

Janus Henderson Group 2Q18 results presentation

Tuesday 31 July 2018

Dick Weil
Chief Executive Officer

Roger Thompson
Chief Financial Officer



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2Q18 results presentation

Business and financial update

Roger Thompson
Chief Financial Officer



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2Q18 highlights

- Integration continues to progress ahead of expectations
- Good investment performance
- AUM of US\$370.1bn with positive markets offset by net outflows and FX losses
- Adjusted diluted EPS of US\$0.74
- Declared US\$0.36 per share dividend and Board authorised on-market share buyback up to US\$100m³

Key metrics – 2Q18 vs 1Q18

	2Q18	1Q18
3 year investment outperformance ¹	64%	68%
Net flows	(US\$2.7bn)	(US\$2.7bn)
Total AUM	US\$370.1bn	US\$371.9bn
US GAAP diluted EPS	US\$0.70	US\$0.82
Adjusted diluted EPS ²	US\$0.74	US\$0.71
Dividend per share	US\$0.36	US\$0.36

¹ Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 25.

² See adjusted financial measures reconciliation on slide 33 for additional information.

³ To be formally announced and initiated following appointment of a corporate broker.

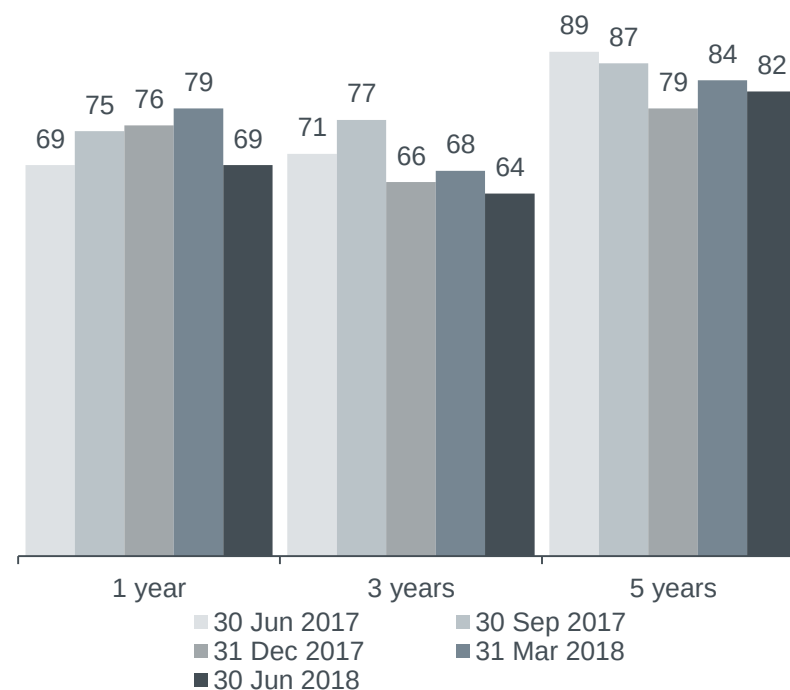
Investment performance

Investment performance held up well against a volatile market backdrop

% of AUM outperforming benchmark
(as at 30 Jun 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 AUM outperforming benchmark
(30 Jun 2017 to 30 Jun 2018)



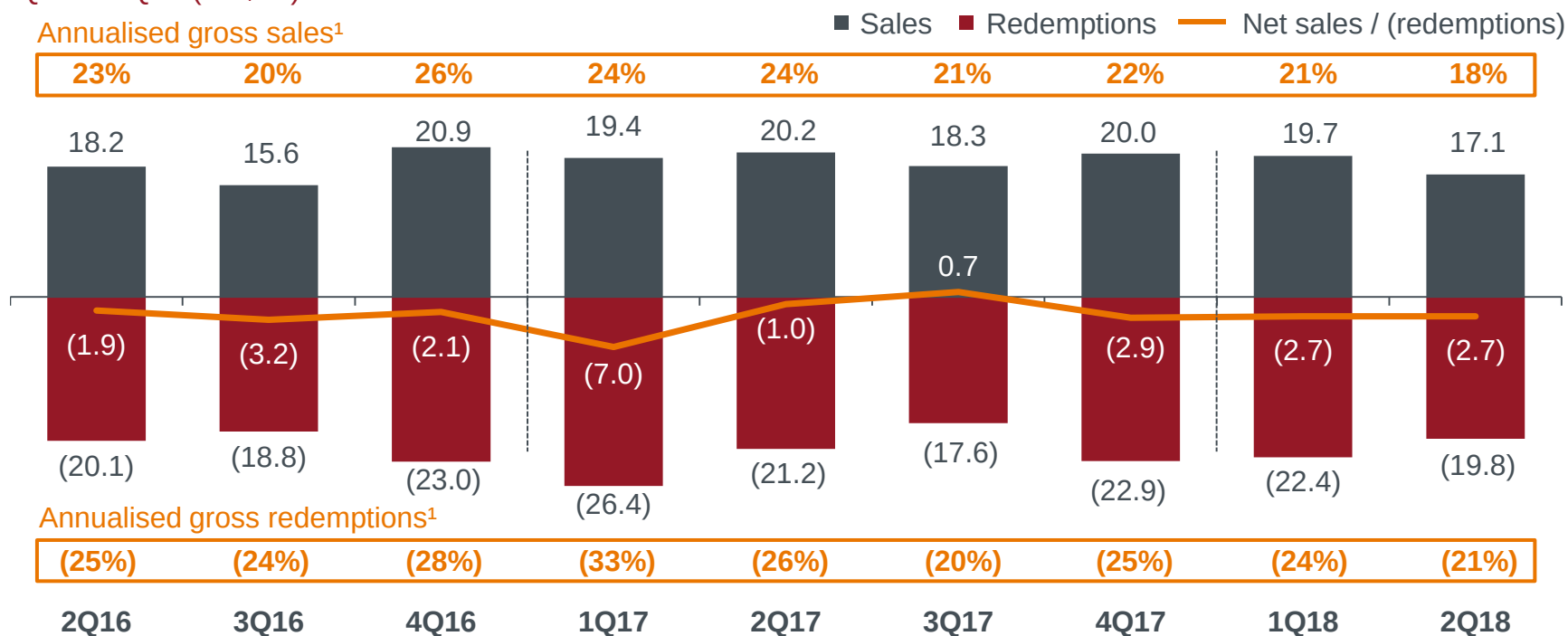
Note: Represents percentage of AUM outperforming the relevant benchmark. For 30 Jun 2017, JHG pro forma AUM data is used in the calculation as if the merger had occurred at the beginning of the period shown. Full performance disclosures detailed in the appendix on slide 25.

Total flows

Net outflows driven by Intermediary business

Total flows

2Q16 to 2Q18 (US\$bn)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

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

2Q18 flows by capability

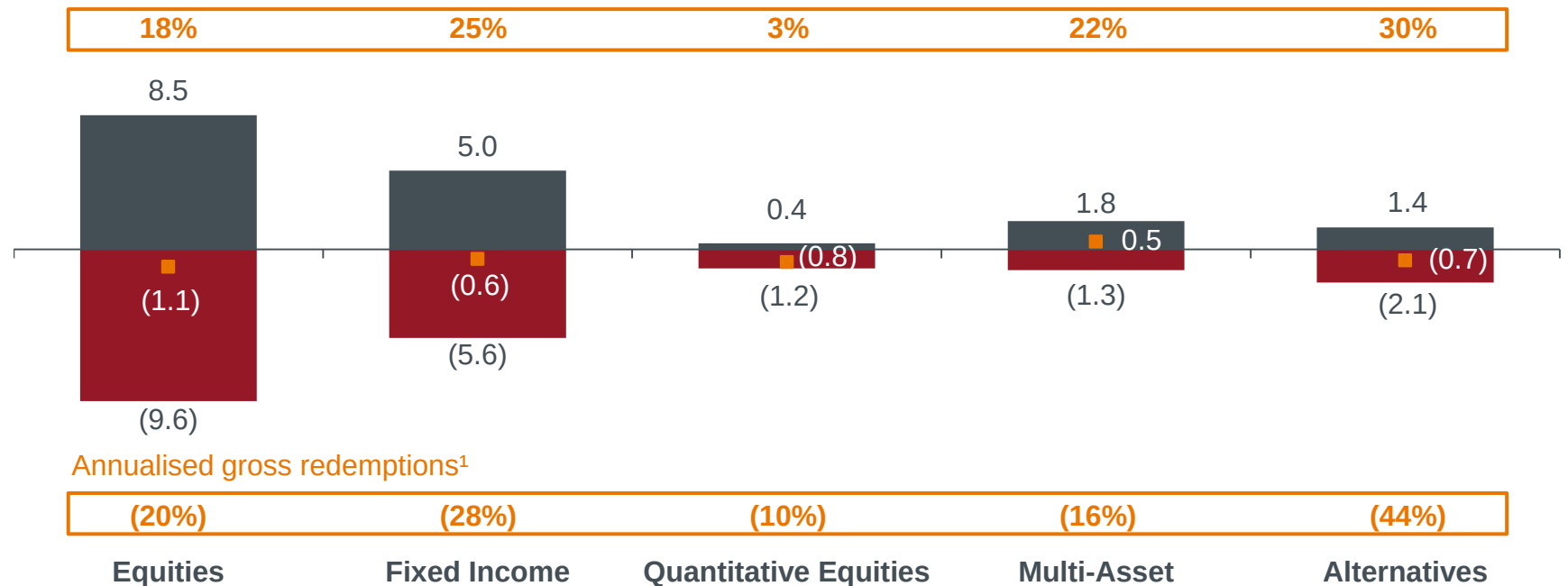
Net outflows driven by Intermediary clients in Equities and Fixed Income

2Q18 flows by capability

(US\$bn)

Annualised gross sales¹

■ Sales ■ Redemptions — Net sales / (redemptions)



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

Statement of income

US GAAP and adjusted

US\$m	3 months ended 30 Jun 2018		
	US GAAP	Adjustments	Adjusted
Revenue			
Management fees	493.5		
Performance fees	13.5		
Shareowner servicing fees	31.8		
Other revenue	53.6		
Total revenue	592.4	(114.7)	477.7
Operating expenses			
Employee compensation and benefits	151.0		
Long-term incentive plans	55.2		
Distribution expenses	114.7		
Investment administration	11.7		
Marketing	9.5		
General, administrative and occupancy	59.2		
Depreciation and amortisation	15.8		
Total operating expenses	417.1	130.8	286.3
Operating income	175.3	16.1	191.4

Note: See adjusted financial measures reconciliation on slide 32 for additional information.

