

Section 1: 10-Q (10-Q)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 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
London, United Kingdom
(Address of principal executive offices)

98-1376360
(I.R.S. Employer
Identification No.)
EC2M3AE
(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 October 25, 2019, there were 187,486,613 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)

	September 30, 2019
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 736.3
Investment securities	224.3
Fees and other receivables	303.2
OEIC and unit trust receivables	261.5
Assets of consolidated VIEs:	
Cash and cash equivalents	37.4
Investment securities	359.9
Other current assets	7.0
Other current assets	96.7
Total current assets	2,026.3
Non-current assets:	
Property, equipment and software, net	74.4
Intangible assets, net	3,063.7
Goodwill	1,454.7
Retirement benefit asset, net	204.6
Other non-current assets	142.2
Total assets	<u>\$ 6,965.9</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 246.6
Current portion of accrued compensation, benefits and staff costs	254.8
OEIC and unit trust payables	260.2
Liabilities of consolidated VIEs:	
Accounts payable and accrued liabilities	7.0
Total current liabilities	768.6
Non-current liabilities:	
Accrued compensation, benefits and staff costs	50.3
Long-term debt	316.9
Deferred tax liabilities, net	717.7
Retirement benefit obligations, net	3.5
Other non-current liabilities	148.1
Total liabilities	2,005.1
Commitments and contingencies (See Note 15)	
REDEEMABLE NONCONTROLLING INTERESTS	
	<u>216.2</u>
EQUITY	
Common stock (\$1.50 par, 480,000,000 shares authorized and 187,486,613 and 196,412,764 shares issued and outstanding, respectively)	281.2
Additional paid-in-capital	3,815.8
Treasury shares (3,733,033 and 4,523,802 shares held, respectively)	(144.1)
Accumulated other comprehensive loss, net of tax	(481.2)
Retained earnings	1,250.4
Total shareholders' equity	4,722.1
Nonredeemable noncontrolling interests	22.5
Total equity	<u>4,744.6</u>
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 6,965.9</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		Nine mo
	September 30,		September
	2019	2018	2019
Revenue:			
Management fees	\$ 446.2	\$ 498.7	\$ 1,334.5
Performance fees	1.4	(6.0)	(0.7)
Shareowner servicing fees	39.3	40.2	113.5
Other revenue	49.1	48.3	143.9
Total revenue	<u>536.0</u>	<u>581.2</u>	<u>1,591.2</u>
Operating expenses:			
Employee compensation and benefits	147.9	159.5	439.4
Long-term incentive plans	42.2	61.1	139.8
Distribution expenses	102.8	112.3	306.2
Investment administration	11.2	12.2	34.1
Marketing	5.5	7.1	21.1
General, administrative and occupancy	67.6	59.9	200.5
Depreciation and amortization	15.2	20.8	63.5
Total operating expenses	<u>392.4</u>	<u>432.9</u>	<u>1,204.6</u>
Operating income	143.6	148.3	386.6
Interest expense	(3.5)	(4.0)	(11.8)
Investment gains (losses), net	4.0	(8.3)	22.1
Other non-operating income, net	4.7	2.3	29.3
Income before taxes	148.8	138.3	426.2
Income tax provision	(35.7)	(33.2)	(100.9)
Net income	113.1	105.1	325.3
Net loss (income) attributable to noncontrolling interests	(1.0)	6.1	(9.7)
Net income attributable to JHG	<u>\$ 112.1</u>	<u>\$ 111.2</u>	<u>\$ 315.6</u>
Earnings per share attributable to JHG common shareholders:			
Basic	\$ 0.58	\$ 0.55	\$ 1.62
Diluted	\$ 0.58	\$ 0.55	\$ 1.62
Other comprehensive income, net of tax:			
Foreign currency translation losses	\$ (57.7)	\$ (22.6)	\$ (58.2)
Other comprehensive loss attributable to noncontrolling interests	0.5	0.3	0.5
Other comprehensive loss attributable to JHG	<u>\$ (57.2)</u>	<u>\$ (22.3)</u>	<u>\$ (57.7)</u>
Total comprehensive income	\$ 55.4	\$ 82.5	\$ 267.1
Total comprehensive loss (income) attributable to noncontrolling interests	(0.5)	6.4	(9.2)
Total comprehensive income attributable to JHG	<u>\$ 54.9</u>	<u>\$ 88.9</u>	<u>\$ 257.9</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)

	Nine months ended September 30, 2019	
CASH FLOWS PROVIDED BY (USED FOR):		
Operating activities:		
Net income	\$	325.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		45.5
Impairment of intangible asset		18.0
Deferred income taxes		(6.0)
Stock-based compensation plan expense		56.7
Impairment of ROU operating asset		4.7
Investment (gains) losses, net		(22.1)
Contingent consideration fair value adjustment		(20.0)
Contributions to pension plans in excess of costs recognized		(5.0)
Gain from BNP Paribas transaction		—
Dai-ichi option fair value adjustments		—
Other, net		(10.5)
Changes in operating assets and liabilities:		
OEIC and unit trust receivables and payables		(0.2)
Other assets		1.1
Other accruals and liabilities		(131.3)
Net operating activities		256.2
Investing activities:		
Proceeds from (purchase of):		
Investment securities, net		81.0
Property, equipment and software		(23.2)
Investment securities by consolidated seeded investment products, net		(65.1)
Proceeds from BNP Paribas transaction, net		—
Cash received (paid) on settled hedges, net		(19.3)
Dividends received from equity-method investments		0.5
Proceeds from sale of Volantis		1.5
Net investing activities		(24.6)
Financing activities:		
Proceeds from stock-based compensation plans		
Purchase of common stock for stock-based compensation plans		(38.8)
Purchase of common stock for share buyback program		(187.4)
Dividends paid to shareholders		(206.1)
Repayment of long-term debt		—
Payment of contingent consideration		(14.1)
Distributions to noncontrolling interests		(0.9)
Third-party sales in consolidated seeded investment products, net		65.1
Principal payments under capital lease obligations		(0.8)
Net financing activities		(383.0)
Cash and cash equivalents:		
Effect of foreign exchange rate changes		8.5
Net change		(142.9)
At beginning of period		916.6
At end of period	\$	773.7
Supplemental cash flow information:		
Cash paid for interest	\$	14.6
Cash paid for income taxes, net of refunds	\$	143.7
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$	736.3
Cash and cash equivalents held in consolidated VIEs		37.4
Total cash and cash equivalents	\$	773.7

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)

Nine Months Ended September 30, 2019

	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests
Balance at January 1, 2019	196.4	\$ 294.6	\$ 3,824.5	\$ (170.8)	\$ (423.5)	\$ 1,314.5	\$ —
Net income	—	—	—	—	—	315.6	—
Other comprehensive loss	—	—	—	—	(57.7)	—	—
Dividends paid to shareholders	—	—	0.1	—	—	(206.2)	—
Share buyback program	(8.9)	(13.4)	—	—	—	(174.0)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.5	—
Purchase of common stock for stock-based compensation plans	—	—	(33.9)	(4.9)	—	—	—
Vesting of stock-based compensation plans	—	—	(31.6)	31.6	—	—	—
Stock-based compensation plan expense	—	—	56.7	—	—	—	—
Balance at September 30, 2019	187.5	\$ 281.2	\$ 3,815.8	\$ (144.1)	\$ (481.2)	\$ 1,250.4	\$ —

Nine Months Ended September 30, 2018

	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests
Balance at January 1, 2018	200.4	\$ 300.6	\$ 3,842.9	\$ (155.8)	\$ (304.3)	\$ 1,154.1	\$ —
Net income	—	—	—	—	—	417.0	—
Other comprehensive loss	—	—	—	—	(73.5)	—	—
Dividends paid to shareholders	—	—	0.1	—	—	(201.1)	—
Share buyback program	(1.8)	(2.7)	—	—	—	(47.2)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.1	—
Redemptions of convertible debt	—	—	(38.0)	—	—	—	—
Purchase of common stock for stock-based compensation plans	—	—	(37.3)	(47.9)	—	—	—
Vesting of stock-based compensation plans	—	—	(32.5)	32.5	—	—	—
Stock-based compensation plan expense	—	—	64.5	—	—	—	—
Proceeds from stock-based compensation plans	—	—	0.4	—	—	—	—
Balance at September 30, 2018	198.6	\$ 297.9	\$ 3,800.1	\$ (171.2)	\$ (377.8)	\$ 1,322.9	\$ —

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

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 JHG’s 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 ROU 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 in 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 and anticipates adopting the standard on a prospective basis.

