

**Janus Henderson Group plc reports second quarter 2018 diluted EPS of US\$0.70,
or US\$0.74 on an adjusted basis**

- Board appoints Dick Weil as Chief Executive Officer (“CEO”) of Janus Henderson Group plc
- Good investment performance across all time periods, with 69%, 64% and 82% of assets under management (“AUM”) outperforming benchmarks on a 1, 3 and 5 year basis, respectively, as at 30 June 2018
- Net outflows of US\$2.7 billion
- AUM of US\$370.1 billion, with positive investment performance offset by net outflows and negative currency movements
- Quarterly dividend of US\$0.36 per share
- US\$100 million on-market share buyback authorised by the Board

LONDON — 31 July 2018 — Janus Henderson Group plc (NYSE:JHG, ASX:JHG; “JHG”, “the Group” or “the Company”) published its second quarter and interim results for the three month and six month periods ended 30 June 2018. Additionally, the JHG Board of Directors (the “Board”) announced the appointment of Dick Weil as the sole CEO of JHG.

A conference call and webcast to discuss the second quarter results and the CEO appointment will be held today, 31 July 2018, at 6pm EDT, 11pm BST, 8am AEST (1 August 2018). Call details are provided under “Second Quarter 2018 Earnings Call Information” below and on the investor relations section of JHG’s website (www.janushenderson.com/IR).

Second Quarter 2018 Earnings Results

Second quarter 2018 net income attributable to JHG was US\$140.6 million compared to US\$165.2 million in the first quarter 2018 and US\$41.7 million in the second quarter 2017. Adjusted net income attributable to JHG, adjusted for one-off non-cash and acquisition and transaction related costs, of US\$149.9 million increased 4% compared to US\$143.6 million in the first quarter 2018 and improved 7% compared to US\$139.8 million on a pro forma adjusted basis in the second quarter 2017.

Second quarter 2018 diluted earnings per share was US\$0.70 compared to US\$0.82 in the first quarter 2018 and US\$0.28 in the second quarter 2017. Adjusted diluted earnings per share of US\$0.74 increased 4% compared to US\$0.71 in the first quarter 2018 and improved 9% versus US\$0.68 on a pro forma adjusted basis in the second quarter 2017.

As at 30 June 2018, the Group had achieved US\$107 million of annualised run rate pre-tax net cost synergies. The Group continues to expect it will be able to realise recurring annual run rate pre-tax net cost synergies of at least US\$125 million within three years post merger close.

Appointment of Dick Weil as CEO of Janus Henderson Group

While not an easy decision, due to having two highly qualified candidates, the CEO decision was based on a very rigorous process over several months, supported by expert advice from external consultants. This decision was made with the full support of the Board, and the Board believes Dick is most appropriate to take Janus Henderson to the next level.

“Now that our integration plans are significantly progressed, our Board has determined that the co-CEO structure has achieved its goals, and now is the appropriate time for Janus Henderson to be led once again by a sole CEO. Dick brings a breadth of skills and experience from prior roles in his career where he successfully led organisations through challenge and change”, said Richard Gillingwater, Chairman of the Janus Henderson Group plc Board.

The Board wishes to thank Andrew Formica for his tremendous leadership over the past 10 years, and especially for the dedication and collaboration he has demonstrated since announcement of our merger. While Andrew will resign his co-

CEO role and Board seat effective immediately, he has agreed to continue on as an advisor to assist with final integration efforts through the end of the year”.

Commenting on his appointment as sole CEO, Dick Weil said:

“I am honored and excited to have the opportunity to lead Janus Henderson. We have established a strong platform from which Janus Henderson can continue to drive deeper client relationships”.

Commenting on Dick Weil’s appointment as sole CEO, Andrew Formica said:

“It has been a pleasure to work with Dick in the creation and formation of Janus Henderson this past year. I am also proud of what we achieved at Henderson over the 10 years I was CEO. Janus Henderson is an outstanding business with a fantastic and talented workforce. I wish Dick and the team the very best going forward”.

In connection with the Board’s decision, the firm will take a severance charge of approximately US\$12 million, including the acceleration of long-term incentive compensation, that will be reflected in the third quarter results.

In connection with today’s announcement, Phil Wagstaff, Global Head of Distribution, has decided that now is the right time to take a career break, given that the integration work is significantly progressed and the distribution team is well in place. Phil will work closely with Dick Weil over the next 6 months to ensure a full and smooth transition.

Commenting on Phil Wagstaff’s departure, Richard Gillingwater said:

“Phil has been instrumental in the development of our global distribution team, first at Henderson following the acquisition of Gartmore and then with the merger of Janus and Henderson, where he has played a key role in welding the two distribution teams together, creating a world-class distribution organisation. We are grateful for all Phil’s efforts”.

About Dick Weil

Dick Weil is Chief Executive Officer of Janus Henderson Investors and also serves as a member of the Board of Directors. In this role, Mr. Weil is responsible for the strategic direction and overall day-to-day management of the firm. He also leads the firm’s Executive Committee. Prior to this, Mr. Weil was Chief Executive Officer of Janus, a position he had held since joining the firm in 2010. Prior to this, Mr. Weil spent 15 years with PIMCO where most recently he served as the global head of PIMCO Advisory, a member of PIMCO’s executive committee, and a member of the Board of Trustees of the PIMCO Funds. Previous to his appointment as Global Head of PIMCO Advisory, he served as Chief Operating Officer of PIMCO, a position he held for 10 years, in which time he successfully led the development of PIMCO’s global business and founded their German operations. Mr. Weil also previously served as PIMCO Advisors L.P.’s General Counsel. Prior to joining PIMCO in 1996, Mr. Weil was with Bankers Trust Global Asset Management and Simpson Thacher & Bartlett LLP in New York. Mr. Weil earned his bachelor of arts degree in economics from Duke University and his juris doctorate from the University of Chicago Law School. He has 23 years of financial industry experience.

The Group presents its financial results in US\$ and in accordance with accounting principles generally accepted in the United States of America (“US GAAP” or “GAAP”) which includes the results of Janus Capital Group from the Merger closing date. However, in the opinion of Management, the profitability of the Group and its ongoing operations is best evaluated using additional non-GAAP financial measures on a pro forma adjusted basis. See adjusted statements of income reconciliation for additional information.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

These results for announcement to the market include the interim information required to be provided to the Australian Securities Exchange (ASX) under Listing Rule 4.2A and Appendix 4D.

SUMMARY OF FINANCIAL RESULTS (unaudited, in US\$ millions, except per share data or as noted)

	Six months ended		
	30 Jun 2018	30 Jun 2017	% change
US GAAP basis:			
Revenue	1,180.1	629.6	87%
Operating expenses	828.6	522.1	59%
Operating income	351.5	107.5	227%
Operating margin	29.8%	17.1%	12.7ppt
Net income attributable to JHG	305.8	84.3	263%
Diluted earnings per share	1.51	0.64	136%

	Six months ended		
	30 Jun 2018	30 Jun 2017 (pro forma)	% change
Adjusted basis¹:			
Revenue	948.1	888.2	7%
Operating expenses	567.9	545.1	4%
Operating income	380.2	343.1	11%
Operating margin	40.1%	38.6%	1.5ppt
Net income attributable to JHG	293.5	242.1	21%
Diluted earnings per share	1.45	1.18	23%

	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017
US GAAP basis:			
Revenue	592.4	587.7	396.6
Operating expenses	417.1	411.5	339.9
Operating income	175.3	176.2	56.7
Operating margin	29.6%	30.0%	14.3%
Net income attributable to JHG	140.6	165.2	41.7
Diluted earnings per share	0.70	0.82	0.28

	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017 (pro forma)
Adjusted basis¹:			
Revenue	477.7	470.4	482.2
Operating expenses	286.3	281.6	282.7
Operating income	191.4	188.8	199.5
Operating margin	40.1%	40.1%	41.4%
Net income attributable to JHG	149.9	143.6	139.8
Diluted earnings per share	0.74	0.71	0.68

As a result of revenue recognition accounting guidance that came into effect in 2018, the Group's presentation of distribution expenses under US GAAP is now reported on a gross basis. As a consequence, the Group reclassified prior year amounts to conform to the 2018 presentation. The change in presentation does not affect the Group's reporting on an adjusted basis as distribution expenses are netted against revenue.

First half 2018 adjusted revenue of US\$948.1 million increased from the first half 2017 pro forma result of US\$888.2 million. Higher management fees offset the decline in performance fees, reduced from the strong levels seen in the first half 2017. Management fees grew 12% as a result of the increase in average assets under management. First half 2018 adjusted operating income of US\$380.2 million increased from US\$343.1 million in the first half 2017 on a pro forma basis, driven by higher management fees coupled with lower expenses as a result of merger-related cost synergies.

