

## 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 March 31, 2019

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

**Janus Henderson Group plc**

(Exact name of registrant as specified in its charter)

**Jersey, Channel Islands**  
(State or other jurisdiction of  
incorporation or organization)  
**201 Bishopsgate EC2M 3AE**  
United Kingdom  
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.50 Per Share Par Value	JHG	New York Stock Exchange

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 April 29, 2019, there were 195,154,321 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)**  
**(U.S. Dollars in Millions, Except Share Data)**

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 717.1	\$ 880.4
Investment securities	270.7	291.8
Fees and other receivables	300.2	309.2
OEIC and unit trust receivables	264.7	144.4
Assets of consolidated VIEs:		
Cash and cash equivalents	22.8	36.2
Investment securities	297.4	282.7
Other current assets	9.8	5.0
Other current assets	78.0	69.4
Total current assets	<u>1,960.7</u>	<u>2,019.1</u>
<b>Non-current assets:</b>		
Property, equipment and software, net	72.6	69.5
Intangible assets, net	3,125.4	3,123.3
Goodwill	1,493.6	1,478.0
Retirement benefit asset, net	213.0	206.5
Other non-current assets	157.8	15.5
Total assets	<u>\$ 7,023.1</u>	<u>\$ 6,911.9</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 263.3	\$ 233.2
Current portion of accrued compensation, benefits and staff costs	167.3	345.4
OEIC and unit trust payables	274.7	143.3
Liabilities of consolidated VIEs:		
Accounts payable and accrued liabilities	11.0	6.5
Total current liabilities	<u>716.3</u>	<u>728.4</u>
<b>Non-current liabilities:</b>		
Accrued compensation, benefits and staff costs	44.6	54.7
Long-term debt	318.4	319.1
Deferred tax liabilities, net	730.7	729.9
Retirement benefit obligations, net	3.7	3.7
Other non-current liabilities	197.3	79.2
Total liabilities	<u>2,011.0</u>	<u>1,915.0</u>
<b>Commitments and contingencies (See Note 14)</b>		
	137.0	136.1
<b>REDEEMABLE NONCONTROLLING INTERESTS</b>		
	137.0	136.1
<b>EQUITY</b>		
Common stock (\$1.50 par, 480,000,000 shares authorized and 195,177,421 and 196,412,764 shares issued and outstanding, respectively)	292.7	294.6
Additional paid-in-capital	3,802.1	3,824.5
Treasury shares (4,326,953 and 4,523,802 shares held, respectively)	(165.4)	(170.8)
Accumulated other comprehensive loss, net of tax	(386.8)	(423.5)
Retained earnings	1,309.9	1,314.5
Total shareholders' equity	<u>4,852.5</u>	<u>4,839.3</u>
Nonredeemable noncontrolling interests	22.6	21.5
Total equity	<u>4,875.1</u>	<u>4,860.8</u>
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 7,023.1</u>	<u>\$ 6,911.9</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)**  
**(U.S. Dollars in Millions, Except per Share Data)**

	Three months ended	
	March 31,	
	2019	2018
<b>Revenue:</b>		
Management fees	\$ 441.9	\$ 502.9
Performance fees	(5.6)	(3.9)
Shareowner servicing fees	35.9	38.4
Other revenue	47.1	50.3
Total revenue	<u>519.3</u>	<u>587.7</u>
<b>Operating expenses:</b>		
Employee compensation and benefits	145.0	146.7
Long-term incentive plans	48.4	40.0
Distribution expenses	101.9	117.3
Investment administration	11.8	11.4
Marketing	7.5	8.5
General, administrative and occupancy	65.2	72.2
Depreciation and amortization	15.0	15.4
Total operating expenses	<u>394.8</u>	<u>411.5</u>
<b>Operating income</b>	124.5	176.2
Interest expense	(4.1)	(3.8)
Investment gains (losses), net	13.3	(0.7)
Other non-operating income (expenses), net	(3.9)	38.9
Income before taxes	129.8	210.6
Income tax provision	(29.9)	(47.4)
Net income	99.9	163.2
Net loss (income) attributable to noncontrolling interests	(5.8)	2.0
<b>Net income attributable to JHG</b>	<u>\$ 94.1</u>	<u>\$ 165.2</u>
<b>Earnings per share attributable to JHG common shareholders:</b>		
Basic	\$ 0.48	\$ 0.82
Diluted	\$ 0.48	\$ 0.82
<b>Other comprehensive income, net of tax:</b>		
Foreign currency translation gains	\$ 36.8	\$ 52.7
Other comprehensive loss (income) attributable to noncontrolling interests	(0.1)	0.2
Other comprehensive income (loss) attributable to JHG	<u>\$ 36.7</u>	<u>\$ 52.9</u>
Total comprehensive income	\$ 136.7	\$ 215.9
Total comprehensive loss (income) attributable to noncontrolling interests	(5.9)	2.2
<b>Total comprehensive income attributable to JHG</b>	<u>\$ 130.8</u>	<u>\$ 218.1</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)  
(U.S. Dollars in Millions)

	Three months ended	
	March 31,	
	2019	2018
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b>Operating activities:</b>		
Net income	\$ 99.9	\$ 163.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15.0	15.4
Deferred income taxes	0.4	—
Stock-based compensation plan expense	20.1	16.4
Impairment of ROU operating asset	4.7	—
Investment (gains) losses, net	(13.3)	0.7
Gain from BNP Paribas transaction	—	(23.0)
Dai-ichi option fair value adjustments	—	(22.8)
Contributions to pension plans in excess of costs recognized	(1.8)	(4.6)
Other, net	(3.2)	(13.8)
Changes in operating assets and liabilities:		
OEIC and unit trust receivables and payables	11.1	2.3
Other assets	1.8	119.5
Other accruals and liabilities	(169.4)	(191.6)
Net operating activities	(34.7)	61.7
<b>Investing activities:</b>		
Proceeds from (purchase of):		
Investment securities, net	19.3	17.1
Property, equipment and software	(7.5)	(6.5)
Investment securities by consolidated seeded investment products, net	46.1	(38.4)
Proceeds from BNP Paribas transaction, net	—	36.5
Cash received (paid) on settled hedges, net	(7.4)	2.9
Dividends received from equity-method investments	0.5	—
Proceeds from sale of Volantis	0.3	—
Net investing activities	51.3	11.6
<b>Financing activities:</b>		
Proceeds from stock-based compensation plans		
Purchase of common stock for stock-based compensation plans	(37.1)	(82.7)
Purchase of common stock for share buyback program	(30.9)	—
Dividends paid to shareholders	(69.7)	(63.1)
Repayment of long-term debt	—	(81.6)
Payment of contingent consideration	(14.1)	(18.8)
Distributions to noncontrolling interests	(0.1)	(0.2)
Third-party sales (redemptions) in consolidated seeded investment products, net	(46.1)	38.4
Principal payments under capital lease obligations	(0.3)	(0.4)
Net financing activities	(198.3)	(208.2)
<b>Cash and cash equivalents:</b>		
Effect of foreign exchange rate changes	5.0	6.1
Net change	(176.7)	(128.8)
At beginning of period	916.6	794.2
At end of period	\$ 739.9	\$ 665.4
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 7.3	\$ 7.4
Cash paid for income taxes, net of refunds	\$ 12.6	\$ 26.4
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 717.1	\$ 611.4
Cash and cash equivalents held in consolidated VIEs	22.8	54.0
Total cash and cash equivalents	\$ 739.9	\$ 665.4

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	Additional			Accumulated other		Nonredeemable		Total equity
		Common stock	paid-in capital	Treasury shares	comprehensive loss	Retained earnings	noncontrolling interests		
<b>Balance at January 1, 2019</b>	196.4	\$ 294.6	\$ 3,824.5	\$ (170.8)	\$ (423.5)	\$ 1,314.5	\$ 21.5	\$4,860.8	
Net income	—	—	—	—	—	94.1	1.2	95.3	
Other comprehensive income (loss)	—	—	—	—	36.7	—	—	36.7	
Dividends paid to shareholders	—	—	—	—	—	(69.7)	—	(69.7)	
Share buyback program	(1.2)	(1.9)	—	—	—	(29.0)	—	(30.9)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(0.1)	(0.1)	
Purchase of common stock for stock-based compensation plans	—	—	(31.4)	(5.7)	—	—	—	(37.1)	
Vesting of stock-based compensation plans	—	—	(11.1)	11.1	—	—	—	—	
Stock-based compensation plan expense	—	—	20.1	—	—	—	—	20.1	
<b>Balance at March 31, 2019</b>	<u>195.2</u>	<u>\$ 292.7</u>	<u>\$ 3,802.1</u>	<u>\$ (165.4)</u>	<u>\$ (386.8)</u>	<u>\$ 1,309.9</u>	<u>\$ 22.6</u>	<u>\$4,875.1</u>	

	Number of shares	Additional			Accumulated other		Nonredeemable		Total equity
		Common stock	paid-in capital	Treasury shares	comprehensive loss	Retained earnings	noncontrolling interests		
<b>Balance at January 1, 2018</b>	200.4	\$ 300.6	\$ 3,842.9	\$ (155.8)	\$ (304.3)	\$ 1,154.1	\$ 38.2	\$4,875.7	
Net income	—	—	—	—	—	165.2	(3.4)	161.8	
Other comprehensive income	—	—	—	—	52.9	—	—	52.9	
Dividends paid to shareholders	—	—	—	—	—	(63.1)	—	(63.1)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(0.1)	(0.1)	
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	(0.3)	—	(0.3)	
Redemptions of convertible debt	—	—	(33.9)	—	—	—	—	(33.9)	
Purchase of common stock for stock-based compensation plans	—	—	(37.3)	(45.4)	—	—	—	(82.7)	
Vesting of stock-based compensation plans	—	—	(2.3)	2.3	—	—	—	—	
Stock-based compensation plan expense	—	—	16.4	—	—	—	—	16.4	
Proceeds from stock-based compensation plans	—	—	0.2	—	—	—	—	0.2	
<b>Balance at March 31, 2018</b>	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,786.0</u>	<u>\$ (198.9)</u>	<u>\$ (251.4)</u>	<u>\$ 1,255.9</u>	<u>\$ 34.7</u>	<u>\$4,926.9</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, 2018. The December 31, 2018 condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. 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.

Certain prior year amounts in the Condensed Consolidated Statements of Comprehensive Income have been reclassified to conform to current year presentation. Specifically, revenue amounts related to certain transfer agent and administrative activities performed for investment products that were previously classified in other revenue were reclassified to shareowner servicing fees. There is no change to consolidated total revenue, operating income, net income or cash flows as a result of this change in classification.

*Recent Accounting Pronouncements Adopted*

*Leases*

In February 2016, the Financial Accounting Standards Board (“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 leases onto the balance sheet. The standard also aligns certain 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 prior leases model. The standard became effective January 1, 2019.