Financial highlights

US GAAP and adjusted

Summary of results

US\$m unless otherwise stated	2Q18	1Q18	Change 2Q18 vs 1Q18	2Q17	Change 2Q18 vs 2Q17
Average AUM	369.1	377.4bn	(2%)	339.9bn	9%
Total revenue	592.4m	587.7m	1%	593.8m	–
Operating income	175.3m	176.2m	(1%)	88.5m	98%
Operating margin	29.6%	30.0%	(0.4ppt)	14.9%	15ppt
US GAAP diluted EPS	0.70	0.82	(15%)	0.29	141%
Adjusted revenue	477.7m	470.4m	2%	482.2m	(1.0%)
Adjusted operating income	191.4m	188.8m	1%	199.5m	(4%)
Adjusted operating margin	40.1%	40.1%	–	41.4%	(1.3ppt)
Adjusted diluted EPS	0.74	0.71	4%	0.68	9%

Note: 2Q17 data presents results of JHG as if the merger had occurred at the beginning of the period shown. 2Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 35. See adjusted financial measures reconciliation on slides 32 and 33 for additional information.

Revenue

2Q18 adjusted revenue increased driven by performance fees

2Q18 adjusted revenue drivers

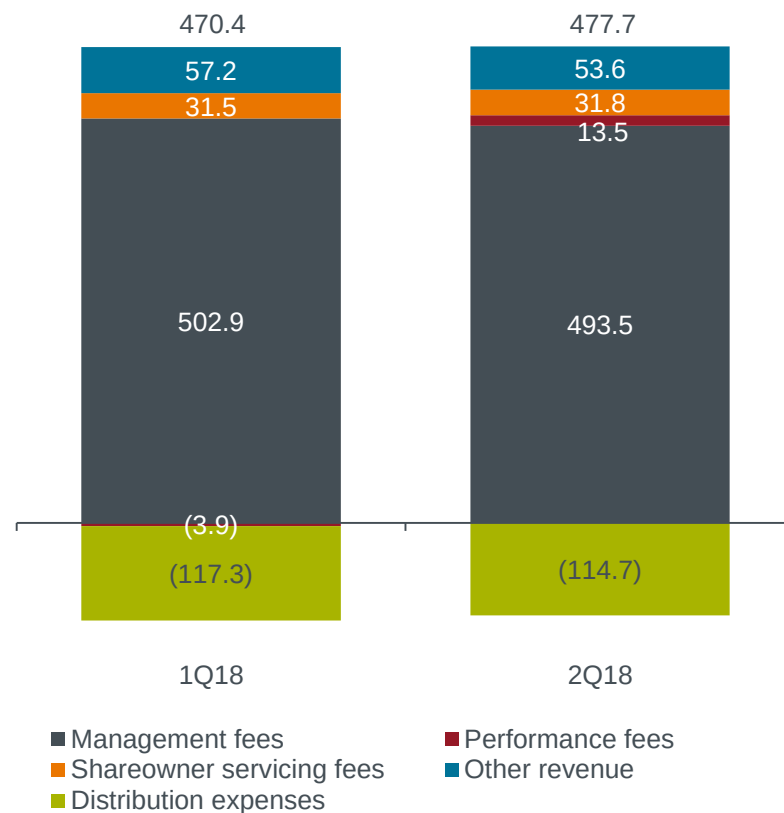
US\$m, except margin data	2Q18	1Q18	Change
Total adjusted revenue	477.7	470.4	2%
Management fees	493.5	502.9	(2%)
Performance fees	13.5	(3.9)	nm
Shareowner servicing fees	31.8	31.5	1%
Other revenue	53.6	57.2	(6%)
Distribution expenses	(114.7)	(117.3)	(2%)
Average net ¹ mgmt fee margin	44.7bps	44.9bps	(0.2bps)

- 2% decrease in management fees driven by lower average AUM and FX
- Performance fees increased from 1Q18 driven by seasonality, though reduced from the strong level reported in 2Q17

Note: See pro forma adjusted financial measures reconciliation on slide 32 for additional information.

¹ Net margin based on management fees net of distribution expenses.

Pro forma adjusted revenue – 1Q18 vs 2Q18 (US\$m)

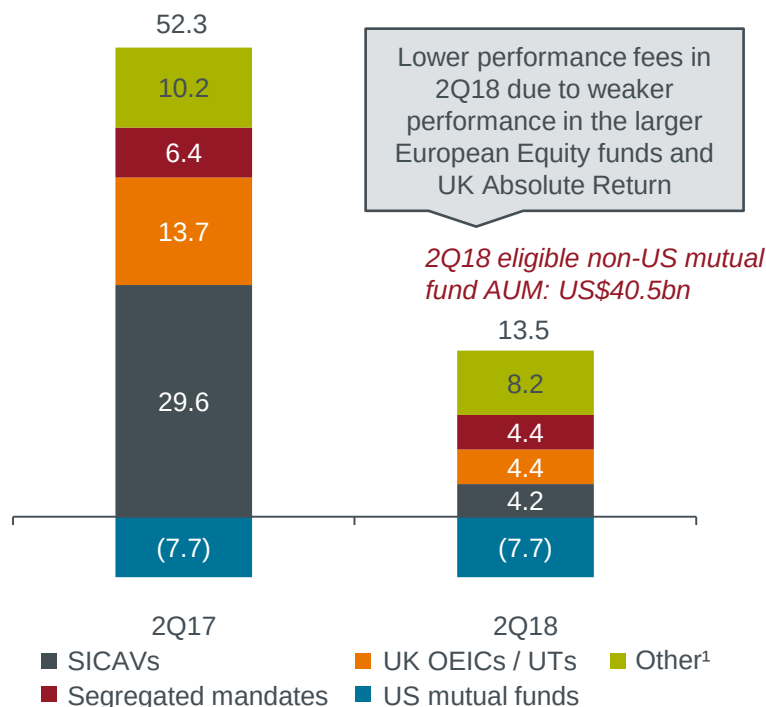


Performance fees

US\$73bn non-US mutual fund AUM eligible to earn performance fees across all periods

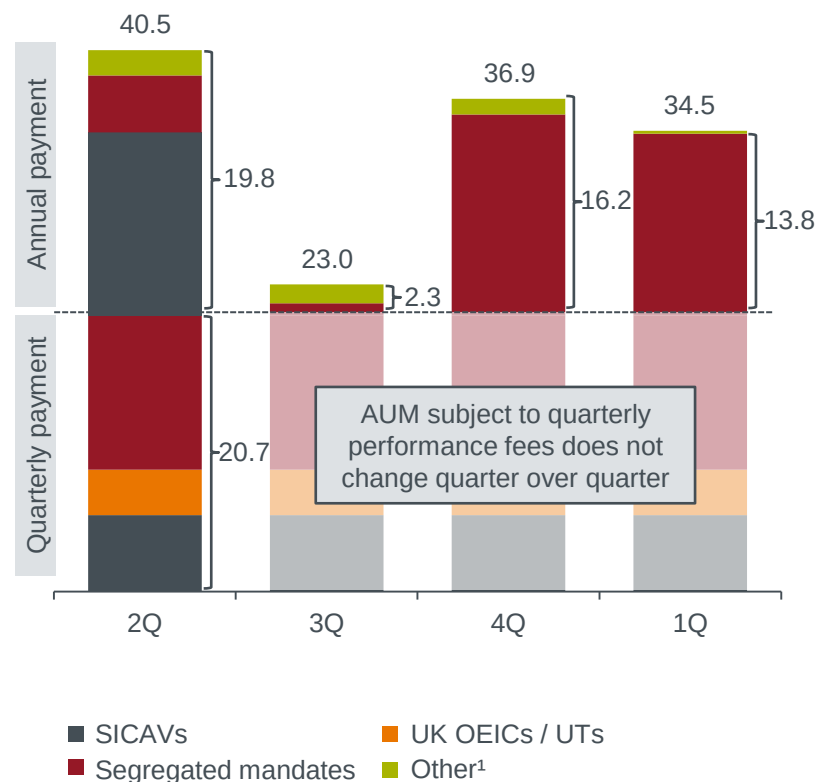
Performance fees – 2Q17 vs 2Q18 (US\$m)

2Q17 eligible non-US mutual
fund AUM: US\$39.7bn



2Q18 eligible non-US mutual
fund AUM: US\$40.5bn

Pay-out timing of AUM subject to performance fees (Non-US mutual fund AUM in US\$bn as at 30 Jun 2018)



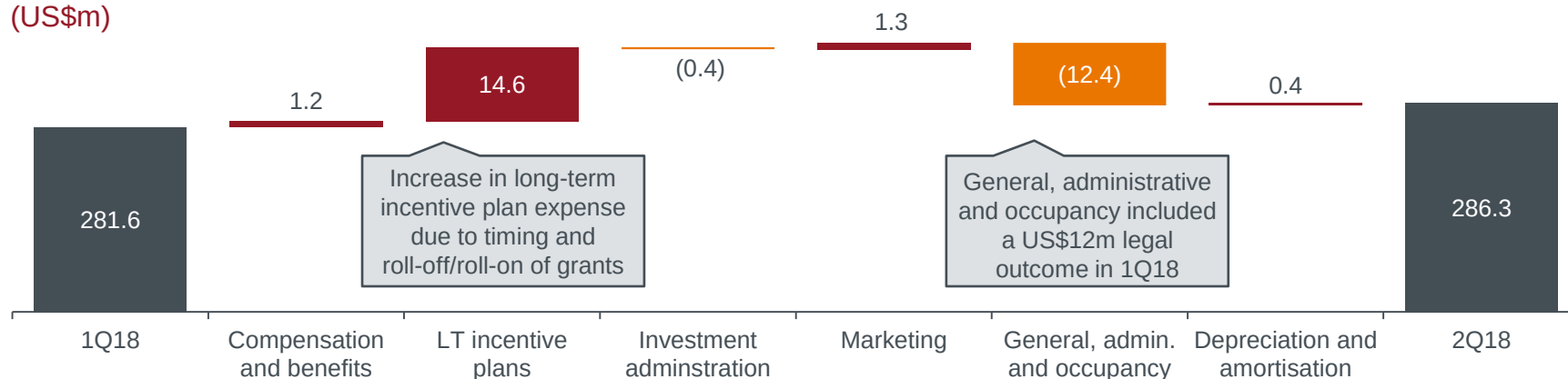
¹ Other includes Offshore Absolute Return, Investment Trusts and Managed CDOs.