Second quarter 2018 adjusted revenue of US\$477.7 million increased from the first quarter 2018 result of US\$470.4 million with an increase in performance fees offsetting the 2% decline in management fees. The reduction in management fees was a result of lower average assets under management through the period. Performance fees grew from first quarter 2018 levels, driven by seasonality. Second quarter 2018 adjusted operating income of US\$191.4 million increased from US\$188.8 million in the first quarter 2018, with higher adjusted revenue offsetting increased adjusted operating expenses.

DIVIDEND AND SHARE BUYBACK

On 31 July 2018, the Board declared a second quarter dividend in respect of the three months ended 30 June 2018 of US\$0.36 per share. Shareholders on the register on the record date of 13 August 2018 will be paid the dividend on 24 August 2018. Janus Henderson does not offer a dividend reinvestment plan.

Subject to formally appointing a corporate broker, the Board has approved the Company commencing an on-market buyback programme this quarter, on a date to be determined and announced by the Company. The Company intends to spend up to US\$100 million to buy its ordinary shares on the New York Stock Exchange and its CHESS Depositary Interests (CDIs) on the ASX over 12 months. Further information regarding the proposed on-market buy-back program will be announced immediately prior to its finalisation and formal launch.

Net tangible assets/(liabilities) per share

US\$	30 Jun 2018	30 Jun 2017
Net tangible assets/(liabilities) per ordinary share	1.18	(1.51)

Net tangible assets/(liabilities) are defined by the ASX as being total assets less intangible assets less total liabilities ranking ahead of, or equally with, claims of ordinary shares.

¹See adjusted statements of income reconciliation for additional information.

AUM AND FLOWS

AUM and flows for periods prior to and including second quarter 2017 present pro forma flows of Janus Henderson as if the merger had occurred at the beginning of the period shown.

Total Group comparative AUM and flows

(in US\$ billions)	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017 (pro forma)
Opening AUM	371.9	370.8	330.8
Sales	17.1	19.7	20.2
Redemptions	(19.8)	(22.4)	(21.2)
Net sales/(redemptions)	(2.7)	(2.7)	(1.0)
Market/FX	0.9	3.8	15.8
Acquisitions/(disposals)	-	-	(0.7)
Total AUM	370.1	371.9	344.9

Second quarter 2018 AUM and flows by capability

(in US\$ billions)	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
31 March 2018	190.7	80.0	50.4	31.8	19.0	371.9
Sales	8.5	5.0	0.4	1.8	1.4	17.1
Redemptions	(9.6)	(5.6)	(1.2)	(1.3)	(2.1)	(19.8)
Net sales/(redemptions)	(1.1)	(0.6)	(0.8)	0.5	(0.7)	(2.7)
Market/FX	3.7	(2.9)	0.5	0.3	(0.7)	0.9
30 June 2018	193.3	76.5	50.1	32.6	17.6	370.1

Average AUM

(in US\$ billions)	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017 (pro forma)
Average AUM:			
Equities	191.0	194.6	169.7
Fixed Income	77.9	79.7	76.8
Quantitative Equities	50.0	51.4	47.4
Multi-Asset	31.9	32.1	28.5
Alternatives	18.3	19.6	17.5
Total	369.1	377.4	339.9

INVESTMENT PERFORMANCE

% of AUM outperforming benchmark (as at 30 June 2018)

Capability	1 year	3 years	5 years
Equities	63%	58%	73%
Fixed Income	87%	93%	98%
Quantitative Equities	47%	25%	87%
Multi-Asset	90%	88%	90%
Alternatives	99%	73%	100%
Total	69%	64%	82%

% of mutual fund AUM in top 2 Morningstar quartiles (as at 30 June 2018)

Capability	1 year	3 years	5 years
Equities	56%	61%	75%
Fixed Income	42%	38%	42%
Quantitative Equities	58%	54%	53%
Multi-Asset	92%	83%	83%
Alternatives	92%	25%	25%
Total	60%	57%	68%

Note: Includes Janus Investment Fund, Janus Aspen Series and Clayton Street Trust (US Trusts), Janus Henderson Capital Funds (Dublin based), Dublin and UK OEIC and Investment Trusts, Luxembourg SICAVs and Australian Managed Investment Schemes. The top two Morningstar quartiles represent funds in the top half of their category based on total return. On an asset-weighted basis, 82%, 82%, 73%, 67% and 74% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 30 Jun 2017, 30 Sep 2017, 31 Dec 2017, 31 Mar 2018 and 30 Jun 2018 respectively. For the 1-, 3-, 5- and 10-year periods ending 30 Jun 2018, 45%, 50%, 57% and 63% of the 215, 203, 182 and 145 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

Analysis based on “primary” share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by JHG. Data for periods prior to and including 2Q17 present the pro forma assets as if the merger had occurred at the beginning of the period shown. © 2018 Morningstar, Inc. All Rights Reserved.

2018 THIRD QUARTER RESULTS

Janus Henderson intends to publish its 2018 third quarter results on 1 November 2018.

SECOND QUARTER 2018 EARNINGS CALL INFORMATION

Chief Executive Officer, Dick Weil, and Chief Financial Officer, Roger Thompson, will present these results on 31 July 2018 on a conference call and webcast to be held at 6pm EDT, 11pm BST, 8am AEST (1 August 2018).

Those wishing to participate should call:

United Kingdom	0800 404 7655 (toll free)
US & Canada	888 471 3840 (toll free)
Australia	1 800 093 472 (toll free)
All other countries:	+1 719 325 4763 (this is not a toll free number)
Conference ID:	7600300

Access to the webcast and accompanying slides will be available via the investor relations section of Janus Henderson's website (www.janushenderson.com/IR).

About Janus Henderson Group plc

Janus Henderson Group is a leading global active asset manager dedicated to helping investors achieve long-term financial goals through a broad range of investment solutions, including equities, fixed income, quantitative equities, multi-asset and alternative asset class strategies.

As at 30 June 2018, Janus Henderson had approximately US\$370 billion in AUM, more than 2,000 employees, and offices in 28 cities worldwide. Headquartered in London, the company is listed on the New York Stock Exchange (NYSE) and the Australian Securities Exchange (ASX).

Investor enquiries:

John Groneman
Global Head of Investor Relations
+44 (0) 20 7818 2106
john.groneman@janushenderson.com

Louise Curran
Non-US Investor Relations Manager
+44 (0) 20 7818 5927
louise.curran@janushenderson.com

Jim Kurtz
US Investor Relations Manager
+1 (303) 336 4529
jim.kurtz@janushenderson.com

or
Investor Relations
investor.relations@janushenderson.com

Media enquiries:

North America:
Erin Passan
+1 (303) 394 7681
erin.passan@janushenderson.com

EMEA:
Angela Warburton
+44 (0) 20 7818 3010
angela.warburton@janushenderson.com

United Kingdom: FTI Consulting
Andrew Walton
+ 44 (0) 20 3727 1514
andrew.walton@FTIConsulting.com

Asia Pacific: Honner
Michael Mullane
+ 61 28248 3740
michaelmullane@honner.com.au

FINANCIAL DISCLOSURES

JANUS HENDERSON GROUP PLC CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in US\$ millions, except per share data or as noted)	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017
Revenue:			
Management fees	493.5	502.9	300.0
Performance fees	13.5	(3.9)	57.7
Shareowner servicing fees	31.8	31.5	9.9
Other revenue	53.6	57.2	29.0
Total revenue	592.4	587.7	396.6
Operating expenses:			
Employee compensation and benefits	151.0	146.7	123.6
Long-term incentive plans	55.2	40.0	47.3
Distribution expenses	114.7	117.3	72.5
Investment administration	11.7	11.4	9.7
Marketing	9.5	8.5	10.1
General, administrative and occupancy	59.2	72.2	67.3
Depreciation and amortisation	15.8	15.4	9.4
Total operating expenses	417.1	411.5	339.9
Operating income	175.3	176.2	56.7
Interest expense	(3.9)	(3.8)	(2.0)
Investment gains (losses), net	(16.6)	(0.7)	9.8
Other non-operating income (expenses), net	13.9	38.9	(2.0)
Income before taxes	168.7	210.6	62.5
Income tax provision	(38.2)	(47.4)	(21.0)
Net income	130.5	163.2	41.5
Net loss (income) attributable to noncontrolling interests	10.1	2.0	0.2
Net income attributable to JHG	140.6	165.2	41.7
Less: allocation of earnings to participating stock-based awards	3.8	4.2	1.1
Net income attributable to JHG common shareholders	136.8	161.0	40.6
Basic weighted-average shares outstanding (<i>in millions</i>)	195.8	195.9	140.2
Diluted weighted-average shares outstanding (<i>in millions</i>)	196.6	196.9	143.8
Diluted earnings per share (<i>in US\$</i>)	0.70	0.82	0.28