The Group adopted the new standard effective January 1, 2019, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Group utilized the practical expedients available under the guidance. Specifically, the Group did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs.

Upon adoption, the Group recognized \$129.8 million in right-of-use (“ROU”) assets related to its leased property and equipment. Corresponding lease liabilities of \$146.4 million were also recognized. The Group’s property leases represent the vast majority of its right of use assets and lease liabilities, with office spaces in Denver and London representing a significant portion of its leased property.

The Group’s leases policy follows. Refer to further disclosure in Note 6.

*Leases Policy – Updated January 1, 2019*

The Group determines if an arrangement is a lease at inception. Operating lease ROU assets are included in other non-current assets in the Group’s Condensed Consolidated Balance Sheets. The current and non-current portions of operating lease liabilities are included in accounts payable and accrued liabilities and other non-current liabilities, respectively.

Finance lease ROU assets are included in property, equipment and software, net, and finance lease liabilities are included in other non-current liabilities.

ROU assets represent the Group's right to use an underlying asset for the lease term, and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of JHG's leases do not provide an implicit rate, the Group uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Group's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

#### *Hedge Accounting*

In August 2017, the FASB issued an updated standard that amended hedge accounting. The standard expanded the strategies eligible for hedge accounting, changed how companies assess hedge effectiveness and required new disclosures and presentation. The Group adopted the standard effective January 1, 2019. The adoption did not have a material impact on the Group's results of operations or financial position.

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

##### *Retirement Benefit Plans*

In August 2018, the FASB issued an accounting standards update ("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 with the requirements for 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.

## **Note 2 — Consolidation**

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

#### *Consolidated Variable Interest Entities*

JHG's consolidated variable interest entities ("VIEs") as of March 31, 2019, and December 31, 2018, 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 March 31, 2019, and December 31, 2018, JHG's carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VIEs were \$3.6 million and \$3.1 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):

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Investment securities	\$ 9.2	\$ 13.9
Cash and cash equivalents	0.2	1.4
Other current assets	0.1	0.1
Accounts payable and accrued liabilities	(0.1)	(0.1)
Total	9.4	15.3
Redeemable noncontrolling interests in consolidated VREs	(4.3)	(6.0)
JHG’s net interest in consolidated VREs	<u>\$ 5.1</u>	<u>\$ 9.3</u>

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 March 31, 2019, and December 31, 2018, JHG’s carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VREs were \$55.4 million and \$50.7 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 March 31, 2019, and December 31, 2018, are summarized as follows (in millions):

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Seeded investment products:		
Consolidated VIEs	\$ 297.4	\$ 282.7
Consolidated VREs	9.2	13.9
Unconsolidated VIEs and VREs	59.0	53.8
Separate accounts	66.5	71.6
Pooled investment funds	10.6	25.5
Total seeded investment products	442.7	447.5
Investments related to deferred compensation plans	125.0	120.3
Other investments	0.4	6.7
Total investment securities	<u>\$ 568.1</u>	<u>\$ 574.5</u>



### Trading Securities

Net unrealized gains (losses) on investment securities held as of March 31, 2019 and 2018, are summarized as follows (in millions):

	Three months ended March 31,	
	2019	2018
Unrealized gains (losses) on investment securities held at period end	\$ 11.1	\$ (7.9)

### 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 March 31, 2019, and December 31, 2018 (in millions):

	Notional Value	
	March 31, 2019	December 31, 2018
Futures	\$ 135.8	\$ 147.1
Credit default swaps	84.8	133.2
Total return swaps	72.0	77.2
Foreign currency forward contracts	167.7	131.8

The derivative instruments are not designated as hedges for accounting purposes, with the exception of certain 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 months ended March 31, 2019 and 2018 (in millions):

	Three months ended March 31,	
	2019	2018
Foreign currency translation	\$ 0.3	\$ (0.5)
Foreign currency forward contracts	(0.3)	0.5
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 March 31, 2019, and December 31, 2018 (in millions):

	<b>Notional Value</b>	
	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Futures	\$ 118.6	\$ 267.8
Contracts for differences	6.5	8.7
Credit default swaps	1.3	6.2
Total return swaps	42.1	23.7
Interest rate swaps	27.8	61.5
Options	2.7	9.6
Swaptions	—	8.3
Foreign currency forward contracts	143.9	154.9

As of March 31, 2019, and December 31, 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 March 31, 2019, and December 31, 2018, the notional values of the agreements totaled \$2.9 million and \$3.9 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 March 31, 2019, and December 31, 2018, 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 months ended March 31, 2019 and 2018 (in millions):

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Seeded investment products and derivatives, net	\$ 8.2	\$ (0.8)
Other	5.1	0.1
Investment gains (losses), net	<u>\$ 13.3</u>	<u>\$ (0.7)</u>

Cash Flows

Cash flows related to investment securities for the three months ended March 31, 2019 and 2018, are summarized as follows (in millions):

	Three months ended March 31,			
	2019		2018	
	Purchases and settlements	Sales, settlements and maturities	Purchases and settlements	Sales, settlements and maturities
Investment securities	\$ (176.7)	\$ 222.8	\$ (52.3)	\$ 31.0

**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 March 31, 2019 (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	\$ 231.1	\$ —	\$ —		\$231.1
Investment securities:					
Consolidated VIEs	104.8	176.8	15.8		297.4
Other investment securities	194.0	76.7	—		270.7
Total investment securities	298.8	253.5	15.8		568.1
Seed hedge derivatives	—	0.2	—		0.2
Derivatives in consolidated seeded investment products	—	1.3	—		1.3
Volantis contingent consideration	—	—	4.0		4.0
Total assets	\$ 529.9	\$ 255.0	\$ 19.8		\$804.7
<b>Liabilities:</b>					
Derivatives in consolidated seeded investment products	\$ —	\$ 1.4	\$ —		\$ 1.4
Seed hedge derivatives	—	6.7	—		6.7
Long-term debt <sup>(1)</sup>	—	309.2	—		309.2
Deferred bonuses	—	—	83.1		83.1
Contingent consideration	—	—	49.8		49.8
Total liabilities	\$ —	\$ 317.3	\$ 132.9		\$450.2
<b>Redeemable noncontrolling interests:</b>					
Consolidated seeded investment products	\$ —	\$ —	\$ 122.0		\$122.0
Intech	—	—	15.0		15.0
Total redeemable noncontrolling interests	\$ —	\$ —	\$ 137.0		\$137.0

(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, 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	\$ 381.8	\$ —	\$ —	\$381.8
<b>Investment securities:</b>				
Consolidated VIEs	103.8	159.7	19.2	282.7
Other investment securities	194.5	97.3	—	291.8
Total investment securities	298.3	257.0	19.2	574.5
Seed hedge derivatives	—	3.2	—	3.2
Derivatives in consolidated seeded investment products	—	0.9	—	0.9
Contingent consideration	—	—	3.9	3.9
Total assets	\$ 680.1	\$ 261.1	\$ 23.1	\$964.3
<b>Liabilities:</b>				
Derivatives in consolidated seeded investment products	\$ —	\$ 2.1	\$ —	\$ 2.1
Financial liabilities in consolidated seeded investment products	0.4	—	—	0.4
Seed hedge derivatives	—	1.1	—	1.1
Long-term debt <sup>(1)</sup>	—	301.4	—	301.4
Deferred bonuses	—	—	68.5	68.5
Contingent consideration	—	—	61.3	61.3
Total liabilities	\$ 0.4	\$ 304.6	\$ 129.8	\$434.8
<b>Redeemable noncontrolling interests:</b>				
Consolidated seeded investment products	\$ —	\$ —	\$ 121.6	\$121.6
Intech	—	—	14.5	14.5
Total redeemable noncontrolling interests	\$ —	\$ —	\$ 136.1	\$136.1

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

#### **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 March 31, 2019, and December 31, 2018, certain securities within consolidated VIEs were valued using significant unobservable inputs, resulting in Level 3 classification.

Valuation techniques and significant unobservable inputs used in the valuation of JHG's material Level 3 assets included within consolidated VIEs as of March 31, 2019, and December 31, 2018, were as follows (in millions):

<b>As of March 31, 2019</b>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inputs</b>
Investment securities of consolidated VIEs	\$ 15.8	Discounted cash flow	Discount rate	15%
			EBITDA multiple	16.4
			Price-earnings ratio	27.7
<b>As of December 31, 2018</b>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted-average)</b>
Investment securities of consolidated VIEs	\$ 19.2	Discounted cash flow	Discount rate	15%
			EBITDA multiple	18.5
			Price-earnings ratio	28.4

#### Contingent Consideration

The maximum amount payable and fair value of Geneva Capital Management LLC ("Geneva"), Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd (together "Perennial") and Kapstream Capital Pty Limited ("Kapstream") contingent consideration is summarized below (in millions):

	<b>As of March 31, 2019</b>		
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>
Maximum amount payable	\$ 61.3	\$ 37.3	\$ 13.9
Fair value included in:			
Accounts payable and accrued liabilities	\$ —	\$ 11.0	\$ 12.9
Other non-current liabilities	25.9	—	—
Total fair value	\$ 25.9	\$ 11.0	\$ 12.9
	<b>As of December 31, 2018</b>		
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>
Fair value included in:			
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 13.8
Other non-current liabilities	25.3	9.9	12.3
Total fair value	\$ 25.3	\$ 9.9	\$ 26.1

#### Acquisition of Geneva

The consideration payable on the acquisition of Geneva in 2014 included two contingent tranches payable over six years. The fair value of the contingent consideration payable upon the acquisition of 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 assets under management (“AUM”) based on performance and industry trends.

The unwind of the discount resulted in a \$0.6 million increase to the liability during the three months ended March 31, 2019.

#### Acquisition of Perennial

The acquisition of Perennial included earn-out payable in 2020. The earn-out has employee service conditions, is based on net management fee revenue and is accrued over the service period as compensation expense.

The fair value of the Perennial 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, and the liability increased \$1.1 million during the three months ended March 31, 2019 due to changes in forecasted revenue.

#### Acquisition of Kapstream

The purchase of the remaining 49% of Kapstream 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 and 2019, the first and second anniversary of the acquisition, Kapstream reached defined revenue targets, and the Group paid \$15.3 million in February 2018 and \$14.1 million in February 2019.

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 months ended March 31, 2019, however, the liability decreased \$13.2 million due to the second anniversary payment, unwind of the discount and foreign currency translation.

#### Disposal of Volantis

On April 1, 2017, the Group completed the sale of the Volantis UK Small Cap (“Volantis”) 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 a discount rate.

As of March 31, 2019, the fair value of the Volantis contingent consideration was \$4.0 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.