Note 2 — Consolidation

Variable Interest Entities

Consolidated Variable Interest Entities

JHG's consolidated variable interest entities ("VIEs") as of September 30, 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 September 30, 2019, and December 31, 2018, JHG's carrying values of investment securities included on JHG's Condensed Consolidated Balance Sheets pertaining to unconsolidated VIEs were \$3.5 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):

	September 30,	
	2019	
Investment securities	\$ 8.7	\$
Cash and cash equivalents	0.1	
Other current assets	0.1	
Accounts payable and accrued liabilities	(0.1)	
Total	8.8	
Redeemable noncontrolling interests in consolidated VREs	(3.9)	
JHG’s net interest in consolidated VREs	\$ 4.9	\$

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

Unconsolidated Voting Rights Entities

At September 30, 2019, and December 31, 2018, JHG’s carrying values of investment securities included on JHG’s Condensed Consolidated Balance Sheets pertaining to unconsolidated VREs were \$20.4 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 September 30, 2019, and December 31, 2018, are summarized as follows (in millions):

	September 30,	December 31,
	2019	2018
Seeded investment products:		
Consolidated VIEs	\$ 359.9	\$ 282.7
Consolidated VREs	8.7	13.9
Unconsolidated VIEs and VREs	23.9	53.8
Separate accounts	58.8	71.6
Pooled investment funds	10.5	25.5
Total seeded investment products	461.8	447.5
Investments related to deferred compensation plans	117.0	120.3
Other investments	5.4	6.7
Total investment securities	\$ 584.2	\$ 574.5

Trading Securities

Net unrealized gains (losses) on investment securities held as of the three and nine months ended September 30, 2019 and 2018, are summarized as follows (in millions):

	Three months ended September 30,		Nine Sep
	2019	2018	2019
Unrealized gains (losses) on investment securities held at period end	\$ 4.1	\$ (4.1)	\$ 1

Derivative Instruments

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

JHG was party to the following derivative instruments as of September 30, 2019, and December 31, 2018 (in millions):

	Notional Value	
	September 30, 2019	December 31, 2018
Futures	\$ 112.5	\$ 147.1
Credit default swaps	96.2	133.2
Total return swaps	81.9	77.2
Foreign currency forward contracts	161.6	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 JHG’s Condensed Consolidated Balance Sheets, and is immaterial individually and in aggregate.

The Group recognized the following foreign currency translation losses on hedged seed investments denominated in currencies other than the Group’s functional currency and gains associated with foreign currency forward contracts under net investment hedge accounting for the three and nine months ended September 30, 2019 and 2018 (in millions):

	Three months ended September 30,		Nin S
	2019	2018	2018
Foreign currency translation	\$ (3.0)	\$ (1.2)	\$
Foreign currency forward contracts	3.0	1.2	
Total	\$ —	\$ —	\$

Derivative Instruments in Consolidated Seeded Investment Products

Certain of the Group’s consolidated seeded investment products utilize derivative instruments to contribute to the achievement of defined investment objectives. These derivative instruments are classified within other current assets or accounts payable and accrued liabilities on JHG’s Condensed Consolidated Balance Sheets and are immaterial

individually and in aggregate. Gains and losses on these derivative instruments are classified within investment gains (losses), net on JHG's Condensed Consolidated Statements of Comprehensive Income.

JHG's consolidated seeded investment products were party to the following derivative instruments as of September 30, 2019, and December 31, 2018 (in millions):

	Notional Value	
	September 30, 2019	December 31, 2018
Futures	\$ 69.2	\$ 267.8
Contracts for differences	10.9	8.7
Credit default swaps	0.9	6.2
Total return swaps	33.5	23.7
Interest rate swaps	17.0	61.5
Options	1.6	9.6
Swaptions	—	8.3
Foreign currency forward contracts	239.0	154.9

As of September 30, 2019, certain consolidated seeded investment products sold credit protection through the use of credit default swap contracts. The contracts provide alternative credit risk exposure to individual companies and countries outside of traditional bond markets. The terms of the credit default swap contracts range from one to five years.

As sellers in credit default swap contracts, the consolidated seeded investment products would be required to pay the notional value of a referenced debt obligation to the counterparty in the event of a default on the debt obligation by the issuer. The notional value represents the estimated maximum potential undiscounted amount of future payments required upon the occurrence of a credit default event. As of September 30, 2019, and December 31, 2018, the notional values of the agreements totaled \$2.2 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 September 30, 2019, and December 31, 2018, the fair value of the credit default swap contracts selling protection was nil and \$0.1 million, respectively.

Investment Gains (Losses), Net

Investment gains (losses), net on JHG's Condensed Consolidated Statements of Comprehensive Income included the following for the three and nine months ended September 30, 2019 and 2018 (in millions):

	Three months ended		Nine months ended
	September 30, 2019	September 30, 2018	
Seeded investment products and derivatives, net	\$ 0.9	\$ (14.2)	\$ (13.3)
Other	3.1	5.9	9.0
Investment gains (losses), net	\$ 4.0	\$ (8.3)	\$ (4.3)

Cash Flows

Cash flows related to investment securities for the nine months ended September 30, 2019 and 2018, are summarized as follows (in millions):

	Nine months ended September 30,		
	2019	2018	2017
	Purchases and settlements	Sales, settlements and maturities	Purchases and settlements
Investment securities	\$ (380.9)	\$ 315.8	\$ (24.9)



Note 4 — Fair Value Measurements

The following table presents assets, liabilities and redeemable noncontrolling interests presented in the financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as of September 30, 2019 (in millions):

	Fair value measurements using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:			
Cash equivalents	\$ 235.6	\$ —	\$ —
Investment securities:			
Consolidated VIEs	137.2	207.3	—
Other investment securities	167.3	57.0	—
Total investment securities	304.5	264.3	—
Seed hedge derivatives	—	2.0	—
Volantis contingent consideration	—	—	—
Total assets	\$ 540.1	\$ 266.3	\$ —
Liabilities:			
Derivatives in consolidated seeded investment products	\$ —	\$ 1.9	\$ —
Seed hedge derivatives	—	2.7	—
Long-term debt ⁽¹⁾	—	328.8	—
Deferred bonuses	—	—	—
Contingent consideration	—	—	—
Total liabilities	\$ —	\$ 333.4	\$ —
Redeemable noncontrolling interests:			
Consolidated seeded investment products	\$ —	\$ —	\$ —
Intech	—	—	—
Total redeemable noncontrolling interests	\$ —	\$ —	\$ —

(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:		
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:			
Cash equivalents	\$ 381.8	\$ —	\$ —
Investment securities:			
Consolidated VIEs	103.8	159.7	—
Other investment securities	194.5	97.3	—
Total investment securities	298.3	257.0	—
Seed hedge derivatives	—	3.2	—
Derivatives in consolidated seeded investment products	—	0.9	—
Contingent consideration	—	—	—
Total assets	\$ 680.1	\$ 261.1	\$ —
Liabilities:			
Derivatives in consolidated seeded investment products	\$ —	\$ 2.1	\$ —
Financial liabilities in consolidated seeded investment products	0.4	—	—
Seed hedge derivatives	—	1.1	—
Long-term debt ⁽¹⁾	—	301.4	—
Deferred bonuses	—	—	—
Contingent consideration	—	—	—
Total liabilities	\$ 0.4	\$ 304.6	\$ —
Redeemable noncontrolling interests:			
Consolidated seeded investment products	\$ —	\$ —	\$ 1
Intech	—	—	—
Total redeemable noncontrolling interests	\$ —	\$ —	\$ 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 by the underlying inputs used in the calculation of the net asset value ("NAV") and the trading activity of each product.

Level 2 Fair Value Measurements

JHG's Level 2 fair value measurements consist mostly of consolidated seeded investment products, derivative instruments and JHG's long-term debt. The fair value of consolidated seeded investment products is determined by the



underlying securities of the product. The fair value of JHG's long-term debt is determined using broker quotes and recent trading activity, which are considered Level 2 inputs.

Level 3 Fair Value Measurements

Investment Securities

As of September 30, 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 September 30, 2019, and December 31, 2018, were as follows (in millions):

As of September 30, 2019	Fair value	Valuation technique	Significant unobservable inputs	I
Investment securities of consolidated VIEs	\$ 15.4	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	
As of December 31, 2018	Fair value	Valuation technique	Significant unobservable inputs	I (weight)
Investment securities of consolidated VIEs	\$ 19.2	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	

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 are summarized below (in millions):

	As of September 30, 2019			
	Geneva	Perennial		
Maximum amount payable	\$ 52.2	\$ 12.1		\$
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ 12.1		\$
Other non-current liabilities	6.8	—		
Total fair value	<u>\$ 6.8</u>	<u>\$ 12.1</u>		<u>\$</u>
	As of December 31, 2018			
	Geneva	Perennial		
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ —		\$
Other non-current liabilities	25.3	9.9		
Total fair value	<u>\$ 25.3</u>	<u>\$ 9.9</u>		<u>\$</u>



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 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 forecasted revenues, which factor in expected growth in assets under management (“AUM”) based on performance and industry trends.