Pro forma statements of income

The table below reflects the US GAAP basis results for the three months ended 30 June 2018 and 31 March 2018 and the pro forma results of Janus Henderson for the three months ended 30 June 2017, as though the merger had taken place at the beginning of the period shown:

(in US\$ millions)	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017 (pro forma)
Revenue:			
Management fees	493.5	502.9	458.3
Performance fees	13.5	(3.9)	52.3
Shareowner servicing fees	31.8	31.5	29.5
Other revenue	53.6	57.2	53.7
Total revenue	592.4	587.7	593.8
Operating expenses:			
Employee compensation and benefits	151.0	146.7	185.7
Long-term incentive plans	55.2	40.0	61.2
Distribution expenses	114.7	117.3	111.6
Investment administration	11.7	11.4	9.7
Marketing	9.5	8.5	23.2
General, administrative and occupancy	59.2	72.2	98.7
Depreciation and amortisation	15.8	15.4	15.2
Total operating expenses	417.1	411.5	505.3
Operating income	175.3	176.2	88.5
Interest expense	(3.9)	(3.8)	(5.1)
Investment gains (losses), net	(16.6)	(0.7)	9.9
Other non-operating income (expenses), net	13.9	38.9	(1.6)
Income before taxes	168.7	210.6	91.7
Income tax provision	(38.2)	(47.4)	(31.7)
Net income	130.5	163.2	60.0
Net income attributable to noncontrolling interests	10.1	2.0	(1.0)
Net income attributable to JHG	140.6	165.2	59.0

Adjusted statements of income

The following are reconciliations of US GAAP basis and pro forma basis revenues, operating income, net income attributable to Janus Henderson and diluted earnings per share to adjusted revenues, adjusted operating income, adjusted net income attributable to Janus Henderson and adjusted diluted earnings per share. The results for the three months ended 30 June 2018 and 31 March 2018 reconcile US GAAP basis amounts to adjusted amounts while the three months ended 30 June 2017 reconcile pro forma amounts to pro forma adjusted amounts. Pro forma amounts are based on the combined results of Janus Henderson as though the merger had taken place at the beginning of the period shown:

	Three months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017 (pro forma)
(in US\$ millions, except per share data or as noted)			
Reconciliation of revenue to adjusted revenue			
Revenue	592.4	587.7	593.8
Distribution expenses ¹	(114.7)	(117.3)	(111.6)
Adjusted revenue	477.7	470.4	482.2
Reconciliation of operating income to adjusted operating income			
Operating income	175.3	176.2	88.5
Employee compensation and benefits ²	6.0	2.9	25.4
Long term incentive plans ²	0.7	0.1	13.2
Investment administration ²	0.7	-	-
Marketing ²	(0.2)	0.1	14.4
General, administration and occupancy ²	1.5	2.1	50.2
Depreciation and amortisation ³	7.4	7.4	7.8
Adjusted operating income	191.4	188.8	199.5
Operating margin	29.6%	30.0%	14.9%
Adjusted operating margin	40.1%	40.1%	41.4%
Reconciliation of net income attributable to JHG to adjusted net income attributable to JHG			
Net income attributable to JHG	140.6	165.2	59.0
Employee compensation and benefits ²	6.0	2.9	25.4
Long-term incentive plans ²	0.7	0.1	13.2
Investment administration ²	0.7	-	-
Marketing ²	(0.2)	0.1	14.4
General, administration and occupancy ²	1.5	2.1	50.2
Depreciation and amortisation ³	7.4	7.4	7.8
Interest expense ⁴	0.7	0.7	0.7
Investment gains, net ⁵	-	-	(10.2)
Other non-operating income (expenses), net ⁴	(4.0)	(44.8)	2.6
Income tax provision ⁶	(3.5)	9.9	(23.3)
Adjusted net income attributable to JHG	149.9	143.6	139.8
Less: allocation of earnings to participating stock-based awards	(4.1)	(3.6)	(4.0)
Adjusted net income attributable to JHG common shareholders	145.8	140.0	135.8
Weighted average common shares outstanding – diluted (two class) (in millions)			
	196.6	196.9	200.0
Diluted earnings per share (two class) (in US\$)	0.70	0.82	0.29
Adjusted diluted earnings per share (two class) (in US\$)	0.74	0.71	0.68

¹ Distribution expenses are paid to financial intermediaries for the distribution of the Group's investment products. Janus Henderson's management believes that the deduction of third-party distribution, service and advisory expenses from revenue in the computation of net revenue reflects the nature of these expenses as revenue-sharing activities, as these costs are passed through to external parties that perform functions on behalf of, and distribute, the Group's managed AUM.

² Adjustments primarily represent deal and integration costs in relation to the Merger. The costs primarily represent severance costs, legal costs and consulting fees. Janus Henderson's management believes these costs do not represent the ongoing operations of the Group.

³ Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortized on a straight-line basis over the expected life of the contracts. Janus Henderson's management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.

⁴ Adjustments primarily represent the gain on the sale of the Group's back office (including fund administration and fund accounting), middle office and custody functions in the US to BNP Paribas, fair value movements on options issued to Dai-ichi and deferred consideration costs associated with acquisitions prior to the Merger. Janus Henderson's management believes these costs do not represent the ongoing operations of the Group.

⁵ Adjustment relates to the gain recognised on disposal of the alternative UK small cap team ('Volantis team') on 1 April 2017. Janus Henderson's management believes this gain does not represent the ongoing operations of the Group.

⁶ The tax impact of the adjustments is calculated based on the US or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible.

Balance sheet

JANUS HENDERSON GROUP PLC CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in US\$ millions)	30 Jun 2018	31 Mar 2018	31 Dec 2017
Assets			
Cash and cash equivalents	669.8	611.4	760.1
Investment securities	313.4	287.6	280.4
Property, equipment and software, net	65.0	69.4	70.6
Intangible assets and goodwill, net	4,672.5	4,754.1	4,738.7
Assets of consolidated variable interest entities	395.3	505.9	466.7
Other assets	807.4	875.6	956.2
Total assets	6,923.4	7,104.0	7,272.7
Liabilities, redeemable noncontrolling interests and equity			
Debt	330.0	330.8	379.2
Deferred tax liabilities, net	748.1	754.3	752.6
Liabilities of consolidated variable interest entities	10.3	21.8	21.5
Other liabilities	748.3	852.5	1,053.6
Redeemable noncontrolling interests	177.8	217.7	190.3
Total equity	4,908.9	4,926.9	4,875.5
Total liabilities, redeemable noncontrolling interests and equity	6,923.4	7,104.0	7,272.7

AUM

Data for periods prior to and including second quarter 2017 present pro forma AUM and flows of JHG as if the merger had occurred at the beginning of the period shown.

(in US\$ billions)	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
30 June 2017 (pro forma)	173.4	77.2	46.5	29.4	18.4	344.9
Sales	9.6	5.3	0.7	0.9	1.8	18.3
Redemptions ¹	(9.0)	(4.9)	(1.2)	(1.2)	(1.3)	(17.6)
Net sales/(redemptions)	0.6	0.4	(0.5)	(0.3)	0.5	0.7
Market/FX	8.3	1.8	3.0	1.1	0.7	14.9
30 September 2017	182.3	79.4	49.0	30.2	19.6	360.5
Sales	10.8	5.2	0.7	1.1	2.2	20.0
Redemptions ¹	(11.5)	(5.0)	(2.3)	(1.3)	(2.8)	(22.9)
Net sales/(redemptions)	(0.7)	0.2	(1.6)	(0.2)	(0.6)	(2.9)
Market/FX	8.1	0.5	2.5	1.6	0.5	13.2
31 December 2017	189.7	80.1	49.9	31.6	19.5	370.8
Sales	9.9	5.3	1.7	1.3	1.5	19.7
Redemptions ¹	(11.7)	(5.6)	(1.4)	(1.2)	(2.5)	(22.4)
Net sales/(redemptions)	(1.8)	(0.3)	0.3	0.1	(1.0)	(2.7)
Market/FX	2.8	0.2	0.2	0.1	0.5	3.8
31 March 2018	190.7	80.0	50.4	31.8	19.0	371.9
Sales	8.5	5.0	0.4	1.8	1.4	17.1
Redemptions ¹	(9.6)	(5.6)	(1.2)	(1.3)	(2.1)	(19.8)
Net sales/(redemptions)	(1.1)	(0.6)	(0.8)	0.5	(0.7)	(2.7)
Market/FX	3.7	(2.9)	0.5	0.3	(0.7)	0.9
30 June 2018	193.3	76.5	50.1	32.6	17.6	370.1

Note: FX reflects movement in AUM resulting from changes in foreign currency rates as non-USD denominated AUM is translated into USD.