### *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 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 months ended March 31, 2019 and 2018, are as follows (in millions):

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Beginning of period fair value	\$ 23.1	\$ 46.5
Settlements	(0.3)	(0.4)
Movement recognized in net income	(3.1)	0.8
Movements recognized in other comprehensive income	0.1	0.3
End of period fair value	<u>\$ 19.8</u>	<u>\$ 47.2</u>

Changes in fair value of JHG's individual Level 3 liabilities and redeemable noncontrolling interests for the three months ended March 31, 2019 and 2018, are as follows (in millions):

	Three months ended March 31,							
	2019			2018				
	Contingent consideration	Deferred bonuses	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi option	Redeemable noncontrolling interests	
Beginning of period fair value	\$ 61.3	\$ 68.5	\$ 136.1	\$ 76.6	\$ 64.7	\$ 26.1	\$ 190.3	
Changes in ownership	—	—	(4.0)	—	—	—	27.1	
Net movement in bonus deferrals	—	14.6	—	—	14.8	—	—	
Fair value adjustments	—	—	—	2.0	—	(22.8)	0.4	
Unrealized gains (losses)	2.4	—	4.6	—	—	—	1.1	
Amortization of Intech appreciation rights	—	—	0.3	—	—	—	(0.9)	
Distributions	(14.1)	—	—	(18.8)	—	—	(0.1)	
Foreign currency translation	0.2	—	—	(0.6)	—	1.0	(0.2)	
End of period fair value	<u>\$ 49.8</u>	<u>\$ 83.1</u>	<u>\$ 137.0</u>	<u>\$ 59.2</u>	<u>\$ 79.5</u>	<u>\$ 4.3</u>	<u>\$ 217.7</u>	

#### 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 three months ended March 31, 2019 and 2018 (in millions):

	December 31, 2018	Amortization	Foreign currency translation	Disposal	March 31, 2019
Indefinite-lived intangible assets:					
Investment management agreements	\$ 2,495.5	\$ —	\$ 9.2	\$ —	\$ 2,504.7
Trademarks	380.8	—	—	—	380.8
Definite-lived intangible assets:					
Client relationships	363.3	—	1.2	—	364.5
Accumulated amortization	(116.3)	(7.4)	(0.9)	—	(124.6)
Net intangible assets	<u>\$ 3,123.3</u>	<u>\$ (7.4)</u>	<u>\$ 9.5</u>	<u>\$ —</u>	<u>\$ 3,125.4</u>
Goodwill	<u>\$ 1,478.0</u>	<u>\$ —</u>	<u>\$ 15.6</u>	<u>\$ —</u>	<u>\$ 1,493.6</u>



	December 31, 2017	Amortization	Foreign currency translation	Disposal	March 31, 2018
Indefinite-lived intangible assets:					
Investment management agreements	\$ 2,543.9	\$ —	\$ 8.9	\$ —	\$ 2,552.8
Trademarks	381.2	—	(0.1)	—	381.1
Definite-lived intangible assets:					
Client relationships	369.4	—	0.7	—	370.1
Accumulated amortization	(89.7)	(7.4)	(1.3)	—	(98.4)
Net intangible assets	<u>\$ 3,204.8</u>	<u>\$ (7.4)</u>	<u>\$ 8.2</u>	<u>\$ —</u>	<u>\$ 3,205.6</u>
Goodwill	<u>\$ 1,533.9</u>	<u>\$ —</u>	<u>\$ 24.1</u>	<u>\$ (9.5)</u>	<u>\$ 1,548.5</u>

#### ***Future Amortization***

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

<u>Future amortization</u>	<u>Amount</u>
2019 (remainder of year)	\$ 22.1
2020	29.4
2021	26.6
2022	18.1
2023	17.8
Thereafter	125.9
Total	<u>\$ 239.9</u>

#### **Note 6 — Leases**

The Group's leases include operating and finance leases for property and equipment. Property leases include office space in the United Kingdom ("UK"), Europe, the United States ("U.S.") and the Asia-Pacific region. Equipment leases include copiers and server equipment located throughout JHG's office space. The Group's leases have remaining lease terms of one year to 10 years. Certain leases include options to extend or early terminate the leases, however, the Group currently does not intend exercising these options and they are not reflected in the Group's lease assets and liabilities. The impact of operating and financing leases on the Group's financial statements is summarized below.

## Balance Sheet

Operating and financing lease assets and liabilities on JHG's Condensed Consolidated Balance Sheets as of March 31, 2019, consisted of the following (in millions):

<b>Operating lease right-of-use assets:</b>	<b>March 31, 2019</b>
Other non-current assets	\$ 144.4
<b>Operating lease liabilities:</b>	
Accounts payable and accrued liabilities	\$ 27.0
Other non-current liabilities	143.0
Total operating lease liabilities	\$ 170.0
<b>Finance lease right-of-use assets:</b>	
Property and equipment, cost	\$ 13.1
Accumulated depreciation	(11.4)
Property and equipment, net	\$ 1.7
<b>Finance lease liabilities</b>	
Accounts payable and accrued liabilities	\$ 1.1
Other non-current liabilities	0.6
Total finance lease liabilities	\$ 1.7

## Statement of Comprehensive Income

The components of lease expense on JHG's Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2019, is summarized below (in millions):

	<b>Three months ended March 31, 2019</b>
<b>Operating lease cost<sup>(1)</sup></b>	<b>\$ 10.9</b>
<b>Finance lease cost:</b>	
Amortization of right-of-use asset <sup>(2)</sup>	\$ 0.3
Interest on lease liabilities <sup>(3)</sup>	—
Total finance lease cost	\$ 0.3

- (1) Included in general, administrative and occupancy on the Group's Condensed Consolidated Statements of Comprehensive Income.
- (2) Included in depreciation and amortization on the Group's Condensed Consolidated Statements of Comprehensive Income.
- (3) Included in interest expense on the Group's Condensed Consolidated Statements of Comprehensive Income.

The Group subleases certain office buildings in the UK and received \$1.7 million from the tenants during the three months ended March 31, 2019.

### Cash Flow Statement

Cash payments for operating and finance leases included in the Group's Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019, consisted of the following (in millions):

	<b>Three months ended March 31, 2019</b>
Operating cash flows from operating leases	\$ 7.6
Operating cash flows from finance leases	\$ —
Financing cash flows from finance leases	\$ 0.3

Non-cash lease transactions during the three months ended March 31, 2019, included a \$19.8 million ROU asset and corresponding lease liability for a UK property lease commenced in March 2019. The Group also recognized a \$4.7 million impairment of a subleased ROU operating asset; collection of rents under the sublease were deemed uncertain, and an impairment was booked accordingly.

### Supplemental Information

As of March 31, 2019, the Group has an additional operating lease for office space in the U.S. that has not yet commenced. The lease will commence on September 1, 2019 with a lease term of 11 years. The future rent obligations associated with the lease are \$8.4 million.

The weighted-average remaining lease term, weighted-average discount rate and future lease maturities are summarized below.

<b>Weighted-average remaining lease term (in months):</b>	<b>March 31, 2019</b>
Operating leases	81
Finance leases	21

<b>Weighted-average discount rate:</b>	<b>March 31, 2019</b>
Operating leases	4.7%
Finance leases	2.6%

<b>Future lease obligations (in millions)</b>	<b>Operating leases</b>	<b>Finance leases</b>
2019 (excluding three months ended March 31, 2019)	\$ 24.2	\$ 0.9
2020	30.9	0.7
2021	28.6	0.1
2022	24.4	—
2023	22.6	—
Thereafter	72.0	—
Total lease payments	202.7	1.7
Less interest	32.7	—
Total	\$ 170.0	\$ 1.7

## Note 7 — Debt

Debt as of March 31, 2019, and December 31, 2018, consisted of the following (in millions):

	<u>March 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
4.875% Senior Notes due 2025	\$ 318.4	\$309.2	\$ 319.1	\$ 301.4

### *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 March 31, 2019, 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 March 31, 2019, of \$18.4 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 Janus Capital Group Inc. ("JCG") in relation to the 2025 Senior Notes.

### *Credit Facility*

At March 31, 2019, 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 March 31, 2019, JHG was in compliance with all covenants, and there were no borrowings under the Credit Facility at March 31, 2019, or during the three months ended March 31, 2019. The maturity date of the Credit Facility is February 16, 2024.

## Note 8 — Income Taxes

The Group's effective tax rates for the three months ended March 31, 2019 and 2018, are as follows:

	<u>Three months ended</u>	
	<u>March 31,</u>	
	<u>2019</u>	<u>2018</u>
Effective tax rate	23.0 %	22.5 %

The increase in the effective tax rate for the three months ended March 31, 2019, compared to the same period in 2018 is primarily due to an increase in non-deductible compensation-related expenses.

As of March 31, 2019, and December 31, 2018, JHG had \$11.7 million and \$12.4 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 \$1.5 million within the next 12 months, without giving effect to changes in foreign currency translation.

## Note 9 — Noncontrolling Interests

### *Redeemable Noncontrolling Interests*

Redeemable noncontrolling interests as of March 31, 2019, and December 31, 2018, consisted of the following (in millions):

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Consolidated seeded investment products	\$ 122.0	\$ 121.6
Intech:		
Appreciation rights	11.3	10.9
Founding member ownership interests	3.7	3.6
Total redeemable noncontrolling interests	<u>\$ 137.0</u>	<u>\$ 136.1</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 months ended March 31, 2019 and 2018 (in millions):

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
Opening balance	\$ 121.6	\$ 174.9
Changes in market value	4.5	1.1
Changes in ownership	(4.2)	27.1
Foreign currency translation	0.1	(0.2)
Closing balance	<u>\$ 122.0</u>	<u>\$ 202.9</u>

### *Intech*

Intech ownership interests held by a founding member had an estimated fair value of \$3.7 million as of March 31, 2019, 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 March 31, 2019, and December 31, 2018, are as follows (in millions):

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Nonredeemable noncontrolling interests in:		
Seed capital investments	\$ 9.4	\$ 8.3
Intech	13.2	13.2
Total nonredeemable noncontrolling interests	<u>\$ 22.6</u>	<u>\$ 21.5</u>

#### **Note 10 — Long-Term Incentive and Employee Compensation**

The Group granted \$149.4 million in long-term incentive awards during the three months ended March 31, 2019, which generally vest and will be recognized on a graded vesting method over a three- or four-year period. The shares underlying certain 2019 grants were purchased on the open market during the three months ended March 31, 2019, at a cost of \$37.1 million.