A fair value adjustment due to a revised forecast resulted in a \$20.0 million decrease to the liability during the nine months ended September 30, 2019. The adjustment was recorded in other non-operating income, net on JHG’s Condensed Consolidated Statements of Comprehensive Income. The remaining change in the liability is due to the unwind of the discount.

Acquisition of Perennial

The acquisition of Perennial included the earn-out payable in 2019. 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 net management fee 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. The earn-out criteria were achieved in September 2019 and the Group paid \$12.1 million in October 2019.

Acquisition of Kapstream

The purchase of Kapstream was a step acquisition and the purchase of the second step (49%) had contingent consideration of up to \$43.0 million. Payment of the contingent consideration is subject to all Kapstream products and certain products advised by the Group, reaching defined revenue targets on the first, second and third anniversaries of January 31, 2017. The contingent consideration is payable in three equal installments on the anniversary dates and is indexed to the performance of the premier share class of the Kapstream Absolute Return Income Fund. If 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 and nine months ended September 30, 2019.

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

As of September 30, 2019, and December 31, 2018, the fair value of the Volantis contingent consideration was \$3.0 million and \$3.9 million, respectively.

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 used to value the liabilities 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, 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 and nine months ended September 30, 2019 and 2018, were as follows (in millions):

	Three months ended		Nine mo Septer
	September 30,		
	2019	2018	2019
Beginning of period fair value	\$ 19.1	\$ 38.7	\$ 23.1
Disposals	—	(7.6)	—
Settlements	(0.3)	(2.1)	(1.5)
Movement recognized in net income	(0.2)	(3.0)	(3.1)
Movements recognized in other comprehensive income	(0.2)	(0.1)	(0.1)
End of period fair value	<u>\$ 18.4</u>	<u>\$ 25.9</u>	<u>\$ 18.4</u>

Changes in fair value of JHG's individual Level 3 liabilities and redeemable noncontrolling interests for the three and nine months ended September 30, 2019 and 2018, were as follows (in millions):

	Three months ended September 30,					
	2019			2018		
	Contingent consideration	Deferred bonuses	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi option
Beginning of period fair value	\$ 31.8	\$ 60.7	\$ 153.6	\$ 57.3	\$ 64.3	\$ 2.1
Changes in ownership	—	—	58.4	—	—	—
Net movement in bonus deferrals	—	0.5	—	—	(0.5)	—
Fair value adjustments	—	—	(0.5)	6.3	—	(2.1)
Unrealized gains (losses)	1.1	—	5.1	—	—	—
Amortization of Intech appreciation rights	—	—	0.3	—	—	—
Distributions	—	—	(0.1)	(4.0)	—	—
Foreign currency translation	(0.8)	—	(0.6)	(0.5)	—	—
End of period fair value	\$ 32.1	\$ 61.2	\$ 216.2	\$ 59.1	\$ 63.8	\$ —

	Nine months ended September 30,					
	2019			2018		
	Contingent consideration	Deferred bonuses	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi option
Beginning of period fair value	\$ 61.3	\$ 68.5	\$ 136.1	\$ 76.6	\$ 64.7	\$ 26.1
Changes in ownership	—	—	72.6	—	—	—
Net movement in bonus deferrals	—	(7.3)	—	—	(0.9)	—
Fair value adjustments	(20.0)	—	(0.5)	8.1	—	(26.8)
Unrealized gains (losses)	5.9	—	8.1	—	—	—
Amortization of Intech appreciation rights	—	—	0.9	—	—	—
Distributions	(14.1)	—	(0.4)	(22.8)	—	—
Foreign currency translation	(1.0)	—	(0.6)	(2.8)	—	0.7
End of period fair value	\$ 32.1	\$ 61.2	\$ 216.2	\$ 59.1	\$ 63.8	\$ —

Nonrecurring Fair Value Measurements

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

Note 5 — Goodwill and Intangible Assets

The following table presents movements in intangible assets and goodwill during the nine months ended September 30, 2019 and 2018 (in millions):

	December 31, 2018	Amortization	Impairment	Foreign currency translation	Disposal
Indefinite-lived intangible assets:					
Investment management agreements	\$ 2,495.5	\$ —	\$ (18.0)	\$ (18.4)	\$ —
Trademarks	380.8	—	—	(0.2)	—
Definite-lived intangible assets:					
Client relationships	363.3	—	—	(2.6)	—
Accumulated amortization	(116.3)	(22.0)	—	1.6	—
Net intangible assets	\$ 3,123.3	\$ (22.0)	\$ (18.0)	\$ (19.6)	\$ —
Goodwill	\$ 1,478.0	\$ —	\$ —	\$ (23.3)	\$ —

	December 31, 2017	Amortization	Impairment	Foreign currency translation	Disposal
Indefinite-lived intangible assets:					
Investment management agreements	\$ 2,543.9	\$ —	\$ (5.4)	\$ (28.3)	\$ —
Trademarks	381.2	—	—	(0.3)	—
Definite-lived intangible assets:					
Client relationships	369.4	—	—	(4.3)	—
Accumulated amortization	(89.7)	(22.2)	—	1.9	—
Net intangible assets	\$ 3,204.8	\$ (22.2)	\$ (5.4)	\$ (31.0)	\$ —
Goodwill	\$ 1,533.9	\$ —	\$ —	\$ (29.3)	\$ (9.5)

The Group recognized an \$18.0 million impairment related to certain mutual fund investment management agreements during the second quarter 2019, due to lower than expected growth.

Future Amortization

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

Future amortization	Amount
2019 (remainder of year)	\$ 7.3
2020	29.3
2021	26.4
2022	17.9
2023	17.7
Thereafter	125.4
Total	\$ 224.0

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 to exercise 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 September 30, 2019, consisted of the following (in millions):

	Sep
Operating lease right-of-use assets:	
Other non-current assets	\$
Operating lease liabilities:	
Accounts payable and accrued liabilities	\$
Other non-current liabilities	\$
Total operating lease liabilities	\$
Finance lease right-of-use assets:	
Property and equipment, cost	\$
Accumulated depreciation	\$
Property and equipment, net	\$
Finance lease liabilities	
Accounts payable and accrued liabilities	\$
Other non-current liabilities	\$
Total finance lease liabilities	\$

Statement of Comprehensive Income

The components of lease expense on JHG's Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2019, are summarized below (in millions):

	Three months ended September 30, 2019		Nin Sept
Operating lease cost⁽¹⁾	\$	6.6	\$
Finance lease cost:			
Amortization of right-of-use asset ⁽²⁾	\$	0.2	\$
Interest on lease liabilities ⁽³⁾		—	
Total finance lease cost	\$	0.2	\$

(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 \$1.6 million and \$5.2 million from the tenants during the three and nine months ended September 30, 2019, respectively. The Group recognized a \$4.7 million impairment of a subleased ROU operating asset in the UK during the nine months ended September 30, 2019, as collection of rents under the sublease are uncertain. Also, the Group recognized a \$0.5 million impairment of a U.S. operating lease during the nine months ended September 30, 2019, due to early termination of the lease.

Cash Flow Statement

Cash payments for operating and finance leases included in the Group's Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019, consisted of the following (in millions):

	Nine m Septem
Operating cash flows from operating leases	\$
Operating cash flows from finance leases	\$
Financing cash flows from finance leases	\$

Non-cash lease transactions during the nine months ended September 30, 2019, included a \$19.8 million ROU asset and corresponding lease liability for a UK property lease commenced in March 2019.

Supplemental Information

As of September 30, 2019, the Group has an additional operating lease for office space in the U.S. that has not yet commenced. The lease will commence in January 2020, 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.

Weighted-average remaining lease term (in months):	Septem
Operating leases	
Finance leases	

Weighted-average discount rate:	Septem
Operating leases	
Finance leases	



Future lease obligations (in millions)	Operating leases		
2019 (remainder of year)	\$	7.8	\$
2020		30.1	
2021		27.7	
2022		23.6	
2023		21.9	
Thereafter		64.7	
Total lease payments		175.8	
Less interest		26.5	
Total	\$	149.3	\$

Note 7 — Debt

Debt as of September 30, 2019, and December 31, 2018, consisted of the following (in millions):

	September 30, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
4.875% Senior Notes due 2025	\$ 316.9	\$ 328.8	\$ 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 September 30, 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 September 30, 2019, of \$16.9 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 September 30, 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 September 30, 2019, JHG was in compliance with all covenants contained in, and there were no borrowings under, the Credit Facility. The maturity date of the Credit Facility is February 16, 2024.

