

# Janus Henderson Group 3Q18 results presentation

Thursday 1 November 2018

**Dick Weil**  
Chief Executive Officer

**Roger Thompson**  
Chief Financial Officer



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# 3Q18 results presentation

## Business and financial update

Roger Thompson  
Chief Financial Officer



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# 3Q18 highlights

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- Solid investment performance
- AUM of US\$378.1bn with positive markets partially offset by net outflows
- Adjusted diluted EPS of US\$0.69
- On track to achieve targeted cost synergies of US\$125 million by end of 2018 – significantly ahead of schedule
- Declared US\$0.36 per share dividend and completed US\$50 million of share buybacks

## Key metrics – 3Q18 vs 2Q18

	3Q18	2Q18
3 year investment outperformance <sup>1</sup>	60%	64%
Net flows	(US\$4.3bn)	(US\$2.7bn)
Total AUM	US\$378.1bn	US\$370.1bn
US GAAP diluted EPS	US\$0.55	US\$0.70
Adjusted diluted EPS <sup>2</sup>	US\$0.69	US\$0.74
Dividend per share	US\$0.36	US\$0.36

<sup>1</sup> Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 22.

<sup>2</sup> See adjusted financial measures reconciliation on slide 31 for additional information.

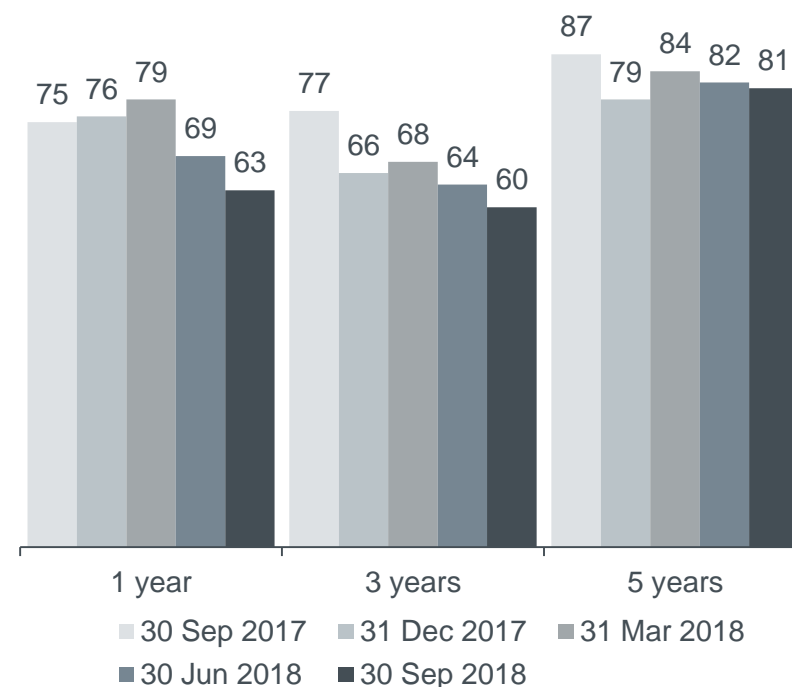
# Investment performance

## Investment performance reflects ongoing weakness at Intech

**% of AUM outperforming benchmark**  
(as at 30 Sep 2018)

Capability	1 year	3 years	5 years
Equities	61%	56%	75%
Fixed Income	79%	92%	94%
Quantitative Equities	21%	8%	83%
Multi-Asset	89%	89%	90%
Alternatives	99%	73%	100%
<b>Total</b>	<b>63%</b>	<b>60%</b>	<b>81%</b>

**% of AUM outperforming benchmark**  
(30 Sep 2017 to 30 Sep 2018)



Note: Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 22.

# Total flows

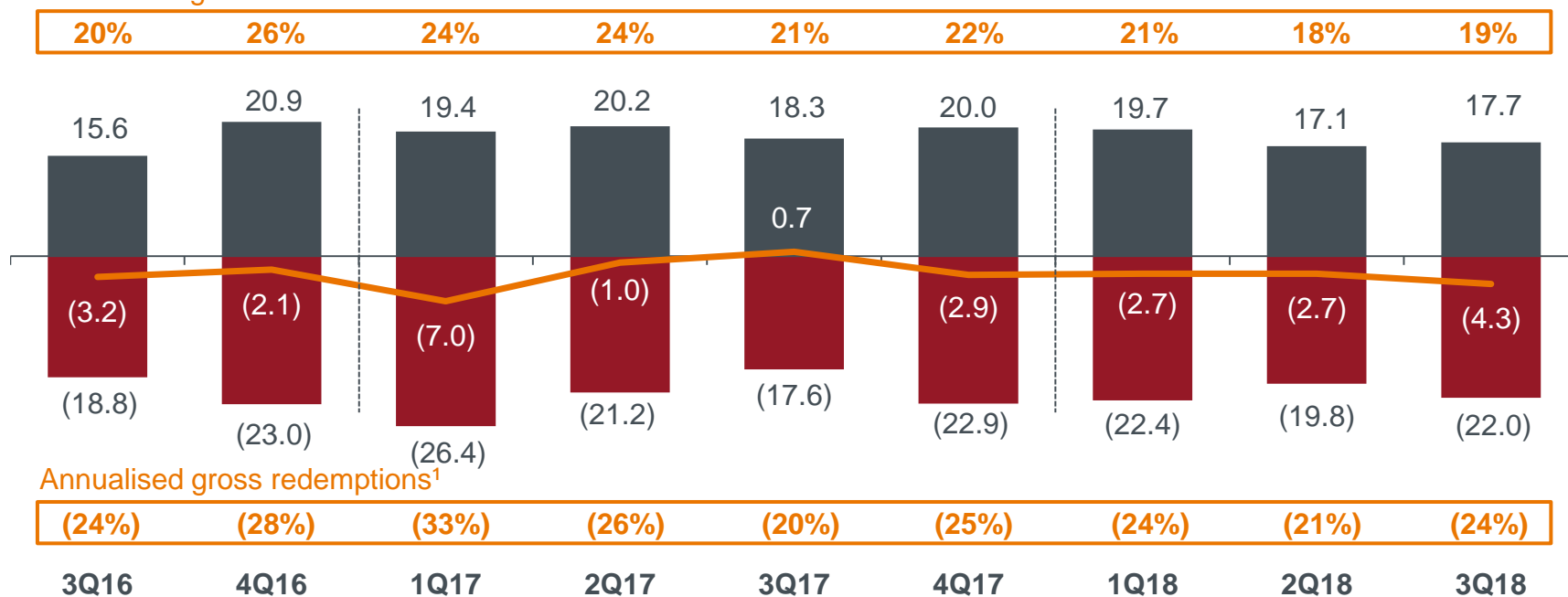
## Net outflows continue

### Total flows

3Q16 to 3Q18 (US\$bn)

Annualised gross sales<sup>1</sup>

■ Sales ■ Redemptions — Net sales / (redemptions)



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.

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

# 3Q18 flows by capability

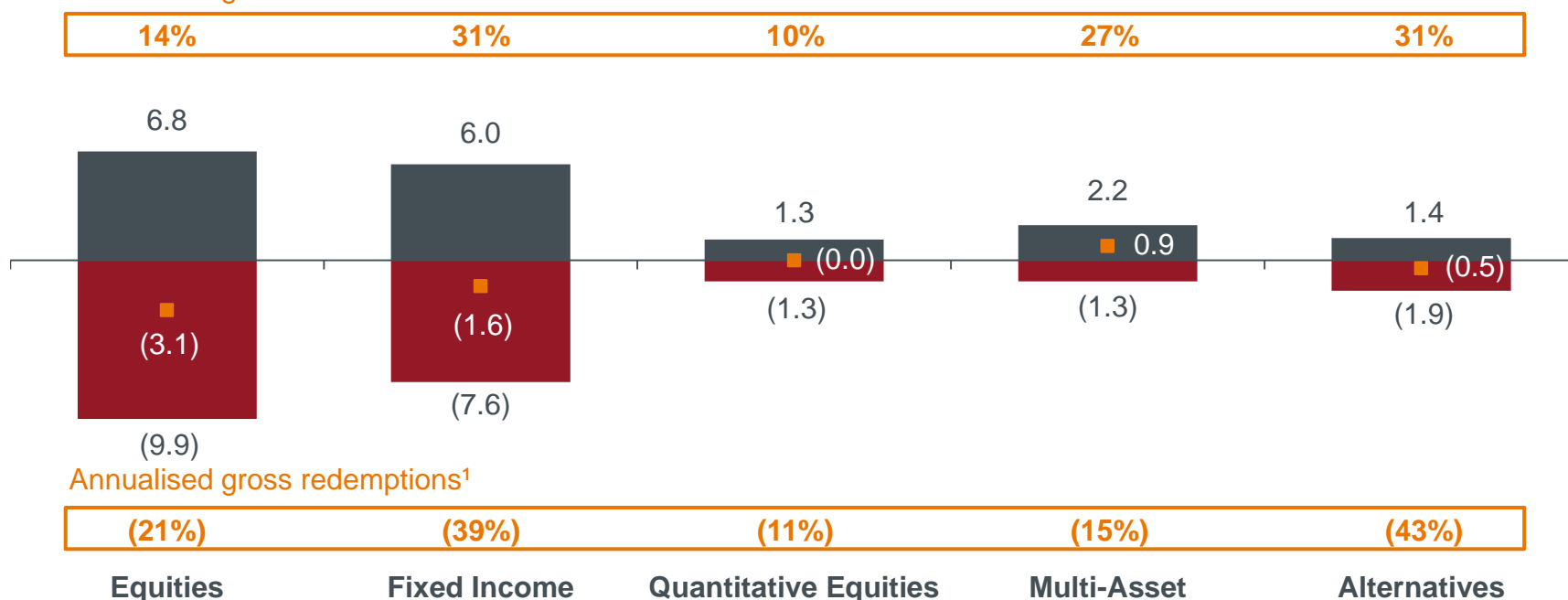
Outflows in Equity and Fixed Income partially offset by strong Multi-Asset inflows