#### **Note 11 — 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 months ended March 31, 2019 and 2018, include the following (in millions):

	<u>Three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Service cost	\$ (0.3)	\$ (0.3)
Interest cost	(4.7)	(4.8)
Expected return on plan assets	5.4	6.1
Net periodic benefit credit	<u>\$ 0.4</u>	<u>\$ 1.0</u>

**Note 12 — Accumulated Other Comprehensive Loss**

Changes in accumulated other comprehensive loss, net of tax, for the three months ended March 31, 2019 and 2018, are as follows (in millions):

	<u>Three months ended March 31,</u>			<u>Three months ended March 31,</u>		
	<u>2019</u>			<u>2018</u>		
	<u>Foreign</u>	<u>Retirement</u>	<u>Total</u>	<u>Foreign</u>	<u>Retirement</u>	<u>Total</u>
	<u>currency</u>	<u>benefit</u>		<u>currency</u>	<u>benefit</u>	
		<u>asset, net</u>			<u>asset, net</u>	
Beginning balance	\$ (448.2)	\$ 24.7	\$(423.5)	\$ (325.3)	\$ 21.0	\$(304.3)
Other comprehensive income	36.8	—	36.8	52.7	—	52.7
Less: other comprehensive loss (income) attributable to noncontrolling interests	(0.1)	—	(0.1)	0.2	—	0.2
Ending balance	<u>\$ (411.5)</u>	<u>\$ 24.7</u>	<u>\$(386.8)</u>	<u>\$ (272.4)</u>	<u>\$ 21.0</u>	<u>\$(251.4)</u>

The components of other comprehensive income, net of tax for the three months ended March 31, 2019 and 2018, are as follows (in millions):

	<u>Three months ended March 31,</u>					
	<u>2019</u>			<u>2018</u>		
	<u>Pre-tax</u>	<u>Tax</u>	<u>Net</u>	<u>Pre-tax</u>	<u>Tax</u>	<u>Net</u>
	<u>amount</u>	<u>impact</u>	<u>amount</u>	<u>amount</u>	<u>impact</u>	<u>amount</u>
Foreign currency translation adjustments	\$ 35.3	\$ 1.5	\$ 36.8	\$ 52.7	\$ —	\$ 52.7

**Note 13 — Earnings and Dividends Per Share****Earnings Per Share**

The following is a summary of the earnings per share calculation for the three months ended March 31, 2019 and 2018 (in millions, except per share data):

	<u>Three months ended</u>	
	<u>2019</u>	<u>2018</u>
<b>Net income attributable to JHG</b>	\$ 94.1	\$ 165.2
Less: Allocation of earnings to participating stock-based awards	(2.4)	(4.2)
Net income attributable to JHG common shareholders	<u>\$ 91.7</u>	<u>\$ 161.0</u>
Weighted-average common shares outstanding - basic	191.8	195.9
Dilutive effect of non -participating stock-based awards	0.7	1.0
Weighted-average common shares outstanding - diluted	<u>192.5</u>	<u>196.9</u>
Earnings per share:		
Basic	\$ 0.48	\$ 0.82
Diluted (two class)	<u>\$ 0.48</u>	<u>\$ 0.82</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	
	March 31,	
	2019	2018
Unvested nonparticipating stock awards	1.0	0.4
Dai-ichi options	—	10.0

The Dai-ichi 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 months ended March 31, 2019:

Dividend per share	Date declared	Dividends paid (in US\$ millions)	Date paid
\$ 0.36	February 4, 2019	\$ 69.7	February 26, 2019

On May 2, 2019, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on May 29, 2019, to shareholders of record at the close of business on May 13, 2019.

#### **Note 14 — Commitments and Contingencies**

Commitments and contingencies may arise in the normal course of business. Refer to Note 6 – Leases for information related to operating and financing lease commitments. As of March 31, 2019, there were no other material changes in the commitments and contingencies as reported in JHG's Annual Report on Form 10-K for the year ended December 31, 2018.

#### **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 (the "Fund Transfer Fees") and the ex-employee's entitlement to deferred and forfeited remuneration. 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 was not bound to pay the Fund Transfer Fees and that the ex-employee's contract gave him an entitlement to deferred and forfeited remuneration. The amount also includes legal costs relating to the case. Henderson Administration Limited ("HAL"), a wholly owned subsidiary of JHG, appealed the part of the judgment relating to the Fund Transfer Fees and judgment was handed down by the Court of Appeal of England and Wales on February 15, 2019, in favor of HAL. As a result, and subject to any further appeal, the Group was awarded the Fund Transfer Fees and related interest of approximately \$5.0 million and \$0.3 million, respectively. It will also be entitled to certain costs relating to the appeal and the earlier trial insofar as they relate to the Fund Transfer Fees claim.



*Eisenberg v. Credit Suisse AG and Janus Indices, Halbert v. Credit Suisse AG and Janus Indices, Qiu v. Credit Suisse AG and Janus Indices and Y-GAR Capital v. Credit Suisse AG and Janus Indices, and Rubinstein v. Credit Suisse Group AG and Janus Indices*

On March 15, 2018, a 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, which effective January 1, 2019, was renamed Janus Henderson Indices LLC (“Janus Indices”), a subsidiary of the Group, on behalf of a 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 Indices*). Credit Suisse, the issuer of the XIV notes, is also named as a defendant in the lawsuit. The plaintiffs generally allege statements by Credit Suisse and Janus Indices, including those in the registration statement, were materially false and misleading based on its discussion of how the intraday indicative value (“IIV”) is calculated and that the IIV was not an accurate gauge of the economic value of the notes. On April 17, 2018, a second lawsuit was filed against Janus Indices 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 Indices*). 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 Indices and Credit Suisse AG in the SDNY (*Qiu v. Credit Suisse AG and Janus Indices*). 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.

On February 7, 2019, a fourth lawsuit was filed against Janus Indices, Janus Distributors LLC, Janus Henderson Group plc, and Credit Suisse in the United States District Court of the Eastern District of New York (“EDNY”) by certain investors in XIV (*Y-GAR Capital LLC v. Credit Suisse Group AG, et al.*) The allegations in *Y-GAR* generally assert that the disclosures relating to XIV were false and misleading. On March 29, 2019, the plaintiff withdrew the suit from the EDNY and re-filed it in the SDNY.

On February 4, 2019, a fifth lawsuit was filed against Janus Index, Janus Distributors LLC, Janus Henderson Group plc and various Credit Suisse persons in the SDNY (*Rubinstein v. Credit Suisse Group AG, et al.*). The Janus Henderson defendants were served with the complaint on April 1, 2019. The suit is styled as a class action and involves VelocityShares Daily Inverse VIX Medium-Term ETN (Ticker: ZIV), but otherwise generally copies the allegations in the XIV cases described above.

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

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With respect to the unaudited financial information of Janus Henderson Group plc for the three-month period ended March 31, 2019, appearing herein, PricewaterhouseCoopers LLP (United States) reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 2, 2019, appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP (United States) is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a “report” or a “part” of the registration statement prepared or certified by PricewaterhouseCoopers LLP (United States) within the meaning of Sections 7 and 11 of the Act.

With respect to the unaudited financial information of Janus Henderson Group plc for the three-month period ended March 31, 2018, appearing herein, PricewaterhouseCoopers LLP (United Kingdom) reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 9, 2018, except with respect to the reference to our opinion on the consolidated financial statements in the final paragraph, as to which the date is February 26, 2019, appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP (United Kingdom) is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP (United Kingdom) within the meaning of Sections 7 and 11 of the Act.

## Report of Independent Registered Public Accounting Firm

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

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

We have reviewed the accompanying condensed consolidated balance sheet of Janus Henderson Group plc and its subsidiaries (the "Company") as of March 31, 2019, and the related condensed consolidated statements of comprehensive income, of cash flows and of changes in equity for the three-month period ended March 31, 2019, including the related notes (collectively referred to as the "interim financial statements"). Based on our review, 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.

### *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*

Denver, Colorado

May 2, 2019

## Report of Independent Registered Public Accounting Firm

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

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

We have reviewed the accompanying condensed consolidated balance sheet of Janus Henderson Group plc and its subsidiaries (the “Company”) as of 31 March 2018, and the related condensed consolidated statements of comprehensive income, of cash flows and of changes in equity for the three-month period ended 31 March 2018, including the related notes (collectively referred to as the “interim financial statements”). Based on our review, 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.

### *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.

We previously audited, in accordance with the standards of the PCAOB, the consolidated balance sheet as of 31 December 2018, and the related consolidated statement of changes in equity, of comprehensive income and of cash flows for the year then ended (not presented herein), and in our report dated 26 February 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of 31 December 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

*/s/ PricewaterhouseCoopers LLP*

London, UK

9 May 2018, except with respect to the reference to our opinion on the consolidated financial statements in the final paragraph, as to which the date is 26 February 2019

## **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 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, 2018, 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**

JHG makes available free of charge its annual reports on Form 10-K, quarterly reports on Form 10-Q and 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 (<http://janushenderson.com/ir>). The contents of JHG's website are not incorporated herein for any purpose. 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's Officer Code of Ethics for Chief Executive Officer 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, Risk, and Nominating and Corporate Governance committees) are available on the Investor Relations section of JHG's website (<http://www.snl.com/irw/corporateprofile/4147331>). 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.

## **FIRST QUARTER 2019 SUMMARY**

### ***First Quarter 2019 Highlights***

- Long-term investment performance is strong with 69% and 74% of AUM outperforming benchmarks on a three- and five-year basis, respectively, as of March 31, 2019.
- AUM increased to \$357.3 billion, up 8.8% from the year ended December 31, 2018, due to positive markets and foreign currency translation, partially offset by net outflows.
- First quarter 2019 diluted earnings per share was \$0.48, or \$0.56 on an adjusted basis. Refer to the Non-GAAP Financial Measures section for information on adjusted non-GAAP figures.
- On February 4, 2019, the Board declared a \$0.36 per share dividend for the first quarter of 2019.
- During the quarter ended March 31, 2019, the Group acquired 1,258,443 shares of its common stock for \$30.9 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 first quarter of 2019 was \$519.3 million, a decrease of \$68.4 million, or (12%), from the first quarter of 2018. Average AUM decreased by 7%, driving a decrease in management fees during the first quarter of 2019, compared to the same period in 2018.

Total operating expenses for the first quarter of 2019 were \$394.8 million, a decrease of \$16.7 million, or (4%), compared to operating expenses in the first quarter of 2018. The decrease was primarily driven by a decrease in distribution expenses due to lower average AUM during the quarter ended March 31, 2019, compared to the same period in the prior year.

Operating income for the first quarter of 2019 was \$124.5 million, a decrease of \$51.7 million, or (29%), compared to the first quarter of 2018. The Group's operating margin was 24.0% in the first quarter of 2019 compared to 30.0% in the first quarter of 2018.

Net income attributable to JHG in the first quarter of 2019 was \$94.1 million, a decrease of \$71.1 million, or (43%), compared to the same period in 2018, due to the revenue and operating expense explanations above. In addition, other non-operating income (expenses), net decreased \$42.8 million from the first quarter of 2018, primarily due to fair value adjustments related to the Dai-ichi options and a gain on the sale of the Group's back-office and middle-office functions in the U.S., which were both recognized in the first quarter of 2018.

