Janus Henderson
GROUP PLC

Janus Henderson Group plc Reports Second Quarter 2019 Diluted EPS of US$0.56, or US$0.61 on an Adjusted Basis

- Strong investment performance, with 72% and 80% of assets under management (‘AUM’) outperforming relevant benchmarks on a 3 and 5 year basis, respectively, as at 30 June 2019
- Second quarter net income of US$109.4 million and adjusted net income of US$119.7 million
- AUM of US$359.8 billion, up 1% compared to the prior quarter, reflecting positive markets partially offset by net outflows of US$9.8 billion
- Completed US$75 million of share buybacks during the second quarter; US$94 million remains authorised for buybacks in 2019
- Board declared quarterly dividend of US$0.36 per share

LONDON — 31 July 2019 — Janus Henderson Group plc (NYSE/ASX: JHG; ‘JHG’, ‘the Group’) published its second quarter 2019 results for the period ended 30 June 2019.

Second quarter 2019 net income attributable to JHG was US$109.4 million compared to US$94.1 million in the first quarter 2019 and US$140.6 million in the second quarter 2018. Adjusted net income attributable to JHG, adjusted for one-time, acquisition and transaction related costs, of US$119.7 million increased 9% compared to US$110.0 million in the first quarter 2019 and declined 20% compared to US$149.9 million in the second quarter 2018.

Second quarter 2019 diluted earnings per share was US$0.56 compared to US$0.48 in the first quarter 2019 and US$0.70 in the second quarter 2018. Adjusted diluted earnings per share of US$0.61 increased 9% compared to US$0.56 in the first quarter 2019 and declined 18% versus US$0.74 in the second quarter 2018.

Dick Weil, Chief Executive Officer of Janus Henderson Group plc, stated:

“Our investment performance and financial results in the second quarter and over longer periods are strong; however, the net flow result remains challenging.

“Overall, we are seeing improving trends across many areas of our business, but the current concentration of outflows is masking much of this progress.

“We remain committed to the strategic agenda we have laid out, which is to provide dependable excellence and deliver on our promises to our clients, shareholders and employees.”

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)

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'). 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 an adjusted basis. See adjusted statements of income reconciliation for additional information.

	Six months ended		
	30 Jun 2019	30 Jun 2018	% change
GAAP basis:			
Revenue	1,055.2	1,180.1	(11)%
Operating expenses	812.2	828.6	(2)%
Operating income	243.0	351.5	(31)%
Operating margin	23.0 %	29.8 %	(6.8)ppt
Net income attributable to JHG	203.5	305.8	(33)%
Diluted earnings per share	1.03	1.51	(32)%
Adjusted basis:			
Revenue	851.8	948.1	(10)%
Operating expenses	556.4	567.9	(2)%
Operating income	295.4	380.2	(22)%
Operating margin	34.7 %	40.1 %	(5.4)ppt
Net income attributable to JHG	229.7	293.5	(22)%
Diluted earnings per share	1.17	1.45	(20)%

	Three months ended		
	30 Jun 2019	31 Mar 2019	30 Jun 2018
GAAP basis:			
Revenue	535.9	519.3	592.4
Operating expenses	417.4	394.8	417.1
Operating income	118.5	124.5	175.3
Operating margin	22.1 %	24.0 %	29.6 %
Net income attributable to JHG	109.4	94.1	140.6
Diluted earnings per share	0.56	0.48	0.70
Adjusted basis:			
Revenue	434.4	417.4	477.7
Operating expenses	282.4	274.0	286.3
Operating income	152.0	143.4	191.4
Operating margin	35.0 %	34.4 %	40.1 %
Net income attributable to JHG	119.7	110.0	149.9
Diluted earnings per share	0.61	0.56	0.74

First half 2019 adjusted revenue of US$851.8 million decreased from the first half 2018 result of US$948.1 million, primarily due to lower management fees associated with lower average AUM in the first half 2019, in addition to a decline in performance fees. First half 2019 adjusted operating income of US$295.4 million declined from US$380.2 million in the first half 2018, driven by lower revenue partially offset by lower operating expenses.