## 3Q18 flows by capability

(US\$bn)

Annualised gross sales<sup>1</sup>

■ Sales ■ Redemptions — Net sales / (redemptions)



<sup>1</sup> 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 Sep 2018		
	US GAAP	Adjustments	Adjusted
<b>Revenue</b>			
Management fees	498.7		
Performance fees	(6.0)		
Shareowner servicing fees	33.1		
Other revenue	55.4		
<b>Total revenue</b>	<b>581.2</b>	<b>(112.3)</b>	<b>468.9</b>
<b>Operating expenses</b>			
Employee compensation and benefits	159.5		
Long-term incentive plans	61.1		
Distribution expenses	112.3		
Investment administration	12.2		
Marketing	7.1		
General, administrative and occupancy	59.9		
Depreciation and amortisation	20.8		
<b>Total operating expenses</b>	<b>432.9</b>	<b>(144.5)</b>	<b>288.4</b>
<b>Operating income</b>	<b>148.3</b>	<b>32.2</b>	<b>180.5</b>

Note: See adjusted financial measures reconciliation on slide 30 for additional information.

# Financial highlights

## US GAAP and adjusted

### Summary of results

US\$, except margin data	3Q18	2Q18	Change 3Q18 vs 2Q18	3Q17	Change 3Q18 vs 3Q17
Average AUM	376.8bn	369.1bn	2%	352.7bn	7%
Total revenue	581.2m	592.4m	(2%)	566.9m	3%
Operating income	148.3m	175.3m	(15%)	138.2m	7%
Operating margin	25.5%	29.6%	(4.1ppt)	24.4%	1.1ppt
US GAAP diluted EPS	0.55	0.70	(21%)	0.49	12%
Adjusted revenue	468.9m	477.7m	(2%)	454.6m	3%
Adjusted operating income	180.5m	191.4m	(6%)	168.4m	7%
Adjusted operating margin	38.5%	40.1%	(1.6ppt)	37.0%	1.5ppt
Adjusted diluted EPS	0.69	0.74	(7%)	0.56	23%

Note: 3Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 33. See adjusted financial measures reconciliation on slides 30 and 31 for additional information.

# Revenue

3Q18 adjusted revenue decreased, driven by lower performance fees

## 3Q18 adjusted revenue drivers

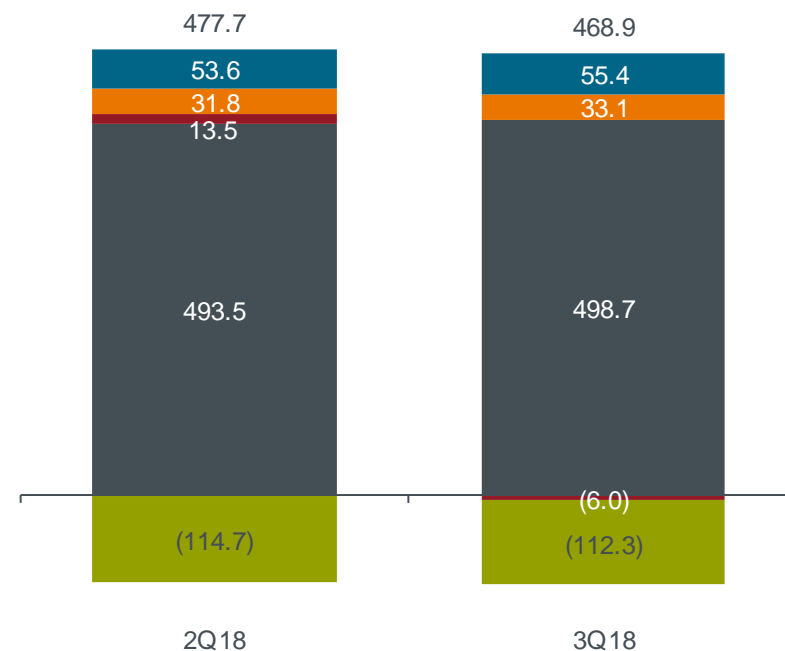
US\$m, except margin data	3Q18	2Q18	Change
<b>Total adjusted revenue</b>	<b>468.9</b>	<b>477.7</b>	<b>(2%)</b>
Management fees	498.7	493.5	1%
Performance fees	(6.0)	13.5	nm
Shareowner servicing fees	33.1	31.8	4%
Other revenue	55.4	53.6	3%
Distribution expenses	(112.3)	(114.7)	2%
<i>Average net<sup>1</sup> mgmt fee margin</i>	<i>44.1bps</i>	<i>44.7bps</i>	<i>(0.6bps)</i>

- Slight increase in management fees driven by higher average AUM
- Performance fees declined from 2Q18 driven by seasonality and a decline in mutual fund performance fees

Note: See adjusted financial measures reconciliation on slide 30 for additional information.

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

## Adjusted revenue – 2Q18 vs 3Q18 (US\$m)

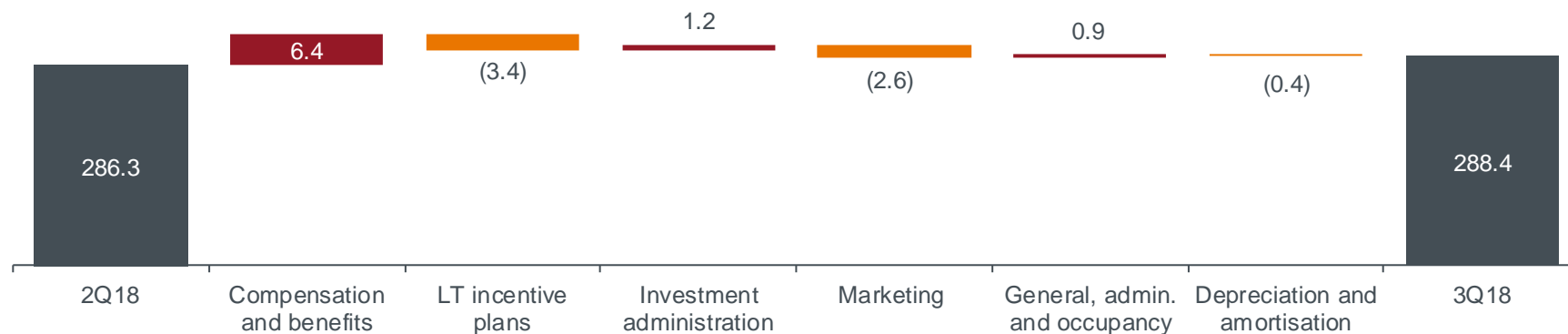


- Management fees
- Performance fees
- Shareowner servicing fees
- Other revenue
- Distribution expenses

# Operating expenses

US\$m	3Q18 US GAAP	Adjustments	3Q18 adjusted	2Q18 adjusted	Change 3Q18 adjusted vs 2Q18 adjusted
Employee compensation and benefits	159.5	(8.1)	151.4	145.0	4%
Long-term incentive plans	61.1	(10.0)	51.1	54.5	(6%)
<b>Total compensation expenses</b>	<b>220.6</b>	<b>(18.1)</b>	<b>202.5</b>	<b>199.5</b>	<b>2%</b>
Distribution expenses	112.3	(112.3)	–	–	nm
Investment administration	12.2	–	12.2	11.0	11%
Marketing	7.1	–	7.1	9.7	(27%)
General, administrative and occupancy	59.9	(1.3)	58.6	57.7	2%
Depreciation and amortisation	20.8	(12.8)	8.0	8.4	(5%)
<b>Non-staff operating expenses</b>	<b>212.3</b>	<b>(126.4)</b>	<b>85.9</b>	<b>86.8</b>	<b>(1%)</b>
<b>Total operating expenses</b>	<b>432.9</b>	<b>(144.5)</b>	<b>288.4</b>	<b>286.3</b>	<b>1%</b>

## Adjusted operating expenses – 2Q18 vs 3Q18 (US\$m)

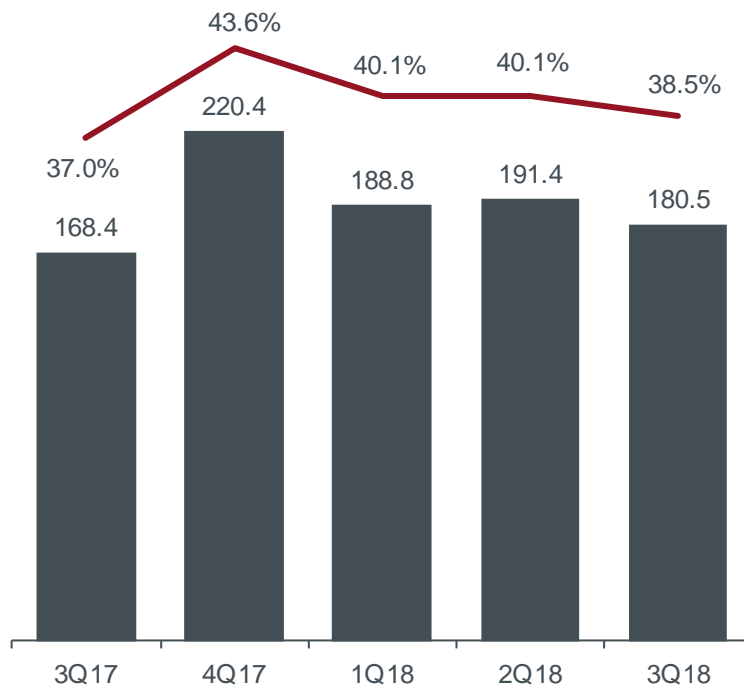


Note: See adjusted financial measures reconciliation on slide 30 for additional information.