The Group's ordinary dividend in respect of the first quarter of 2019 totaled \$0.36 per share.

### Investment Performance of Assets Under Management

The following table is a summary of investment performance as of March 31, 2019:

Percentage of assets under management outperforming benchmark	1 year	3 years	5 years
Equities	64 %	69 %	77 %
Fixed Income	58 %	92 %	89 %
Quantitative Equities	15 %	14 %	12 %
Multi-Asset	88 %	91 %	91 %
Alternatives	89 %	98 %	100 %
<b>Total Group</b>	<b>60 %</b>	<b>69 %</b>	<b>74 %</b>

### Assets Under Management

The Group's AUM as of March 31, 2019, was \$357.3 billion, an increase of \$28.8 billion, or 8.8%, from December 31, 2018, driven primarily by positive market movements of \$34.9 billion and favorable foreign currency translation of \$1.3 billion. This increase was partially offset by net redemptions of \$7.4 billion.

JHG's non-USD AUM is primarily denominated in Great British pound ("GBP"), euro ("EUR") and Australian dollar ("AUD"). During the three months ended March 31, 2019, the USD weakened against the GBP and AUD and strengthened against the EUR. As of March 31, 2019, approximately 32% of the Group's AUM was non-USD-denominated, resulting in a net favorable 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 \$2.6 billion and \$2.2 billion as of March 31, 2019, and December 31, 2018, respectively. VelocityShares index product assets not included within AUM totaled \$2.1 billion and \$1.7 billion as of March 31, 2019, and December 31, 2018, respectively.

Asset and flows by capability for the three months ended March 31, 2019 and 2018, are as follows (in billions):

	Closing AUM December 31, 2018	Sales	Redemptions <sup>(1)</sup>	Net sales (redemptions)	Markets	FX <sup>(2)</sup>	Closing AUM March 31, 2019
<b>By capability</b>							
Equities	\$ 167.6	\$ 6.9	\$ (9.8)	\$ (2.9)	\$ 23.7	\$ 0.4	\$ 188.8
Fixed Income	72.4	4.9	(7.7)	(2.8)	2.2	0.7	72.5
Quantitative							
Equities	44.3	0.7	(1.7)	(1.0)	6.3	—	49.6
Multi-Asset	30.2	2.2	(1.5)	0.7	2.4	0.1	33.4
Alternatives	14.0	0.9	(2.3)	(1.4)	0.3	0.1	13.0
<b>Total</b>	<b>\$ 328.5</b>	<b>\$ 15.6</b>	<b>\$ (23.0)</b>	<b>\$ (7.4)</b>	<b>\$ 34.9</b>	<b>\$ 1.3</b>	<b>\$ 357.3</b>

	Closing AUM December 31, 2017	Sales	Redemptions <sup>(1)</sup>	Net sales (redemptions)	Markets	FX <sup>(2)</sup>	Closing AUM March 31, 2018
<b>By capability</b>							
Equities	\$ 189.7	\$ 9.9	\$ (11.7)	\$ (1.8)	\$ 1.4	\$ 1.4	\$ 190.7
Fixed Income	80.1	5.3	(5.6)	(0.3)	(0.6)	0.8	80.0
Quantitative							
Equities	49.9	1.7	(1.4)	0.3	0.1	0.1	50.4
Multi-Asset	31.6	1.3	(1.2)	0.1	(0.3)	0.4	31.8
Alternatives	19.5	1.5	(2.5)	(1.0)	—	0.5	19.0
<b>Total</b>	<b>\$ 370.8</b>	<b>\$ 19.7</b>	<b>\$ (22.4)</b>	<b>\$ (2.7)</b>	<b>\$ 0.6</b>	<b>\$ 3.2</b>	<b>\$ 371.9</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.

#### ***Closing Assets Under Management***

The following table presents the closing AUM, split by client type and client location, as of March 31, 2019 (in billions):

<b>By client type</b>	<b>Closing AUM March 31, 2019</b>
Intermediary	\$ 155.2
Institutional	138.7
Self-directed	63.4
<b>Total</b>	<b>\$ 357.3</b>



<u>By client location</u>	<u>Closing AUM March 31, 2019</u>
North America	\$ 192.2
EMEA & LatAm	108.6
Asia-Pacific	56.5
Total	<u>\$ 357.3</u>

### ***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 are listed or quoted on a recognized securities exchange or market and are 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 using a variety of methodologies. These methodologies include, but are not limited to: the expected cash flows of its underlying net asset base, taking into account applicable discount rates and other factors; comparable securities or relevant indices; recent financing rounds; revenue multiples; or a combination thereof. 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 sub-administrators and the Group perform 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 both a primary and 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**

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 strengthened against the USD during the three months ended March 31, 2019, compared to the same period in 2018. 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	
	March 31,	
	2019	2018
<b>Revenue (in millions):</b>		
Management fees	\$ 441.9	\$ 502.9
Performance fees	(5.6)	(3.9)
Shareowner servicing fees	35.9	38.4
Other revenue	47.1	50.3
Total revenue	<u>\$ 519.3</u>	<u>\$ 587.7</u>

### Management fees

Management fees decreased by \$61.0 million, or (12%), during the three months ended March 31, 2019, compared to the same period in 2018. Net outflows, a decrease in average AUM due to unfavorable markets and unfavorable foreign currency translation decreased management fees by \$32.0 million, \$19.1 million and \$11.8 million, respectively, during the quarter ended March 31, 2019, compared to the same period in the prior year.

### 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 months ended March 31, 2019 and 2018 (in millions):

	Three months ended	
	March 31,	
	2019	2018
<b>Performance fees (in millions):</b>		
SICAVs	\$ —	\$ 1.0
Offshore absolute return	—	0.4
Segregated mandates	3.3	2.5
Mutual funds	(8.9)	(7.8)
Other	—	—
Total performance fees	<u>\$ (5.6)</u>	<u>\$ (3.9)</u>

For the three months ended March 31, 2019, performance fees decreased \$1.7 million compared to the same period in 2018. The decrease for the three months ended March 31, 2019, compared to the same period in 2018, was primarily due to a decline in mutual fund performance in relation to the benchmarks.

### Shareowner servicing fees

Shareowner servicing fees is primarily composed of U.S. mutual fund servicing fees. For the three months ended March 31, 2019, shareowner servicing fees decreased \$2.5 million, compared to the same period in 2018, primarily due to a decrease in average AUM.

### Other revenue

Other revenue decreased by \$3.2 million during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to a decrease in average AUM and unfavorable foreign currency translation.

## Operating Expenses

	Three months ended	
	March 31,	
	2019	2018
<b>Operating expenses (in millions):</b>		
Employee compensation and benefits	\$ 145.0	\$ 146.7
Long-term incentive plans	48.4	40.0
Distribution expenses	101.9	117.3
Investment administration	11.8	11.4
Marketing	7.5	8.5
General, administrative and occupancy	65.2	72.2
Depreciation and amortization	15.0	15.4
Total operating expenses	<u>\$ 394.8</u>	<u>\$ 411.5</u>

### *Employee compensation and benefits*

During the three months ended March 31, 2019, employee compensation and benefits decreased \$1.7 million compared to the same period in 2018, primarily due to lower headcount and favorable foreign currency translation during the first quarter of 2019, which contributed \$3.9 million and \$3.9 million to the decrease, respectively. These decreases are partially offset by an increase in fixed staff compensation due to annual increases in pay, temporary staffing charges and bonus pool accruals of \$1.6 million, \$1.5 million and \$1.1 million, respectively.

### *Long-term incentive plans*

Long-term incentive plans increased by \$8.4 million during the three months ended March 31, 2019, compared to the same period in 2018. The increase was primarily due to \$7.0 million in new awards (net of the vesting of awards granted in prior years) and a \$4.2 million fair value adjustment related to mutual fund awards. These increases were partially offset by favorable foreign currency translation of \$1.1 million during the three months ended March 31, 2019.

### *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 decreased \$15.4 million during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to a decrease in average AUM.

### *Investment administration*

Investment administration expenses, which represent back-office operations (including fund administration and fund accounting), increased \$0.4 million during the three months ended March 31, 2019, compared to the same period in 2018. An increase in the volume of costs was partially offset by favorable foreign currency translation.

### *Marketing*

Marketing expenses for the three months ended March 31, 2019, decreased by \$1.0 million compared to the same period in 2018. The decrease was primarily due to favorable foreign currency translation and a decrease in marketing events during the first quarter of 2019, compared to the same period in 2018.

### *General, administrative and occupancy*

General, administrative and occupancy expenses decreased by \$7.0 million during the three months ended March 31, 2019, compared to the same period in 2018. The decrease is primarily due to a \$12.2 million decrease in legal and other professional fees, largely due to the outcome of a court case, which unfavorably impacted the three-month

2018 period, and favorable foreign currency translation of \$2.2 million, partially offset by a \$4.9 million impairment of a sub-leased ROU operating asset during the first quarter of 2019.

*Depreciation and amortization*

Depreciation and amortization expenses decreased by \$0.4 million during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to the retirement of fixed assets during 2018.

***Non-Operating Income and Expenses***

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Non-operating income and expenses (in millions):</b>		
Interest expense	\$ (4.1)	\$ (3.8)
Investment gains (losses), net	13.3	(0.7)
Other non-operating income (expenses), net	(3.9)	38.9
Income tax provision	(29.9)	(47.4)

*Interest expense*

Interest expense increased by \$0.3 million during the three months ended March 31, 2019, compared to the equivalent period in 2018. There were no significant items driving the increase in interest expense.

*Investment gains (losses), net*

The components of investment gains (losses), net for the three months ended March 31, 2019 and 2018, are as follows (in millions):

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Investment gains (losses), net (in millions):</b>		
Seeded investment products and derivatives, net	\$ 8.2	\$ (0.8)
Other	5.1	0.1
Investment gains (losses), net	<u>\$ 13.3</u>	<u>\$ (0.7)</u>

Investment gains (losses), net moved favorably by \$14.0 million during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to fair value adjustments in relation to the Group's consolidated VIEs, other seeded investment products and mutual fund awards.

*Other non-operating income, net*

Other non-operating income (expenses), net decreased \$42.8 million during the three months ended March 31, 2019, compared to the same period in 2018. The decrease in other non-operating income, net was partially driven by fair value adjustments related to the Dai-ichi options, which benefited other non-operating income, net by \$22.8 million during the three-month period ended March 31, 2018, compared to the same period in 2019. The decrease was also due to a \$22.3 million gain recognized during the first quarter 2018, on the sale of the Group's back-office, middle-office and custody functions in the U.S.