Second quarter 2019 adjusted revenue of US$434.4 million improved from the first quarter 2019 result of US$417.4 million primarily due to higher average AUM and improved performance fees. Second quarter 2019 adjusted operating income of US$152.0 million improved from US$143.4 million in the first quarter 2019, with higher adjusted revenue slightly offset by higher operating expenses.

DIVIDEND AND SHARE BUYBACK

On 30 July 2019, the Board declared a second quarter dividend in respect of the three months ended 30 June 2019 of US$0.36 per share. Shareholders on the register on the record date of 12 August 2019 will be paid the dividend on 28 August 2019. Janus Henderson does not offer a dividend reinvestment plan.

As part of the US$200 million on-market buyback programme approved by the Board in February, JHG purchased approximately 3.5 million of its ordinary shares on the NYSE and its CHESS Depositary Interests (CDIs) on the ASX in the second quarter, for a total outlay of US$75 million.

Net tangible assets per share

US$	30 Jun 2019	30 Jun 2018
Net tangible assets / (liabilities) per ordinary share	1.53	1.18

Net tangible assets 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.

AUM AND FLOWS (in US$ billions)

FX reflects movement in AUM resulting from changes in foreign currency rates as non-USD denominated AUM is translated into USD. Redemptions include impact of client switches. The reclassification in the fourth quarter 2018 reflects an operational reclassification of an existing client's funds.

Total Group comparative AUM and flows

	Three months ended		
	30 Jun 2019	31 Mar 2019	30 Jun 2018
Opening AUM	**357.3**	**328.5**	**371.9**
Sales	15.6	15.6	17.1
Redemptions	(25.4)	(23.0)	(19.8)
Net sales / (redemptions)	(9.8)	(7.4)	(2.7)
Market / FX	12.3	36.2	0.9
Closing AUM	**359.8**	**357.3**	**370.1**

Quarterly AUM and flows by capability

	Equities	Fixed Income	Quantitative Equities	Multi-Asset	Alternatives	Total
AUM 30 Jun 2018	**193.3**	**76.5**	**50.1**	**32.6**	**17.6**	**370.1**
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
AUM 30 Sep 2018	**199.2**	**74.5**	**52.9**	**34.6**	**16.9**	**378.1**
Sales	8.6	4.7	0.3	2.3	0.7	16.6
Redemptions	(12.7)	(6.0)	(1.4)	(2.0)	(2.9)	(25.0)
Net sales / (redemptions)	(4.1)	(1.3)	(1.1)	0.3	(2.2)	(8.4)
Market / FX	(29.2)	(1.3)	(7.5)	(2.5)	(0.7)	(41.2)
Reclassification	1.7	0.5	—	(2.2)	—	—
AUM 31 Dec 2018	**167.6**	**72.4**	**44.3**	**30.2**	**14.0**	**328.5**
Sales	6.9	4.9	0.7	2.2	0.9	15.6
Redemptions	(9.8)	(7.7)	(1.7)	(1.5)	(2.3)	(23.0)
Net sales / (redemptions)	(2.9)	(2.8)	(1.0)	0.7	(1.4)	(7.4)
Market / FX	24.1	2.9	6.3	2.5	0.4	36.2
AUM 31 Mar 2019	**188.8**	**72.5**	**49.6**	**33.4**	**13.0**	**357.3**
Sales	6.9	5.5	0.2	2.1	0.9	15.6
Redemptions	(12.9)	(5.2)	(4.3)	(1.5)	(1.5)	(25.4)
Net sales / (redemptions)	(6.0)	0.3	(4.1)	0.6	(0.6)	(9.8)
Market / FX	8.5	0.7	2.1	1.1	(0.1)	12.3
AUM 30 Jun 2019	**191.3**	**73.5**	**47.6**	**35.1**	**12.3**	**359.8**