Note 8 — Income Taxes

The Group's effective tax rates for the three and nine months ended September 30, 2019 and 2018, were as follows:

	Three months ended		Nine months ended	
	September 30, 2019	2018	September 30, 2019	2018
Effective tax rate	24.0 %	24.0 %	23.7 %	23.0 %

The increase in the effective tax rate for the nine months ended September 30, 2019, compared to the same period in 2018 was primarily due to an increase in non-deductible compensation-related expenses.

As of September 30, 2019, and December 31, 2018, JHG had \$11.6 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 \$0.1 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 September 30, 2019, and December 31, 2018, consisted of the following (in millions):

	<u>September 30,</u> <u>2019</u>	<u>\$</u>
Consolidated seeded investment products	201.5	\$
Intech:		
Appreciation rights	11.7	
Founding member ownership interests	3.0	
Total redeemable noncontrolling interests	<u>216.2</u>	<u>\$</u>

Consolidated Seeded Investment Products

Noncontrolling interests in consolidated seeded investment products are classified as redeemable noncontrolling interests when there is an obligation to repurchase units at the investor's request.

Redeemable noncontrolling interests in consolidated seeded investment products may fluctuate from period to period and are impacted by changes in JHG's relative ownership, changes in the amount of third-party investment in seeded products and volatility in the market value of the seeded products' underlying securities. Third-party redemption of investments is redeemed from the respective product's net assets and cannot be redeemed from the assets of other seeded products or from the assets of JHG.

The following table presents the movement in redeemable noncontrolling interests in consolidated seeded investment products for the three and nine months ended September 30, 2019 and 2018 (in millions):

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine mo</u> <u>Septer</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>
Opening balance	\$ 138.8	\$ 163.0	\$ 121.6
Changes in market value	0.7	(4.5)	7.9
Changes in ownership	62.6	(34.0)	72.6
Foreign currency translation	(0.6)	(0.3)	(0.6)
Closing balance	<u>\$ 201.5</u>	<u>\$ 124.2</u>	<u>\$ 201.5</u>

Intech

Intech ownership interests held by a founding member have an estimated fair value of \$3.0 million as of September 30, 2019, representing an approximate 1.1% ownership of Intech. This founding member is entitled to retain his remaining Intech interests for the remainder of his life and has the option to require JHG to purchase his ownership interests in Intech at fair value.



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

Nonredeemable Noncontrolling Interests

Nonredeemable noncontrolling interests as of September 30, 2019, and December 31, 2018, are as follows (in millions):

	<u>September 30,</u> <u>2019</u>	
Nonredeemable noncontrolling interests in:		
Seed capital investments	\$	9.4
Intech		<u>13.1</u>
Total nonredeemable noncontrolling interests	<u>\$</u>	<u>22.5</u>

Note 10 — Long-Term Incentive and Employee Compensation

The Group granted \$3.1 million and \$157.0 million in long-term incentive awards during the three and nine months ended September 30, 2019, respectively, which generally vest and will be recognized using a graded vesting method over a three- or four-year period.

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”).

On September 5, 2019, JHGPS and Scottish Widows Limited (“SWL”) entered into a pension buy-in agreement (the “agreement”). The agreement provides JHGPS a monthly contractual payment stream from SWL to satisfy pension obligations payable to 501 plan participants (approximately one-third of total plan participants) receiving benefits from JHGPS as of September 1, 2019. The agreement does not relieve JHGPS or the Group (as plan sponsor) of the primary responsibility for the pension obligations. JHGPS paid a premium of approximately £328 million (\$404 million) for the agreement and it was recorded at fair value as a plan asset of JHGPS.

Net Periodic Benefit Credit

The components of net periodic benefit credit in respect of defined benefit plans for the three and nine months ended September 30, 2019 and 2018, include the following (in millions):

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine mo</u> <u>Septer</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>
Service cost	\$ (0.3)	\$ (0.3)	\$ (0.9)
Interest cost	(3.8)	(4.8)	(13.1)
Expected return on plan assets	<u>5.1</u>	<u>6.1</u>	<u>15.7</u>
Net periodic benefit credit	<u>1.0</u>	<u>1.0</u>	<u>\$ 1.7</u>



Note 12 — Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of tax, for the three and nine months ended September 30, 2019 and 2018, are as follows (in millions):

	Three months ended September 30,				
	2019			2018	
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Retirement benefit asset, net
Beginning balance	\$ (448.7)	\$ 24.7	\$ (424.0)	\$ (376.5)	\$ 21.0
Other comprehensive income (loss)	(57.7)	—	(57.7)	(22.6)	—
Less: other comprehensive loss (income) attributable to noncontrolling interests	0.5	—	0.5	0.3	—
Ending balance	\$ (505.9)	\$ 24.7	\$ (481.2)	\$ (398.8)	\$ 21.0

	Nine months ended September 30,				
	2019			2018	
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Retirement benefit asset, net
Beginning balance	\$ (448.2)	\$ 24.7	\$ (423.5)	\$ (325.3)	\$ 21.0
Other comprehensive income	(58.2)	—	(58.2)	(74.6)	—
Less: other comprehensive loss (income) attributable to noncontrolling interests	0.5	—	0.5	1.1	—
Ending balance	\$ (505.9)	\$ 24.7	\$ (481.2)	\$ (398.8)	\$ 21.0

The components of other comprehensive income, net of tax for the three and nine months ended September 30, 2019 and 2018, are as follows (in millions):

	Three months ended September 30,				
	2019			2018	
	Pre-tax amount	Tax impact	Net amount	Pre-tax amount	Tax impact
Foreign currency translation adjustments	\$ (58.3)	\$ 0.6	\$ (57.7)	\$ (22.6)	\$ —

	Nine months ended September 30,				
	2019			2018	
	Pre-tax amount	Tax impact	Net amount	Pre-tax amount	Tax impact
Foreign currency translation adjustments	\$ (60.7)	\$ 2.5	\$ (58.2)	\$ (74.6)	\$ —



Note 13 — Changes in Equity

The following tables present the condensed consolidated statements of changes in equity for the three months ended September 30, 2019 and 2018 (in millions):

Three Months Ended September 30, 2019

	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests
Balance at July 1, 2019	191.6	\$ 287.5	\$ 3,801.6	\$ (147.8)	\$ (424.0)	\$ 1,280.8	\$ —
Net income	—	—	—	—	—	112.1	—
Other comprehensive loss	—	—	—	—	(57.2)	—	—
Dividends paid to shareholders	—	—	—	—	—	(67.8)	—
Share buyback program	(4.1)	(6.3)	—	—	—	(75.0)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.3	—
Purchase of common stock for stock-based compensation plans	—	—	(0.7)	—	—	—	—
Vesting of stock-based compensation plans	—	—	(3.7)	3.7	—	—	—
Stock-based compensation plan expense	—	—	18.6	—	—	—	—
Balance at September 30, 2019	187.5	\$ 281.2	\$ 3,815.8	\$ (144.1)	\$ (481.2)	\$ 1,250.4	\$ —

Three Months Ended September 30, 2018

	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests
Balance at July 1, 2018	200.4	\$ 300.6	\$ 3,783.5	\$ (172.9)	\$ (355.5)	\$ 1,324.9	\$ —
Net income	—	—	—	—	—	111.2	—
Other comprehensive loss	—	—	—	—	(22.3)	—	—
Dividends paid to shareholders	—	—	—	—	—	(66.3)	—
Share buyback program	(1.8)	(2.7)	—	—	—	(47.2)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.3	—
Redemptions of convertible debt	—	—	(4.0)	—	—	—	—
Purchase of common stock for stock-based compensation plans	—	—	0.2	(1.3)	—	—	—
Vesting of stock-based compensation plans	—	—	(3.0)	3.0	—	—	—
Stock-based compensation plan expense	—	—	23.3	—	—	—	—
Proceeds from stock-based compensation plans	—	—	0.1	—	—	—	—
Balance at September 30, 2018	198.6	\$ 297.9	\$ 3,800.1	\$ (171.2)	\$ (377.8)	\$ 1,322.9	\$ —

Note 14 — Earnings and Dividends Per Share**Earnings Per Share**

The following is a summary of the earnings per share calculation for the three and nine months ended September 30, 2019 and 2018 (in millions, except per share data):

	Three months ended September 30,		Nine mo Septer
	2019	2018	2019
Net income attributable to JHG	\$ 112.1	\$ 111.2	\$ 315.6
Less: Allocation of earnings to participating stock-based awards	(3.1)	(3.0)	(8.7)
Net income attributable to JHG common shareholders	\$ 109.0	\$ 108.2	\$ 306.9
Weighted-average common shares outstanding — basic	187.9	195.2	189.4
Dilutive effect of non-participating stock-based awards	0.4	0.7	0.5
Weighted-average common shares outstanding — diluted	188.3	195.9	189.9
Earnings per share:			
Basic	\$ 0.58	\$ 0.55	\$ 1.62
Diluted (two class)	\$ 0.58	\$ 0.55	\$ 1.62

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Unvested nonparticipating stock awards	1.0	0.5	1.0	0.6

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, legal requirements, and general business conditions.