¹Redemptions include impact of client switches which could cause a positive balance on occasion.

STATUTORY DISCLOSURES

Associates and joint ventures

As at 30 June 2018, the Group holds interests in the following associates and joint ventures managed through shareholder agreements with third party investors, accounted for under the equity method:

- Long Tail Alpha LLC. Ownership 20%

Movement in controlled entities

There has been the following acquisition of a controlled entity in the three month period to 30 June 2018.

- Optimum Investment Management Ltd

Basis of preparation

In the opinion of management of Janus Henderson Group plc, the condensed consolidated financial statements contain all normal recurring adjustments necessary to fairly present the financial position, results of operations and cash flows of JHG in accordance with US GAAP. Such financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the 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. The financial statements should be read in conjunction with the annual consolidated financial statements and notes presented in Janus Henderson Group's Annual Report on Form 10-K for the year ended December 31, 2017, on file with the SEC (Commission file no. 001-3810). Events subsequent to the balance sheet date have been evaluated for inclusion in the financial statements through the issuance date and are included in the notes to the condensed consolidated financial statements.

Corporate governance principles and recommendations

In the opinion of the Directors, the financial records of the Group have been properly maintained, and the Condensed Consolidated Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group. This opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Past performance is no guarantee of future results. Investing involves risk, including the possible loss of principal and fluctuation of value.

This document includes statements concerning potential future events involving Janus Henderson Group plc that could differ materially from the events that actually occur. The differences could be caused by a number of factors including those factors identified in Janus Henderson Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, on file with the Securities and Exchange Commission (Commission file no. 001-38103), including those that appear under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Many of these factors are beyond the control of JHG and its management. Any forward-looking statements contained in this document are as at the date on which such statements were made. Janus Henderson Group assumes no duty to update them, even if experience, unexpected events, or future changes make it clear that any projected results expressed or implied therein will not be realised.

Annualised, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Not all products or services are available in all jurisdictions.

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Please consider the charges, risks, expenses and investment objectives carefully before investing. For a US fund prospectus or, if available, a summary prospectus containing this and other information, please contact your investment professional or call 800.668.0434. Read it carefully before you invest or send money.

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PART I — FINANCIAL INFORMATION
Item 1. Financial Statements

JANUS HENDERSON GROUP PLC

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

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 669.8	\$ 760.1
Investment securities	313.4	280.4
Fees and other receivables	335.7	419.6
OEIC and unit trust receivables	183.7	239.9
Assets of consolidated VIEs:		
Cash and cash equivalents	34.0	34.1
Investment securities	351.0	419.7
Other current assets	10.3	12.9
Other current assets	68.5	75.9
Total current assets	1,966.4	2,242.6
Non-current assets:		
Property, equipment and software, net	65.0	70.6
Intangible assets, net	3,168.0	3,204.8
Goodwill	1,504.5	1,533.9
Retirement benefit asset, net	203.2	199.3
Other non-current assets	16.3	21.5
Total assets	<u>\$ 6,923.4</u>	<u>\$ 7,272.7</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 214.9	\$ 292.9
Current portion of accrued compensation, benefits and staff costs	228.0	398.7
Current portion of long-term debt	9.4	57.2
OEIC and unit trust payables	181.4	234.8
Liabilities of consolidated VIEs:		
Accounts payable and accrued liabilities	10.3	21.5
Total current liabilities	644.0	1,005.1
Non-current liabilities:		
Accrued compensation, benefits and staff costs	38.2	23.0
Long-term debt	320.6	322.0
Deferred tax liabilities, net	748.1	752.6
Retirement benefit obligations, net	4.6	4.6
Other non-current liabilities	81.2	99.6
Total liabilities	1,836.7	2,206.9
Commitments and contingencies (See Note 13)		
REDEEMABLE NONCONTROLLING INTERESTS	<u>177.8</u>	<u>190.3</u>

	June 30, 2018	December 31, 2017
EQUITY		
Common stock (\$1.50 par, 480,000,000 shares authorized and 200,406,138 shares issued and outstanding)	300.6	300.6
Additional paid-in-capital	3,783.5	3,842.9
Treasury shares (4,577,552 and 4,071,284 shares held, respectively)	(172.9)	(155.8)
Accumulated other comprehensive loss, net of tax	(355.5)	(301.8)
Retained earnings	1,324.9	1,151.4
Total shareholders' equity	4,880.6	4,837.3
Nonredeemable noncontrolling interests	28.3	38.2
Total equity	4,908.9	4,875.5
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 6,923.4</u>	<u>\$ 7,272.7</u>

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

JANUS HENDERSON GROUP PLC

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenue:				
Management fees	\$ 493.5	\$ 300.0	\$ 996.4	\$ 501.0
Performance fees	13.5	57.7	9.6	72.5
Shareowner servicing fees	31.8	9.9	63.3	9.9
Other revenue	53.6	29.0	110.8	46.2
Total revenue	<u>592.4</u>	<u>396.6</u>	<u>1,180.1</u>	<u>629.6</u>
Operating expenses:				
Employee compensation and benefits	151.0	123.6	297.7	194.0
Long-term incentive plans	55.2	47.3	95.2	63.7
Distribution expenses	114.7	72.5	232.0	123.1
Investment administration	11.7	9.7	23.1	19.9
Marketing	9.5	10.1	18.0	13.3
General, administrative and occupancy	59.2	67.3	131.4	92.4
Depreciation and amortization	15.8	9.4	31.2	15.7
Total operating expenses	<u>417.1</u>	<u>339.9</u>	<u>828.6</u>	<u>522.1</u>
Operating income	175.3	56.7	351.5	107.5
Interest expense	(3.9)	(2.0)	(7.7)	(3.1)
Investment gains (losses), net	(16.6)	9.8	(17.3)	8.9
Other non-operating income (expenses), net	13.9	(2.0)	52.8	(0.7)
Income before taxes	168.7	62.5	379.3	112.6
Income tax provision	(38.2)	(21.0)	(85.6)	(28.5)
Net income	130.5	41.5	293.7	84.1
Net loss attributable to noncontrolling interests	10.1	0.2	12.1	0.2
Net income attributable to JHG	<u>\$ 140.6</u>	<u>\$ 41.7</u>	<u>\$ 305.8</u>	<u>\$ 84.3</u>
Earnings per share attributable to JHG common shareholders:				
Basic	\$ 0.70	\$ 0.29	\$ 1.52	\$ 0.66
Diluted	\$ 0.70	\$ 0.28	\$ 1.51	\$ 0.64
Other comprehensive income, net of tax:				
Foreign currency translation gains (losses)	\$ (104.7)	\$ 51.2	\$ (52.0)	\$ 74.5
Net unrealized losses on available-for-sale securities	—	—	—	(0.4)
Other comprehensive income (loss), net of tax	(104.7)	51.2	(52.0)	74.1
Other comprehensive loss attributable to noncontrolling interests	0.6	15.9	0.8	16.3
Other comprehensive income (loss) attributable to JHG	<u>\$ (104.1)</u>	<u>\$ 67.1</u>	<u>\$ (51.2)</u>	<u>\$ 90.4</u>
Total comprehensive income	\$ 25.8	\$ 92.7	\$ 241.7	\$ 158.2
Total comprehensive loss attributable to noncontrolling interests	10.7	16.1	12.9	16.5
Total comprehensive income attributable to JHG	<u>\$ 36.5</u>	<u>\$ 108.8</u>	<u>\$ 254.6</u>	<u>\$ 174.7</u>

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

JANUS HENDERSON GROUP PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in Millions)