Average AUM

	Three months ended		
	30 Jun 2019	31 Mar 2019	30 Jun 2018
Equities	190.5	182.8	191.0
Fixed Income	72.0	73.3	77.9
Quantitative Equities	48.4	48.3	50.0
Multi-Asset	34.2	32.1	31.9
Alternatives	12.6	13.5	18.3
Total	**357.7**	**350.0**	**369.1**

INVESTMENT PERFORMANCE

% of AUM outperforming benchmark (at 30 June 2019)

Capability	1 year	3 years	5 years
Equities	73 %	74 %	83 %
Fixed Income	61 %	90 %	89 %
Quantitative Equities	32 %	11 %	39 %
Multi-Asset	90 %	91 %	92 %
Alternatives	39 %	100 %	100 %
Total	**66 %**	**72 %**	**80 %**

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 June 2019. Capabilities defined by Janus Henderson.

% of mutual fund AUM in top 2 Morningstar quartiles (at 30 June 2019)

Capability	1 year	3 years	5 years
Equities	85 %	70 %	88 %
Fixed Income	50 %	50 %	51 %
Quantitative Equities	61 %	3 %	51 %
Multi-Asset	87 %	87 %	88 %
Alternatives	32 %	58 %	58 %
Total	**78 %**	**68 %**	**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, 74% of total mutual fund AUM was in the top 2 Morningstar quartiles for the 10-year period ended 30 June 2019. For the 1-, 3-, 5- and 10-year periods ending 30 June 2019, 62%, 52%, 62% and 62% of the 205, 199, 182 and 147 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. Rankings may be based, in part, on the performance of a predecessor fund or share class and are calculated by Morningstar using a methodology that differs from that used by Janus Henderson. Methodology differences may have a material effect on the return and therefore the ranking. When an expense waiver is in effect, it may have a material effect on the total return, and therefore the ranking for the period.

ETFs and funds not ranked by Morningstar are excluded from the analysis. Capabilities defined by JHG.

THIRD QUARTER 2019 RESULTS

Janus Henderson intends to publish its third quarter 2019 results on 30 October 2019.

SECOND QUARTER 2019 RESULTS BRIEFING INFORMATION

Chief Executive Officer Dick Weil and Chief Financial Officer Roger Thompson will present these results on 31 July 2019 on a conference call and webcast to be held at 8am EDT, 1pm BST, 10pm AEST.

Those wishing to participate should call:

United Kingdom	0800 358 6377 (toll free)
US & Canada	800 239 9838 (toll free)
Australia	1 800 573 793 (toll free)
All other countries	+1 323 794 2551 (this is not a toll free number)
Conference ID	*9749827*

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

Janus Henderson Group (JHG) 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.

Janus Henderson has approximately US$360 billion in assets under management (at 30 June 2019), 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

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

Melanie Horton
Non-US Investor Relations Manager
+44 (0) 20 7818 2905
melanie.horton@janushenderson.com

Or

Investor Relations
investor.relations@janushenderson.com

Media enquiries:
North America:
Taylor Smith
+1 303 336 5031
taylor.smith@janushenderson.com

EMEA:
Sally Todd
+44 (0) 20 7818 2244
sally.todd@janushenderson.com

United Kingdom: FTI Consulting
Tom Blackwell
+ 44 (0) 20 3727 1051
tom.blackwell@FTIConsulting.com

Asia Pacific: Honner
Jessica Effeney
+ 61 2 8248 3745
jessica@honner.com.au

FINANCIAL DISCLOSURES

Period ending 30 June 2018 reflects the reclassification of certain revenue amounts from ‘Other revenue’ to ‘Shareowner servicing fees’.