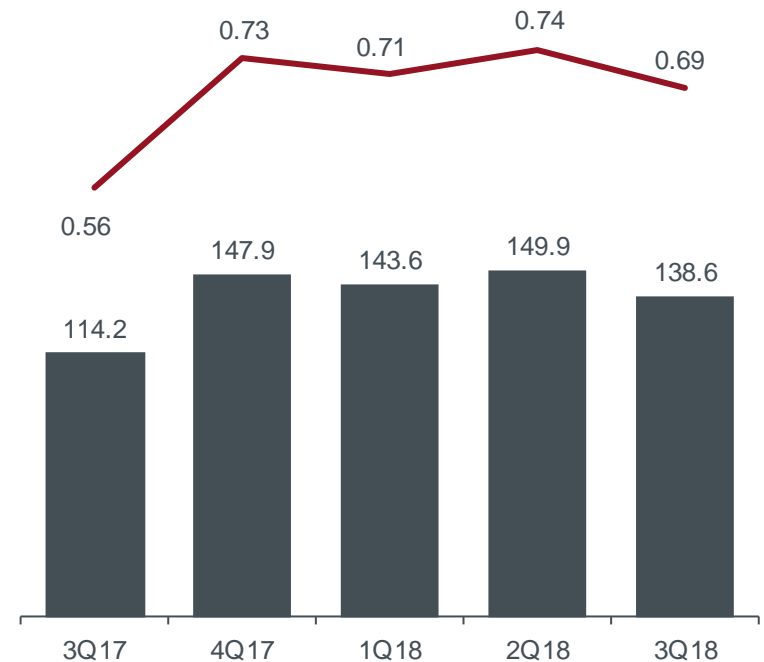
# Profitability

Committed to financial discipline to support sustainable growth

**Adjusted operating income and margin**  
(US\$m, except margin data)



**Adjusted net income and diluted EPS**  
(US\$m, except per share data)



Note: See adjusted financial measures reconciliation on slides 30 and 31 for additional information.

# Returning capital to shareholders

## Delivering on the capital return plan we previously articulated

### What we previously told you:

- “As we close the merger there will be a period of elevated demand for cash in the near-term to cover deal and integration costs”
- “The 2018 Convertible Notes were available for holders to convert early and we settled all conversions in cash”
- “Bonus payments in 1Q 2018 result in a seasonal drawdown on our cash balance, after which the firm will generate positive cash flow”
- “Once we begin generating excess cash, we will evaluate, and balance, the ongoing investments the business requires with external opportunities we see, including returning excess capital to shareholders”

### The results:

US\$m	2017	YTD 2018
Deal and integration costs	172	32
2018 Convertible Notes repayment	93	95
Dividends <sup>1</sup>	256	277
Share buyback	–	50
<b>TOTAL</b>	<b>521</b>	<b>454</b>

**With deal and integration costs winding down and the repayment of the convertible note complete, there are fewer demands on cash going forward**

<sup>1</sup> Reflects an estimated US\$71m of dividends (shares receiving dividends to be determined on record date) declared by the Board on 31 October 2018 that will be paid on 30 November 2018 to shareholders of record at the close of business on 12 November 2018.

**Q&A**

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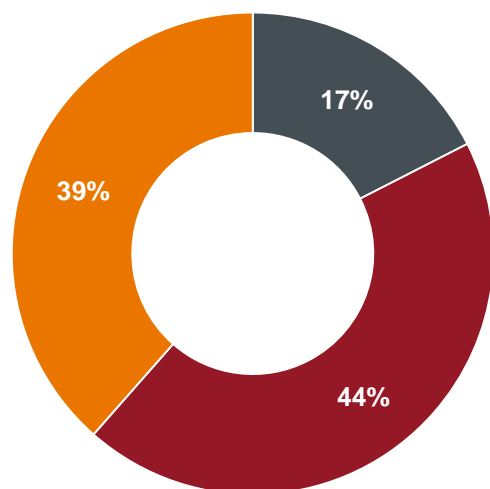
# Appendix

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# Assets under management as at 30 Sep 2018

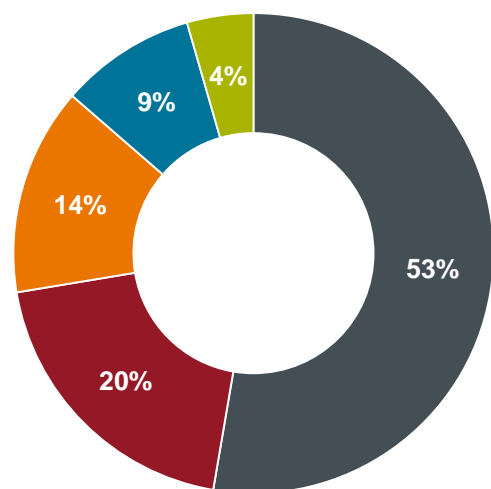
AUM: US\$378.1bn

By client type



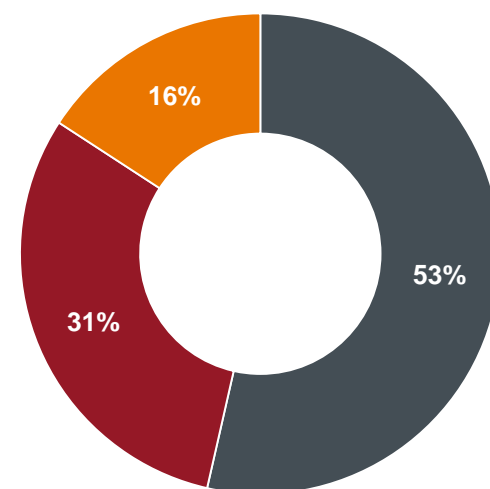
■ Self-directed	US\$66.1bn
■ Intermediary	US\$166.4bn
■ Institutional	US\$145.6bn

By capability



■ Equities	US\$199.2bn
■ Fixed Income	US\$74.5bn
■ Quantitative Equities	US\$52.9bn
■ Multi-Asset	US\$34.6bn
■ Alternatives	US\$16.9bn