	Six months ended June 30,	
	2018	2017
CASH FLOWS PROVIDED BY (USED FOR):		
Operating activities:		
Net income	\$ 293.7	\$ 84.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31.2	15.7
Stock-based compensation plan expense	41.2	30.9
Investment gains (losses), net	17.3	(8.9)
Gain from BNP Paribas transaction	(22.3)	—
Dai-Ichi option fair value adjustments	(24.7)	—
Contributions to pension plans in excess of costs recognized	(9.0)	(11.7)
Other, net	0.4	9.0
Changes in operating assets and liabilities:		
OEIC and unit trust receivables and payables	2.8	2.6
Other assets	118.6	(107.9)
Other accruals and liabilities	(268.3)	47.8
Net operating activities	<u>180.9</u>	<u>61.6</u>
Investing activities:		
Cash acquired from acquisition	—	417.2
Proceeds from (purchases of):		
Property, equipment and software	(11.3)	(8.4)
Investment securities, net	43.9	14.0
Investment securities by consolidated seeded investment products, net	(16.7)	148.8
Proceeds from BNP Paribas transaction, net	36.5	—
Net cash received (paid) on settled hedges	3.6	(7.3)
Net investing activities	<u>56.0</u>	<u>564.3</u>
Financing activities:		
Proceeds from settlement of convertible note hedge	—	59.3
Settlement of stock warrant	—	(47.8)
Proceeds from issuance of option	—	25.7
Proceeds from stock-based compensation plans	0.3	2.1
Purchase of common stock for stock-based compensation plans	(84.1)	(39.1)
Dividends paid to shareholders	(134.7)	(128.6)
Repayment of long-term debt	(81.9)	—
Payment of contingent consideration	(18.8)	—
Distributions to noncontrolling interests	(3.4)	(0.5)
Third-party sales (redemptions) in consolidated seeded investment products, net	16.7	(148.8)
Principal payments under capital lease obligations	(0.7)	(0.1)
Net financing activities	<u>(306.6)</u>	<u>(277.8)</u>
Cash and cash equivalents:		
Effect of foreign exchange rate changes	(20.7)	12.4
Net change	(90.4)	360.5
At beginning of period	794.2	323.2
At end of period	<u>\$ 703.8</u>	<u>\$ 683.7</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 7.4	\$ 0.3
Cash paid for income taxes, net of refunds	\$ 104.9	\$ 25.0
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 669.8	\$ 640.0
Cash and cash equivalents held in consolidated VIEs	34.0	43.7
Total cash and cash equivalents	<u>\$ 703.8</u>	<u>\$ 683.7</u>

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

JANUS HENDERSON GROUP PLC

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

	Number of shares	Common stock	Additional paid-in- capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Balance at								
December 31, 2016.....	1,131.8	\$ 234.4	\$ 1,237.9	\$ (155.1)	\$ (434.5)	\$ 764.8	\$ 44.8	\$ 1,692.3
Share consolidation.....	(1,018.6)	—	—	—	—	—	—	—
Net income.....	—	—	—	—	—	84.3	(0.5)	83.8
Other comprehensive income (loss)	—	—	—	—	90.4	—	(16.3)	74.1
Dividends paid to shareholders.....	—	—	—	—	—	(128.6)	—	(128.6)
Distributions to noncontrolling interests.....	—	—	—	—	—	—	(0.5)	(0.5)
Derivative instruments acquired on acquisition	—	—	54.4	—	—	—	—	54.4
Noncontrolling interests recognized on acquisition	—	—	—	—	—	—	16.5	16.5
Settlement of derivative instruments.....	—	—	(11.5)	—	—	—	—	(11.5)
Purchase of common stock for stock- based compensation plans.....	—	—	—	(39.1)	—	—	—	(39.1)
Issuance of common stock.....	87.2	130.8	2,551.2	—	—	—	—	2,682.0
Redenomination and reduction of par value of stock	—	(64.6)	64.6	—	—	—	—	—
Acquisition adjustment in relation to unvested awards	—	—	(81.3)	—	—	—	—	(81.3)
Vesting of stock- based compensation plans.....	—	—	(13.9)	36.3	—	(22.4)	—	—
Stock-based compensation plan expense.....	—	—	21.0	—	—	9.9	—	30.9
Proceeds from stock- based compensation plans.....	—	—	2.1	—	—	—	—	2.1
Balance at June 30, 2017	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,824.5</u>	<u>\$ (157.9)</u>	<u>\$ (344.1)</u>	<u>\$ 708.0</u>	<u>\$ 44.0</u>	<u>\$ 4,375.1</u>
Balance at								
December 31, 2017.....	200.4	\$ 300.6	\$ 3,842.9	\$ (155.8)	\$ (301.8)	\$ 1,151.4	\$ 38.2	\$ 4,875.5
Cumulative-effect adjustment.....	—	—	—	—	(2.5)	2.7	—	0.2
Balance at December 31, 2017 - Adjusted	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,842.9</u>	<u>\$ (155.8)</u>	<u>\$ (304.3)</u>	<u>\$ 1,154.1</u>	<u>\$ 38.2</u>	<u>\$ 4,875.7</u>
Net income.....	—	—	—	—	—	305.8	(6.8)	299.0
Other comprehensive loss.....	—	—	—	—	(51.2)	—	—	(51.2)
Dividends paid to shareholders.....	—	—	0.1	—	—	(134.8)	—	(134.7)
Distributions to noncontrolling interests.....	—	—	—	—	—	—	(3.1)	(3.1)

	Number of shares	Common stock	Additional paid-in- capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Fair value adjustments to redeemable noncontrolling interests.....	—	—	—	—	—	(0.2)	—	(0.2)
Redemptions of convertible debt	—	—	(34.0)	—	—	—	—	(34.0)
Purchase of common stock for stock-based compensation plans.....	—	—	(37.5)	(46.6)	—	—	—	(84.1)
Vesting of stock-based compensation plans.....	—	—	(29.5)	29.5	—	—	—	—
Stock-based compensation plan expense.....	—	—	41.2	—	—	—	—	41.2
Proceeds from stock-based compensation plans.....	—	—	0.3	—	—	—	—	0.3
Balance at June 30, 2018.....	<u>200.4</u>	<u>\$ 300.6</u>	<u>\$ 3,783.5</u>	<u>\$ (172.9)</u>	<u>\$ (355.5)</u>	<u>\$ 1,324.9</u>	<u>\$ 28.3</u>	<u>\$ 4,908.9</u>

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

JANUS HENDERSON GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 — Basis of Presentation and Significant Accounting Policies

Basis of Presentation

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

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

Recent Accounting Pronouncements Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new revenue recognition standard. The standard’s core principle is that a company will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the standard specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The revenue standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period.

In March 2016, the FASB issued an amendment to its principal-versus-agent guidance in the FASB’s new revenue standard. The key provisions of the amendment are assessing the nature of the entity’s promise to the customer, identifying the specified goods or services, and applying the control principle and indicators of control. The amendment is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. In addition, entities are required to adopt the amendment by using the same transition method they used to adopt the new revenue standard.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Increase in:				
Management fees	\$ 3.6	\$ 4.0	\$ 8.1	\$ 7.5
Other revenue	\$ 25.7	\$ 7.8	\$ 51.5	\$ 7.8
Distribution expenses	\$ 29.3	\$ 11.8	\$ 59.6	\$ 15.3

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

Financial Instruments

In January 2016, the FASB issued amendments to its financial instruments standard, including changes relating to the accounting for equity investments and the presentation and disclosure requirements for financial instruments. Under the amended guidance, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. There will no longer be an available-for-sale classification (changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values. The amended guidance also requires financial assets and financial liabilities to be presented separately in the notes to the financial statements, grouped by measurement category (e.g., fair value, amortized cost, lower of cost or market value) and form of financial asset (e.g., loans, securities). The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

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

Retirement Benefit Plans

In March 2017, the FASB issued an Accounting Standards Update ("ASU") that requires the bifurcation of net periodic pension costs. The service cost component will be presented with other employee compensation costs in operating income, while the other components of net periodic pension costs will be presented separately outside of operations. The guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Group anticipates the impact to be approximately \$5.3 million of other components, excluding service costs, to be recognized outside of operating expenses on an annualized basis.

Statements of Cash Flows

In August 2016, the FASB issued an ASU to clarify guidance on the classification of certain cash receipts and cash payments in the statements of cash flows. The FASB issued the ASU with the intent of reducing diversity in practice regarding eight types of cash flows. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The adoption of the new accounting standard did not have a material impact on the Group's Condensed Consolidated Statements of Cash Flows.

Recent Accounting Pronouncements Not Yet Adopted

Leases

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

Hedge Accounting

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

Revenue Recognition Policy — Updated January 1, 2018

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

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

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

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

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

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

U.S. Mutual Fund Performance Fees

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

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

Principal versus Agent

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

Note 2 — Consolidation

Variable Interest Entities

Consolidated Variable Interest Entities

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

Unconsolidated Variable Interest Entities

At June 30, 2018, and December 31, 2017, JHG's carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VIEs were \$3.9 million and \$6.2 million, respectively. JHG's total exposure to unconsolidated VIEs represents the value of its economic ownership interest in the investment securities.

Voting Rights Entities

Consolidated Voting Rights Entities

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

	June 30, 2018	December 31, 2017
Investment securities	\$ 21.5	\$ 18.9
Cash and cash equivalents	5.6	5.9
Other current assets	0.2	0.6
Accounts payable and accrued liabilities	(1.5)	(2.2)
Total	25.8	23.2
Redeemable noncontrolling interests in consolidated VREs	(8.4)	(6.6)
JHG's net interest in consolidated VREs	<u>\$ 17.4</u>	<u>\$ 16.6</u>

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

Unconsolidated Voting Rights Entities

At June 30, 2018, and December 31, 2017, JHG's carrying values of investment securities included on the Condensed Consolidated Balance Sheets pertaining to unconsolidated VREs were \$42.9 million and \$50.0 million, respectively. JHG's total exposure to unconsolidated VREs represents the value of its economic ownership interest in the investment securities.