Condensed consolidated statements of comprehensive income (unaudited)

	Three months ended		
(in US$ millions, except per share data or as noted)	30 Jun 2019	31 Mar 2019	30 Jun 2018
Revenue:			
Management fees	446.4	441.9	493.5
Performance fees	3.5	(5.6)	13.5
Shareowner servicing fees	38.3	35.9	38.7
Other revenue	47.7	47.1	46.7
Total revenue	**535.9**	**519.3**	**592.4**
Operating expenses:			
Employee compensation and benefits	146.5	145.0	151.0
Long-term incentive plans	49.2	48.4	55.2
Distribution expenses	101.5	101.9	114.7
Investment administration	11.1	11.8	11.7
Marketing	8.1	7.5	9.5
General, administrative and occupancy	67.7	65.2	59.2
Depreciation and amortisation	33.3	15.0	15.8
Total operating expenses	**417.4**	**394.8**	**417.1**
Operating income	**118.5**	**124.5**	**175.3**
Interest expense	(4.2)	(4.1)	(3.9)
Investment gains (losses), net	4.8	13.3	(16.6)
Other non-operating income (expenses), net	28.5	(3.9)	13.9
Income before taxes	147.6	129.8	168.7
Income tax provision	(35.3)	(29.9)	(38.2)
Net income	112.3	99.9	130.5
Net loss (income) attributable to noncontrolling interests	(2.9)	(5.8)	10.1
Net income attributable to JHG	**109.4**	**94.1**	**140.6**
Less: allocation of earnings to participating stock-based awards	(3.2)	(2.4)	(3.8)
Net income attributable to JHG common shareholders	**106.2**	**91.7**	**136.8**
Basic weighted-average shares outstanding *(in millions)*	190.2	191.8	195.8
Diluted weighted-average shares outstanding *(in millions)*	190.7	192.5	196.6
Diluted earnings per share *(in US$)*	**0.56**	**0.48**	**0.70**

Adjusted statements of income (unaudited)

The following are reconciliations of US GAAP basis revenues, operating income, net income attributable to JHG and diluted earnings per share to adjusted revenues, adjusted operating income, adjusted net income attributable to JHG and adjusted diluted earnings per share.

	Three months ended		
(in US$ millions, except per share data or as noted)	**30 Jun 2019**	**31 Mar 2019**	**30 Jun 2018**
Reconciliation of revenue to adjusted revenue			
Revenue	535.9	519.3	592.4
Distribution expenses[1]	(101.5)	(101.9)	(114.7)
Adjusted revenue	434.4	417.4	477.7
Reconciliation of operating income to adjusted operating income			
Operating income	118.5	124.5	175.3
Employee compensation and benefits[2,3]	3.1	4.3	6.0
Long-term incentive plans[2]	(0.2)	(0.2)	0.7
Investment administration[2]	—	—	0.7
Marketing[2]	—	—	(0.2)
General, administration and occupancy[2,3]	5.3	7.4	1.5
Depreciation and amortisation[2,4]	25.3	7.4	7.4
Adjusted operating income	152.0	143.4	191.4
Operating margin	22.1 %	24.0 %	29.6
Adjusted operating margin	35.0 %	34.4 %	40.1
Reconciliation of net income attributable to JHG to adjusted net income attributable to JHG			
Net income attributable to JHG	109.4	94.1	140.6
Employee compensation and benefits[2,3]	3.1	4.3	6.0
Long-term incentive plans[2]	(0.2)	(0.2)	0.7
Investment administration[2]	—	—	0.7
Marketing[2]	—	—	(0.2)
General, administration and occupancy[2,3]	5.3	7.4	1.5
Depreciation and amortisation[2,4]	25.3	7.4	7.4
Interest expense[3]	1.0	0.9	0.7
Investment gains (losses), net[2]	1.0	—	—
Other non-operating income (expenses), net[3]	(22.6)	0.4	(4.0)
Income tax provision[5]	(2.6)	(4.3)	(3.5)
Adjusted net income attributable to JHG	**119.7**	**110.0**	**149.9**
Less: allocation of earnings to participating stock-based awards	(3.5)	(2.8)	(4.1)
Adjusted net income attributable to JHG common shareholders	**116.2**	**107.2**	**145.8**
Weighted-average diluted common shares outstanding – diluted (two class) (in millions)	190.7	192.5	196.6
Diluted earnings per share (two class) (in US$)	**0.56**	**0.48**	**0.70**
Adjusted diluted earnings per share (two class) (in US$)	**0.61**	**0.56**	**0.74**

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

2 Adjustments primarily represent integration costs in relation to the Merger, including severance costs, legal costs and consulting fees. JHG management believes these costs do not represent the ongoing operations of the Group.