The following is a summary of cash dividends paid during the nine months ended September 30, 2019:

Dividend per share	Date declared	Dividends paid (in US\$ millions)	Date paid
\$ 0.36	February 4, 2019	\$ 69.7	February 26, 2019
\$ 0.36	May 1, 2019	\$ 68.6	May 29, 2019
\$ 0.36	July 30, 2019	\$ 67.8	August 12, 2019

On October 29, 2019, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on November 25, 2019, to shareholders of record at the close of business on November 11, 2019.

Note 15 — 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 September 30, 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. As the award is subject to further appeal, the Group has not recorded the award in its financial statements.

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. The Janus Henderson and Credit Suisse defendants moved to dismiss the Set Capital amended complaint, and on September 25, 2019, the court dismissed all claims against all defendants. The court denied the plaintiffs' request for an opportunity to further amend their complaint, and therefore dismissed the case in its entirety. Plaintiffs have filed a notice of appeal.

The defendants in *Halbert – Credit Suisse and Janus Indices* – jointly moved to dismiss the amended complaint. On August 22, 2019, the court granted in part and denied in part the defendants' motion to dismiss the claims. The court

dismissed all claims against Janus Indices – including all federal securities claims – other than a claim for negligent misrepresentation. On September 26, 2019, Janus Indices filed its answer to the complaint.

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 for 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. The Janus Henderson and Credit Suisse defendants each moved to dismiss the claims against them. Both motions remain pending before the court.

On February 4, 2019, a fifth lawsuit was filed against Janus Indices, Janus Distributors LLC, Janus Henderson Group plc and various Credit Suisse persons in the SDNY (*Rubinstein v. Credit Suisse Group AG, et al.*). 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. On August 20, 2019, an amended complaint was filed, which eliminated each of the Janus Henderson entities as defendants, thus dismissing all claims against them.

The Group believes the remaining claims in these exchange-traded note lawsuits are without merit and is strongly defending the actions. As of September 30, 2019, the Group cannot reasonably estimate possible losses from the remaining claims in the exchange-traded note lawsuits.

[REDACTED]

[REDACTED]

With respect to the unaudited financial information of Janus Henderson Group plc as of and for the three-month and nine-month periods ended September 30, 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 October 30, 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 ("the Act") for their report on the unaudited financial information because that report is not a "report" or a "part" of a 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 and nine-month periods ended September 30, 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 November 1, 2018, except with respect to the reference to their 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 ("the Act") for their report on the unaudited financial information because that report is not a "report" or a "part" of a 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 September 30, 2019, and the related condensed consolidated statements of comprehensive income for the three-month and nine-month period ended September 30, 2019 and the condensed consolidated statement of cash flows and of changes in equity for the nine-month period ended September 30, 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

October 30, 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 30 September 2018, and the related condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2018 and the condensed consolidated statements of cash flows and of changes in equity for the nine-month period ended 30 September 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

1 November 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



FORWARD-LOOKING STATEMENTS

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

Various risks, uncertainties, assumptions and factors that could cause future results to differ materially from those expressed by the forward-looking statements included in this Quarterly Report on Form 10-Q include, but are not limited to, risks, uncertainties, assumptions and factors specified in the Group's Annual Report on Form 10-K for the year ended December 31, 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 practicable after such filing has been made with the SEC. Reports may be obtained through the Investor Relations ("IR") 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 ("CEO") and Senior Financial Officers (including its 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 IR section of JHG's website (janushenderson.com/ir). Any future amendments to or waivers of the Officer Code will be posted to the IR 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 (previously Henderson Group plc) completed a merger of equals with Janus Capital Group Inc. ("JCG") (the "Merger"). As a result of the Merger, JCG and its consolidated subsidiaries became subsidiaries of JHG.

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 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 contracts allow for negative performance fees where there is underperformance against the relevant index.

THIRD QUARTER 2019 SUMMARY

Third Quarter 2019 Highlights

- Strong investment performance across all time periods, with 70%, 74% and 78% of AUM outperforming benchmarks on a one-, three- and five-year basis, respectively, as of September 30,
- AUM increased to \$356.1 billion, up 8% from the year ended December 31, 2018, due to positive markets, partially offset by net outflows.
- Third quarter 2019 diluted earnings per share was \$0.58, or \$0.64 on an adjusted basis. Refer to the Non-GAAP Financial Measures section for information on adjusted non-GAAP figures
- On October 29, 2019, the Board declared a \$0.36 per share dividend for the third quarter 2019.
- During the third quarter 2019, the Group acquired 4,160,659 shares of its common stock for \$81.3 million.

Financial Summary

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

Revenue for the third quarter of 2019 was \$536.0 million, a decrease of \$45.2 million, or (8%), from the third quarter of 2018. The decrease was primarily driven by a decrease in management fees due to a decline in average AUM and lower management fee margins during the third quarter of 2019, compared to the same period in 2018.

Total operating expenses for the third quarter of 2019 were \$392.4 million, a decrease of \$40.5 million, or (9%), compared to operating expenses in the third quarter of 2018. The decrease was primarily driven by decreases of \$18.9 million in long-term incentive plans due to fewer new awards (net of the vesting of awards granted in prior years) and \$11.6 million in employee compensation and benefits mostly due to lower bonus pool accruals and favorable foreign currency translation. A \$9.5 million decrease in distribution expenses due to a decline in average AUM and lower management fee margins also contributed to the decrease in operating expenses during the quarter ended September 30, 2019, compared to the same period in 2018.

Operating income for the third quarter of 2019 was \$143.6 million, a decline of \$4.7 million, or (3%), compared to the third quarter of 2018. The Group's operating margin was 26.8% in the third quarter of 2019 compared to 25.5% in the third quarter of 2018.

Net income attributable to JHG in the third quarter of 2019 was \$112.1 million, an increase of \$0.9 million, or 1%, compared to the same period in 2018 due to the factors impacting revenue and operating expense discussed above. In addition, investment gains (losses), net increased \$12.3 million from the third quarter of 2018 primarily due to fair value adjustments in relation to the Group's seeded investment products and derivative instruments recognized in the third quarter of 2019.

The Group's ordinary dividend in respect of the third 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 September 30, 2019:

Percentage of AUM outperforming benchmark	1 year	3 years
Equities	75 %	74 %
Fixed Income	63 %	94 %
Quantitative Equities	39 %	26 %
Multi-Asset	90 %	91 %
Alternatives	96 %	99 %
Total Group	70 %	74 %

Assets Under Management

The Group's AUM as of September 30, 2019, was \$356.1 billion, an increase of \$27.6 billion, or 8%, from December 31, 2018, driven primarily by positive market movements of \$52.7 billion, partially offset by net redemptions of \$20.7 billion.

JHG's non-U.S. dollar ("USD") AUM is primarily denominated in Great British pound ("GBP"), euro ("EUR") and Australian dollar ("AUD"). During the three and nine months ended September 30, 2019, the USD strengthened against the GBP, the AUD and the EUR, resulting in a \$4.0 billion and \$4.4 billion decrease to AUM, respectively. As of September 30, 2019, approximately 31% of the Group's AUM was non-USD denominated, resulting in a net unfavorable currency effect, particularly in products exposed to GBP.

VelocityShares exchange-traded notes ("ETNs") and certain index products are not included within AUM as JHG is not the named adviser or subadviser to ETNs or index products. VelocityShares ETN assets totaled \$3.0 billion and \$2.2 billion as of September 30, 2019, and December 31, 2018, respectively. VelocityShares index product assets not included within AUM totaled \$2.8 billion and \$1.7 billion as of September 30, 2019, and December 31, 2018, respectively.