Note 3 — Investment Securities

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

	June 30, 2018	December 31, 2017
Seeded investment products:		
Consolidated VIEs	\$ 351.0	\$ 419.7
Consolidated VREs	21.5	18.9
Unconsolidated VIEs and VREs	46.8	56.2
Separate accounts.....	74.6	75.6
Pooled investment funds	25.9	27.5
Total seeded investment products	519.8	597.9
Investments related to deferred compensation plans	138.5	94.0
Other investments	6.1	8.2
Total investment securities	<u>\$ 664.4</u>	<u>\$ 700.1</u>

All investment securities as of June 30, 2018, and December 31, 2017, are equity securities. Net unrealized losses on investment securities held as of June 30, 2018 and 2017, are summarized as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Unrealized losses on investment securities held at period end	<u>\$ (13.6)</u>	<u>\$ (7.0)</u>	<u>\$ (21.5)</u>	<u>\$ (4.5)</u>

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 June 30, 2018, and December 31, 2017 (in millions):

	Notional value	
	June 30, 2018	December 31, 2017
Futures.....	\$ 148.3	\$ 190.6
Credit default swaps	145.6	117.5
Index swaps.....	—	76.7
Total return swaps	88.4	70.3
Foreign currency forward contracts	163.3	118.8

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Foreign currency translation	\$ (3.3)	\$ 0.1	\$ (3.8)	\$ 0.7
Foreign currency forward contracts	3.3	(0.1)	3.8	(0.7)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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 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 June 30, 2018, and December 31, 2017 (in millions):

	Notional value	
	June 30, 2018	December 31, 2017
Futures.....	\$ 187.9	\$ 241.2
Contracts for differences	9.5	10.2
Credit default swaps	25.1	15.0
Total return swaps	43.6	36.7
Interest rate swaps	50.6	58.3
Options	93.2	144.3
Swaptions	8.3	2.7
Foreign currency forward contracts	171.8	135.9

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

As sellers in credit default swap contracts, the consolidated seeded investment products would be required to pay the notional value of a referenced debt obligation to the counterparty in the event of a default on the debt obligation by the issuer. The notional value represents the estimated maximum potential undiscounted amount of future payments required upon the occurrence of a credit default event. As of June 30, 2018 and December 31, 2017, the notional values of the agreements totaled \$3.9 million and \$4.0 million, respectively. The credit default swap contracts include recourse provisions that allow for recovery of a certain percentage of amounts paid upon the occurrence of a credit default event. As of June 30, 2018 and December 31, 2017, the fair value of the credit default swap contracts selling protection was (\$0.3) million 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 six months ended June 30, 2018 and 2017 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Seeded investment products	\$ (12.8)	\$ (2.1)	\$ (20.8)	\$ (0.9)
Fair value movements on derivatives	(4.6)	1.8	2.6	(0.3)
Gain on sale of Volantis.....	—	10.2	—	10.2
Other	0.8	(0.1)	0.9	(0.1)
Investment gains (losses), net	<u>\$ (16.6)</u>	<u>\$ 9.8</u>	<u>\$ (17.3)</u>	<u>\$ 8.9</u>

Cash Flows

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

	Six months ended June 30,			
	2018		2017	
	Purchases and settlements	Sales, settlements and maturities	Purchases and settlements	Sales, settlements and maturities
Investment securities	\$ (30.9)	58.1	(45.7)	208.5

Note 4 — Fair Value Measurements

The following table presents assets, liabilities and redeemable noncontrolling interests presented in the financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as of June 30, 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)	Total
Assets:				
Cash equivalents	\$ 310.3	\$ —	\$ —	\$ 310.3
Investment securities:				
Consolidated VIEs	107.8	211.8	31.4	351.0
Other investment securities	196.1	117.3	—	313.4
Total investment securities	303.9	329.1	31.4	664.4
Seed hedge derivatives	—	6.7	—	6.7
Derivatives in consolidated seeded investment products	—	3.2	—	3.2
Volantis contingent consideration....	—	—	7.3	7.3
Total assets	<u>\$ 614.2</u>	<u>\$ 339.0</u>	<u>\$ 38.7</u>	<u>\$ 991.9</u>
Liabilities:				
Derivatives in consolidated seeded investment products	\$ —	\$ 2.9	\$ —	\$ 2.9
Financial liabilities in consolidated seeded investment products	2.0	—	—	2.0
Seed hedge derivatives	—	1.1	—	1.1
Current portion of long-term debt(1)	—	9.4	—	9.4
Long-term debt(1)	—	308.3	—	308.3
Deferred bonuses	—	—	64.3	64.3
Contingent consideration	—	—	57.3	57.3
Dai-ichi options	—	—	2.1	2.1
Total liabilities	<u>\$ 2.0</u>	<u>\$ 321.7</u>	<u>\$ 123.7</u>	<u>\$ 447.4</u>
Redeemable noncontrolling interests:				
Consolidated seeded investment products	\$ —	\$ —	\$ 163.0	\$ 163.0
Intech	—	—	14.8	14.8
Total redeemable noncontrolling interests	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 177.8</u>	<u>\$ 177.8</u>

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

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

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

Level 1 Fair Value Measurements

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

Level 2 Fair Value Measurements

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

Level 3 Fair Value Measurements

Investment Securities

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

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

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

As of June 30, 2018	Fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)
Investment securities of consolidated VIEs	\$ 31.4	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	14.0% - 15.0% (14.7)% 11.6 - 19.3 (17.2) 30.1 - 61.3 (38.6)
As of December 31, 2017	Fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)
Investment securities of consolidated VIEs	\$ 37.3	Discounted cash flow	Discount rate EBITDA multiple Price-earnings ratio	12.0% - 15.0% (14.3)% 11.6 - 15.1 (14.3) 22.6 - 61.3 (52.4)

Contingent Consideration

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

	As of June 30, 2018			
	Geneva	Perennial	Kapstream	VelocityShares
Maximum amount payable	\$ 70.0	\$ 44.3	\$ 36.0	\$ 8.0
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 17.3	\$ —
Non-current liabilities	20.2	7.7	12.1	—
Total fair value	<u>\$ 20.2</u>	<u>\$ 7.7</u>	<u>\$ 29.4</u>	<u>\$ —</u>
	As of December 31, 2017			
	Geneva	Perennial	Kapstream	VelocityShares
Fair value included in:				
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 18.8	\$ 6.1
Non-current liabilities	19.3	7.0	25.4	—
Total fair value	<u>\$ 19.3</u>	<u>\$ 7.0</u>	<u>\$ 44.2</u>	<u>\$ 6.1</u>

Acquisition of Geneva

The consideration payable on the acquisition of Geneva Capital Management LLC (“Geneva”) in 2014 included two contingent tranches of up to \$45.0 million and \$25.0 million, payable over seven years.

The fair value of the Geneva 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 forecast revenues, which factor in expected growth in AUM based on performance and industry trends. No fair value adjustment was necessary in the period ended June 30, 2018.

Acquisition of Perennial

The consideration payable on the acquisition of Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd (together “Perennial”) included contingent consideration payable in 2019 if revenues of the Perennial equities business meet certain targets. The total maximum payment over the remaining contingent consideration period is \$5.5 million as of June 30, 2018. In addition, there is a maximum amount of \$38.8 million payable in two tranches in 2019 and 2020, which have employee service conditions attached (“earn-out”). The earn-out is accrued over the service period as compensation expense and is based on net management fee revenue.

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

Acquisition of Kapstream

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

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

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

Acquisition of VelocityShares

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

The fair value of the VelocityShares contingent consideration is calculated at each reporting date by forecasting net ETP revenue, as defined by the purchase agreement, over the contingency period and by determining whether net forecasted ETP revenue targets are achieved. Significant unobservable inputs used in the valuation are considered non-public data and limited to forecasted gross revenues and certain expense items, which are deducted from these revenues. Fair value adjustments to the consideration during the three months ended June 30, 2018, resulted in a \$2.7 million decrease to the liability which reduced the fair value to nil as of June 30, 2018. The fair value adjustment was recorded to other non-operating income (expenses), net on the Group's Condensed Consolidated Statements of Comprehensive Income.

Disposal of Volantis

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

The fair value of the Volantis contingent consideration is estimated at each reporting date by forecasting revenues over the contingency period of three years. Significant unobservable inputs used in the valuation are limited to forecast revenues, which factor in expected growth in AUM based on performance and industry trends. Increases in forecast revenue increase the fair value of the consideration, while decreases in forecast revenue decrease the fair value. The forecasted share of revenues is then discounted back to the valuation date using an 11.8% discount rate. As of June 30, 2018, the fair value of the Volantis contingent consideration was \$7.3 million.