Operating expenses

US\$m	2Q18 US GAAP	Adjustments	2Q18 adjusted	1Q18 adjusted	Change 2Q18 adjusted vs 1Q18 adjusted
Employee compensation and benefits	151.0	(6.0)	145.0	143.8	1%
Long-term incentive plans	55.2	(0.7)	54.5	39.9	37%
Total compensation expenses	206.2	(6.7)	199.5	183.7	9%
Distribution expenses	114.7	(114.7)	–	–	nm
Investment administration	11.7	(0.7)	11.0	11.4	(4%)
Marketing	9.5	0.2	9.7	8.4	15%
General, administrative and occupancy	59.2	(1.5)	57.7	70.1	(18%)
Depreciation and amortisation	15.8	(7.4)	8.4	8.0	5%
Non-staff operating expenses	210.9	(124.1)	86.8	97.9	(11%)
Total operating expenses	417.1	(130.8)	286.3	281.6	2%

Adjusted operating expenses – 2Q18 versus 1Q18

(US\$m)



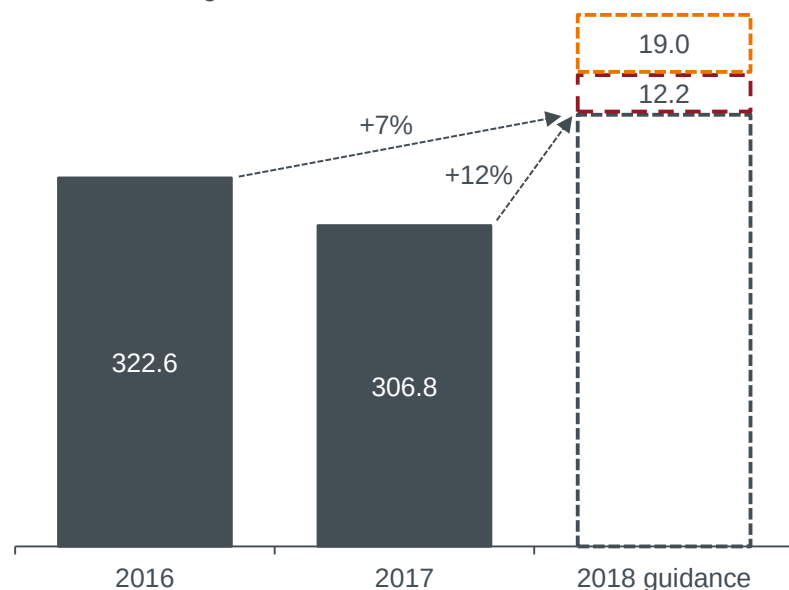
Note: See adjusted financial measures reconciliation on slide 32 for additional information.

Non-staff operating expenses

Non-staff operating expense guidance revised to lower end of range

Adjusted non-staff operating expenses¹ (US\$m)

- MiFID II estimated research cost
- One-off legal settlement



Adjusted non-staff operating expense drivers

- Non-staff operating expenses expected to increase by 12% in 2018, excluding MiFID II and one-off legal settlement
- Anticipated increase in non-staff operating expense reflects
 - Return to normalised level of spend post-merger
 - Regulatory spend and investments in the business
 - Inflation and FX

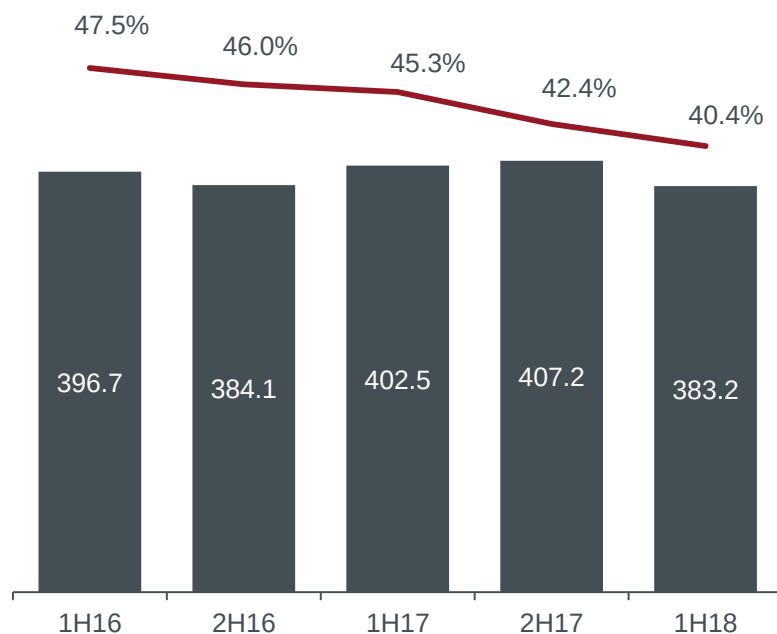
Note: Data for periods prior to 2018 presents the results of JHG as if the merger had occurred at the beginning of the period shown. See adjusted financial measures reconciliation on slide 32 for additional information.

¹ Includes investment administration; marketing; general, administrative and occupancy, and depreciation and amortisation.

Compensation expense drivers

Cost synergy realisation

Adjusted total compensation expense and ratio¹ (US\$m unless otherwise stated)



Note: Data for periods prior to and including 1H17 presents the results of JHG as if the merger had occurred at the beginning of the period shown. See adjusted financial measures reconciliation on slide 32 for additional information.

¹ Includes adjusted employee compensation and benefits and adjusted long-term incentive compensation. Ratio is the sum of adjusted employee compensation and benefits and adjusted long-term incentive compensation divided by adjusted revenue.

² Recurring annual run rate pre-tax net cost synergies within three years post-completion.

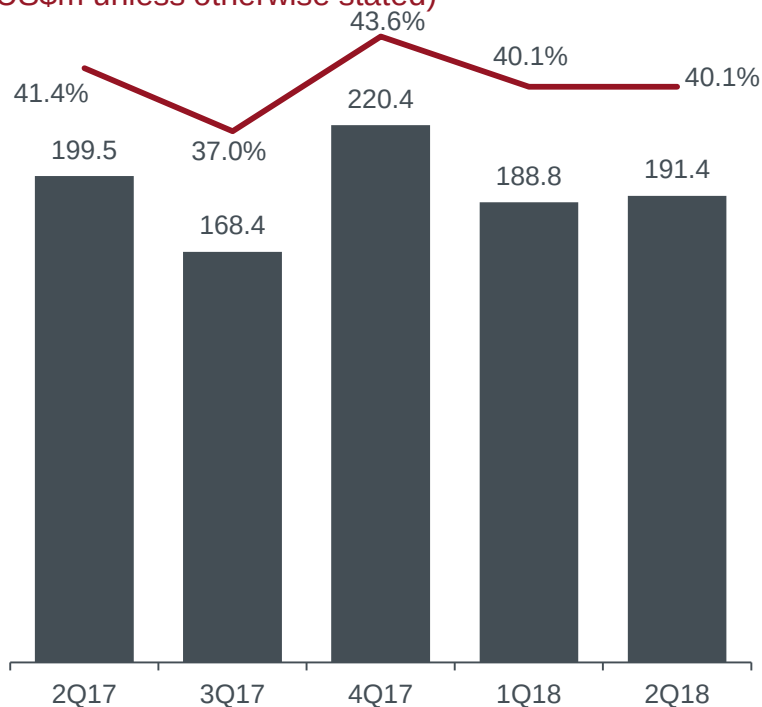
Adjusted total compensation expense drivers

- US\$107m run rate pre-tax net cost synergies realised, largely through compensation expenses
 - Remain on track to realise at least US\$125m²
- c.700bps improvement in compensation ratio in 2 years reflecting:
 - Realisation of cost synergies
 - BNP partnership
- FY18 adjusted compensation ratio expected to be low 40s