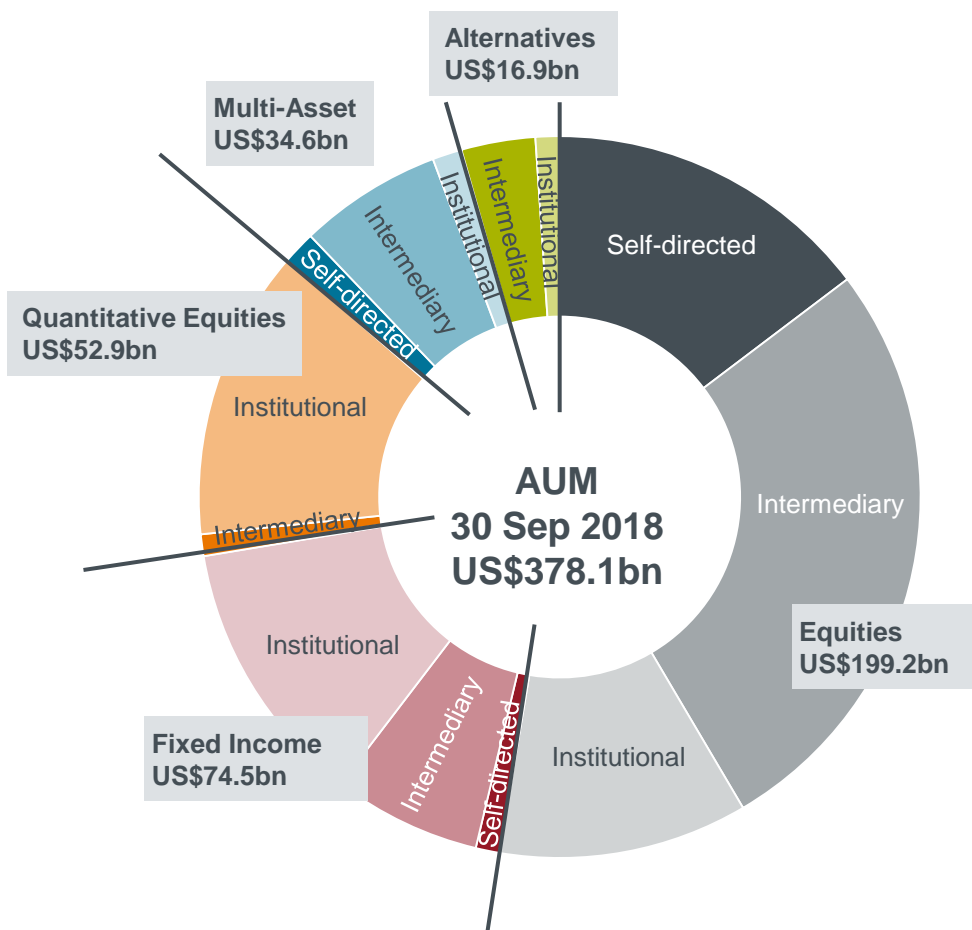
By client location



■ North America	US\$202.5bn
■ EMEA & LatAm	US\$115.8bn
■ Asia Pacific	US\$59.8bn

# 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

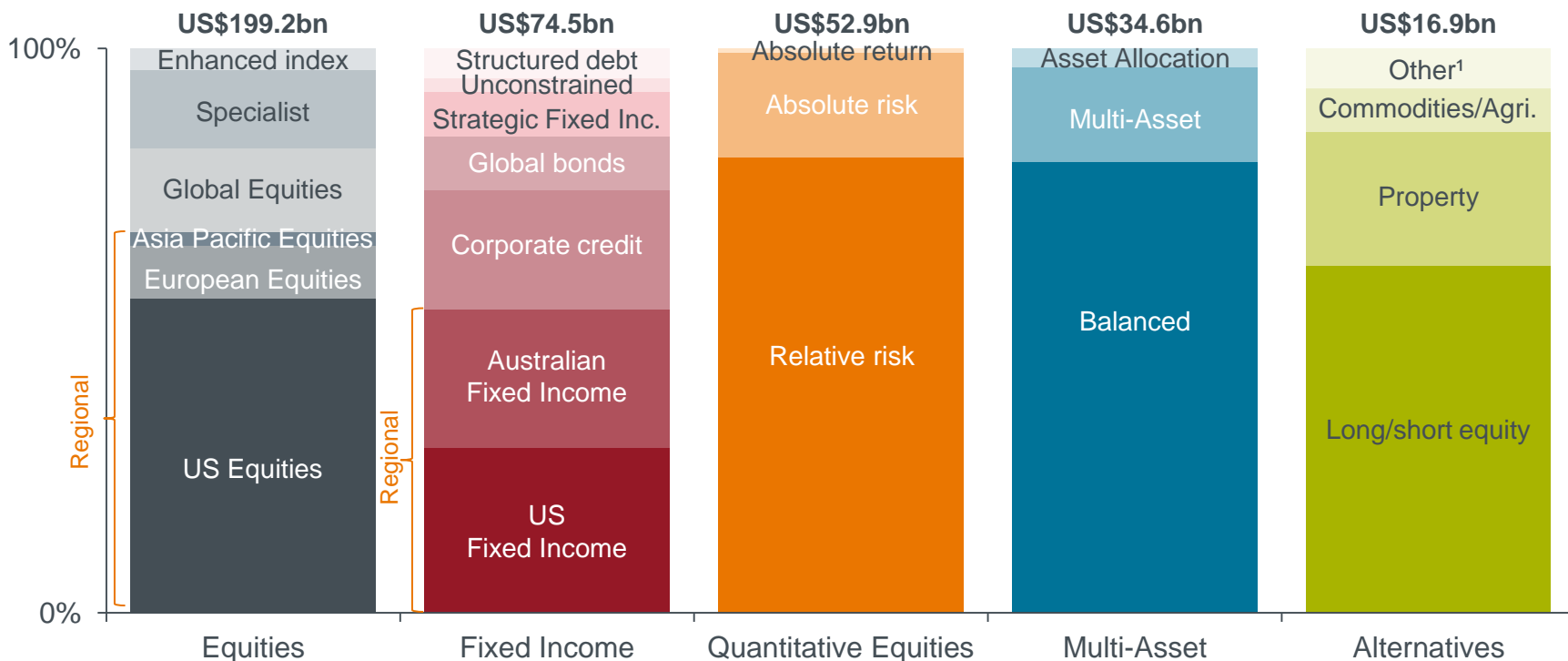
### Alternatives

- Expertise in liquid alternatives alongside traditional hedge funds

# Investment management capabilities

## Balanced range of offerings

### AUM by investment capability as at 30 Sep 2018



<sup>1</sup> Other primarily includes Absolute Return Bond and Multi-Strategy.

# Largest pooled funds by capability

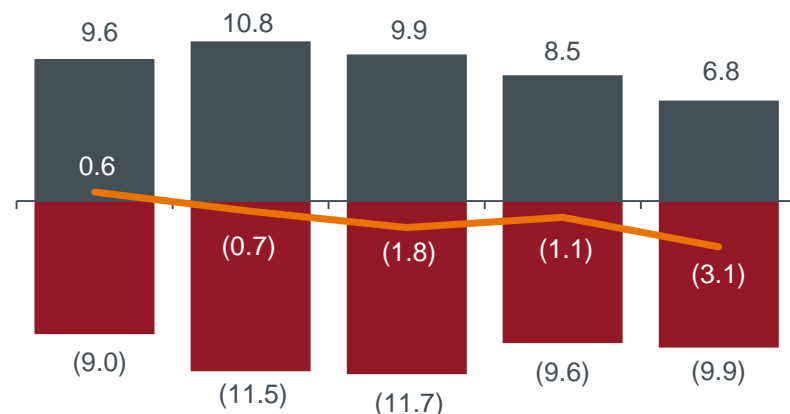
Capability	Fund	Product	Strategy	AUM (US\$bn) 30 Sep 2018
Equity	JnsHnd Enterprise	US Mutual Fund	Mid Cap Growth	19.4
	JnsHnd Research	US Mutual Fund	US Research Growth Equity	14.8
	JnsHnd Forty	US Mutual Fund	Concentrated Growth	13.2
	JnsHnd Triton	US Mutual Fund	Small-Mid Cap Growth	12.1
	JnsHnd Growth and Income	US Mutual Fund	Growth & Income	5.6
Fixed Income	JnsHnd Flexible Bond	US Mutual Fund	Core Plus Fixed Income	6.9
	JnsHnd Absolute Return	Australian UT	Absolute Return Income	4.5
	JnsHnd Strategic Bond	UK OEIC	Global Strategic Fixed Income	2.8
	JnsHnd Tactical Income	Australian MIS	Australian Fixed Income	2.4
	JnsHnd Hzn Euro Corporate Bond	SICAV	Sterling Investment Grade Credit	1.8
Quantitative Equities	JnsHnd US Mgd Volatility	US Mutual Fund	US Adaptive Volatility	1.5
	JnsHnd US Low Volatility Portfolio	US Mutual Fund	US Low Volatility	1.1
	JnsHnd Intech All World Minimum Variance Core	Dublin OEIC	All World Minimum Variance Core	0.7
	JnsHnd Global Inc Mgd Volatility	US Mutual Fund	Global Income Adaptive Volatility	0.3
	JnsHnd Intech Global All Country Low Volatility	Dublin OEIC	Global All Country Low Volatility	0.2
Multi-Asset	JnsHnd Balanced	US Mutual Fund	Balanced	16.2
	JnsHnd Balanced Portfolio	US Mutual Fund	Balanced	4.0
	JnsHnd Cautious Managed	UK OEIC	UK Income and Growth	2.6
	JnsHnd Balanced	Dublin OEIC	Balanced	1.6
	JnsHnd Multi-Manager Managed	UK OEIC	Multi Manager	0.5
Alternatives	JnsHnd UK Absolute Return	SICAV	UK Large Cap Absolute Return Equity	5.3
	JnsHnd UK Property PAIF / Feeder	UK OEIC/UT	Property	4.0
	JnsHnd UK Absolute Return	UK OEIC	UK Large Cap Absolute Return Equity	3.3
	JnsHnd Horizon Pan European Alpha	SICAV	Europe Large Cap Long/Short	1.1
	Alphagen Euro Best Ideas	Hedge Fund	Europe Large Cap Agnostic	0.3
<b>Total</b>				<b>126.1</b>

Note: Numbers may not cast due to rounding.