*Income tax provision*

The Group's effective tax rates for the three months ended March 31, 2019 and 2018, are as follows:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Effective tax rate	23.0 %	22.5 %

The increase in the effective tax rate for the three months ended March 31, 2019, compared to the same period in 2018 is primarily due to an increase in non-deductible compensation related expenses.

**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 periods ended March 31, 2019 and 2018 (in millions, except per share and operating margin data):

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Reconciliation of revenue to adjusted revenue</b>		
Revenue	\$ 519.3	\$ 587.7
Distribution expenses <sup>(1)</sup>	(101.9)	(117.3)
Adjusted revenue	<u>\$ 417.4</u>	<u>\$ 470.4</u>
<b>Reconciliation of operating income to adjusted operating income</b>		
Operating income	\$ 124.5	\$ 176.2
Employee compensation and benefits <sup>(2)(6)</sup>	4.3	2.9
Long-term incentive plans <sup>(2)</sup>	(0.2)	0.1
Marketing <sup>(2)</sup>	—	0.1
General, administrative and occupancy <sup>(2)(6)</sup>	7.4	2.1
Depreciation and amortization <sup>(3)</sup>	7.4	7.4
Adjusted operating income	<u>\$ 143.4</u>	<u>\$ 188.8</u>
Operating margin <sup>(4)</sup>	24.0%	30.0%
Adjusted operating margin <sup>(5)</sup>	34.4%	40.1%
<b>Reconciliation of net income attributable to JHG to adjusted net income attributable to JHG</b>		
Net income attributable to JHG	\$ 94.1	\$ 165.2
Employee compensation and benefits <sup>(2)(6)</sup>	4.3	2.9
Long-term incentive plans <sup>(2)</sup>	(0.2)	0.1
Marketing <sup>(2)</sup>	—	0.1
General, administrative and occupancy <sup>(2)(6)</sup>	7.4	2.1
Depreciation and amortization <sup>(3)</sup>	7.4	7.4
Interest expense <sup>(6)</sup>	0.9	0.7
Other non-operating income (expenses), net <sup>(6)</sup>	0.4	(44.8)
Income tax provision <sup>(7)</sup>	(4.3)	9.9
Adjusted net income attributable to JHG	110.0	143.6
Less: allocation of earnings to participating stock-based awards	(2.8)	(3.6)
Adjusted net income attributable to JHG common shareholders	<u>\$ 107.2</u>	<u>\$ 140.0</u>
Weighted-average common shares outstanding — diluted (two class)	192.5	196.9
Diluted earnings per share (two class) <sup>(8)</sup>	\$ 0.48	\$ 0.82
Adjusted diluted earnings per share (two class) <sup>(9)</sup>	\$ 0.56	\$ 0.71

(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, including 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 for the three months ended March 31, 2019, primarily represent increased debt expense as a consequence of the fair value uplift on debt due to acquisition accounting and deferred consideration costs associated with acquisitions prior to the Merger. Adjustments for the three months ended March 31, 2018, include the gain on the sale of JHG's back-office, middle-office and custody function in the U.S. to BNP Paribas, fair value movement on options issued to Dai-ichi in addition to the same adjustments affecting the three-month 2019 period. JHG management believes these costs do not represent the ongoing operations of the Group.
- (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 March 31, 2019, as compared to adjusted revenue and adjusted operating expense for the three-month period ended March 31, 2018 (in millions):

	<b>Three months ended March 31, 2019</b>	<b>Three months ended March 31, 2018</b>
Adjusted revenue	\$ 417.4	\$ 470.4
Adjusted operating expense	\$ 274.0	\$ 281.6

Adjusted revenue decreased by \$53.0 million, or (11%), primarily due to a \$61.0 million decrease in management fees driven by lower average AUM, partially offset by a \$15.4 million decrease in distribution expenses. Adjusted operating expenses decreased by \$7.6 million, or (3%), primarily due to a \$12.5 million decrease in general, administrative and occupancy, and a \$3.1 million decrease in employee compensation and benefits, partially offset by an \$8.8 million increase in long-term incentive plan expense.

The following is a reconciliation of revenue and operating expense to adjusted revenue and adjusted operating expense, respectively, for the three months ended March 31, 2019 and 2018 (in millions):

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Reconciliation of revenue to adjusted revenue</b>		
Revenue	\$ 519.3	\$ 587.7
Distribution expenses <sup>(1)</sup>	(101.9)	(117.3)
Adjusted revenue	<u>\$ 417.4</u>	<u>\$ 470.4</u>
<b>Reconciliation of operating expense to adjusted operating expense</b>		
Operating expense	\$ 394.8	\$ 411.5
Employee compensation and benefits <sup>(2)</sup>	(4.3)	(2.9)
Long-term incentive plans <sup>(2)</sup>	0.2	(0.1)
Distribution expenses <sup>(1)</sup>	(101.9)	(117.3)
Marketing <sup>(2)</sup>	—	(0.1)
General, administrative and occupancy <sup>(2)</sup>	(7.4)	(2.1)
Depreciation and amortization <sup>(3)</sup>	(7.4)	(7.4)
Adjusted operating expense	<u>\$ 274.0</u>	<u>\$ 281.6</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 March 31, 2019, and December 31, 2018 (in millions):

	March 31, 2019	December 31, 2018
Cash and cash equivalents held by the Group	\$ 716.9	\$ 879.0
Investment securities held by the Group	\$ 261.5	\$ 277.9
Fees and other receivables	\$ 300.2	\$ 309.2
Debt	\$ 318.4	\$ 319.1



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 (\$359.5 million), resulting in capital above the regulatory group’s regulatory requirement of £133.6 million (\$170.2 million) as of December 31, 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

#### *Common Stock Repurchases*

On February 4, 2019, the Board approved JHG commencing a new on-market share buyback program in 2019. The Group intends to spend up to \$200 million to buy its ordinary shares on the New York Stock Exchange (“NYSE”) and its CHESSE depository interests (“CDIs”) on the Australian Securities Exchange (“ASX”) for its share buyback program that is expected to be completed within 12 months of the commencement date. On March 5, 2019, JHG commenced the on-market share buyback program. The Group purchased 1,258,443 shares of common stock for \$30.9 million in the first quarter of 2019. Of the shares purchased, 1,184,443 shares were cancelled in the first quarter 2019 and the remaining 74,000 shares will be cancelled in the second quarter 2019.

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 1,572,962 shares at an average price of \$23.39 in satisfaction of employee awards and entitlements during the three months ended March 31, 2019.

#### *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 three months ended March 31, 2019, were as follows:

<b>Dividend per share</b>	<b>Date declared</b>	<b>Dividends paid (in millions)</b>	<b>Date paid</b>
\$ 0.36	February 4, 2019	\$ 69.7	February 26, 2019

On May 2, 2019, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on May 29, 2019, to shareholders of record at the close of business on May 13, 2019.

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

Expected long-term commitments as of March 31, 2019, include principal and interest payments related to the 2025 Senior Notes, operating and finance lease payments, Intech senior profits interests awards, Intech appreciation rights and phantom interests, Intech noncontrolling interests, and contingent consideration related to the acquisitions of Geneva, Perennial 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***

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.

#### ***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 and Kapstream contingent consideration are summarized below (in millions):

	<b>As of March 31, 2019</b>		
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>
Maximum amount payable	\$ 61.3	\$ 37.3	\$ 13.9
Fair value included in:			
Accounts payable and accrued liabilities	\$ —	\$ 11.0	\$ 12.9
Other non-current liabilities	25.9	—	—
Total fair value	<u>\$ 25.9</u>	<u>\$ 11.0</u>	<u>\$ 12.9</u>
	<b>As of December 31, 2018</b>		
	<b>Geneva</b>	<b>Perennial</b>	<b>Kapstream</b>
Maximum amount payable	\$ 61.3	\$ 42.2	\$ 27.5
Fair value included in:			
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 13.8
Other non-current liabilities	25.3	9.9	12.3
Total fair value	<u>\$ 25.3</u>	<u>\$ 9.9</u>	<u>\$ 26.1</u>

Refer to Item 1, Note 4 – Fair Value Measurements for a detailed discussion of contingent consideration.

#### *Defined Benefit Pension Plan*

The Group's latest triennial valuation of its defined benefit pension plan resulted in a surplus of \$15.6 million (£12.0 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 March 31, 2019, 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 maturity date of the Credit Facility is February 16, 2024.

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 three months ended March 31, 2019 and 2018, is as follows (in millions):

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Cash flows provided by (used for):		
Operating activities	\$ (34.7)	\$ 61.7
Investing activities	51.3	11.6
Financing activities	(198.3)	(208.2)
Effect of exchange rate changes on cash and cash equivalents	5.0	6.1
Net change in cash and cash equivalents	(176.7)	(128.8)
Cash balance at beginning of year	916.6	794.2
Cash balance at end of year	<u>\$ 739.9</u>	<u>\$ 665.4</u>

#### *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 three months ended March 31, 2019 and 2018, is as follows (in millions):

	Three months ended	
	March 31,	
	2019	2018
Purchases and sales of investment securities, net	\$ 19.3	\$ 17.1
Purchases and sales of securities by consolidated investment products, net	46.1	(38.4)
Property, equipment and software	(7.5)	(6.5)
Proceeds from BNP Paribas transaction, net	—	36.5
Cash received (paid) on settled hedges, net	(7.4)	2.9
Other	0.8	—
Cash provided by investing activities	<u>\$ 51.3</u>	<u>\$ 11.6</u>

Cash inflows from investing activities were \$51.3 million and \$11.6 million during the three months ended March 31, 2019 and 2018, respectively. Cash provided by investing activities during the three months ended March 31, 2019, was primarily due to net sales of investment securities partially offset by purchases of equipment and software, and net cash paid on settled hedges.

### Financing Activities

Cash used for financing activities for the three months ended March 31, 2019 and 2018, is as follows (in millions):

	Three months ended	
	March 31,	
	2019	2018
Dividends paid to shareholders	\$ (69.7)	\$ (63.1)
Repayment of long-term debt	—	(81.6)
Third-party sales (redemptions) in consolidated seeded investment products, net	(46.1)	38.4
Purchase of common stock for stock-based compensation plans	(37.1)	(82.7)
Purchase of common stock as part of share buyback program	(30.9)	—
Payment of contingent consideration	(14.1)	(18.8)
Other	(0.4)	(0.4)
Cash used for financing activities	<u>\$ (198.3)</u>	<u>\$ (208.2)</u>

Cash outflows from financing activities were \$198.3 million and \$208.2 million in the three months ended March 31, 2019 and 2018, respectively. Cash outflows during the three months ended March 31, 2019, were primarily due to dividends paid to shareholders and to 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, 2018.

### Item 4. Controls and Procedures

As of March 31, 2019, 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 first quarter of 2019 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 14 — 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, 2018.