3 2019 adjustments primarily represent contingent consideration adjustments associated with acquisitions prior to the Merger and increased debt expense as a consequence of the fair value uplift on debt due to acquisition accounting. Adjustments for the three months ended 30 June 2018 primarily represent fair value movements on options issued to Dai-ichi in addition to contingent consideration costs associated with acquisitions prior to the merger. JHG management believes these costs do not represent the ongoing operations of the Group.

4 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. The three months ended 30 June 2019 also include a US$18 million impairment of certain mutual fund contracts. JHG management believes these non-cash and acquisition-related costs do not represent the ongoing operations of the Group.

5 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.

Condensed consolidated balance sheets (unaudited)

(in US$ millions)	30 Jun 2019	31 Dec 2018
Assets:		
Cash and cash equivalents	707.0	880.4
Investment securities	246.8	291.8
Property, equipment and software, net	72.6	69.5
Intangible assets and goodwill, net	4,567.1	4,601.3
Assets of consolidated variable interest entities	340.0	323.9
Other assets	926.6	745.0
Total assets	**6,860.1**	**6,911.9**
Liabilities, redeemable noncontrolling interests and equity:		
Debt	317.7	319.1
Deferred tax liabilities, net	727.6	729.9
Liabilities of consolidated variable interest entities	4.8	6.5
Other liabilities	835.9	859.5
Redeemable noncontrolling interests	153.6	136.1
Total equity	4,820.5	4,860.8
Total liabilities, redeemable noncontrolling interests and equity	**6,860.1**	**6,911.9**

Condensed consolidated statements of cash flows (unaudited)

	Three months ended		
(in US$ millions)	30 Jun 2019	31 Mar 2019	30 Jun 2018
Cash provided by (used for):			
Operating activities	117.7	(34.7)	119.2
Investing activities	(39.8)	51.3	44.4
Financing activities	(77.2)	(198.3)	(98.4)
Effect of exchange rate changes	(9.6)	5.0	(26.8)
Net change during period	**(8.9)**	**(176.7)**	**38.4**

STATUTORY DISCLOSURES

Associates and joint ventures

At 30 June 2019, 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%

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 31 December 2018, on file with the SEC (Commission file no. 001-38103). 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 31 December 2018, 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.

Mutual funds in the US are distributed by Janus Henderson Distributors.

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.