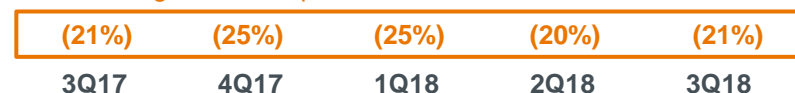
# Flows: Equities and Fixed Income

## Equities (US\$bn)

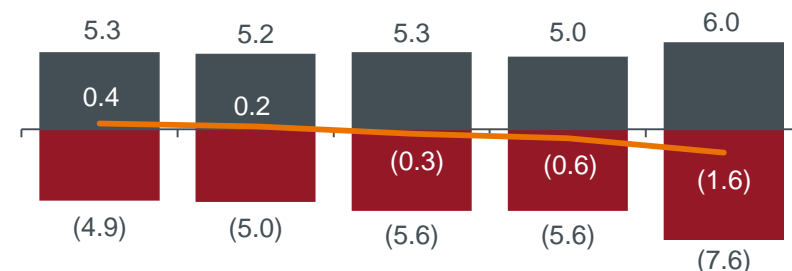
Annualised gross sales<sup>1</sup>



Annualised gross redemptions<sup>1</sup>



## Fixed Income (US\$bn)



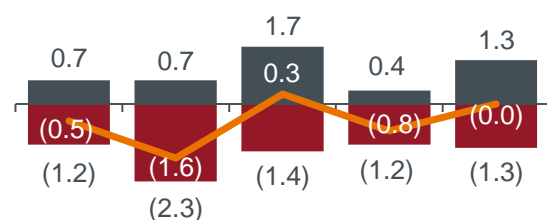
■ Sales ■ Redemptions — Net sales / (redemptions)

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

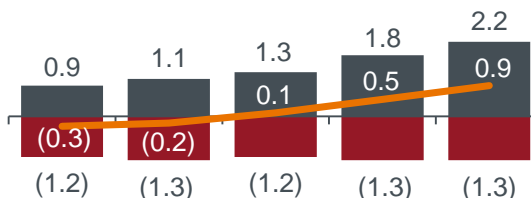
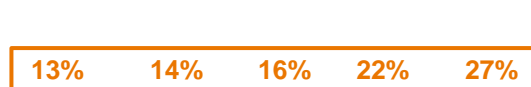
# Flows: Quantitative Equities, Multi-Asset and Alternatives

## Quantitative Equities (US\$bn)

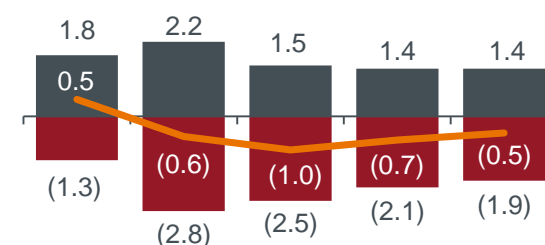
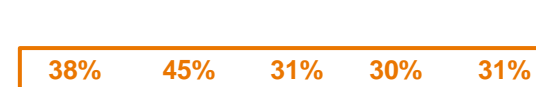
Annualised gross sales<sup>1</sup>



## Multi-Asset (US\$bn)



## Alternatives (US\$bn)



Annualised gross redemptions<sup>1</sup>

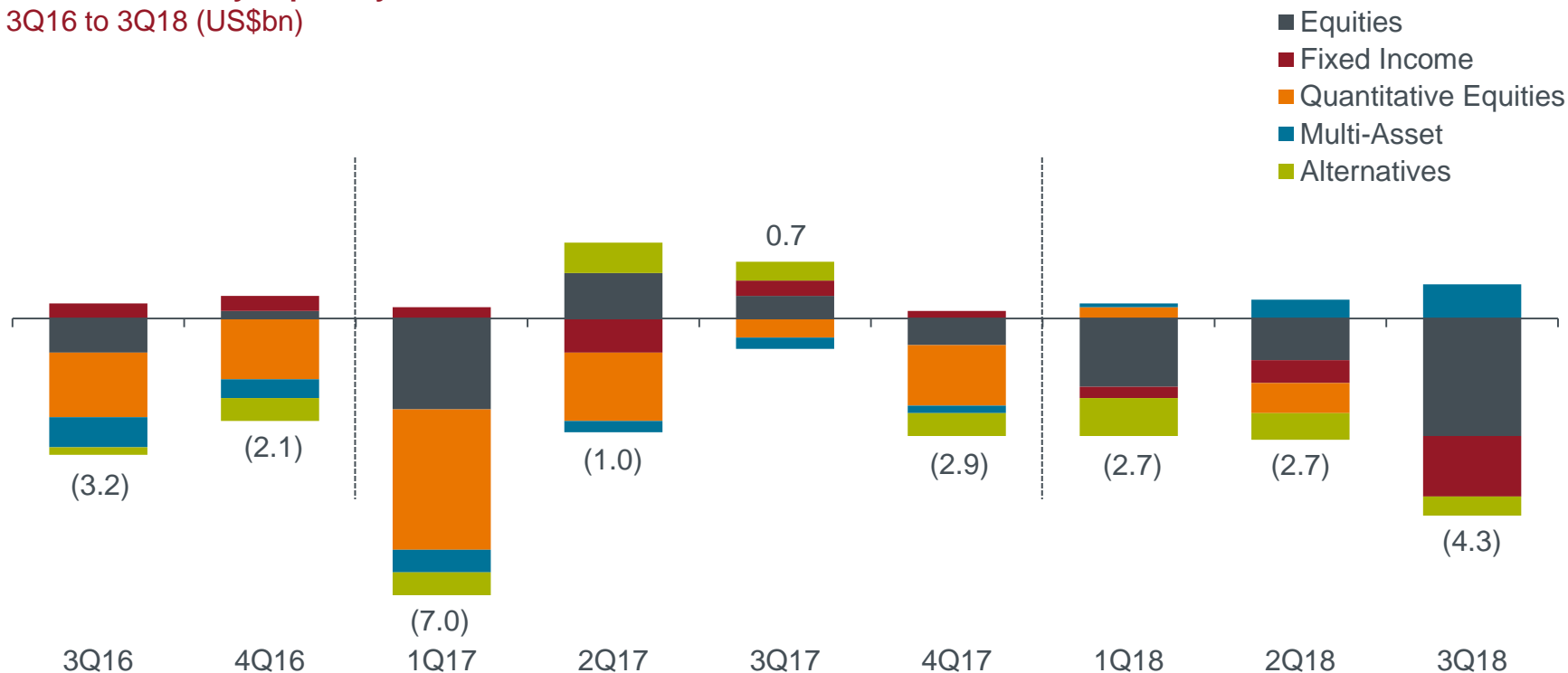


■ Sales ■ Redemptions — Net sales / (redemptions)

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

# Total net flows by capability

**Total net flows by capability**  
3Q16 to 3Q18 (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
<b>AUM 30 Jun 2017</b>	<b>173.4</b>	<b>77.2</b>	<b>46.5</b>	<b>29.4</b>	<b>18.4</b>	<b>344.9</b>
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
<b>AUM 30 Sep 2017</b>	<b>182.3</b>	<b>79.4</b>	<b>49.0</b>	<b>30.2</b>	<b>19.6</b>	<b>360.5</b>
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
<b>AUM 31 Dec 2017</b>	<b>189.7</b>	<b>80.1</b>	<b>49.9</b>	<b>31.6</b>	<b>19.5</b>	<b>370.8</b>
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
<b>AUM 31 Mar 2018</b>	<b>190.7</b>	<b>80.0</b>	<b>50.4</b>	<b>31.8</b>	<b>19.0</b>	<b>371.9</b>
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
<b>AUM 30 Jun 2018</b>	<b>193.3</b>	<b>76.5</b>	<b>50.1</b>	<b>32.6</b>	<b>17.6</b>	<b>370.1</b>
Sales	6.8	6.0	1.3	2.2	1.4	17.7
Redemptions	(9.9)	(7.6)	(1.3)	(1.3)	(1.9)	(22.0)
Net sales / (redemptions)	(3.1)	(1.6)	(0.0)	0.9	(0.5)	(4.3)
Market / FX	9.0	(0.4)	2.8	1.1	(0.2)	12.3
<b>AUM 30 Sep 2018</b>	<b>199.2</b>	<b>74.5</b>	<b>52.9</b>	<b>34.6</b>	<b>16.9</b>	<b>378.1</b>

# Investment performance

## % of AUM outperforming benchmark

Capability	3Q17			4Q17			1Q18			2Q18			3Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	61%	73%	82%	64%	60%	67%	68%	59%	76%	63%	58%	73%	61%	56%	75%
Fixed Income	92%	91%	97%	93%	95%	98%	96%	96%	97%	87%	93%	98%	79%	92%	94%
Quantitative Equities	85%	61%	87%	90%	27%	87%	91%	46%	88%	47%	25%	87%	21%	8%	83%
Multi-Asset	95%	87%	90%	86%	87%	89%	83%	87%	90%	90%	88%	90%	89%	89%	90%
Alternatives	91%	100%	100%	93%	76%	100%	95%	76%	100%	99%	73%	100%	99%	73%	100%
Total	75%	77%	87%	76%	66%	79%	79%	68%	84%	69%	64%	82%	63%	60%	81%

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 3% of AUM as at 30 Sep 2017 and 31 Dec 2017 and 4% of AUM as at 31 Mar 2018, 30 Jun 2018, 30 Sep 2018. Capabilities defined by Janus Henderson.