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

#### Common Stock Purchases

On February 4, 2019, the Board approved JHG commencing a new on-market share buyback program in 2019. The Group intends to spend up to \$200 million to buy its ordinary shares on the NYSE and its CDIs on the ASX for its share buyback program that is expected to be completed within 12 months of the commencement date. On March 5, 2019, JHG commenced the on-market share buyback program. The Group purchased 1,258,443 shares of common stock for \$30.9 million in the first quarter of 2019. Of the shares purchased, 1,184,443 shares were cancelled in the first quarter of 2019 and the remaining 74,000 shares will be cancelled in the second quarter of 2019.

During the first quarter of 2019, JHG purchased 1,572,962 shares on-market for \$37.1 million for the annual share grants associated with the 2018 variable compensation, which is not connected with the above Board approval.

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 three months ended March 31, 2019, in connection with the share buyback program and in satisfaction of employee awards and entitlements.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced programs	Approximate U.S. Dollar value of shares that may yet be purchased under the programs (end of month, in millions)
January	30,777	\$ 22.39	—	—
February	1,531,114	23.40	—	\$ 200
March	1,269,514	24.53	1,258,443	\$ 169
<b>Total</b>	<b>2,831,405</b>	<b>\$ 23.89</b>	<b>1,258,443</b>	

### Items 3, 4 and 5.

Not applicable.

**Item 6. Exhibits**

- 10.19.9 Third Amended and Restated Employee Stock Purchase Plan, effective April 1, 2019, is attached to this Quarterly Report on Form 10-Q as Exhibit 10.19.9
- 15.1 Letter regarding unaudited interim financial information is attached to this Quarterly Report on Form 10-Q as Exhibit 15.1
- 15.2 Letter regarding unaudited interim financial information is attached to this Quarterly Report on Form 10-Q as Exhibit 15.2
- 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 Instance 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>
10.19.9	<a href="#"><u>Third Amended and Restated Employee Stock Purchase Plan, effective April 1, 2019, is attached to this Quarterly Report on Form 10-Q as Exhibit 10.19.9</u></a>	10
15.1	<a href="#"><u>Letter regarding unaudited interim financial information is attached to this Quarterly Report on Form 10-Q as Exhibit 15.1</u></a>	15
15.2	<a href="#"><u>Letter regarding unaudited interim financial information is attached to this Quarterly Report on Form 10-Q as Exhibit 15.2</u></a>	15
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31.2	<a href="#"><u>Certification of Roger Thompson, Chief Financial Officer of Registrant</u></a>	31
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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: May 2, 2019

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)

47

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

## Section 2: EX-10.19.9 (EX-10.19.9)

### Exhibit 10.19.9

#### JANUS HENDERSON GROUP PLC THIRD AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

##### 1. History; Purpose of the Plan

(a) The name of the Plan is the Janus Henderson Group plc Third Amended and Restated Employee Stock Purchase Plan (as may be amended from time to time, the "Plan"). The Company amended and restated the Plan in its entirety as of April 1, 2019 (the "Effective Date"), subject to ratification by the Board or Plan Committee.

(b) The purpose of the Plan is to encourage and enable Eligible Employees (as defined below) to acquire proprietary interests in the Company through the ownership of Common Stock in order to establish a closer identification of their interests with those of the Company by providing them with a more direct means of participating in its growth and earnings which, in turn, will provide motivation for participating Employees to remain with and to give greater effort on behalf of the Company.

##### 2. Definitions

. The following words or terms, when used herein, shall have the following respective meanings:



(a) “Account” shall mean and refer to the funds accumulated during the Offering Period with respect to an individual Employee as a result of deductions from such Employee’s paycheck during the Offering Period for the purpose of purchasing Shares under this Plan.

(b) “Active Service” shall mean and refer to the state of being paid for services performed or paid while absent for sickness, vacation, holidays or paid leave of absence, but shall not include termination or severance payments.

(c) “Board” shall mean the Board of Directors of the Company.

(d) “Code” shall mean the United States Internal Revenue Code of 1986, as amended.

(e) “Committee” shall have the meaning set forth in Section 4.

(f) “Company” shall mean Janus Henderson Group plc, a company incorporated and registered in Jersey, Channel Islands.

(g) “Eligible Compensation” shall mean and refer to the Employee’s annual rate of base pay as determined from the payroll records on such date as shall be designated by the Board or the Committee for any Offering. Base pay includes gross straight time, sick pay, vacation pay or holiday pay, as the case may be, after any other payroll deductions, but excludes overtime, commissions, bonuses and other forms of variable compensation.

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(h) “Eligible Employee” or “Employee” shall mean and refer to a person who is regularly employed by the Company or a Subsidiary or Affiliated Entity designated by the Committee, in each case, who is so employed on such date that shall be designated by the Committee for an Offering; provided, however, persons whose customary employment is for only twenty (20) hours or less per week or for not more than five (5) months in any calendar year shall not be an “Employee” or an “Eligible Employee” as those terms are used herein.

(i) “Enrollment Agreement” means an agreement between the Company and an Employee, in such form as may be established by the Company from time to time (which form may be electronic), pursuant to which the Employee elects to participate in this Plan, or elects changes with respect to such participation as permitted under this Plan.

(j) “Enrollment Period” shall mean and refer to that period of time prescribed in any Offering beginning on the first day Eligible Employees may elect to participate in the Offering Period to purchase Shares and ending on the last day such elections to participate are authorized to be received and accepted.

(k) “Fair Market Value” shall mean and refer to the average of the high and low sales prices for Shares traded on the New York Stock Exchange.

(l) “Offering” shall mean an offering of Shares made under this Plan.

(m) “Offering Date” shall mean the first Trading Day of each Offering Period as designated by the Committee.

(n) “Offering Period” shall mean the period commencing on the first day of each calendar quarter and ending on the last calendar day of such quarter; provided, that the first Offering Period shall commence on April 1, 2019 and shall end on June 30, 2019.

(o) “Option” or “Options” shall mean and refer to the right or rights granted to Eligible Employees to purchase Shares pursuant to an Offering.

(p) “Outstanding Election” shall mean the then-current election to purchase Shares in an Offering, or that part of such an election, which has not been cancelled (including voluntary cancellation by the Employee under Section 9 and deemed cancellations under Section 14) prior to the close of business on the Purchase Date.

(q) “Purchase Date” shall mean the last Trading Day of each Offering Period.

(r) “Purchase Price Per Share” shall be eighty-five percent (85%) of the Fair Market Value on the Purchase Date; provided, however, the Purchase Price Per Share will in no event be less than the par value of the Shares.

(s) “Shares” or “Common Stock” shall mean and refer to ordinary shares, \$1.50 par value per share, of the Company.

(t) “Subsidiary” or “Affiliated Entity” shall mean a United States or foreign corporation or limited liability company, partnership or other similar entity with respect to which



the Company owns, directly or indirectly, fifty percent (50%) or more of the combined voting power of the then-outstanding securities or interests of such corporation, limited liability company, partnership or other similar entity.

(u) “Trading Day” shall mean a day on which the New York Stock Exchange is open for trading.

3. **Shares Reserved for Plan**

The Shares purchased under the Plan shall be purchased on the open market by the Company on behalf of Eligible Employees on the Purchase Date in accordance with the terms of the Plan. The Company shall pay any fees, commissions or similar expenses for transactions related to the purchase of Shares under the Plan.

4. **Administration of the Plan**

This Plan shall be administered by the Board, or a committee appointed by the Board (consisting of not less than three members of the Board who are not eligible to participate in this Plan and one of whom shall be designated as Chairman of such committee) to administer the Plan (the “Plan Committee”). The Board or the Plan Committee may appoint and delegate to another committee consisting of one or more persons (“Management Committee”) any or all of the authority of the Board or the Plan Committee, as applicable, with respect to the Plan. The Committee is vested with full authority to make, administer and interpret such equitable rules and regulations regarding this Plan, to make amendments to the Plan itself, as it may deem advisable, delegate its administrative authority, and implement minimum and maximum contribution rates. Its determinations as to the interpretation and operation of this Plan shall be final and conclusive. Any references herein to “Committee” are references to the Board, or the Plan Committee or the Management Committee, as applicable.

5. **Grant of Option; Limitations**

The Committee may from time to time grant or provide for the grant of an Option in each Offering Period as selected by the Committee. On each Offering Date, this Plan shall be deemed to have granted to the Eligible Employee an Option to purchase as many Shares (which may include a fractional share) as the Employee will be able to purchase with the after-tax payroll deductions credited to the Employee’s Account during Employee’s participation in that Offering Period (subject to the limitations set forth below and Section 3). The Committee in its sole discretion may establish limits on the number of Shares an Employee may elect to purchase with respect to any Offering Period if such limit is announced prior to the beginning of the first Offering Period to be affected.

6. **Participation in the Plan**

An Eligible Employee may become a participant by completing the prescribed Enrollment Agreement and submitting such form to the Company, or with such other entity designated by the Company for this purpose, prior to the commencement of the Offering to which it relates. The Enrollment Agreement may be completed at any time after the Employee becomes eligible to participate in the Plan, and will be effective as of the Offering Date next

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following the receipt of a properly completed Enrollment Agreement by the Company (or the Company's designee).

7. **Automatic Re-Enrollment**

At the termination of each Offering, each participating Employee who continues to be eligible to participate shall be automatically re-enrolled in the next Offering, unless the Employee has withdrawn from the Plan in accordance with Section 9 or is otherwise ineligible to participate in the next Offering. Upon a termination of the Plan as a whole, any balance in Employee's Account shall be refunded to him or her as soon as practicable thereafter. The Company may require current participants to complete and submit a new Enrollment Agreement at any time it deems necessary or desirable to facilitate Plan administration or for any other reason.

8. **Payroll Deductions and Adjustments to Deductions**

(a) At the time an Employee submits his or her authorization for an after-tax payroll deduction, he or she shall elect to have a designated percentage or dollar amount of Eligible Compensation deducted on an after tax basis on each payday during the time Employee is a participant in an Offering. Employee may withdraw his or her initial Enrollment Agreement before the Offering Period commences by submitting the prescribed withdrawal notice to the Company (or the Company's designee) prior to the Offering Date for such Offering Period.

(b) With respect to any Offering, the minimum after-tax payroll deduction shall be twenty-five dollars (\$25) per payroll period. The maximum after-tax payroll deduction shall not exceed twenty thousand and forty dollars (\$20,040) per calendar year or such other amount as may be designated by the Committee.

(c) After-tax payroll deductions for an Employee shall commence on the Offering Date (or as soon as administratively practicable thereafter) and shall continue through subsequent Offerings pursuant to Section 7. All after-tax payroll deductions made by an Employee shall be credited to Employee's Account under the Plan. An Employee may not make any separate cash payment into such Account.