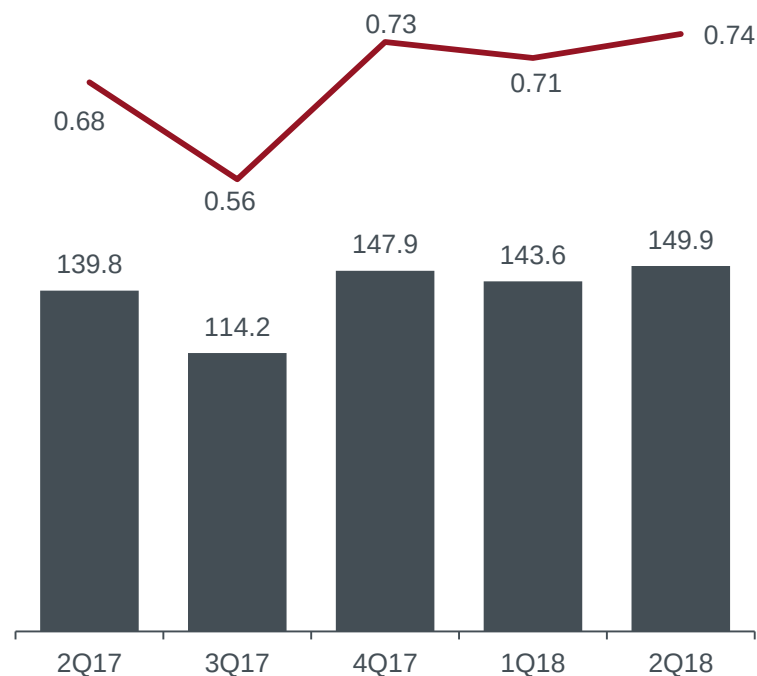
Profitability

Financial discipline to support sustainable growth

Pro forma adjusted operating income and margin (US\$m unless otherwise stated)



Pro forma adjusted net income and diluted EPS (US\$m, except per share data)



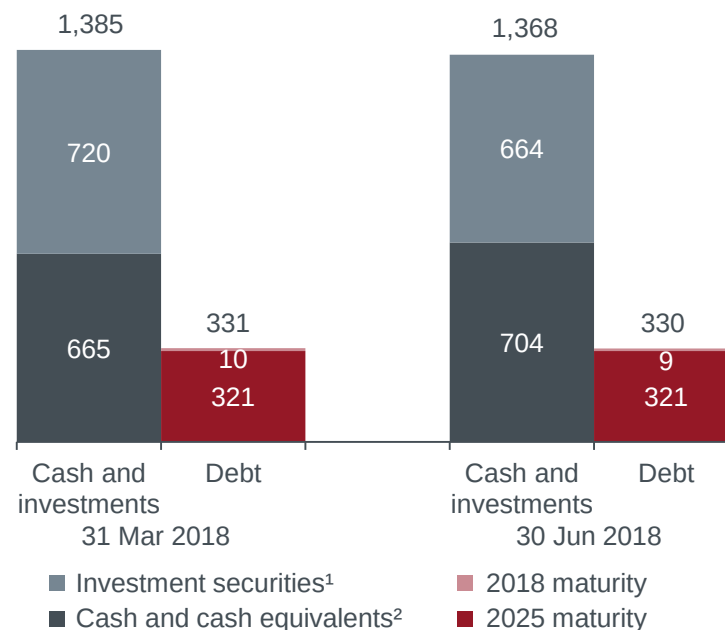
Note: Data for 2Q17 presents the results of JHG as if the merger had occurred at the beginning of the period shown. See pro forma adjusted financial measures reconciliation on slides 32 and 33 for additional information.

Balance sheet

Strong liquidity position

- At 30 Jun 2018, cash and investment securities totalled US\$1,368m compared to outstanding debt of US\$330m
- Cash and cash equivalents increased 6%, with cash flow generation partially offset by dividend payments
- 2018 Convertible Senior Notes, with a maturity date of 15 July, were fully repaid
- Board declared a dividend of US\$0.36 per share to be paid on 24 August to shareholders on record at the close of business on 13 August
- Board authorised on-market share buyback programme up to US\$100m³

Balance sheet profile – carrying value (31 March 2018 vs 30 June 2018) (US\$m)



¹ Includes seed investments of US\$600.5m (including investment securities of consolidated variable interest entities of US\$432.2m), investments related to deferred compensation plans of US\$106.0m and other investments of US\$13.3m as at 31 March 2018; includes seed investments of US\$519.8m (including investment securities of consolidated variable interest entities of US\$351.0m), investments related to deferred compensation plans of US\$138.5m and other investments of US\$6.1m as at 30 June 2018.

² Includes cash and cash equivalents of consolidated variable interest entities of US\$54.0m and US\$34.0m as at 31 March 2018 and 30 June 2018 respectively.

³ To be formally announced and initiated following appointment of a corporate broker.

Q&A

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Appendix

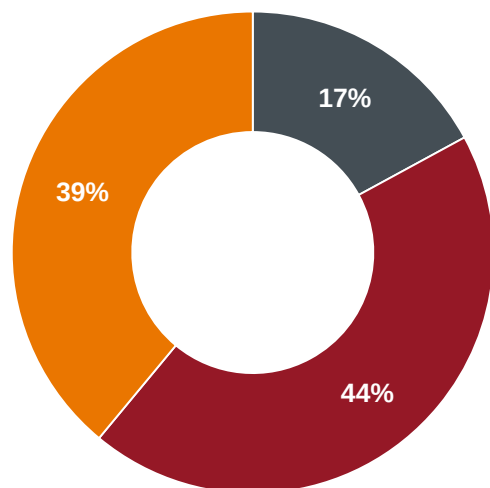


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Assets under management as at 30 Jun 2018

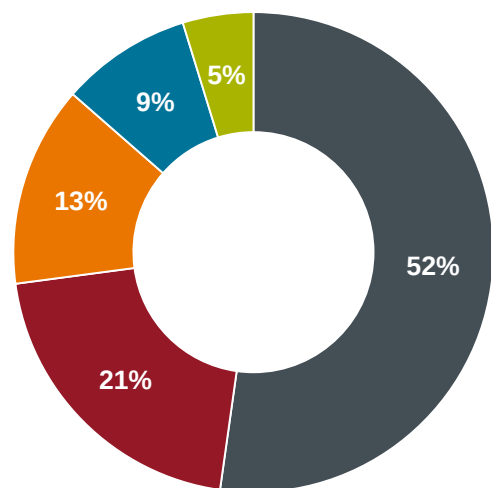
AUM: US\$370.1bn

By client type



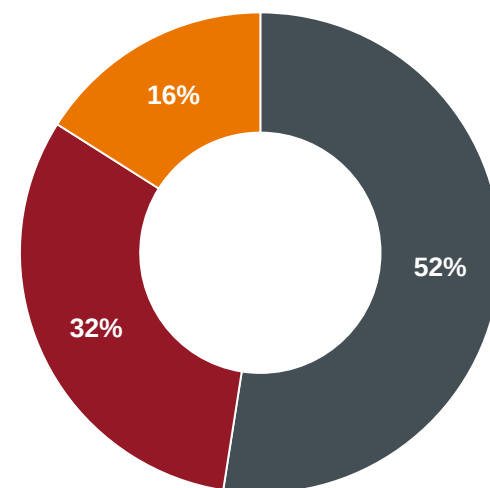
Self-directed	US\$63.2bn
Intermediary	US\$162.6bn
Institutional	US\$144.3bn

By capability



Equities	US\$193.3bn
Fixed Income	US\$76.5bn
Quantitative Equities	US\$50.1bn
Multi-Asset	US\$32.6bn
Alternatives	US\$17.6bn

By client location

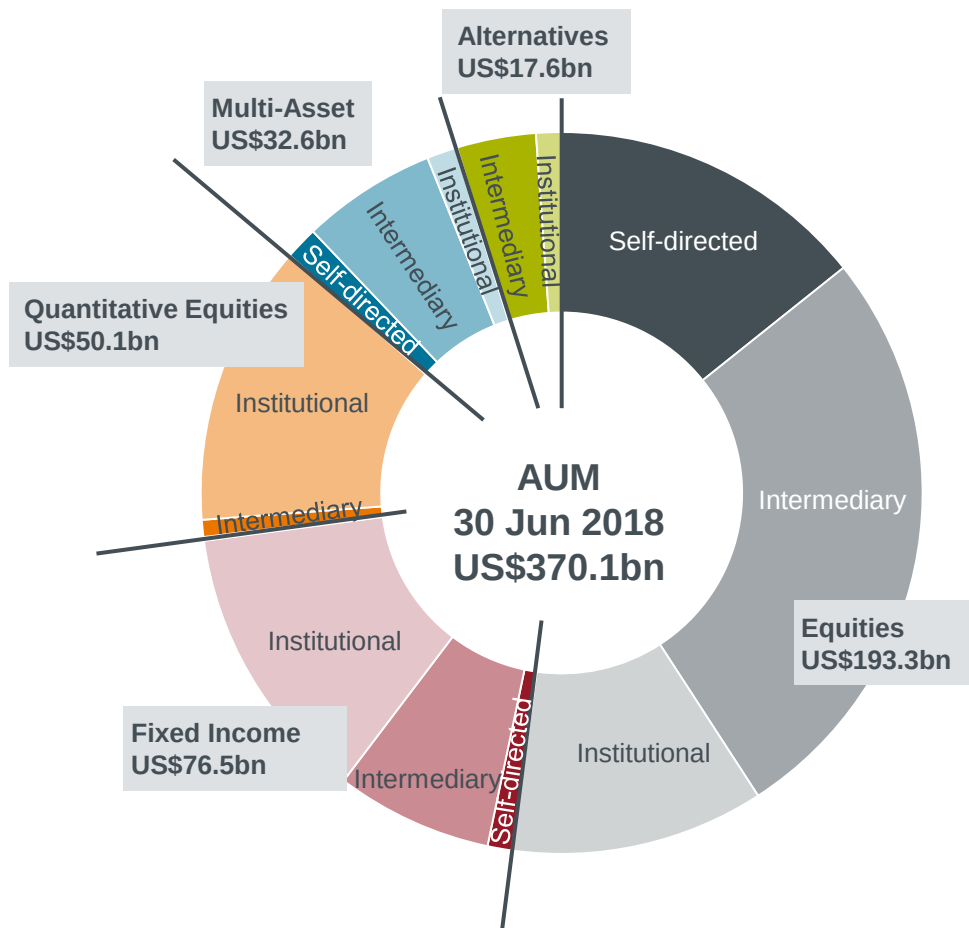


North America	US\$194.2bn
EMEA & LatAm	US\$116.6bn
Asia Pacific	US\$59.3bn

Note: Latin America AUM is classified under EMEA having previously been categorised under Americas.