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements

JANUS HENDERSON GROUP PLC

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

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 707.0	$ 880.4
Investment securities	246.8	291.8
Fees and other receivables	285.8	309.2
OEIC and unit trust receivables	171.4	144.4
Assets of consolidated VIEs:		
Cash and cash equivalents	24.0	36.2
Investment securities	311.1	282.7
Other current assets	4.9	5.0
Other current assets	108.8	69.4
Total current assets	1,859.8	2,019.1
Non-current assets:		
Property, equipment and software, net	72.6	69.5
Intangible assets, net	3,089.7	3,123.3
Goodwill	1,477.4	1,478.0
Retirement benefit asset, net	209.6	206.5
Other non-current assets	151.0	15.5
Total assets	$ 6,860.1	$ 6,911.9
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 248.4	$ 233.2
Current portion of accrued compensation, benefits and staff costs	203.8	345.4
OEIC and unit trust payables	178.4	143.3
Liabilities of consolidated VIEs:		
Accounts payable and accrued liabilities	4.8	6.5
Total current liabilities	635.4	728.4
Non-current liabilities:		
Accrued compensation, benefits and staff costs	43.1	54.7
Long-term debt	317.7	319.1
Deferred tax liabilities, net	727.6	729.9
Retirement benefit obligations, net	3.6	3.7
Other non-current liabilities	158.6	79.2
Total liabilities	1,886.0	1,915.0
Commitments and contingencies (See Note 15)		
REDEEMABLE NONCONTROLLING INTERESTS	153.6	136.1
EQUITY		
Common stock ($1.50 par, 480,000,000 shares authorized and 191,647,272 and 196,412,764 shares issued and outstanding, respectively)	287.5	294.6
Additional paid-in-capital	3,801.6	3,824.5
Treasury shares (3,787,063 and 4,523,802 shares held, respectively)	(147.8)	(170.8)
Accumulated other comprehensive loss, net of tax	(424.0)	(423.5)
Retained earnings	1,280.8	1,314.5
Total shareholders' equity	4,798.1	4,839.3
Nonredeemable noncontrolling interests	22.4	21.5
Total equity	4,820.5	4,860.8
Total liabilities, redeemable noncontrolling interests and equity	$ 6,860.1	$ 6,911.9

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

JANUS HENDERSON GROUP PLC

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

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenue:				
Management fees	$ 446.4	$ 493.5	$ 888.3	$ 996.4
Performance fees	3.5	13.5	(2.1)	9.6
Shareowner servicing fees	38.3	38.7	74.2	77.1
Other revenue	47.7	46.7	94.8	97.0
Total revenue	535.9	592.4	1,055.2	1,180.1
Operating expenses:				
Employee compensation and benefits	146.5	151.0	291.5	297.7
Long-term incentive plans	49.2	55.2	97.6	95.2
Distribution expenses	101.5	114.7	203.4	232.0
Investment administration	11.1	11.7	22.9	23.1
Marketing	8.1	9.5	15.6	18.0
General, administrative and occupancy	67.7	59.2	132.9	131.4
Depreciation and amortization	33.3	15.8	48.3	31.2
Total operating expenses	417.4	417.1	812.2	828.6
Operating income	118.5	175.3	243.0	351.5
Interest expense	(4.2)	(3.9)	(8.3)	(7.7)
Investment gains (losses), net	4.8	(16.6)	18.1	(17.3)
Other non-operating income, net	28.5	13.9	24.6	52.8
Income before taxes	147.6	168.7	277.4	379.3
Income tax provision	(35.3)	(38.2)	(65.2)	(85.6)
Net income	112.3	130.5	212.2	293.7
Net loss (income) attributable to noncontrolling interests	(2.9)	10.1	(8.7)	12.1
Net income attributable to JHG	$ 109.4	$ 140.6	$ 203.5	$ 305.8
Earnings per share attributable to JHG common shareholders:				
Basic	$ 0.56	$ 0.70	$ 1.04	$ 1.52
Diluted	$ 0.56	$ 0.70	$ 1.03	$ 1.51
Other comprehensive income, net of tax:				
Foreign currency translation gains	$ (37.3)	$ (104.7)	$ (0.5)	$ (52.0)
Other comprehensive loss attributable to noncontrolling interests	0.1	0.6	—	0.8
Other comprehensive loss attributable to JHG	$ (37.2)	$ (104.1)	$ (0.5)	$ (51.2)
Total comprehensive income	$ 75.0	$ 25.8	$ 211.7	$ 241.7
Total comprehensive loss (income) attributable to noncontrolling interests	(2.8)	10.7	(8.7)	12.9
Total comprehensive income attributable to JHG	$ 72.2	$ 36.5	$ 203.0	$ 254.6

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

JANUS HENDERSON GROUP PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. Dollars in Millions)