(d) An Employee may elect to increase or decrease the rate of his or her after-tax payroll deduction during an Offering Period by submitting the prescribed notification form to the Company (or the Company's designee) at any time prior to the first day of the last calendar month of such Offering Period. Such adjustment to Employee's after-tax payroll deduction will be effective as soon as administratively practicable thereafter and will remain in effect for successive Offerings unless participation is earlier withdrawn by Employee as provided in Section 9 or until Employee's termination of employment or Employee is otherwise ineligible to participate in the next Offering Period.

(e) Notwithstanding the foregoing, the Company may adjust Employee's after-tax payroll deductions at any time during an Offering Period to the extent necessary to comply with any limitations established in accordance with Section 5. To the extent any such limitations are established and the Company adjusts Employee's after-tax payroll deductions, beginning with the next calendar year's first Offering, after-tax payroll deductions will recommence and be

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made in accordance with the Outstanding Election prior to such Company adjustment, unless the Employee withdraws in accordance with Section 9 or is otherwise ineligible to participate in such Offering.

9. **Withdrawal from Offering Period After Offering Date**

(a) An Employee may withdraw from an Offering after the applicable Offering Date, in whole but not in part, at any time prior to the first day of the last calendar month of such Offering Period by submitting the prescribed withdrawal notice to the Company (or the Company's designee). If an Employee withdraws from an Offering, Employee's Option for such Offering will automatically be terminated, and the Company will refund in cash the Employee's entire Account balance for such Offering as soon as practicable thereafter.

(b) The Employee's withdrawal from a particular Offering shall be irrevocable. If an Employee wishes to participate in a subsequent Offering, he or she will be required to re-enroll in the Plan by making a timely filing of a new Enrollment Agreement in accordance with Section 6.

10. **Method of Payment**

(a) Payment for Shares purchased pursuant to the Plan shall be made in installments through periodic after-tax payroll deductions, with no right of prepayment. Each Employee electing to purchase Shares shall authorize the withholding from his or her pay on an after-tax basis for each payroll period during the Offering Period the percentage or dollar amount of Eligible Compensation. Such deductions shall be in uniform periodic amounts in conformity with his or her employer's payroll deduction schedule (subject to adjustments made in accordance with this Plan). The amount of each Employee's after-tax payroll deductions shall be credited to such Employee's Account.

(b) If in any payroll period, an Employee has no pay or his or her pay is insufficient (after other authorized deductions) to permit deduction of the full amount of his or her installment payment, then (i) the installment payment for such payroll period shall be reduced to the amount of pay remaining, if any, after all other authorized deductions, and (ii) the percentage or dollar amount of Eligible Compensation shall be deemed to have been reduced by the amount of the reduction in the installment payment for such payroll period. Deductions of the full amount originally elected by Employee will recommence when his or her pay is sufficient to permit such deductible amount; provided, however, no additional amounts will be deducted to satisfy the Outstanding Election.

11. **Interest on Payments**

No interest shall be paid on sums withheld from an Employee's pay for purchase of Shares under this Plan.

12. **Rights as Stockholder**

An Employee will become a stockholder with respect to Shares that are purchased pursuant to Options granted under the Plan when such Shares are transferred into an Employee's

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name on the books and records of the Company. Ownership of Shares purchased under the Plan will be entered on the books and records of the Company as soon as administratively practicable after payment for the Shares has been received in full by the Company. Shares purchased under the Plan will be issued as soon as practicable after an Employee becomes a stockholder. An Employee will have no rights as a stockholder with respect to Shares for which an election to purchase has been made under the Plan until such Employee becomes a stockholder as provided above.

13. **Rights to Purchase Shares Not Transferable**

An Employee's rights under his or her election to purchase Shares under this Plan may not be sold, pledged, assigned, or transferred in any manner. If an Employee's rights are sold, pledged, assigned, or transferred in violation of this Section 13, the right to purchase Shares of the Employee guilty of such violation shall terminate, and the only right remaining under such Employee's election to purchase will be to receive a refund of the amount then credited to the Employee's Account.

14. **Deemed Cancellations**

(a) *Events Constituting a Deemed Cancellation.*

(i) *Leave of Absence, Layoff or Temporarily Out of Active Service.* An Employee purchasing Shares under the Plan who is granted an unpaid leave of absence, is laid off, or otherwise temporarily out of Active Service during the Offering Period without terminating employment shall be eligible to remain a participant in the Plan during such absence, for a period of no longer than ninety (90) days or, if longer, so long as the Employee's right to reemployment with his or her employer is guaranteed either by statute or contract (but not beyond the last day of the Offering Period). The provisions of Section 10 shall apply if the Employee has no pay or his or her pay is insufficient (after other authorized deductions) to cover the required installment payments during such absence. If an Employee does not return to Active Service upon the expiration of his or her leave of absence or lay-off or, in any event, within ninety (90) days from the date of his or her leaving Active Service (unless the Employee's right to reemployment with his or her employer is guaranteed either by statute or contract), his or her election to purchase shall be deemed to have been cancelled on the ninety-first (91st) day after such Employee's leaving Active Service.

(ii) *Termination of Employment.* If, before an Employee has completed payment for Shares under the Plan, (a) he or she resigns, is dismissed or transferred to a entity other than the Company or a Subsidiary or Affiliated Entity thereof, or (b) if the entity by which he or she is employed should cease to be a Subsidiary or Affiliated Entity of the Company, then his or her election to purchase shall be deemed to have been cancelled at that time. Notwithstanding the foregoing, the Committee in its sole discretion may in lieu of such deemed cancellation specify that there shall be a "Substitution or Assumption" (and not a deemed cancellation) of an election to purchase if the Committee determines that a company or entity and the Company have made satisfactory arrangements for such company or entity to substitute a new option for the

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Option under such election to purchase, or to assume such Option under such election to purchase, by reason of a transaction (A) that is a corporate merger, consolidation, acquisition of property or stock, separation, reorganization, or liquidation, as defined in Section 424(a) of the Code and regulations thereunder (including a spin-off, split-up or similar transaction), (B) pursuant to which the excess of the aggregate fair market value of the shares subject to the new option immediately after the Substitution or Assumption over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all Shares subject to the Option immediately before the Substitution or Assumption over the aggregate option price of such Shares, and (C) pursuant to which the new option or the assumption of the Option does not give the Employee additional benefits which he or she did not have under the Option or otherwise delay the Purchase Date beyond the end of the applicable Offering Period then in effect.

(iii) *Death of a Participant.* If an Employee dies before he or she has completed payment for Shares under the Plan, his or her election to purchase Shares shall be deemed to have been cancelled on the date of death. As soon as administratively practicable after the death of an Employee, the amount then credited to the Employee's Account shall be paid in cash to the beneficiary or beneficiaries designated by the Employee on a beneficiary designation form filed with Janus before such Employee's death or, in the absence of an effective beneficiary designation, to the executor, administrator or other legal representative of the Employee's estate.

(b) *Terms and Conditions of a Deemed Cancellation.* In the event that an Employee's election to purchase Shares is deemed to be cancelled as defined above in this Section 14, the Employee shall be withdrawn from Plan participation and cease to be a participant, and the Company will refund in cash the Employee's entire Account balance for such Offering as soon as administratively practicable thereafter.

(c) *Terms and Conditions of a Substitution or Assumption.* If the Committee determines under Section 14(a)(ii) of the Plan to provide a Substitution or Assumption of Options granted hereunder, the Employee shall have no further rights under this Plan and the Employee's rights, if any, to his or her Account or to purchase any property in lieu of Shares shall be governed exclusively by the arrangements effecting such Substitution or Assumption including any stock purchase plan of the company or entity substituting a new option for an Option or assuming an existing Option.

15. **Application of Funds**

All funds received by the Company in payment for Shares purchased under this Plan and held by the Company at any time may be used for any valid corporate purpose.

16. **No Employment/Service Rights**

Neither the action of the Company in establishing the Plan, nor any action taken under the Plan by the Committee, nor any provision of the Plan itself, shall be construed so as to grant any person the right to remain in the employ of the Company or any Subsidiary or Affiliated

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Entity thereof for any period of specific duration, and such person's employment may be terminated at any time, with or without cause.

**17. Government Approvals or Consents; Amendment**

This Plan and any Offering and sales to Employees under it are subject to any governmental or regulatory approvals or consents that may be or become applicable in connection therewith. The Committee may terminate the Plan at any time and may make such changes in the Plan and include such terms in any Offering under this Plan as may be necessary or desirable, including, but not limited to, such changes as may be necessary or desirable, in the opinion of counsel for the Company, to comply with the any applicable federal, state, local or foreign laws or rules or regulations of any governmental authority, or to be eligible for tax benefits under the Code or any other applicable federal, state, local or foreign laws.

**18. Withholding Taxes.**

The Company shall be entitled to withhold (or to cause the withholding of) from any cash amount payable to Employee by the Company or a Subsidiary or Affiliated Entity thereof the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by the Company or a Subsidiary or Affiliated Entity thereof with respect to the difference between the Purchase Price Per Share and the Fair Market Value as of the Purchase Date.

**19. Section 409A.**

The intent of the Company is that benefits under this Plan be exempt from, or comply with, Section 409A of the Code, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in accordance therewith. Any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. 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 of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six (6)-month period immediately following an Employee's separation from service shall instead be paid on the first business day after the date that is six (6) months following Employee's separation from service (or, if earlier, death). The Company makes no representation that any or all of the payments described in this Plan shall be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. Employee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

**20. Governing Law.**

This Plan and all determinations made and actions taken pursuant thereto shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflicts of laws principles.

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

**Section 3: EX-15.1 (EX-15.1)**

**Exhibit 15.1**

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Commissioners:

We are aware that our report dated May 2, 2019 on our review of interim financial information of Janus Henderson Group plc, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statement on Form S-8 (No 333-218365) of Janus Henderson Group plc.

Very truly yours,

/s/ PricewaterhouseCoopers LLP  
Denver, Colorado

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

## Section 4: EX-15.2 (EX-15.2)

### Exhibit 15.2

May 2, 2019

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Commissioners:

We are aware that our report dated May 9, 2018, except with respect to the reference to our opinion on the consolidated financial statements in the final paragraph, as to which the date is February 26, 2019, on our review of interim financial information of Janus Henderson Group plc, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statement on Form S-8 (No 333-218365) of Janus Henderson Group plc.

Very truly yours,

/s/ PricewaterhouseCoopers LLP  
London, UK

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

## Section 5: 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 officer 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) 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 officer 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 that 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: May 2, 2019

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.

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

## Section 6: 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 officer 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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

- d) 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 officer 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 that 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: May 2, 2019

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.

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

## Section 7: EX-32.1 (EX-32.1)

Exhibit 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 March 31, 2019, 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: May 2, 2019

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.

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

## Section 8: EX-32.2 (EX-32.2)

Exhibit 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 March 31, 2019, 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: May 2, 2019

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.

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