Investment management capabilities

Diversified product range



Equities

- Diverse business encompassing a wide range of geographic and investment styles

Fixed Income

- Coverage across the asset class, with an increasingly global offering

Quantitative Equities

- Intech applies advanced mathematical and systematic portfolio rebalancing intended to harness the volatility of stock price movements

Multi-Asset

- Retail and Institutional offering through a diversity of strategies

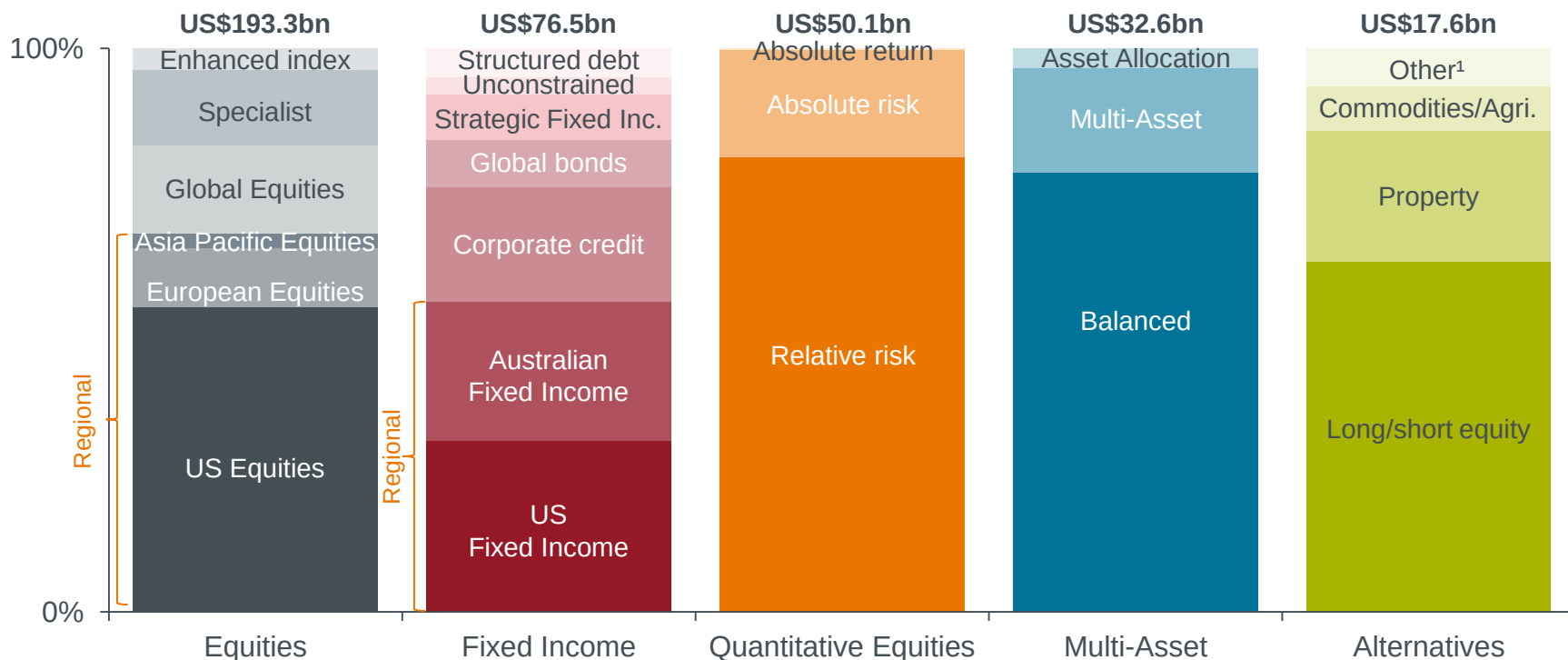
Alternatives

- Expertise in liquid alternatives alongside traditional hedge funds

Investment management capabilities

Balanced range of offerings

AUM by investment capability as at 30 Jun 2018



¹ Other primarily includes Absolute Return Bond and Multi-Strategy.

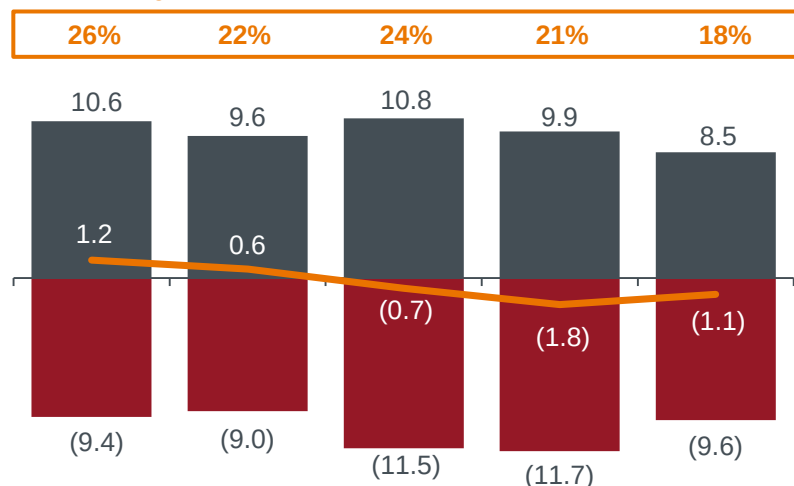
Largest pooled funds by capability

Capability	Fund	Product	Strategy	AUM 30 Jun 2018
Equity	JnsHnd Enterprise	US Mutual Fund	Mid Cap Growth	US\$17.9bn
	JnsHnd Research	US Mutual Fund	US Research Growth Equity	US\$13.7bn
	JnsHnd Forty	US Mutual Fund	Concentrated Growth	US\$12.5bn
	JnsHnd Triton	US Mutual Fund	Small-Mid Cap Growth	US\$11.0bn
	JnsHnd Global Equity Income	US Mutual Fund	Global Equity Income	US\$5.7bn
Fixed Income	JnsHnd Flexible Bond	US Mutual Fund	Core Plus Fixed Income	US\$7.2bn
	JnsHnd Absolute Return	Australian UT	Absolute Return Income	US\$4.8bn
	JnsHnd Strategic Bond	UK OEIC	Global Strategic Fixed Income	US\$2.8bn
	JnsHnd Tactical Income	Australian MIS	Australian Fixed Income	US\$2.1bn
	JnsHnd Hzn Euro Corporate Bond	SICAV	Sterling Investment Grade Credit	US\$1.7bn
Multi-Asset	JnsHnd Balanced	US Mutual Fund	Balanced	US\$14.8bn
	JnsHnd Balanced Portfolio	US Mutual Fund	Balanced	US\$3.6bn
	JnsHnd Cautious Managed	UK OEIC	UK Income and Growth	US\$2.7bn
	JnsHnd Balanced	Dublin OEIC	Balanced	US\$1.1bn
	JnsHnd Multi-Manager Managed	UK OEIC	Multi-manager	US\$0.5bn
Alternatives	JnsHnd UK Absolute Return	SICAV	UK Large Cap Absolute Return Equity	US\$5.7bn
	JnsHnd UK Absolute Return	UK OEIC	UK Large Cap Absolute Return Equity	US\$3.3bn
	JnsHnd UK Property PAIF / Feeder	UK OEIC/UT	Property	US\$4.0bn
	JnsHnd Horizon Pan European Alpha	SICAV	Europe Large Cap Long/Short	US\$1.1bn
	Alphagen Euro Best Ideas	Hedge Fund	Europe Large Cap Agnostic	US\$0.3bn
Total				US\$116.5bn

Flows: Equities and Fixed Income

Equities (US\$bn)

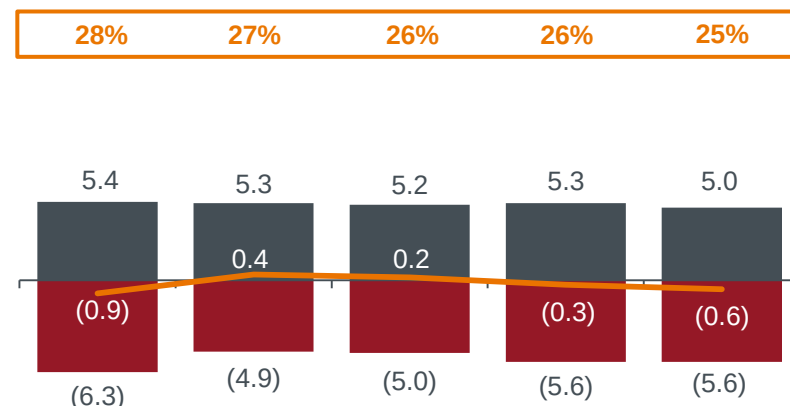
Annualised gross sales¹



Annualised gross redemptions¹



Fixed Income (US\$bn)



■ Sales ■ Redemptions — Net sales / (redemptions)

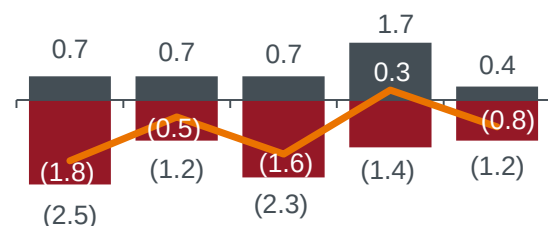
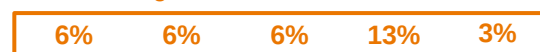
Note: Data for 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

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

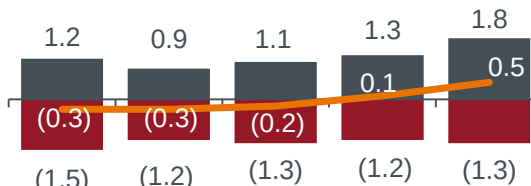
Flows: Quantitative Equities, Multi-Asset and Alternatives