	Six months ended June 30, 2019	Six months ended June 30, 2018
CASH FLOWS PROVIDED BY (USED FOR):		
Operating activities:		
Net income	$ 212.2	$ 293.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30.3	31.2
Impairment of intangible asset	18.0	—
Deferred income taxes	(0.5)	—
Stock-based compensation plan expense	38.1	41.2
Impairment of ROU operating asset	4.7	—
Investment (gains) losses, net	(18.1)	17.3
Contingent consideration fair value adjustment	(20.0)	—
Contributions to pension plans in excess of costs recognized	(3.4)	(9.0)
Gain from BNP Paribas transaction	—	(22.3)
Dai-ichi option fair value adjustments	—	(24.7)
Other, net	(9.0)	0.4
Changes in operating assets and liabilities:		
OEIC and unit trust receivables and payables	8.2	2.8
Other assets	14.5	118.6
Other accruals and liabilities	(192.0)	(268.3)
Net operating activities	83.0	180.9
Investing activities:		
Proceeds from (purchase of):		
Investment securities, net	57.5	43.9
Property, equipment and software	(14.8)	(11.3)
Investment securities by consolidated seeded investment products, net	(22.2)	(16.7)
Proceeds from BNP Paribas transaction, net	—	36.5
Cash received (paid) on settled hedges, net	(10.7)	3.6
Dividends received from equity-method investments	0.5	—
Proceeds from sale of Volantis	1.2	—
Net investing activities	11.5	56.0
Financing activities:		
Proceeds from stock-based compensation plans	—	0.3
Purchase of common stock for stock-based compensation plans	(38.1)	(84.1)
Purchase of common stock for share buyback program	(106.1)	—
Dividends paid to shareholders	(138.3)	(134.7)
Repayment of long-term debt	—	(81.9)
Payment of contingent consideration	(14.1)	(18.8)
Distributions to noncontrolling interests	(0.5)	(3.4)
Third-party sales in consolidated seeded investment products, net	22.2	16.7
Principal payments under capital lease obligations	(0.6)	(0.7)
Net financing activities	(275.5)	(306.6)
Cash and cash equivalents:		
Effect of foreign exchange rate changes	(4.6)	(20.7)
Net change	(185.6)	(90.4)
At beginning of period	916.6	794.2
At end of period	$ 731.0	$ 703.8
Supplemental cash flow information:		
Cash paid for interest	$ 7.3	$ 7.4
Cash paid for income taxes, net of refunds	$ 114.7	$ 104.9
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 707.0	$ 669.8
Cash and cash equivalents held in consolidated VIEs	24.0	34.0
Total cash and cash equivalents	$ 731.0	$ 703.8

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)

Six Months Ended June 30, 2019	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Balance at January 1, 2019	196.4	$ 294.6	$ 3,824.5	$ (170.8)	$ (423.5)	$ 1,314.5	$ 21.5	$ 4,860.8
Net income	—	—	—	—	—	203.5	1.4	204.9
Other comprehensive loss	—	—	—	—	(0.5)	—	—	(0.5)
Dividends paid to shareholders	—	—	0.1	—	—	(138.4)	—	(138.3)
Share buyback program	(4.8)	(7.1)	—	—	—	(99.0)	—	(106.1)
Distributions to noncontrolling interests	—	—	—	—	—	—	(0.5)	(0.5)
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.2	—	0.2
Purchase of common stock for stock-based compensation plans	—	—	(33.2)	(4.9)	—	—	—	(38.1)
Vesting of stock-based compensation plans	—	—	(27.9)	27.9	—	—	—	—
Stock-based compensation plan expense	—	—	38.1	—	—	—	—	38.1
Balance at June 30, 2019	191.6	$ 287.5	$ 3,801.6	$ (147.8)	$ (424.0)	$ 1,280.8	$ 22.4	$ 4,820.5

Six Months Ended June 30, 2018	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Balance at January 1, 2018	200.4	$ 300.6	$ 3,842.9	$ (155.8)	$ (304.3)	$ 1,154.1	$ 38.2	$ 4,875.7
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)
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	200.4	$ 300.6	$ 3,783.5	$ (172.9)	$ (355.5)	$ 1,324.9	$ 28.3	$ 4,908.9