# Mutual fund investment performance

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

Capability	3Q17			4Q17			1Q18			2Q18			3Q18		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	56%	71%	88%	63%	59%	87%	64%	62%	82%	56%	61%	75%	72%	65%	86%
Fixed Income	81%	49%	98%	43%	36%	87%	48%	32%	62%	42%	38%	42%	63%	36%	66%
Quantitative Equities	7%	97%	48%	24%	64%	50%	57%	55%	51%	58%	54%	53%	59%	5%	55%
Multi-Asset	83%	81%	83%	82%	83%	84%	84%	82%	83%	92%	83%	83%	86%	88%	88%
Alternatives	38%	25%	32%	59%	25%	32%	53%	53%	53%	92%	25%	25%	54%	26%	53%
Total	61%	66%	85%	61%	56%	82%	63%	59%	76%	60%	57%	68%	71%	60%	81%

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%, 73%, 67%, 74% and 84% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 30 Sep 2017, 31 Dec 2017, 31 Mar 2018, 30 Jun 2018 and 30 Sep 2018 respectively. For the 1-, 3-, 5- and 10-year periods ending 30 Sep 2018, 55%, 50%, 60% and 64% of the 214, 202, 181 and 145 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

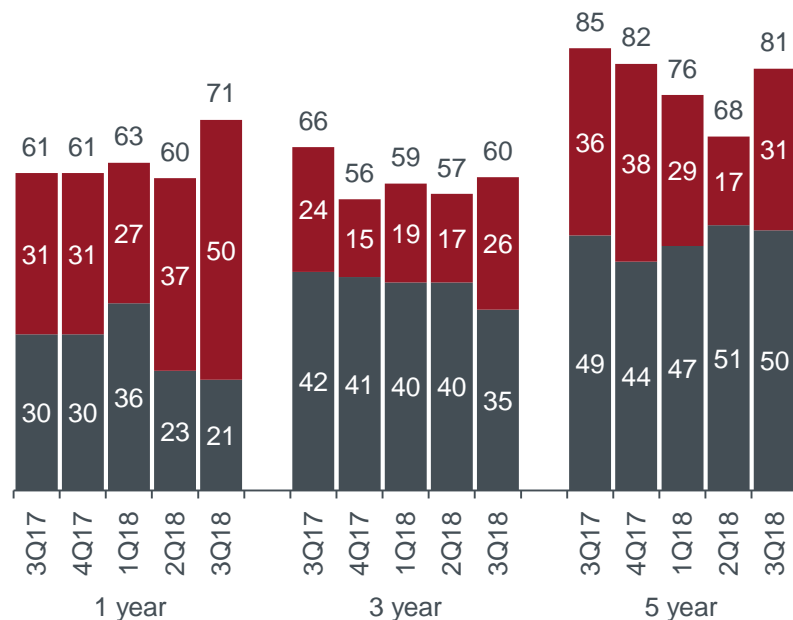
Analysis based on "primary" share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by Janus Henderson. © 2018 Morningstar, Inc. All Rights Reserved.

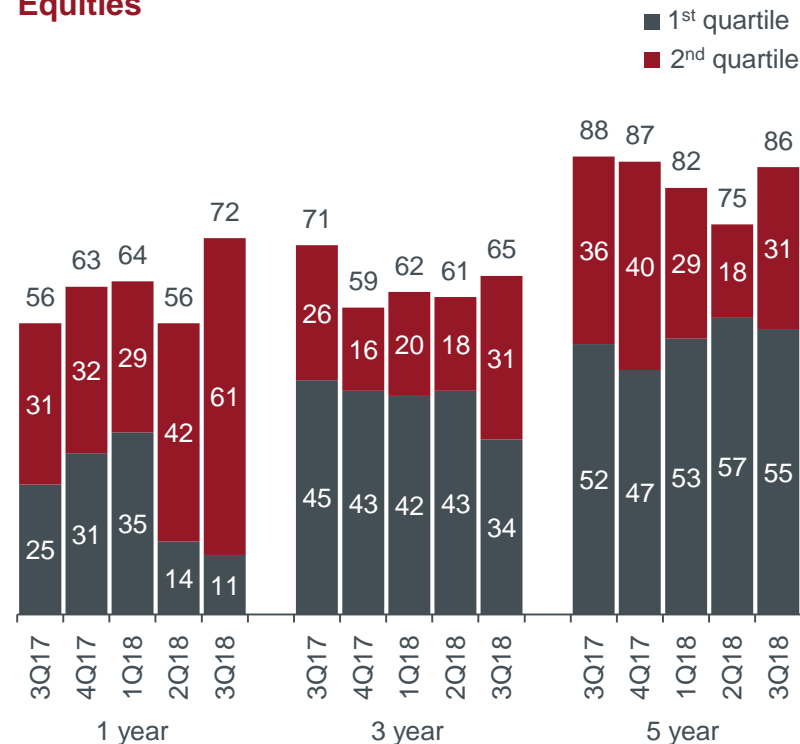
# Mutual fund investment performance (cont'd)

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

### Group



### Equities

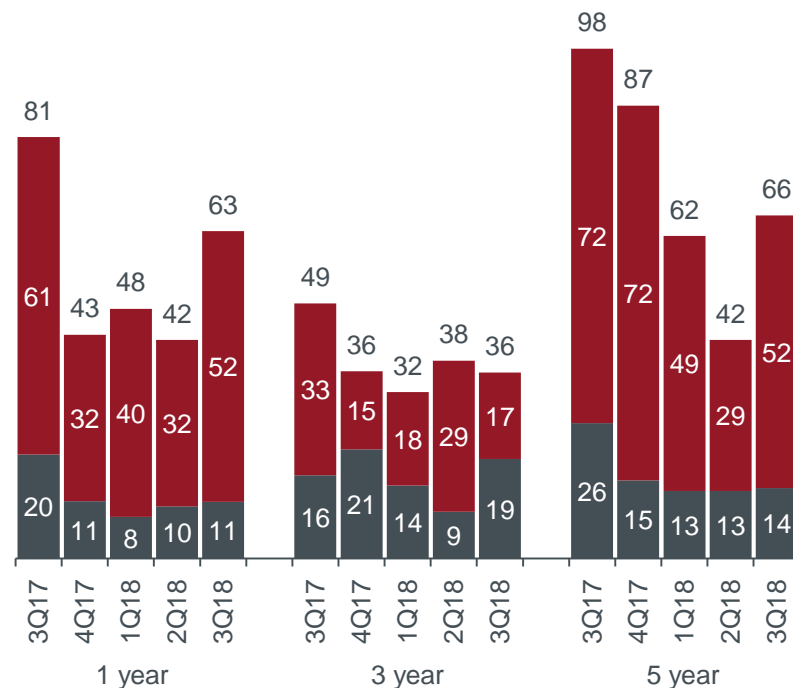


Note: Full performance disclosures detailed on slide 23.

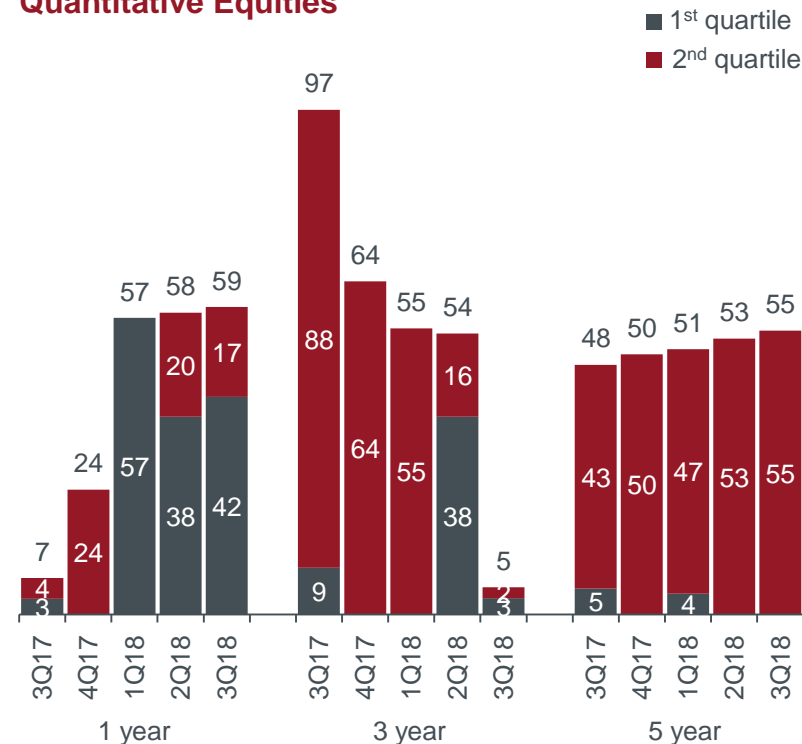
# Mutual fund investment performance (cont'd)

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

### Fixed Income



### Quantitative Equities

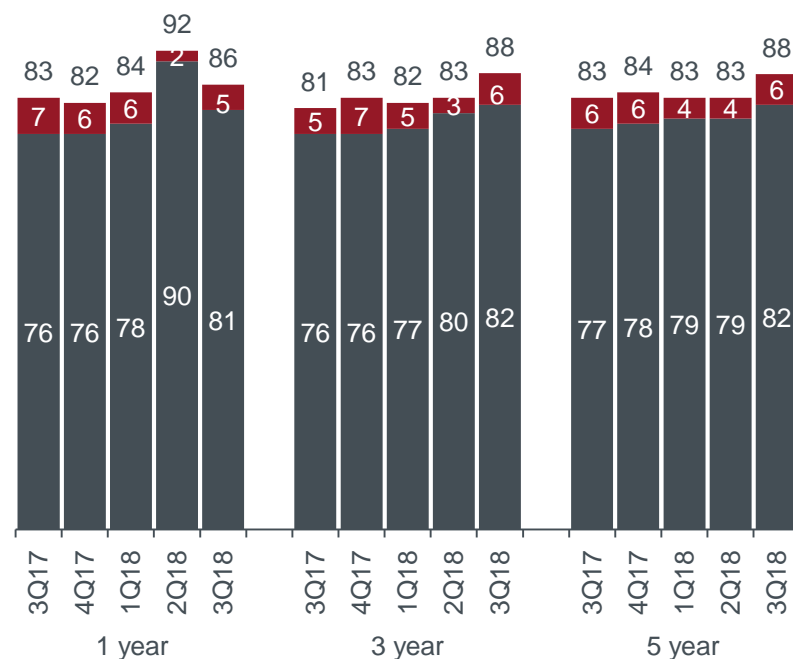


Note: Full performance disclosures detailed on slide 23.