Deferred Bonuses

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

Dai-ichi Options

As of June 30, 2018, the fair value of the options sold to Dai-ichi Life Holdings Inc. ("Dai-ichi") was \$2.1 million. The fair value was determined using a Black-Scholes option pricing model. The Black-Scholes model requires management to estimate certain variables, primarily the volatility of the underlying shares. Changes in the fair value of the options are recognized in other non-operating income (expenses), net on JHG's Condensed Consolidated Statements of Comprehensive Income.

Redeemable Noncontrolling Interests in Intech

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

Redeemable Noncontrolling Interests in Consolidated Seeded Investment Products

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

Changes in Fair Value

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Beginning of period fair value.....	\$ 47.2	\$ 43.2	\$ 46.5	\$ 42.7
Balance acquired from the Merger	—	3.0	—	3.0
Additions	—	10.2	—	10.2
Settlements.....	(1.8)	—	(2.2)	—
Movements recognized in net income.....	(6.1)	(0.8)	(5.3)	(0.8)
Movements recognized in other comprehensive income.....	(0.6)	1.8	(0.3)	2.3
End of period fair value.....	<u>\$ 38.7</u>	<u>\$ 57.4</u>	<u>\$ 38.7</u>	<u>\$ 57.4</u>

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

	Three months ended June 30,				2017			
	2018				Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests
Beginning of period fair value....	\$ 59.2	\$ 79.5	\$ 4.3	\$ 217.7	\$ 27.3	\$ 54.5	\$ —	\$ 146.0
Balances acquired from the Merger	—	—	—	—	45.4	—	25.7	42.9
Additions.....	—	—	—	—	—	—	—	—
Changes in ownership.....	—	—	—	(32.6)	—	—	—	0.3
Net movement in bonus deferrals	—	(15.2)	—	—	—	(6.1)	—	—
Fair value adjustments.....	(0.2)	—	(1.9)	(0.2)	1.8	—	1.2	0.3
Unrealized gains (losses).....	—	—	—	(6.5)	—	—	—	(16.5)
Amortization of Intech appreciation rights.....	—	—	—	0.3	—	—	—	0.4
Distributions.....	—	—	—	(0.3)	—	—	—	(0.1)
Foreign currency translation.....	(1.7)	—	(0.3)	(0.6)	1.5	1.9	—	(1.3)
End of period fair value	<u>\$ 57.3</u>	<u>\$ 64.3</u>	<u>\$ 2.1</u>	<u>\$ 177.8</u>	<u>\$ 76.0</u>	<u>\$ 50.3</u>	<u>\$ 26.9</u>	<u>\$ 172.0</u>

	Six months ended June 30,				2017			
	2018				Contingent consideration	Deferred bonuses	Dai-ichi options	Redeemable noncontrolling interests
Beginning of period fair value....	\$ 76.6	\$ 64.7	\$ 26.1	\$ 190.3	\$ 25.5	\$ 42.9	\$ —	\$ 158.0
Balances acquired from the Merger.....	—	—	—	—	45.4	—	25.7	42.9
Additions.....	—	—	—	—	—	—	—	—
Changes in ownership	—	—	—	(5.5)	—	—	—	(5.1)
Net movement in bonus deferrals	—	(0.4)	—	—	—	5.0	—	—
Fair value adjustments.....	1.8	—	(24.7)	0.2	3.3	—	1.2	0.3
Unrealized gains (losses).....	—	—	—	(5.4)	—	—	—	(23.8)
Amortization of Intech appreciation rights	—	—	—	(0.6)	—	—	—	0.4
Distributions	(18.8)	—	—	(0.4)	—	—	—	(0.1)
Foreign currency translation.....	(2.3)	—	0.7	(0.8)	1.8	2.4	—	(0.6)
End of period fair value	<u>\$ 57.3</u>	<u>\$ 64.3</u>	<u>\$ 2.1</u>	<u>\$ 177.8</u>	<u>\$ 76.0</u>	<u>\$ 50.3</u>	<u>\$ 26.9</u>	<u>\$ 172.0</u>

Nonrecurring Fair Value Measurements

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

Transfers Between Fair Value Levels

The underlying securities of funds and separate accounts may trade on a foreign stock exchange. In some cases, the closing price of such securities may be adjusted to capture the effects of any post-closing activity affecting the markets in which they trade. Security prices are adjusted based on historical impacts for similar post-close activity. These adjustments result in the securities being classified as Level 2 and may also result in the movement of securities between Level 1 and Level 2.

Transfers are recognized at the end of each reporting period. Transfers between Level 1 and Level 2 classifications for the six months ended June 30, 2018 and 2017, are as follows (in millions):

	June 30,	
	2018	2017
Transfers from Level 1 to Level 2	\$ 2.9	\$ —
Transfers from Level 2 to Level 1	\$ 1.4	\$ —

Note 5 — Goodwill and Intangible Assets

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

	December 31, 2017	Amortization	Foreign currency translation	Disposal	June 30, 2018
Indefinite-lived intangible assets:					
Investment management agreements	\$ 2,543.9	\$ —	\$ (20.0)	\$ —	\$ 2,523.9
Trademarks.....	381.2	—	(0.3)	—	380.9
Definite-lived intangible assets:					
Client relationships	369.4	—	(3.0)	—	366.4
Accumulated amortization	(89.7)	(14.8)	1.3	—	(103.2)
Net intangible assets	<u>\$ 3,204.8</u>	<u>\$ (14.8)</u>	<u>\$ (22.0)</u>	<u>\$ —</u>	<u>\$ 3,168.0</u>
Goodwill.....	<u>\$ 1,533.9</u>	<u>\$ —</u>	<u>\$ (19.9)</u>	<u>\$ (9.5)</u>	<u>\$ 1,504.5</u>

Transaction with BNP Paribas

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

Future Amortization

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

Year ended December 31,	Amount
2018 (remainder of year)	\$ 14.8
2019	29.5
2020	29.5
2021	26.7
2022	18.2
Thereafter	144.5
Total	<u>\$ 263.2</u>

Note 6 — Debt

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

	June 30, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
4.875% Senior Notes due 2025.....	\$ 320.6	\$ 308.3	\$ 322.0	\$ 323.4
0.750% Convertible Senior Notes due 2018	9.4	9.4	57.2	57.3
Total debt.....	330.0	317.7	379.2	380.7
Less: Current portion of long-term debt.....	9.4	9.4	57.2	57.3
Total long-term debt	<u>\$ 320.6</u>	<u>\$ 308.3</u>	<u>\$ 322.0</u>	<u>\$ 323.4</u>

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 June 30, 2018, pay interest at 4.875% semiannually on February 1 and August 1 of each year, and mature on August 1, 2025. The 2025 Senior Notes include unamortized debt premium, net at June 30, 2018, of \$20.6 million, which will be amortized over the remaining life of the notes. The unamortized debt premium is recorded as a liability within long-term debt on JHG's Condensed Consolidated Balance Sheets. JHG fully and unconditionally guarantees the obligations of JCG in relation to the 2025 Senior Notes.

0.750% Convertible Senior Notes Due 2018

The Group's 0.750% Convertible Notes due 2018 ("2018 Convertible Notes") have a principal value of \$9.4 million as of June 30, 2018, pay interest at 0.750% semiannually on January 15 and July 15 of each year, and mature on July 15, 2018. The fair value as of June 30, 2018, in the table above represents the fair value of the liability component. JHG fully and unconditionally guarantees the obligations of JCG in relation to the 2018 Convertible Notes.

Holders of the 2018 Convertible Notes may convert the notes during a particular calendar quarter if the last reported sale price of JHG's common stock is greater than or equal to 130% of the applicable conversion price for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding quarter. The 2018 Convertible Notes are convertible from July 1, 2018 to July 15, 2018 (maturity date), regardless of the conversion criteria.

During the three and six months ended June 30, 2018, \$0.2 million and \$48.1 million of principal was redeemed and settled with cash for a total cash outlay of \$0.3 million and \$81.9 million, respectively. The difference between the principal redeemed and the cash paid primarily represents the value of the conversion feature. During the period from July 1, 2018 to July 15, 2018, the remaining \$9.4 million in principal was redeemed and settled with cash for a total cash outlay of \$13.5 million. As of July 15, 2018, the obligations associated with the 2018 Convertible Notes have been settled with cash, and the carrying value was reduced to zero.