AUM and flows by capability for the three and nine months ended September 30, 2019 and 2018, were as follows (in billions):

	Closing AUM December 31, 2018	Sales	Redemptions ⁽¹⁾	Net sales (redemptions)	Markets	FX ⁽²⁾
By capability						
Equities	\$ 167.6	\$ 19.8	\$ (30.7)	\$ (10.9)	\$ 33.4	\$ (1.9)
Fixed Income	72.4	16.5	(17.6)	(1.1)	5.5	(1.8)
Quantitative Equities	44.3	1.2	(8.7)	(7.5)	8.9	(0.1)
Multi-Asset	30.2	6.7	(5.0)	1.7	4.6	(0.2)
Alternatives	14.0	2.3	(5.2)	(2.9)	0.3	(0.4)
Total	\$ 328.5	\$ 46.5	\$ (67.2)	\$ (20.7)	\$ 52.7	\$ (4.4)

	Closing AUM June 30, 2019	Sales	Redemptions ⁽¹⁾	Net sales (redemptions)	Markets	FX ⁽²⁾
By capability						
Equities	\$ 191.3	\$ 6.0	\$ (8.0)	\$ (2.0)	\$ 0.5	\$ (1.6)
Fixed Income	73.5	6.1	(4.7)	1.4	1.8	(1.7)
Quantitative Equities	47.6	0.3	(2.7)	(2.4)	0.5	(0.1)
Multi-Asset	35.1	2.4	(2.0)	0.4	1.0	(0.2)
Alternatives	12.3	0.5	(1.4)	(0.9)	—	(0.4)
Total	\$ 359.8	\$ 15.3	\$ (18.8)	\$ (3.5)	\$ 3.8	\$ (4.0)

	Closing AUM December 31, 2017	Sales	Redemptions ⁽¹⁾	Net sales (redemptions)	Markets	FX ⁽²⁾
By capability						
Equities	\$ 189.7	\$ 25.3	\$ (31.1)	\$ (5.8)	\$ 17.4	\$ (2.1)
Fixed Income	80.1	16.2	(18.9)	(2.7)	(0.4)	(2.5)
Quantitative Equities	49.9	3.3	(3.9)	(0.6)	3.7	(0.1)
Multi-Asset	31.6	5.3	(3.8)	1.5	1.8	(0.3)
Alternatives	19.5	4.3	(6.5)	(2.2)	0.2	(0.6)
Total	\$ 370.8	\$ 54.4	\$ (64.2)	\$ (9.8)	\$ 22.7	\$ (5.6)



	Closing AUM June 30, 2018		Sales	Redemptions ⁽¹⁾	Net sales (redemptions)	Markets	FX ⁽²⁾						
By capability													
Equities	\$	193.3	\$	6.8	\$	(9.9)	\$	(3.1)	\$	9.6	\$	(0.6)	\$
Fixed Income		76.5		6.0		(7.6)		(1.6)		0.3		(0.7)	
Quantitative Equities		50.1		1.3		(1.3)		—		2.8		—	
Multi-Asset		32.6		2.2		(1.3)		0.9		1.2		(0.1)	
Alternatives		17.6		1.4		(1.9)		(0.5)		—		(0.2)	
Total	\$	370.1	\$	17.7	\$	(22.0)	\$	(4.3)	\$	13.9	\$	(1.6)	\$

(1) Redemptions include the impact of client transfers, which could result in 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 September 30, 2019 (in billions):

By client type	Closing AUM September 30, 2019
Intermediary	\$ 159.8
Institutional	131.0
Self-directed	65.3
Total	\$ 356.1

By client location	Closing AUM September 30, 2019
North America	\$ 196.9
EMEA & LatAm	105.4
Asia-Pacific	53.8
Total	\$ 356.1

Valuation of Assets Under Management

The fair value of AUM is based on the value of the underlying cash and investment securities of the funds, trusts and segregated mandates. A significant proportion of these securities 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 and 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 impacts the Group's Results of Operations section. The translation of GBP to USD is the primary driver of foreign currency translation in expenses. The GBP weakened against the USD during the three and nine months ended September 30, 2019, compared to the same periods 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 September 30,		Nine mon Septem
	2019	2018	2019
Revenue (in millions):			
Management fees	\$ 446.2	\$ 498.7	\$ 1,334.5
Performance fees	1.4	(6.0)	(0.7)
Shareowner servicing fees	39.3	40.2	113.5
Other revenue	49.1	48.3	143.9
Total revenue	<u>\$ 536.0</u>	<u>\$ 581.2</u>	<u>\$ 1,591.2</u>

Management fees

Management fees decreased by \$52.5 million, or (11%), during the three months ended September 30, 2019, compared to the same period in 2018. A decline in average AUM and lower management fee margins contributed \$33.5 million and \$20.1 million to the decrease in management fees, respectively, during the three months ended September 30, 2019, compared to the same period in 2018. Management fee margins were lower primarily due to a product mix shift toward lower yielding products.

Management fees decreased by \$160.6 million, or (11%), during the nine months ended September 30, 2019, compared to the same period in 2018. A decline in average AUM and lower management fee margins contributed \$127.7 million and \$34.2 million to the decrease in management fees, respectively, during the nine months ended September 30, 2019, compared to the same period in 2018.



Performance fees

Performance fees are derived across a number of product ranges. Pooled fund and segregated mandate performance fees are recognized on a quarterly or annual basis, while mutual fund performance fees are recognized on a monthly basis. Performance fees by product type consisted of the following for the three and nine months ended September 30, 2019 and 2018 (in millions):

	Three months ended September 30,		Nine mont Septeml
	2019	2018	2019
Performance fees (in millions):			
SICAVs	\$ —	\$ —	\$ 1.5
UK OEICs & Unit Trusts	—	—	—
Offshore absolute return	0.2	1.2	0.2
Segregated mandates	2.5	3.1	11.3
Investment Trusts	—	0.2	—
Mutual funds	(1.3)	(10.6)	(13.7)
Other	—	0.1	—
Total performance fees	\$ 1.4	\$ (6.0)	\$ (0.7)

For the three months ended September 30, 2019, performance fees increased \$7.4 million compared to the same period in 2018. The increase for the three months ended September 30, 2019, compared to the same period in 2018 was primarily due to a \$9.3 million increase in mutual fund performance fees, partially offset by fewer annual performance fee crystallizations for segregated mandates of \$1.7 million.

For the nine months ended September 30, 2019, performance fees decreased \$4.3 million compared to the same period in 2018. The decrease for the nine months ended September 30, 2019, compared to the same period in 2018 was primarily due to \$16.3 million of fewer annual performance fee crystallizations for segregated mandates, partially offset by a \$12.4 million increase in mutual fund performance fees.

Shareowner servicing fees

Shareowner servicing fees are primarily composed of U.S. mutual fund servicing fees. For the three and nine months ended September 30, 2019, shareowner servicing fees decreased \$0.9 million and \$3.8 million, compared to the same periods in 2018, respectively, primarily due to a decline in average AUM.

Other revenue

Other revenue increased by \$0.8 million during the three months ended September 30, 2019, compared to the same period in 2018. The increase was primarily driven by a \$3.6 million increase in service fee revenue, partially offset by a \$2.4 million decrease driven by lower average AUM.

Other revenue decreased by \$1.4 million during the nine months ended September 30, 2019, compared to the same period in 2018. Lower average AUM contributed \$5.6 million to the decrease, partially offset by a \$4.5 million increase in service fee revenue.



Operating Expenses

	Three months ended September 30,		Nine mont Septemb
	2019	2018	2019
Operating expenses (in millions):			
Employee compensation and benefits	\$ 147.9	\$ 159.5	\$ 439.4
Long-term incentive plans	42.2	61.1	139.8
Distribution expenses	102.8	112.3	306.2
Investment administration	11.2	12.2	34.1
Marketing	5.5	7.1	21.1
General, administrative and occupancy	67.6	59.9	200.5
Depreciation and amortization	15.2	20.8	63.5
Total operating expenses	<u>\$ 392.4</u>	<u>\$ 432.9</u>	<u>\$ 1,204.6</u>

Employee compensation and benefits

During the three months ended September 30, 2019, employee compensation and benefits decreased \$11.6 million compared to the same period in 2018. The decrease was primarily driven by lower bonus pool accruals and other variable compensation of \$6.8 million and favorable foreign currency translation of \$4.3 million during the three months ended September 30, 2019.

During the nine months ended September 30, 2019, employee compensation and benefits decreased \$17.8 million compared to the same period in 2018. The decrease was primarily due to favorable foreign currency translation of \$12.6 million and lower bonus pool accruals and other variable compensation of \$11.7 million during the nine months ended September 30, 2019. These decreases were partially offset by increases in fixed staff compensation due to temporary staffing charges and annual increases in pay of \$5.9 million and \$4.9 million, respectively, during the nine months ended September 30, 2019.