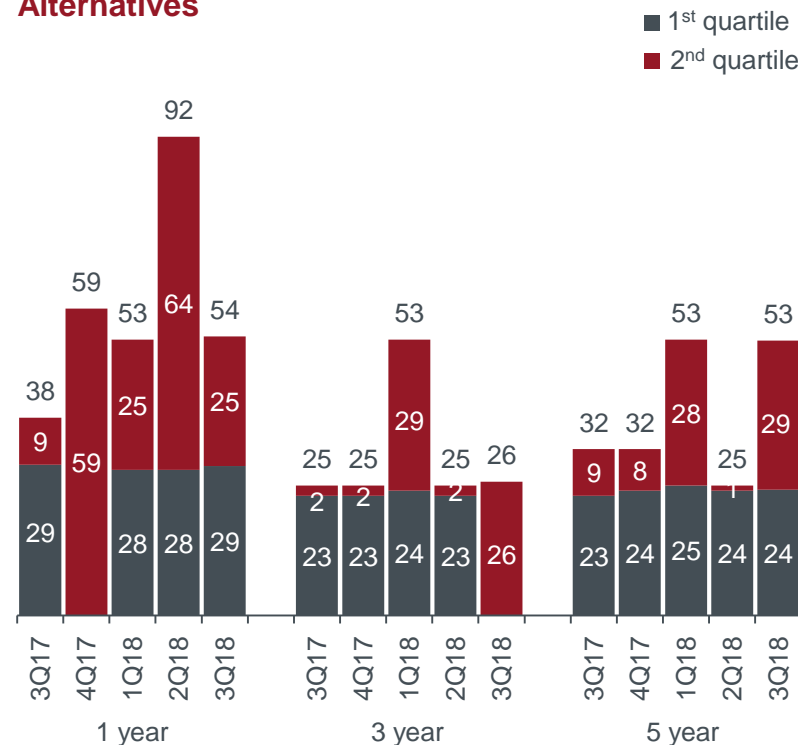
# Mutual fund investment performance (cont'd)

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

### Multi-Asset



### Alternatives



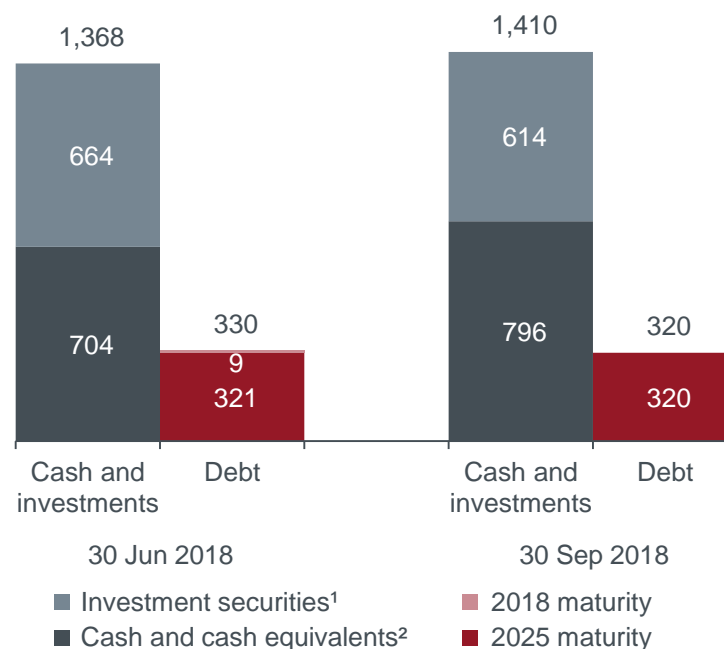
Note: Full performance disclosures detailed on slide 23.

# Balance sheet

## Strong liquidity position

- At 30 September 2018, cash and investment securities totalled US\$1,410m compared to outstanding debt of US\$320m
- Cash and cash equivalents increased 13%, with cash flow generation partially offset by dividend payments and stock repurchases
- Board declared a dividend of US\$0.36 per share to be paid on 30 November to shareholders on record at the close of business on 12 November
- Repurchased approximately 1.8m shares, completing 50% of the Board-authorized US\$100m buyback programme

**Balance sheet profile – carrying value  
(30 Jun 2018 vs 30 Sep 2018)  
(US\$m)**



<sup>1</sup> 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; includes seed investments of US\$481.3m (including investment securities of consolidated variable interest entities of US\$303.9m), investments related to deferred compensation plans of US\$128.9m and other investments of US\$4.0m as at 30 September 2018.

<sup>2</sup> Includes cash and cash equivalents of consolidated variable interest entities of US\$34.0m and US\$41.3m as at 30 June 2018 and 30 September 2018 respectively.

# US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended		
	30 Sep 2018	30 Jun 2018	30 Sep 2017
<b>Revenue</b>			
Management fees	498.7	493.5	481.8
Performance fees	(6.0)	13.5	(2.1)
Shareowner servicing fees	33.1	31.8	30.2
Other revenue	55.4	53.6	57.0
<b>Total revenue</b>	<b>581.2</b>	<b>592.4</b>	<b>566.9</b>
<b>Operating expenses</b>			
Employee compensation and benefits	159.5	151.0	176.7
Long-term incentive plans	61.1	55.2	50.9
Distribution expenses	112.3	114.7	112.3
Investment administration	12.2	11.7	11.7
Marketing	7.1	9.5	8.1
General, administrative and occupancy	59.9	59.2	54.2
Depreciation and amortisation	20.8	15.8	14.8
<b>Total operating expenses</b>	<b>432.9</b>	<b>417.1</b>	<b>428.7</b>
<b>Operating income</b>	<b>148.3</b>	<b>175.3</b>	<b>138.2</b>
Interest expense	(4.0)	(3.9)	(4.7)
Investment gains (losses), net	(8.3)	(16.6)	6.1
Other non-operating income, net	2.3	13.9	8.7
<b>Income before taxes</b>	<b>138.3</b>	<b>168.7</b>	<b>148.3</b>
Income tax provision	(33.2)	(38.2)	(46.1)
<b>Net income</b>	<b>105.1</b>	<b>130.5</b>	<b>102.2</b>
Net loss (income) attributable to non-controlling interests	6.1	10.1	(2.7)
<b>Net income attributable to JHG</b>	<b>111.2</b>	<b>140.6</b>	<b>99.5</b>
Less: allocation of earnings to participating stock-based awards	(3.0)	(3.8)	(2.8)
<b>Net income attributable to JHG common shareholders</b>	<b>108.2</b>	<b>136.8</b>	<b>96.7</b>
Diluted weighted-average shares outstanding (m)	195.9	196.6	198.2
<b>Diluted EPS (in US\$)</b>	<b>0.55</b>	<b>0.70</b>	<b>0.49</b>

Note: 3Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 33.

# Adjusted: statement of income

US\$m, except per share data or as noted	3 months ended		
	30 Sep 2018	30 Jun 2018	30 Sep 2017
<b>Revenue</b>			
Management fees	498.7	493.5	481.8
Performance fees	(6.0)	13.5	(2.1)
Shareowner servicing fees	33.1	31.8	30.2
Other revenue	55.4	53.6	57.0
Distribution expenses	(112.3)	(114.7)	(112.3)
<b>Total adjusted revenue</b>	<b>468.9</b>	<b>477.7</b>	<b>454.6</b>
<b>Operating expenses</b>			
Employee compensation and benefits	151.4	145.0	161.4
Long-term incentive plans	51.1	54.5	48.1
Investment administration	12.2	11.0	11.7
Marketing	7.1	9.7	7.4
General, administrative and occupancy	58.6	57.7	49.8
Depreciation and amortisation	8.0	8.4	7.8
<b>Total adjusted operating expenses</b>	<b>288.4</b>	<b>286.3</b>	<b>286.2</b>
<b>Adjusted operating income</b>	<b>180.5</b>	<b>191.4</b>	<b>168.4</b>
Interest expense	(3.2)	(3.2)	(3.4)
Investment gains (losses), net	(8.3)	(16.6)	6.1
Other non-operating income (expenses), net	4.8	9.9	(4.0)
<b>Adjusted income before taxes</b>	<b>173.8</b>	<b>181.5</b>	<b>167.1</b>
Income tax provision	(41.3)	(41.7)	(50.2)
<b>Adjusted net income</b>	<b>132.5</b>	<b>139.8</b>	<b>116.9</b>
Net loss (income) attributable to non-controlling interests	6.1	10.1	(2.7)
<b>Adjusted net income attributable to JHG</b>	<b>138.6</b>	<b>149.9</b>	<b>114.2</b>
Less: allocation of earnings to participating stock-based awards	(3.7)	(4.1)	(3.2)
<b>Adjusted net income attributable to JHG common shareholders</b>	<b>134.9</b>	<b>145.8</b>	<b>111.0</b>
Diluted weighted-average shares outstanding (m)	195.9	196.6	198.2
<b>Adjusted diluted EPS (in US\$)</b>	<b>0.69</b>	<b>0.74</b>	<b>0.56</b>

Note: 3Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 33. See adjusted financial measures reconciliation on slides 30 and 31 for additional information.