Quantitative Equities (US\$bn)

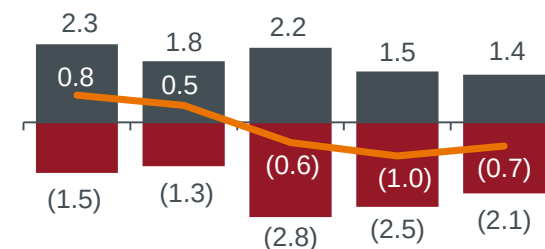
Annualised gross sales¹



Multi-Asset (US\$bn)



Alternatives (US\$bn)



Annualised gross redemptions¹



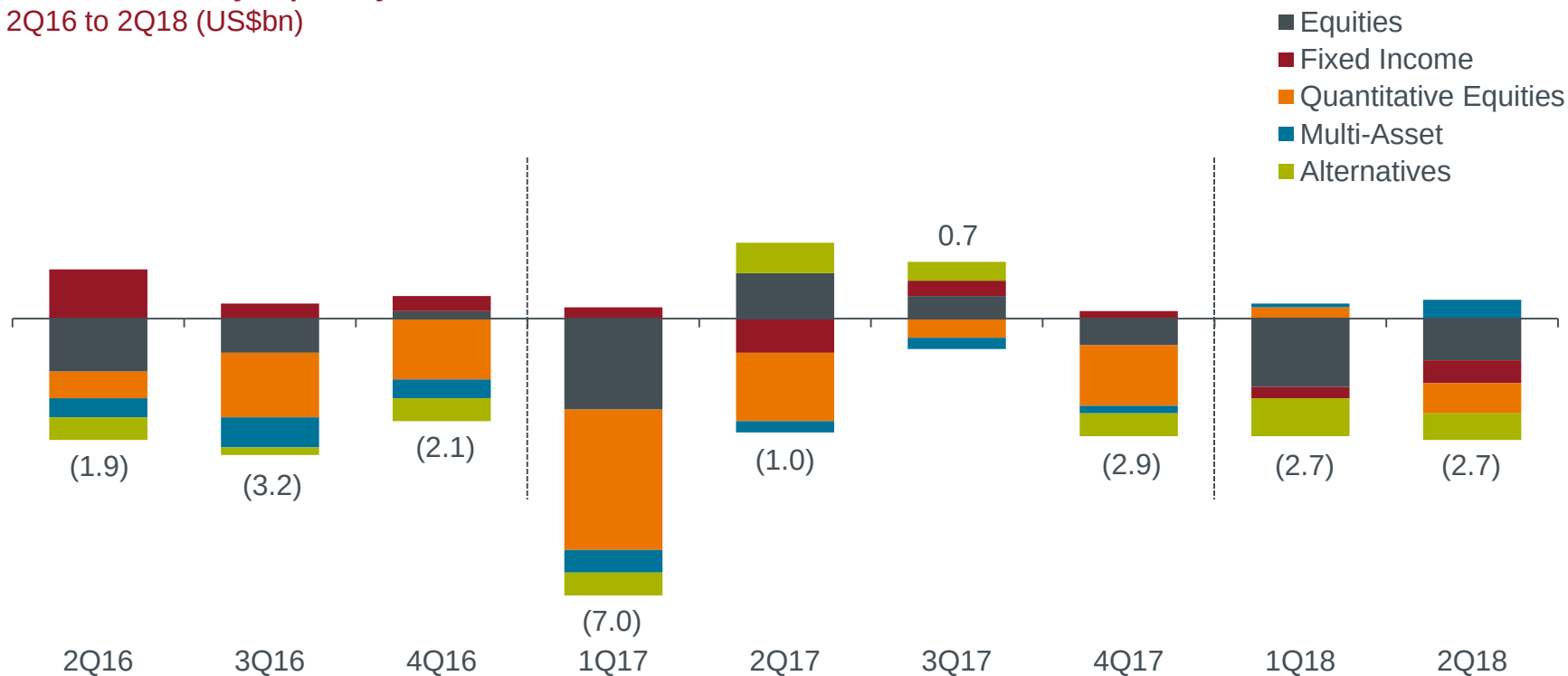
■ Sales ■ Redemptions — Net sales / (redemptions)

Note: Data for 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

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

Total net flows by capability

Total net flows by capability
2Q16 to 2Q18 (US\$bn)



Note: Data for periods prior to and including 2Q17 presents pro forma flows of JHG as if the merger had occurred at the beginning of the period shown.

AUM and flows by capability

All data in US\$bn	Equities	Fixed Income	Quantitative	Equities	Multi-Asset	Alternatives	Total
AUM 31 Mar 2017	162.3	76.3		46.2	28.6	17.4	330.8
Sales	10.6	5.4		0.7	1.2	2.3	20.2
Redemptions	(9.4)	(6.3)		(2.5)	(1.5)	(1.5)	(21.2)
Net sales / (redemptions)	1.2	(0.9)		(1.8)	(0.3)	0.8	(1.0)
Market / FX	9.9	1.9		2.1	1.1	0.8	15.8
Acquisitions / disposals	–	(0.1)		–	–	(0.6)	(0.7)
AUM 30 Jun 2017	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	(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
AUM 30 Sep 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	(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
AUM 31 Dec 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	(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
AUM 31 Mar 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
AUM 30 Jun 2018	193.3	76.5		50.1	32.6	17.6	370.1

Note: Data for 2Q17 presents pro forma AUM and flows of JHG as if the merger had occurred at the beginning of the period shown.

Investment performance

% of AUM outperforming benchmark

Capability	2Q17			3Q17			4Q17			1Q18			2Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	68%	77%	84%	61%	73%	82%	64%	60%	67%	68%	59%	76%	63%	58%	73%
Fixed Income	93%	92%	91%	92%	91%	97%	93%	95%	98%	96%	96%	97%	87%	93%	98%
Quantitative Equities	6%	48%	91%	85%	61%	87%	90%	27%	87%	91%	46%	88%	47%	25%	87%
Multi-Asset	97%	21%	100%	95%	87%	90%	86%	87%	89%	83%	87%	90%	90%	88%	90%
Alternatives	97%	67%	100%	91%	100%	100%	93%	76%	100%	95%	76%	100%	99%	73%	100%
Total	69%	71%	89%	75%	77%	87%	76%	66%	79%	79%	68%	84%	69%	64%	82%

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

Cash management vehicles, ETFs, Managed CDOs, Private Equity funds and custom non-discretionary accounts with no corresponding composite are excluded from the analysis. Excluded assets represent 4% of AUM as at 30 Jun 2017, 31 Mar 2018, 30 Jun 2018 and 3% of AUM as at 30 Sep 2017 and 31 Dec 2017. Capabilities defined by Janus Henderson. Data for 2Q17 presents the pro forma assets as if the merger had occurred at the beginning of the period shown.

Mutual fund investment performance

% of mutual fund AUM in top 2 Morningstar quartiles

Capability	2Q17			3Q17			4Q17			1Q18			2Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	53%	87%	90%	56%	71%	88%	63%	59%	87%	64%	62%	82%	56%	61%	75%
Fixed Income	38%	41%	98%	81%	49%	98%	43%	36%	87%	48%	32%	62%	42%	38%	42%
Quantitative Equities	3%	58%	100%	7%	97%	48%	24%	64%	50%	57%	55%	51%	58%	54%	53%
Multi-Asset	79%	80%	97%	83%	81%	83%	82%	83%	84%	84%	82%	83%	92%	83%	83%
Alternatives	63%	24%	69%	38%	25%	32%	59%	25%	32%	53%	53%	53%	92%	25%	25%
Total	54%	74%	90%	61%	66%	85%	61%	56%	82%	63%	59%	76%	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.

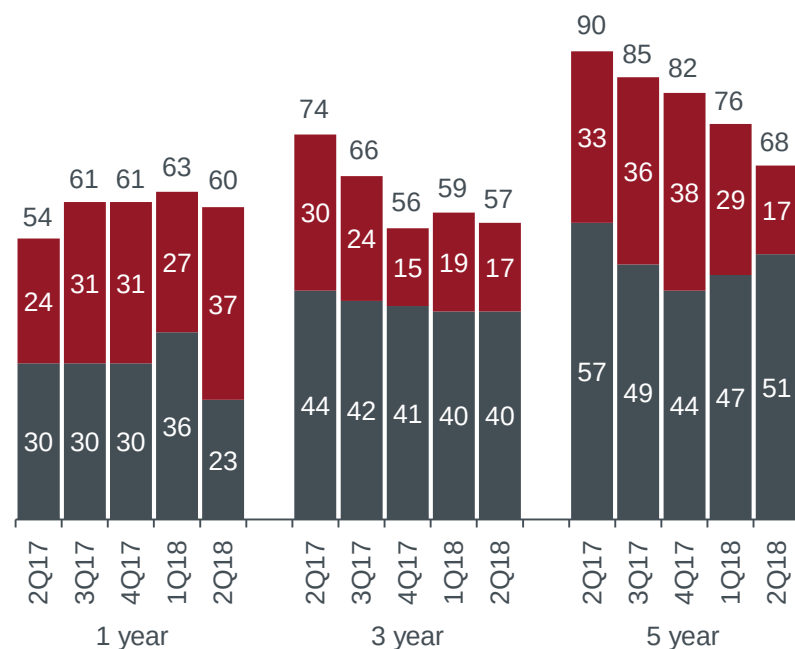
Analysis based on "primary" share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by Janus Henderson. Data for 2Q17 presents the pro forma assets as if the merger had occurred at the beginning of the period shown. © 2017 Morningstar, Inc. All Rights Reserved.

