>	<b>117.5</b>	<b>478.3</b>	<b>549.6</b>
<b>Diluted earnings per share (in US\$)</b>	<b>0.59</b>	<b>0.58</b>	<b>0.54</b>	<b>2.21</b>	<b>2.61</b>
<b>Adjusted diluted earnings per share (in US\$)</b>	<b>0.65</b>	<b>0.64</b>	<b>0.59</b>	<b>2.47</b>	<b>2.74</b>

Note: Reconciliation to be used in conjunction with slide 36. Footnotes included on slide 38.

# Alternative performance measures (cont'd)

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## Footnotes to reconciliation of adjusted financial measures

- <sup>1</sup> JHG contracts with third-party intermediaries to distribute and service certain of its investment products. Fees for distribution and servicing related activities are either provided for separately in an investment product's prospectus or are part of the management fee. Under both arrangements, the fees are collected by JHG and passed-through to third-party intermediaries who are responsible for performing the applicable services. The majority of distribution and servicing fees collected by JHG are passed through to third-party intermediaries. JHG management believes that the deduction of distribution and service fees from revenue in the computation of adjusted revenue reflects the pass-through nature of these revenues. In certain arrangements, JHG performs the distribution and servicing activities and retains the applicable fees. Revenues for distribution and servicing activities performed by JHG are not deducted from GAAP revenue.
- <sup>2</sup> Adjustments primarily represent integration costs in relation to the Merger, including severance costs, legal costs and consulting fees. JHG management believes these costs do not represent the ongoing operations of the Group.
- <sup>3</sup> Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortised on a straight-line basis over the expected life of the contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.
- <sup>4</sup> 2019 adjustments primarily represent contingent consideration adjustments associated with acquisitions prior to the Merger and increased debt expense as a consequence of the fair value uplift on debt due to acquisition accounting. Adjustments for the year ended 31 December 2018 primarily represent fair value movements on options issued to Dai-ichi in addition to contingent consideration costs associated with acquisitions prior to the merger. JHG management believes these costs do not represent the ongoing operations of the Group.
- <sup>5</sup> The tax impact of the adjustments is calculated based on the US or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible.

# Performance fees

	4Q19 (US\$m)	3Q19 (US\$m)	4Q18 (US\$m)	AUM generating 4Q19 pfees (US\$bn)	# of funds generating 4Q19 pfees	Frequency	Timing
SICAVs	0.2	0.0	0.1	0.2	2	23 Annually; 2 Quarterly	23 at June; 2 on quarter
Offshore Absolute Return	0.2	0.2	0.3	0.7	5	Annually	Various
Segregated Mandates <sup>1</sup>	19.3	2.5	14.7	13.7	26	Quarterly/ Annually	Various
UK OEICs & Unit Trusts	0.3	0.0	0.0	0.0	1	Quarterly	Various
Investment Trusts	0.0	0.0	0.0	0.0	0	Annually	Various
US Mutual Funds <sup>2</sup>	(1.7)	(1.3)	(11.5)	48.4	11	Monthly	Monthly
<b>Total</b>	<b>18.3</b>	<b>1.4</b>	<b>3.6</b>	<b>63.1</b>	<b>45</b>		

Note: Performance fees include prior quarter accrual true-ups.

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

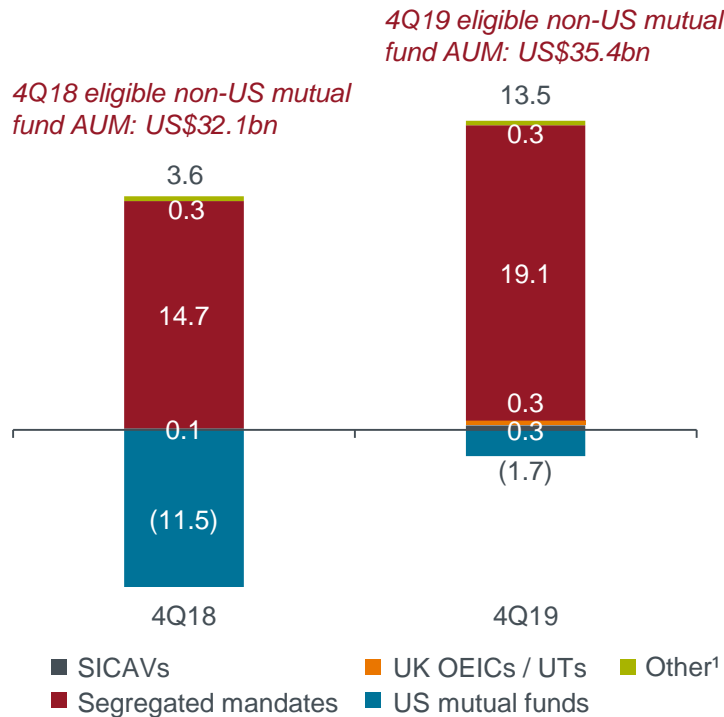
<sup>2</sup> AUM data presents US Mutual Fund AUM subject to performance fees as at 31 December 2019. Janus Investment Funds and Janus Aspen Series Portfolios are counted as distinct and separate funds.