Credit Facility

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

Note 7 — Income Taxes

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Effective tax rate	22.6%	33.6%	22.6%	25.4%

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"), which made broad and complex changes to the U.S. tax code. Among other things, the Act reduced the U.S. federal corporate tax rate to 21%, included new limitations on executive compensation, and implemented a new system of taxation for non-U.S. earnings, including a one-time transition tax on the deemed repatriation of undistributed earnings of non-U.S. subsidiaries.

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

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

As of June 30, 2018, and December 31, 2017, JHG had \$10.1 million and \$10.2 million of unrecognized tax benefits held for uncertain tax positions, respectively. JHG estimates that the existing liability for uncertain tax positions could decrease by up to \$0.7 million within the next 12 months, without giving effect to changes in foreign currency translation.

Note 8 — Noncontrolling Interests

Redeemable Noncontrolling Interests

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

	June 30, 2018	December 31, 2017
Consolidated seeded investment products	\$ 163.0	\$ 174.9
Intech:		
Appreciation rights	10.2	11.0
Founding member ownership interests	4.6	4.4
Total redeemable noncontrolling interests	<u>\$ 177.8</u>	<u>\$ 190.3</u>

Consolidated Seeded Investment Products

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

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Opening balance	\$ 202.9	\$ 146.0	\$ 174.9	\$ 158.0
Balance acquired from the Merger	—	23.2	—	23.2
Changes in market value	(6.7)	(16.2)	(5.6)	(23.5)
Changes in ownership	(32.6)	0.3	(5.5)	(5.1)
Foreign currency translation	(0.6)	(1.1)	(0.8)	(0.4)
Closing balance	<u>\$ 163.0</u>	<u>\$ 152.2</u>	<u>\$ 163.0</u>	<u>\$ 152.2</u>

Intech

Intech ownership interests held by a founding member had an estimated fair value of \$4.6 million as of June 30, 2018, representing an approximate 1.1% ownership of Intech. This founding member is entitled to retain his remaining Intech interests until his death and has the option to require JHG to purchase his ownership interests of Intech at fair value.

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

Nonredeemable Noncontrolling Interests

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

	June 30, 2018	December 31, 2017
Nonredeemable noncontrolling interests in:		
Seed capital investments	\$ 15.1	\$ 24.9
Intech	<u>13.2</u>	<u>13.3</u>
Total nonredeemable noncontrolling interests	<u>\$ 28.3</u>	<u>\$ 38.2</u>

Note 9 — Long-Term Incentive and Employee Compensation

The Group granted \$63.1 million and \$173.2 million in long-term incentive awards during the three and six months ended June 30, 2018, respectively, which generally vest and will be recognized on a graded vesting method over a three- or four-year period. The shares underlying certain 2018 grants were purchased on the open market during the three and six months ended June 30, 2018 at a cost of \$1.3 million and \$82.3 million, respectively.

Note 10 — Retirement Benefit Plans

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

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

Net Periodic Benefit Credit

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Service cost	\$ (0.3)	\$ (0.3)	\$ (0.6)	\$ (0.6)
Interest cost	(4.2)	(5.3)	(9.0)	(10.5)
Expected return on plan assets	5.4	6.0	11.5	11.9
Net periodic benefit credit	<u>\$ 0.9</u>	<u>\$ 0.4</u>	<u>\$ 1.9</u>	<u>\$ 0.8</u>

Note 11 — Accumulated Other Comprehensive Loss

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

	Three months ended June 30,						
	2018			2017			
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Available- for-sale securities	Retirement benefit asset, net	Total
Beginning balance.....	\$ (272.4)	\$ 21.0	\$ (251.4)	\$ (447.6)	\$ 4.3	\$ 32.1	\$ (411.2)
Other							
comprehensive							
income (loss).....	(104.7)	—	(104.7)	51.2	—	—	51.2
Less: other							
comprehensive							
loss attributable							
to noncontrolling							
interests.....	0.6	—	0.6	15.9	—	—	15.9
Ending balance	<u>\$ (376.5)</u>	<u>\$ 21.0</u>	<u>\$ (355.5)</u>	<u>\$ (380.5)</u>	<u>\$ 4.3</u>	<u>\$ 32.1</u>	<u>\$ (344.1)</u>

	Six months ended June 30,						
	2018				2017		
	Foreign currency	Available- for-sale securities	Retirement benefit asset, net	Total	Foreign currency	Available- for-sale securities	Retirement benefit asset, net
Beginning balance.....	\$ (325.3)	\$ 2.5	\$ 21.0	\$ (301.8)	\$ (471.3)	\$ 4.7	\$ 32.1
Cumulative-effect							
adjustment	—	(2.5)	—	(2.5)	—	—	—
Adjusted beginning							
balance	(325.3)	—	21.0	(304.3)	(471.3)	4.7	32.1
Other							
comprehensive							
income (loss).....	(52.0)	—	—	(52.0)	74.5	(0.4)	—
Less: other							
comprehensive							
loss attributable							
to noncontrolling							
interests.....	0.8	—	—	0.8	16.3	—	—
Ending balance	<u>\$ (376.5)</u>	<u>\$ —</u>	<u>\$ 21.0</u>	<u>\$ (355.5)</u>	<u>\$ (380.5)</u>	<u>\$ 4.3</u>	<u>\$ 32.1</u>

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

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

	Three months ended June 30,					
	2018			2017		
	Pre-tax amount	Tax benefit	Net amount	Pre-tax amount	Tax benefit	Net amount
Foreign currency translation						
adjustments	\$ (104.7)	\$ —	\$ (104.7)	\$ 51.2	\$ —	\$ 51.2
Total other comprehensive						
income (loss).....	<u>\$ (104.7)</u>	<u>\$ —</u>	<u>\$ (104.7)</u>	<u>\$ 51.2</u>	<u>\$ —</u>	<u>\$ 51.2</u>

	Six months ended June 30,					
	2018			2017		
	Pre-tax amount	Tax benefit	Net amount	Pre-tax amount	Tax benefit	Net amount
Foreign currency translation adjustments	\$ (52.0)	\$ —	\$ (52.0)	\$ 74.5	\$ —	\$ 74.5
Net unrealized losses on available-for-sale securities	—	—	—	(0.4)	—	(0.4)
Total other comprehensive income (loss)	<u>\$ (52.0)</u>	<u>\$ —</u>	<u>\$ (52.0)</u>	<u>\$ 74.1</u>	<u>\$ —</u>	<u>\$ 74.1</u>

Note 12 — Earnings and Dividends Per Share

Earnings Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net income attributable to JHG	\$ 140.6	\$ 41.7	\$ 305.8	\$ 84.3
Less: Allocation of earnings to participating stock-based awards	3.8	1.1	7.6	2.0
Net income attributable to JHG common shareholders	<u>\$ 136.8</u>	<u>\$ 40.6</u>	<u>\$ 298.2</u>	<u>\$ 82.3</u>
Weighted-average common shares outstanding - basic	195.8	140.2	195.9	124.6
Dilutive effect of:				
2018 Convertible Notes	—	1.6	—	1.6
Non-participating stock-based awards	0.8	2.0	1.3	1.9
Weighted-average common shares outstanding - diluted	<u>196.6</u>	<u>143.8</u>	<u>197.2</u>	<u>128.1</u>
Earnings per share:				
Basic	<u>\$ 0.70</u>	<u>\$ 0.29</u>	<u>\$ 1.52</u>	<u>\$ 0.66</u>
Diluted (two class)	<u>\$ 0.70</u>	<u>\$ 0.28</u>	<u>\$ 1.51</u>	<u>\$ 0.64</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Unvested nonparticipating stock awards	0.6	2.3	0.6	1.7
Dai-ichi options	10.0	—	10.0	—

The Dai-ichi options are anti-dilutive as the exercise price of the options is above the average price of JHG's stock for the periods presented.

Dividends Per Share

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

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

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

On July 31, 2018, JHG's Board of Directors declared a cash dividend of \$0.36 per share. The quarterly dividend will be paid on August 24, 2018, to shareholders of record at the close of business on August 13, 2018.

Note 13 — Commitments and Contingencies

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

Litigation and Other Regulatory Matters

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

Richard Pease v. Henderson Administration Limited

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

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

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

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

Note 14 — Subsequent Events

On July 31, 2018, the JHG Board of Directors (the "Board") determined that integration goals are successfully being delivered and that the co-CEO structure has achieved the objectives established at the time of Merger. Accordingly, the Board appointed Richard M. Weil as the sole CEO. In connection with the Board's decision, JHG will recognize approximately \$12 million of severance charges in the third quarter of 2018, including acceleration of long-term incentive compensation.

Report of Independent Registered Public Accounting Firm

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

Results of Review of Financial Statements

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

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

Basis for Review Results

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

/s/ PricewaterhouseCoopers LLP
London, UK
31 July 2018