# Alternative performance measures

## Reconciliation of adjusted financial measures

US\$m, except margin data	3 months ended		
	30 Sep 2018	30 Jun 2018	30 Sep 2017
<b>Reconciliation of revenue to adjusted revenue</b>			
Revenue	581.2	592.4	566.9
Distribution expenses <sup>1</sup>	(112.3)	(114.7)	(112.3)
<b>Adjusted revenue</b>	<b>468.9</b>	<b>477.7</b>	<b>454.6</b>
<b>Reconciliation of operating income to adjusted operating income</b>			
Operating income	148.3	175.3	138.2
Employee compensation and benefits <sup>2</sup>	8.1	6.0	15.3
Long-term incentive plans <sup>2</sup>	10.0	0.7	2.8
Investment administration <sup>2</sup>	—	0.7	—
Marketing <sup>2</sup>	—	(0.2)	0.7
General, administrative and occupancy <sup>2</sup>	1.3	1.5	4.4
Depreciation and amortisation <sup>3</sup>	12.8	7.4	7.0
<b>Adjusted operating income</b>	<b>180.5</b>	<b>191.4</b>	<b>168.4</b>
<b>Operating margin</b>	<b>25.5%</b>	<b>29.6%</b>	<b>24.4%</b>
<b>Adjusted operating margin</b>	<b>38.5%</b>	<b>40.1%</b>	<b>37.0%</b>

Note: 3Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 33. Reconciliation to be used in conjunction with slide 31. Footnotes included on slide 32.

# Alternative performance measures (cont'd)

## Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	30 Sep 2018	30 Jun 2018	30 Sep 2017
<b>Reconciliation of net income to adjusted net income, attributable to JHG</b>			
<b>Net income attributable to JHG</b>	<b>111.2</b>	<b>140.6</b>	<b>99.5</b>
Employee compensation and benefits <sup>2</sup>	8.1	6.0	15.3
Long-term incentive plans <sup>2</sup>	10.0	0.7	2.8
Investment administration <sup>2</sup>	—	0.7	—
Marketing <sup>2</sup>	—	(0.2)	0.7
General, administrative and occupancy <sup>2</sup>	1.3	1.5	4.4
Depreciation and amortisation <sup>3</sup>	12.8	7.4	7.0
Interest expense <sup>4</sup>	0.8	0.7	1.3
Other non-operating income (expense) <sup>4</sup>	2.5	(4.0)	(12.7)
Income tax provision <sup>5</sup>	(8.1)	(3.5)	(4.1)
<b>Adjusted net income attributable to JHG</b>	<b>138.6</b>	<b>149.9</b>	<b>114.2</b>
<b>Diluted earnings per share (in US\$)</b>	<b>0.55</b>	<b>0.70</b>	<b>0.49</b>
<b>Adjusted diluted earnings per share (in US\$)</b>	<b>0.69</b>	<b>0.74</b>	<b>0.56</b>

Note: 3Q17 numbers updated to reflect the adoption of the new revenue recognition standard, with a reconciliation shown on slide 33. Reconciliation to be used in conjunction with slide 30. Footnotes included on slide 32.

# Alternative performance measures (cont'd)

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## Footnotes to reconciliation of adjusted financial measures

- <sup>1</sup> Distribution expenses are paid to financial intermediaries for the distribution of JHG's investment products. JHG management believes that the deduction of third-party distribution, service and advisory expenses from revenue in the computation of net revenue reflects the nature of these expenses, as these costs are passed through to external parties that perform functions on behalf of, and distribute, the Group's managed AUM.
- <sup>2</sup> 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.
- <sup>3</sup> Investment management contracts have been identified as a separately identifiable intangible asset arising on the acquisition of subsidiaries and businesses. Such contracts are recognised at the net present value of the expected future cash flows arising from the contracts at the date of acquisition. For segregated mandate contracts, the intangible asset is amortised on a straight-line basis over the expected life of the contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.
- <sup>4</sup> Adjustments primarily represent fair value movements on options issued to Dai-ichi and deferred consideration costs associated with acquisitions. JHG management believes these costs do not represent the ongoing operations of the Group. The options issued to Dai-ichi expired on 3 October 2018.
- <sup>5</sup> The tax impact of the adjustments is calculated based on the US or foreign statutory tax rate as they relate to each adjustment. Certain adjustments are either not taxable or not tax-deductible.

# Reconciliation: revenue recognition standard

## US GAAP statement of income extract

### Impact of adoption of new revenue recognition standard

US\$m	30 Sep 2017 previously reported	3 months ended Adjustment	30 Sep 2017 updated
<b>Revenue</b>			
Management fees	477.7	4.1	481.8
Performance fees	(2.1)	–	(2.1)
Shareowner servicing fees	30.2	–	30.2
Other revenue	31.6	25.4	57.0
<b>Total revenue</b>	<b>537.4</b>	<b>29.5</b>	<b>566.9</b>
Distribution expenses	(82.8)	(29.5)	(112.3)
<b>Total revenue, net of distribution expenses</b>	<b>454.6</b>	<b>–</b>	<b>454.6</b>

# Performance fees

	3Q18 (US\$m)	2Q18 (US\$m)	3Q17 (US\$m)	AUM generating 3Q18 pfees (US\$bn)	# of funds generating 3Q18 pfees	Frequency	Timing
SICAVs	0.0	4.2	1.8	5.2	2	23 annually; 2 quarterly	23 at June; 2 on quarters
Offshore Absolute Return	1.2	1.5	1.2	0.1	1	Quarterly / Annually	Various
Segregated Mandates <sup>1</sup>	3.2	4.4	2.3	4.4	5	Quarterly / Annually	Various
UK OEICs & Unit Trusts	0.0	4.4	–	3.4	3	Quarterly	Various
Investment Trusts	0.2	6.7	0.7	0.0	0	Annually	Various
US Mutual Funds <sup>2</sup>	(10.6)	(7.7)	(8.1)	45.8	17	Monthly	Monthly
<b>Total</b>	<b>(6.0)</b>	<b>13.5</b>	<b>(2.1)</b>	<b>58.9</b>	<b>28</b>		

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

<sup>1</sup> Segregated Mandates includes Private Accounts (legacy Janus product categorisation), Managed CDOs and Private Equity.

<sup>2</sup> AUM data presents US Mutual Fund AUM subject to performance fees as at 30 Sep 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 <sup>1</sup>	AUM 30 Sep 2018 US\$m	Benchmark	Base fee	Performance fee <sup>2</sup>	Performance cap/(floor) vs benchmark	3Q18 P&L impact US\$'000
Research Fund <sup>3</sup>	14,821	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(3,840)
Forty Fund <sup>3</sup> and Portfolio	14,087	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 8.50%	(2,252)
Mid Cap Value Fund and Portfolio	3,841	Russell Midcap <sup>®</sup> Value Index	0.64%	± 15 bps	± 4.00%	(843)
Global Research Fund and Portfolio	3,692	MSCI World Index <sup>SM</sup>	0.60%	± 15 bps	± 6.00%	(637)
Small Cap Value Fund	3,048	Russell 2000 <sup>®</sup> Value Index	0.72%	± 15 bps	± 5.50%	(849)
Contrarian Fund	2,720	S&P 500 <sup>®</sup> Index	0.64%	± 15 bps	± 7.00%	(1,056)
Overseas Fund and Portfolio	2,288	MSCI All Country World ex-U.S. Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	(817)
Research Portfolio <sup>4</sup>	558	Russell 1000 <sup>®</sup> Growth Index	0.64%	± 15 bps	± 5.00%	(195)
Global Real Estate Fund	279	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	37
Global Value Fund	217	MSCI World Index <sup>SM</sup>	0.64%	± 15 bps	± 7.00%	(89)
Large Cap Value Fund	113	Russell 1000 <sup>®</sup> Value Index	0.64%	± 15 bps	± 3.50%	(55)
Select Value Fund	62	Russell 3000 <sup>®</sup> Value Index	0.70%	± 15 bps	± 5.00%	15
Asia Equity Fund	26	MSCI All Country Asia ex-Japan Index <sup>SM</sup>	0.92%	± 15 bps	± 7.00%	5
<b>Total</b>	<b>45,753</b>					<b>(10,576)</b>

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

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

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

<sup>3</sup> 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.

<sup>4</sup> 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<sup>®</sup> Index / 50% Russell 1000<sup>®</sup> Growth Index). Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

# Long-term incentive compensation

## Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2018	2019	2020	2021
2015 annual grant	6	6	–	–	–
2016 annual grant	28	21	7	–	–
2017 annual grant	62	38	18	6	–
2018 annual grant	160	77	53	24	6
Other <sup>1</sup>	116	47	29	22	18
<b>Total long-term incentive compensation</b>	<b>372</b>	<b>189</b>	<b>107</b>	<b>52</b>	<b>24</b>

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

<sup>1</sup> 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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