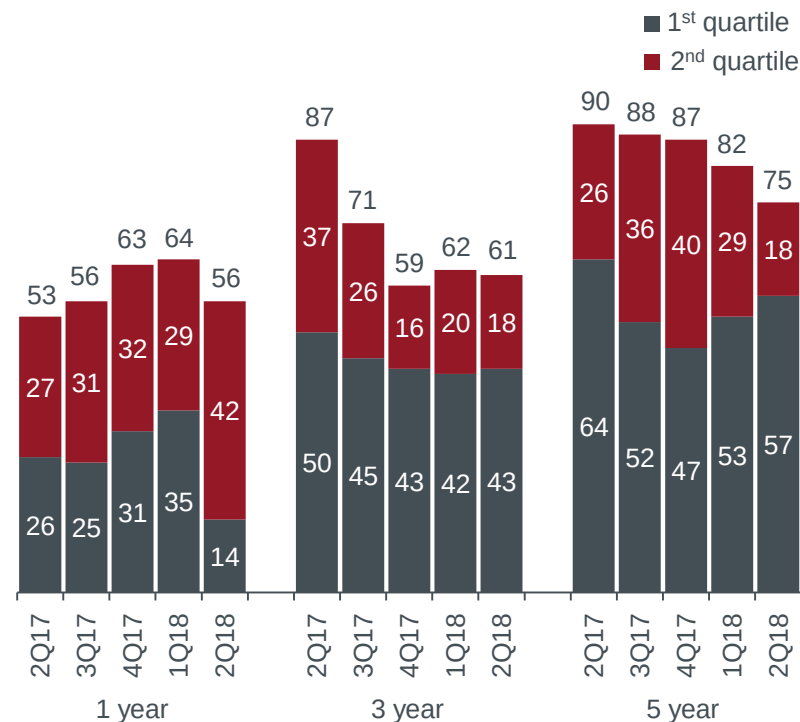
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Group



Equities

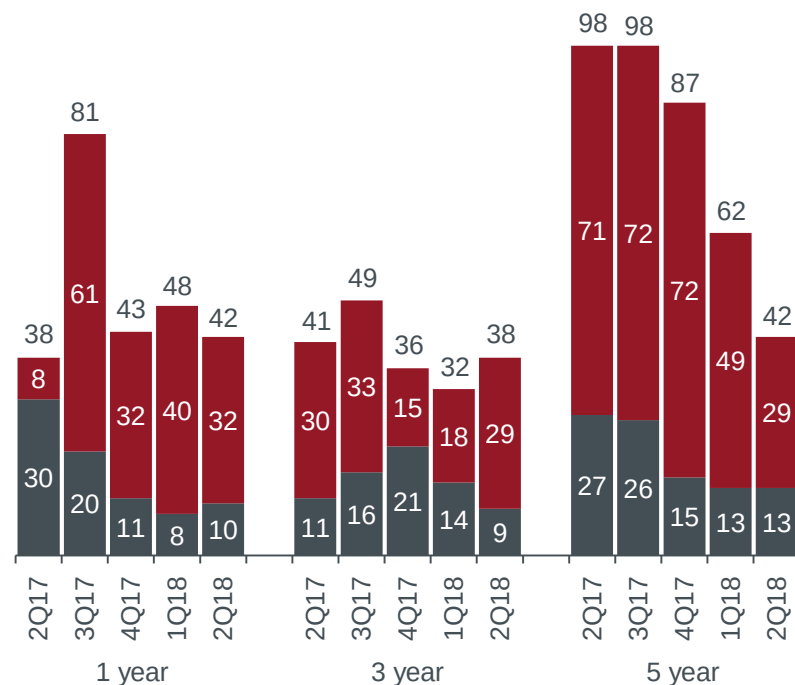


Note: Full performance disclosures detailed on slide 26.

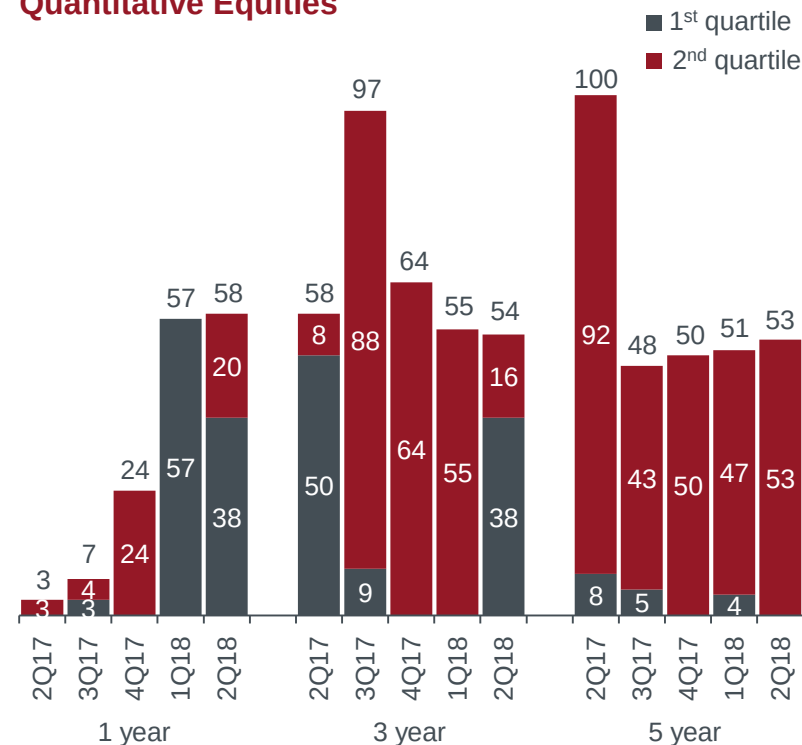
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Fixed Income



Quantitative Equities

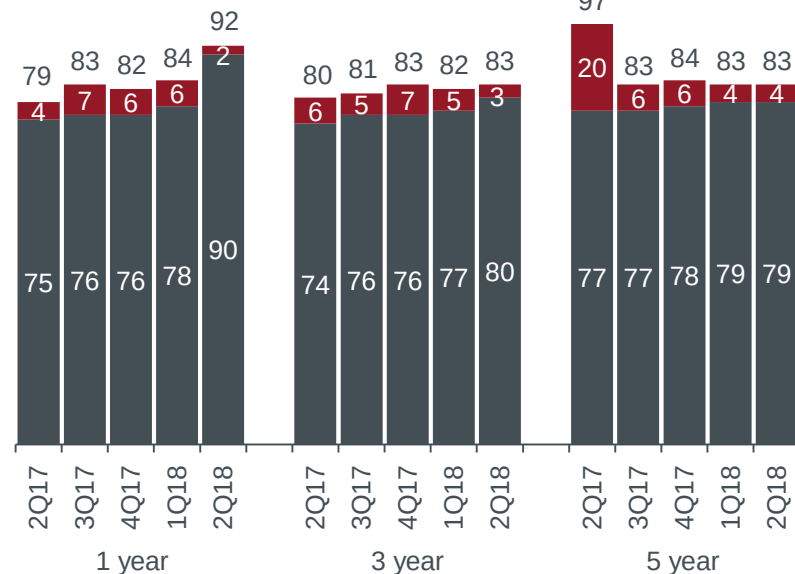


Note: Full performance disclosures detailed on slide 26.

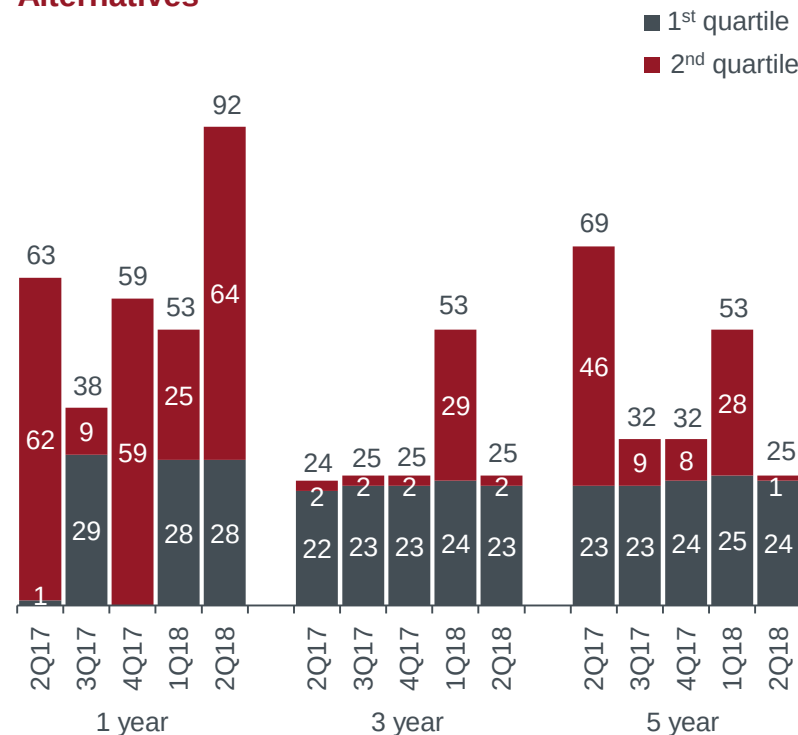
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Multi-Asset



Alternatives



Note: Full performance disclosures detailed on slide 26.