Long-term incentive plans

Long-term incentive plans decreased by \$18.9 million during the three months ended September 30, 2019, compared to the same period in 2018, primarily driven by decreases of \$10.9 million in new awards (net of the vesting of awards granted in prior years), \$3.2 million in fair value adjustments related to mutual fund awards, and \$2.5 million mainly due to fair value adjustments to certain Intech long-term incentive awards. Favorable foreign currency translation of \$2.1 million also contributed to the decrease in long-term incentive plans during the three months ended September 30, 2019.

Long-term incentive plans decreased by \$16.5 million during the nine months ended September 30, 2019, compared to the same period in 2018. The decline was primarily due to a decrease of \$9.7 million in new awards (net of the vesting of awards granted in prior years), a \$5.3 million lower fair value adjustment mainly due to certain Intech long-term incentive awards, and favorable foreign currency translation of \$5.3 million during the nine months ended September 30, 2019. These decreases were partially offset by a \$3.1 million fair value adjustment related to mutual fund awards during the nine months ended September 30, 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 \$9.5 million during the three months ended September 30, 2019, compared to the same period in 2018. A decline in average AUM and lower management fee margins contributed \$7.9 million and \$4.0 million to the decrease, respectively.

Distribution expenses decreased \$38.1 million during the nine months ended September 30, 2019, compared to the same period in 2018. A decline in average AUM and lower management fee margins contributed \$29.4 million and \$4.0 million to the decrease, respectively.



Investment administration

Investment administration expenses, which represent back-office operations (including fund administration and fund accounting), decreased \$1.0 million and \$1.2 million during the three and nine months ended September 30, 2019, compared to the same periods in 2018, respectively. There were no significant items driving the decreases in investment administration expenses.

Marketing

During the three and nine months ended September 30, 2019, marketing expenses decreased by \$1.6 million and \$4.0 million, compared to the same periods in 2018, respectively. The decreases were primarily driven by lower marketing material and advertising costs during the three and nine months ended September 30, 2019, compared to the same periods in 2018.

General, administrative and occupancy

General, administrative and occupancy expenses increased by \$7.7 million during the three months ended September 30, 2019, compared to the same period in 2018. The increase was primarily due to increases of \$3.3 million in information technology costs and \$1.5 million in rent expense due to charges related to the early exit of leased office space in the UK during the three months ended September 30, 2019.

General, administrative and occupancy expenses increased by \$9.2 million during the nine months ended September 30, 2019, compared to the same period in 2018. The increase included \$9.1 million in rent expense due to charges related to the early exit of leased office space in the UK, \$2.6 million in information technology costs, \$2.4 million in legal and professional fees and \$1.0 million in market data costs during the nine months ended September 30, 2019. These increases were partially offset by \$12.2 million recognized in the nine months ended September 30, 2018, in relation to the *Richard Pease v. Henderson Administration Limited* court case.

Depreciation and amortization

Depreciation and amortization expenses decreased by \$5.6 million during the three months ended September 30, 2019, compared to the same period in 2018. The decrease was primarily due to a \$5.4 million impairment related to certain investment management agreements recognized during the three months ended September 30, 2018.

Depreciation and amortization expenses increased by \$11.5 million during the nine months ended September 30, 2019, compared to the same period in 2018. The increase was primarily due to an \$18.0 million impairment related to certain mutual fund investment management agreements recognized during the nine months ended September 30, 2019, due to lower than expected growth, partially offset by the impairment discussed above.

Non-Operating Income and Expenses

	Three months ended September 30,		Nine mont Septeml
	2019	2018	2019
Non-operating income and expenses (in millions):			
Interest expense	\$ (3.5)	\$ (4.0)	\$ (11.8)
Investment gains (losses), net	4.0	(8.3)	22.1
Other non-operating income, net	4.7	2.3	29.3
Income tax provision	(35.7)	(33.2)	(100.9)

Investment gains (losses), net

The components of investment gains (losses), net for the three and nine months ended September 30, 2019 and 2018, are as follows (in millions):

	Three months ended September 30,		Nine mont Septeml
	2019	2018	2019
Investment gains (losses), net (in millions):			
Seeded investment products and derivatives, net	\$ 0.9	\$ (14.2)	\$ 12.5
Other	3.1	5.9	9.6
Investment gains (losses), net	<u>\$ 4.0</u>	<u>\$ (8.3)</u>	<u>\$ 22.1</u>

Investment gains (losses), net moved favorably by \$12.3 million and \$47.7 million during the three and nine months ended September 30, 2019, compared to the same periods in 2018, respectively, primarily due to fair value adjustments in relation to the Group's seeded investment products and derivative instruments.

Other non-operating income, net

Other non-operating income, net increased \$2.4 million during the three months ended September 30, 2019, compared to the same period in 2018. The increase was primarily due to a \$3.9 million contingent consideration adjustment associated with Geneva recognized in the third quarter 2018 and favorable foreign currency revaluation of \$2.9 million during the three months ended September 30, 2019, compared to the same period in 2018. These increases were partially offset by a \$3.1 million decrease in pension interest income during the three months ended September 30, 2019, compared to the same period in 2018 and fair value adjustments related to the Dai-ichi options, which benefited other non-operating income (expenses), net by \$2.1 million during the third quarter 2018, compared to the same period in 2019.

Other non-operating income, net decreased \$25.8 million during the nine months ended September 30, 2019, compared to the same period in 2018. The decrease was partially driven by fair value adjustments related to the Dai-ichi options, which benefited other non-operating income, net by \$26.8 million during the nine months ended September 30, 2018. A \$22.3 million gain recognized during the first quarter 2018, on the sale of the Group's back-office and middle-office functions in the U.S., also contributed to the decrease. These decreases were partially offset by a \$20.0 million contingent consideration adjustment associated with Geneva due to an updated forecast recognized during the second quarter 2019.

Income tax provision

The Group's effective tax rates for the three and nine months ended September 30, 2019 and 2018, are as follows:

	Three months ended September 30,		Nine mon Septeml
	2019	2018	2019
Effective tax rate	24.0 %	24.0 %	23.7 %

The increase in the effective tax rate for the nine months ended September 30, 2019, compared to the same period in 2018 was 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, JHG management evaluates the profitability of the Group and its ongoing operations 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 months ended September 30, 2019 and 2018 (in millions, except per share and operating margin data):

	Three months ended September 30, 2019	Three Months ended September 30, 2018
Reconciliation of revenue to adjusted revenue		
Revenue	\$ 536.0	\$
Distribution expenses ⁽¹⁾	(102.8)	
Adjusted revenue	\$ 433.2	\$
Reconciliation of operating income to adjusted operating income		
Operating income	\$ 143.6	\$
Employee compensation and benefits ⁽²⁾	5.4	
Long-term incentive plans ⁽²⁾	(0.2)	
General, administrative and occupancy ⁽²⁾	4.1	
Depreciation and amortization ⁽³⁾	7.3	
Adjusted operating income	\$ 160.2	\$
Operating margin ⁽⁴⁾	26.8%	
Adjusted operating margin ⁽⁵⁾	37.0%	
Reconciliation of net income attributable to JHG to adjusted net income attributable to JHG		
Net income attributable to JHG	\$ 112.1	\$
Employee compensation and benefits ⁽²⁾	5.4	
Long-term incentive plans ⁽²⁾	(0.2)	
General, administrative and occupancy ⁽²⁾	4.1	
Depreciation and amortization ⁽³⁾	7.3	
Interest expense ⁽⁶⁾	0.4	
Investment gain (losses), net	(1.0)	
Other non-operating income (expenses), net ⁽⁶⁾	(0.2)	
Income tax provision ⁽⁷⁾	(3.2)	
Adjusted net income attributable to JHG	124.7	
Less: allocation of earnings to participating stock-based awards	(3.4)	
Adjusted net income attributable to JHG common shareholders	\$ 121.3	\$
Weighted-average common shares outstanding — diluted (two class)	188.3	
Diluted earnings per share (two class) ⁽⁸⁾	\$ 0.58	\$
Adjusted diluted earnings per share (two class) ⁽⁹⁾	\$ 0.64	\$

(1) Substantially all 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 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 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 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 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 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 September 30, 2019, primarily represent contingent consideration adjustments associated with acquisitions prior to the Merger and increased debt expense as a consequence of the fair value uplift on debt due to acquisition accounting. Adjustments for the three months ended September 30, 2018, primarily represent fair value movements on options and contingent consideration costs associated with acquisitions prior to the Merger. 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 months ended September 30, 2019, as compared to adjusted revenue and adjusted operating expense for the three months ended September 30, 2018 (in millions):

	Three months ended September 30, 2019	Three Sept
Adjusted revenue	\$ 433.2	\$
Adjusted operating expense	\$ 273.0	\$

Adjusted revenue decreased by \$35.7 million, or (8%), during the three months ended September 30, 2019, compared to the same period in 2018. The decrease was primarily due to a \$52.5 million decrease in management fees driven by lower management fee margins and a decline in average AUM, partially offset by a \$9.5 million decrease in distribution expenses and a \$7.4 million increase in performance fees.