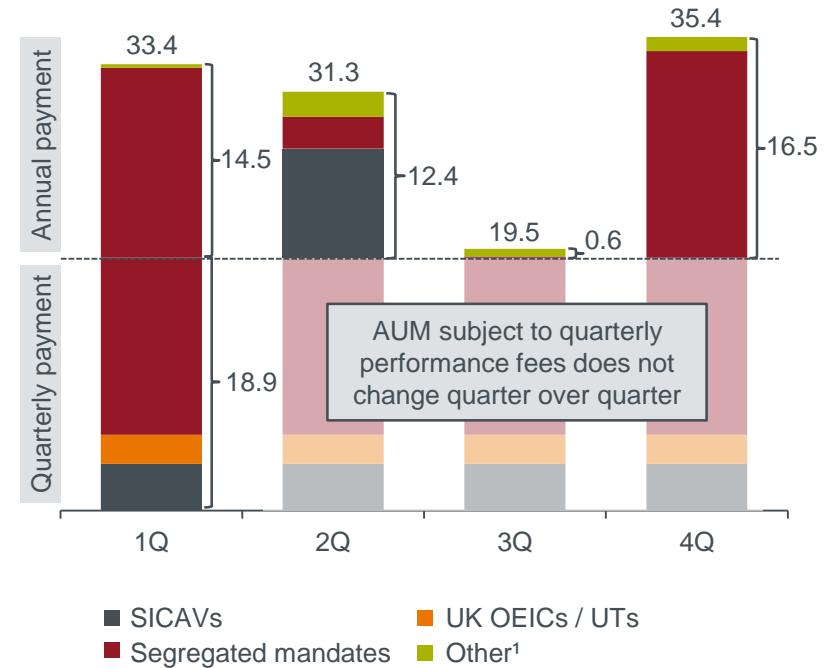
# Performance fees

US\$63bn non-US mutual fund AUM eligible to earn performance fees across all periods

**Performance fees – 4Q18 vs 4Q19**  
(US\$m)



**Pay-out timing of AUM subject to performance fees**  
(Non-US mutual fund AUM in US\$bn as at 31 Dec 2019)



<sup>1</sup> Other includes Offshore Absolute Return, Investment Trusts and Managed CDOs.

# US mutual funds with performance fees

Mutual funds with performance fees <sup>1</sup>	AUM 31 Dec 2019 US\$m	Benchmark	Base fee	Performance fee <sup>2</sup>	Performance cap/(floor) vs benchmark	4Q19 P&L impact US\$'000
Research Fund	15,355	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(4,659)
Forty Fund and Portfolio	15,190	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 8.50%	1,303
Global Research Fund and Portfolio	3,784	MSCI World Index <sup>SM</sup>	0.60%	± 15 bps	± 6.00%	988
Small Cap Value Fund	3,842	Russell 2000 <sup>®</sup> Value Index	0.72%	± 15 bps	± 5.50%	894
Mid Cap Value Fund and Portfolio	3,456	Russell Midcap <sup>®</sup> Value Index	0.64%	± 15 bps	± 4.00%	529
Contrarian Fund	3,220	S&P 500 <sup>®</sup> Index	0.64%	± 15 bps	± 7.00%	(1,009)
Overseas Fund and Portfolio	2,114	MSCI All Country World ex-U.S. Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	416
Research Portfolio <sup>3</sup>	550	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(175)
Global Real Estate Fund	532	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	104
Global Value Fund	200	MSCI World Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	(86)
Large Cap Value Fund	116	Russell 1000 <sup>®</sup> Value Index	0.64%	± 15 bps	± 3.50%	(9)
Small-Mid Cap Value Fund <sup>4</sup>	63	Russell 2500 <sup>TM</sup> Value Index	0.70%	± 15 bps	± 5.00%	31
Asia Equity Fund	27	MSCI All Country Asia ex-Japan Index <sup>SM</sup>	0.92%	± 15 bps	± 7.00%	3
<b>Total</b>	<b>48,447</b>					<b>(1,670)</b>

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

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

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

<sup>3</sup> Until 1 May 2020, the Portfolio's performance during the portion of the performance measurement period prior to 1 May 2017 will be compared to the Portfolio's former benchmark, the Core Growth Index (50% S&P 500<sup>®</sup> Index / 50% Russell 1000<sup>®</sup> Growth Index). Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

<sup>4</sup> Until 1 August 2022, the Fund's performance during the portion of the performance measurement period prior to 1 August 2019 will be compared to the Fund's former benchmark, the Russell 3000<sup>®</sup> Value Index.

# Long-term incentive compensation

## Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2020	2021	2022	2023	2024
2017 annual grant	6	6	–	–	–	–
2018 annual grant	30	24	6	–	–	–
2019 annual grant	74	48	21	4	1	–
2020 annual grant <sup>1</sup>	130	66	43	18	2	–
Other <sup>2</sup>	86	13	23	15	9	6
<b>Total long-term incentive compensation</b>	<b>326</b>	<b>177</b>	<b>93</b>	<b>37</b>	<b>12</b>	<b>6</b>

Note: 2017 and 2018 annual grants generally vest over three and four years. 2019 and 2020 annual grants generally vest over three years. Assumed no forfeitures in future periods. Assumed no change in future values related to market or currency, which would impact expense related to cash based awards (MFSAs and DEP funds) and social security expense upon vesting.

<sup>1</sup> Estimated 2020 annual grant based on amounts expected to be granted associated with the annual award process. Actual awards are expected to come in between US\$125 and US\$135 million.

<sup>2</sup> Includes retention and recruiting awards; other subsidiary grants and social security expense. Social security expense is estimated based on amount of existing awards expected to vest in that year.

# Contacts

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As at 31 Dec 2019, 77%, 70% and 70% of US mutual fund assets under management have a 4 or 5 star Morningstar Rating™ for the 3-, 5-, and 10-year periods, respectively. As at 31 Dec 2019, 53%, 58%, 49% and 46% of US mutual funds have a 4 or 5 star Morningstar Rating™ for the Overall, 3-, 5-, and 10-year periods, respectively. Based on primary share class (Class I Shares, Institutional Shares or share class with longest history) for 55, 55, 53 and 39 funds for the Overall, 3-, 5- and 10-year periods, respectively.

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