US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended			
	30 Jun 2018	31 Mar 2018	30 Jun 2017	30 Jun 2017 Pro forma
Revenue				
Management fees	493.5	502.9	300.0	458.3
Performance fees	13.5	(3.9)	57.7	52.3
Shareowner servicing fees	31.8	31.5	9.9	29.5
Other revenue	53.6	57.2	29.0	53.7
Total revenue	592.4	587.7	396.6	593.8
Operating expenses				
Employee compensation and benefits	151.0	146.7	123.6	185.7
Long-term incentive plans	55.2	40.0	47.3	61.2
Distribution expenses	114.7	117.3	72.5	111.6
Investment administration	11.7	11.4	9.7	9.7
Marketing	9.5	8.5	10.1	23.2
General, administrative and occupancy	59.2	72.2	67.3	98.7
Depreciation and amortisation	15.8	15.4	9.4	15.2
Total operating expenses	417.1	411.5	339.9	505.3
Operating income	175.3	176.2	56.7	88.5
Interest expense	(3.9)	(3.8)	(2.0)	(5.1)
Investment gains (losses), net	(16.6)	(0.7)	9.8	9.9
Other non-operating income (expenses), net	13.9	38.9	(2.0)	(1.6)
Income before taxes	168.7	210.6	62.5	91.7
Income tax provision	(38.2)	(47.4)	(21.0)	(31.7)
Net income	130.5	163.2	41.5	60.0
Net (income) loss attributable to non-controlling interests	10.1	2.0	0.2	(1.0)
Net income attributable to JHG	140.6	165.2	41.7	59.0
Less: allocation of earnings to participating stock-based awards	3.8	4.2	1.1	(1.7)
Net income attributable to JHG common shareholders	136.8	161.0	40.6	57.3
Diluted weighted-average shares outstanding (m)	196.6	196.9	143.8	200.0
Diluted EPS	0.70	0.82	0.28	0.29

Note: 2Q17 pro forma data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 2Q17 numbers updated to reflect the adoption of the new revenue recognition standard.

Pro forma adjusted: statement of income

US\$m, except per share data	3 months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017
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
Distribution expenses	(114.7)	(117.3)	(111.6)
Total adjusted revenue	477.7	470.4	482.2
Operating expenses			
Employee compensation and benefits	145.0	143.8	160.3
Long-term incentive plans	54.5	39.9	48.0
Investment administration	11.0	11.4	9.7
Marketing	9.7	8.4	8.8
General, administrative and occupancy	57.7	70.1	48.5
Depreciation and amortisation	8.4	8.0	7.4
Total adjusted operating expenses	286.3	281.6	282.7
Adjusted operating income	191.4	188.8	199.5
Interest expense	(3.2)	(3.1)	(4.4)
Investment gains (losses), net	(16.6)	(0.7)	(0.3)
Other non-operating income (expenses), net	9.9	(5.9)	1.0
Adjusted income before taxes	181.5	179.1	195.8
Income tax provision	(41.7)	(37.5)	(55.0)
Adjusted net income	139.8	141.6	140.8
Net (income) loss attributable to non-controlling interests	10.1	2.0	(1.0)
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 stockholders	145.8	140.0	135.8
Diluted weighted-average shares outstanding (m)	196.6	196.9	200.0
Adjusted diluted EPS	0.74	0.71	0.68

Note: 2Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 2Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 35. See adjusted financial measures reconciliation on slides 32 and 33 for additional information.

Alternative performance measures

Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017
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, administrative 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 margin⁴	29.6%	30.0%	14.9%
Adjusted operating margin⁵	40.1%	40.1%	41.4%

Note: 2Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. 2Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 35. Reconciliation to be used in conjunction with slide 33. Footnotes 1 to 5 included on slide 34.

Alternative performance measures (cont'd)

Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	30 Jun 2018	31 Mar 2018	30 Jun 2017
Reconciliation of net income 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, administrative and occupancy ²	1.5	2.1	50.2
Depreciation and amortisation ³	7.4	7.4	7.8
Interest expense ⁶	0.7	0.7	0.7
Investment gains (losses), net ⁷	–	–	(10.2)
Other non-operating income (expense) ⁶	(4.0)	(44.8)	2.6
Income tax provision ⁸	(3.5)	9.9	(23.3)
Adjusted net income attributable to JHG	149.9	143.6	139.8

Diluted earnings per share⁹	0.70	0.82	0.29
Adjusted diluted earnings per share¹⁰	0.74	0.71	0.68

Note: 2Q17 data presents pro forma results of JHG as if the merger had occurred at the beginning of the period shown. Reconciliation to be used in conjunction with slide 32.
Footnotes 2, 3, 6, 7, 8, 9 and 10 included on slide 34.

Alternative performance measures (cont'd)

Footnotes to reconciliation of adjusted financial measures

- ¹ Distribution expenses are paid to financial intermediaries for the distribution of JHG's investment products. JHG management believes that the deduction of third-party distribution, service and advisory expenses from revenue in the computation of net revenue reflects the nature of these expenses as 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. JHG management believes these costs do not represent the ongoing operations of the Group.
- ³ Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortised on a straight-line basis over the expected life of the contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.
- ⁴ Operating income divided by revenue.
- ⁵ Adjusted operating income divided by adjusted revenue.
- ⁶ Adjustments primarily represent the gain on the sale of JHG'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. JHG management believes these costs do not represent the ongoing operations of the Group.
- ⁷ Adjustment relates to the gain recognised on disposal of the alternative UK small cap team ('Volantis team') on 1 April 2017. JHG management believes this gain does not represent the ongoing operations of the Group.
- ⁸ 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.
- ⁹ Net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.
- ¹⁰ Adjusted net income attributable to JHG common shareholders divided by weighted-average diluted common shares outstanding.

Reconciliation: revenue recognition standard

Pro forma US GAAP statement of income extract

Impact of adoption of new revenue recognition standard

US\$m	30 Jun 2017 previously reported	3 months ended Adjustment	30 Jun 2017 updated
Revenue			
Management fees	454.3	4.0	458.3
Performance fees	52.3	–	52.3
Shareowner servicing fees	29.5	–	29.5
Other revenue	30.0	23.7	53.7
Total revenue	566.1	27.7	593.8
Distribution expenses	(83.9)	(27.7)	(111.6)
Total revenue, net of distribution expenses	482.2	–	482.2

Performance fees

	2Q18 (US\$m)	1Q18 (US\$m)	2Q17 (US\$m)	AUM generating 2Q18 pfees (US\$bn)	# of funds generating 2Q18 pfees	Frequency	Timing
SICAVs ¹	4.2	1.0	29.6	7.0	12	23 annually; 2 quarterly	23 at June; 2 on quarters
Offshore Absolute Return	1.5	0.4	2.0	0.1	2	Quarterly / Annually	Various
Segregated Mandates ²	4.4	2.5	6.4	0.6	4	Quarterly / Annually	Various
UK OEICs & Unit Trusts	4.4	–	13.7	3.4	2	Quarterly	Various
Investment Trusts	6.7	–	8.4	1.8	2	Annually	Various
US Mutual Funds ³	(7.7)	(7.8)	(7.7)	43.6	17	Monthly	Monthly
Total	13.5	(3.9)	52.3	56.5	39		

Note: 2Q17 data presents the results of JHG as if the merger had occurred at the beginning of the period shown. Numbers may not cast due to rounding.

¹ 1Q18 SICAV performance fee relates to accrual true-ups.

² Segregated Mandates includes Private Accounts (legacy Janus product categorisation), Managed CDOs and Private Equity.

³ AUM data presents US Mutual Fund AUM subject to performance fees as at 30 Jun 2018. Janus Investment Funds and Janus Aspen Series Portfolios are counted as distinct and separate funds.

US mutual funds with performance fees

Mutual funds with performance fees ¹	AUM 30 Jun 2018 US\$m	Benchmark	Base fee	Performanc e fee ²	Performance cap/(floor) vs benchmark	2Q18 P&L impact US\$'000
Research Fund ³	13,723	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(3,669)
Forty Fund ³ and Portfolio	13,356	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 8.50%	(1,205)
Mid Cap Value Fund and Portfolio	3,846	Russell Midcap [®] Value Index	0.64%	± 15 bps	± 4.00%	681
Global Research Fund and Portfolio	3,558	MSCI World Index SM	0.60%	± 15 bps	± 6.00%	(901)
Small Cap Value Fund	3,002	Russell 2000 [®] Value Index	0.72%	± 15 bps	± 5.50%	(271)
Contrarian Fund	2,583	S&P 500 [®] Index	0.64%	± 15 bps	± 7.00%	(1,095)
Overseas Fund and Portfolio	2,369	MSCI All Country World ex-U.S. Index SM	0.64%	± 15 bps	± 7.00%	(975)
Research Portfolio ⁴	523	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(230)
Global Real Estate Fund	252	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	12
Global Value Fund	226	MSCI World Index SM	0.64%	± 15 bps	± 7.00%	(91)
Large Cap Value Fund	116	Russell 1000 [®] Value Index	0.64%	± 15 bps	± 3.50%	(38)
Select Value Fund	60	Russell 3000 [®] Value Index	0.70%	± 15 bps	± 5.00%	36
Asia Equity Fund	34	MSCI All Country Asia ex-Japan Index SM	0.92%	± 15 bps	± 7.00%	(1)
Total	43,648					(7,747)

Note: AUM data shown on a managed view.

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

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

³ The Janus Fund merged into the Research Fund and the Twenty Fund merged into the Forty Fund effective 1 May 2017. For two years, the investment advisory fee will be waived to the lesser of the investment advisory fee rate payable by the surviving fund, or the investment advisory fee rate that the merged fund would have paid if the merger did not occur.

⁴ Until 1 May 2020, the portion of performance for periods prior to 1 May 2017 will be compared to the Portfolio's former benchmark, the Core Growth Index (50% S&P 500[®] Index / 50% Russell 1000[®] Growth Index). Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

Long-term incentive compensation

Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2018	2019	2020	2021
2015 annual grant	5	5	–	–	–
2016 annual grant	28	20	7	1	–
2017 annual grant	58	36	17	5	–
2018 annual grant ¹	159	75	53	24	6
Other ²	122	49	34	23	16
Total long-term incentive	372	185	111	53	22

Note: 2015, 2016, 2017 and 2018 annual grants generally vest over three and four years. Assumed no forfeitures in future periods. Assumed no change in future values related to market or currency, which would impact expense related to cash based awards (MFSAs and DEP funds) and social security expense upon vesting.

¹ Includes US\$1m of vesting in 2022 that is not reflected in the table.

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

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