Adjusted operating expenses decreased by \$15.4 million, or (5%), during the three months ended September 30, 2019, compared to the same period in 2018. The decrease was primarily due to decreases of \$8.9 million in employee compensation and benefits and \$8.7 million in long-term incentive plans, partially offset by a \$4.9 million increase in general, administrative and occupancy expenses.



The following is a reconciliation of revenue and operating expense to adjusted revenue and adjusted operating expense, respectively, for the three months ended September 30, 2019 and 2018 (in millions):

	Three months ended September 30, 2019	Thru Sept
Reconciliation of revenue to adjusted revenue		
Revenue	\$ 536.0	\$
Distribution expenses ⁽¹⁾	(102.8)	
Adjusted revenue	<u>\$ 433.2</u>	<u>\$</u>
Reconciliation of operating expense to adjusted operating expense		
Operating expense	\$ 392.4	\$
Employee compensation and benefits ⁽²⁾	(5.4)	
Long-term incentive plans ⁽²⁾	0.2	
Distribution expenses ⁽¹⁾	(102.8)	
General, administrative and occupancy ⁽²⁾	(4.1)	
Depreciation and amortization ⁽³⁾	(7.3)	
Adjusted operating expense	<u>\$ 273.0</u>	<u>\$</u>

- (1) Substantially all distribution expenses are paid to financial intermediaries for the distribution of JHG's investment products. JHG management believes that the deduction of third-party distrib 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 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 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 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 contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.

LIQUIDITY AND CAPITAL RESOURCES

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

The following table summarizes key balance sheet data relating to JHG's liquidity and capital resources as of September 30, 2019, and December 31, 2018 (in millions):

	September 30, 2019	-
Cash and cash equivalents held by the Group	\$ 736.2	\$
Investment securities held by the Group	\$ 215.6	\$
Fees and other receivables	\$ 303.2	\$
Debt	\$ 316.9	\$

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 £338.2 million (\$416.8 million), resulting in capital above the regulatory group’s regulatory requirement of £146.7 million (\$180.8 million) as of September 30, 2019, 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 CHESS 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 new on-market share buyback program. The Group purchased 4,160,659 shares of common stock for \$81.3 million during the three months ended September 30, 2019.

Some of the Group’s executives and employees receive rights to 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 34,496 shares at an average price of \$21.04 in satisfaction of employee awards and entitlements during the three months ended September 30, 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 nine months ended September 30, 2019, were as follows:

Dividend per share	Date declared	Dividends paid (in US\$ millions)	Date paid
\$ 0.36	February 4, 2019	\$ 69.7	February 26, 2019
\$ 0.36	May 1, 2019	\$ 68.6	May 29, 2019
\$ 0.36	July 30, 2019	\$ 67.8	August 12, 2019

On October 29, 2019, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on November 25, 2019, to shareholders of record at the close of business on November 11, 2019.

Long-Term Liquidity and Capital Resources

Expected long-term commitments as of September 30, 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 interests for the remainder of his life 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 amortized using 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 9.04% 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):

	As of September 30, 2019				
	Geneva		Perennial		
Maximum amount payable	\$	52.2	\$	12.1	\$
Fair value included in:					
Accounts payable and accrued liabilities	\$	—	\$	12.1	\$
Other non-current liabilities		6.8		—	
Total fair value	\$	6.8	\$	12.1	\$

	As of December 31, 2018				
	Geneva		Perennial		
Fair value included in:					
Accounts payable and accrued liabilities	\$	—	\$	—	\$
Other non-current liabilities		25.3		9.9	
Total fair value	\$	25.3	\$	9.9	\$

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 £12.0 million (\$14.8 million).

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

Off-Balance Sheet Arrangements

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

Other Sources of Liquidity

At September 30, 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 nine months ended September 30, 2019 and 2018, is as follows (in millions):

	Nine months ended September 30,	
	2019	2018
Cash flows provided by (used for):		
Operating activities	\$ 256.2	\$ 256.2
Investing activities	(24.6)	(24.6)
Financing activities	(383.0)	(383.0)
Effect of exchange rate changes on cash and cash equivalents	8.5	8.5
Net change in cash and cash equivalents	(142.9)	(142.9)
Cash balance at beginning of year	916.6	916.6
Cash balance at end of year	<u>\$ 773.7</u>	<u>\$ 773.7</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 (used for) provided by investing activities for the nine months ended September 30, 2019 and 2018, is as follows (in millions):

	Nine months ended September 30,	
	2019	2018
Purchases and sales of investment securities, net	\$ 81.0	\$ 81.0
Purchases and sales of securities by consolidated investment products, net	(65.1)	(65.1)
Property, equipment and software	(23.2)	(23.2)
Proceeds from BNP Paribas transaction, net	—	—
Cash received (paid) on settled hedges, net	(19.3)	(19.3)
Other	2.0	2.0
Cash (used for) provided by investing activities	<u>\$ (24.6)</u>	<u>\$ (24.6)</u>

Cash outflows from investing activities were \$24.6 million during the nine months ended September 30, 2019, and cash inflows from investing activities were \$87.9 million during the nine months ended September 30, 2018. Cash used for investing activities during the nine months ended September 30, 2019, was primarily due to net sales of investment securities partially offset by net purchases of consolidated investment products, purchases of property, equipment and software, and net cash paid on settled hedges.

Cash used for financing activities for the nine months ended September 30, 2019 and 2018, is as follows (in millions):

	Nine months ended September 30,	
	2019	2018
Dividends paid to shareholders	\$ (206.1)	\$ —
Repayment of long-term debt	—	—
Third-party sales (redemptions) in consolidated seeded investment products, net	65.1	—
Purchase of common stock for stock-based compensation plans	(38.8)	—
Purchase of common stock as part of share buyback program	(187.4)	—
Payment of contingent consideration	(14.1)	—
Other	(1.7)	—
Cash used for financing activities	<u>\$ (383.0)</u>	<u>\$ —</u>

Cash outflows from financing activities were \$383.0 million and \$489.0 million during the nine months ended September 30, 2019 and 2018, respectively. Cash outflows during the nine months ended September 30, 2019, were primarily due to dividends paid to shareholders and the purchase of common stock for stock-based compensation awards and for the share buyback program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Group has had no material changes in its exposures to market risks from that previously reported in the Group’s Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

As of September 30, 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 third 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 15 — 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 new on-market share buyback program. The Group purchased 4,160,659 shares of common stock for \$81.3 million in the third quarter of 2019.

During the third quarter of 2019, JHG purchased 34,496 shares on-market 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 to JHG ordinary shares as part of their remuneration arrangements and employee entitlements. These entitlements may be satisfied either by the transfer of existing ordinary shares acquired on-market or by the issue of ordinary shares.

The following table presents JHG ordinary shares purchased on-market by month during the nine months ended September 30, 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 of shares that may be purchased under programs (end of month, in millions)
January	30,777	\$ 22.39	—	—
February	1,531,114	23.40	—	—
March	1,269,514	24.53	1,258,443	—
April	11,898	22.49	—	—
May	1,736,733	21.73	1,734,183	—
June	1,774,971	21.21	1,772,866	—
July	28,540	21.09	—	—
August	2,718,106	18.70	2,715,114	—
September	1,448,509	21.07	1,445,545	—
Total	10,550,162	\$ 21.35	8,926,151	—

Items 3, 4 and 5.

Not applicable.

Item 6. Exhibits

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
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
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

JANUS HENDERSON GROUP PLC
INDEX TO EXHIBITS

Exhibit No.	Document
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 – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

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: October 30, 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)

51

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

Section 2: EX-15.1 (EX-15.1)



October 30, 2019

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

Commissioners:

We are aware that our report dated October 30, 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,

PricewaterhouseCoopers LLP
Denver, CO

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

Section 3: EX-15.2 (EX-15.2)



October 30, 2019

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

Commissioners:

We are aware that our report dated November 1, 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,

PricewaterhouseCoopers LLP
London, UK

*PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
T: +44 (0) 2075 835 000, F: +44 (0) 2072 127 500, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

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

Section 4: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION

I, Richard M. Weil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Henderson Group plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying 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: October 30, 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.

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

Section 5: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATION

I, Roger Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Janus Henderson Group plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying 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: October 30, 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.

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

Section 6: 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 September 30, 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: October 30, 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.

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

Section 7: 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 September 30, 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: October 30, 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.

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