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

Note 1 — Basis of Presentation and Significant Accounting Policies

Basis of Presentation

In the opinion of management of Janus Henderson Group plc ("JHG" or "the Group"), the accompanying unaudited condensed consolidated financial statements contain all normal recurring adjustments necessary to fairly state the financial position, results of operations and cash flows of JHG in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Such financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the annual consolidated financial statements and notes presented in JHG's Annual Report on Form 10-K for the year ended December 31, 2018. The December 31, 2018, condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying financial statements through the issuance date and are included in the notes to the condensed consolidated financial statements.

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

Recent Accounting Pronouncements Adopted

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued a new standard on accounting for leases. The new standard represents a significant change to lease accounting and introduces a lessee model that brings leases onto the balance sheet. The standard also aligns certain underlying principles of the new lessor model with those in the FASB's new revenue recognition standard. Furthermore, the new standard addresses other concerns related to the prior leases model. The standard became effective January 1, 2019.

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

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

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

Leases Policy — Updated January 1, 2019

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

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

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

Hedge Accounting

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

Recent Accounting Pronouncements Not Yet Adopted

Retirement Benefit Plans

In August 2018, the FASB issued an accounting standards update ("ASU") that modifies the disclosure requirements for employers that sponsor defined benefit pension plans. The ASU removes, adds and clarifies a number of disclosure requirements related to sponsored benefit plans. The standard is effective January 1, 2021, for calendar year-end companies, and early adoption is permitted. The Group is evaluating the effect of adopting this new accounting standard.

Implementation Costs — Cloud Computing Arrangements

In August 2018, the FASB issued an ASU that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement with the requirements for implementation costs incurred to develop or obtain internal-use software. The ASU is effective January 1, 2020, for calendar year-end companies and for the interim periods within those years. Early adoption is permitted. The ASU allows either a retrospective or prospective approach to all implementation costs incurred after adoption. The Group is evaluating the effect of adopting this new accounting standard.

Note 2 — Consolidation

Variable Interest Entities

Consolidated Variable Interest Entities

JHG's consolidated variable interest entities ("VIEs") as of June 30, 2019, and December 31, 2018, include certain consolidated seeded investment products in which the Group has an investment and acts as the investment manager. The assets of these VIEs are not available to JHG or the creditors of JHG. JHG may not, under any circumstances, access cash and cash equivalents held by consolidated VIEs to use in its operating activities or otherwise. In addition, the investors in these VIEs have no recourse to the credit of the Group.

Unconsolidated Variable Interest Entities

At June 30, 2019, and December 31, 2018, JHG's carrying values of investment securities included on JHG's Condensed Consolidated Balance Sheets pertaining to unconsolidated VIEs were \$3.7 million and \$3.1 million, respectively. JHG's total exposure to unconsolidated VIEs represents the value of its economic ownership interest in the investment securities.

Voting Rights Entities

Consolidated Voting Rights Entities

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

	June 30, 2019	December 31, 2018
Investment securities	$ 9.3	$ 13.9
Cash and cash equivalents	0.1	1.4
Other current assets	0.2	0.1
Accounts payable and accrued liabilities	(0.1)	(0.1)
Total	9.5	15.3
Redeemable noncontrolling interests in consolidated VREs	(4.3)	(6.0)
JHG's net interest in consolidated VREs	$ 5.2	$ 9.3

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, 2019, and December 31, 2018, JHG's carrying values of investment securities included on JHG's Condensed Consolidated Balance Sheets pertaining to unconsolidated VREs were $28.4 million and $50.7 million, respectively. JHG's total exposure to unconsolidated VREs represents the value of its economic ownership interest in the investment securities.

Note 3 — Investment Securities

JHG's investment securities as of June 30, 2019, and December 31, 2018, are summarized as follows (in millions):

	June 30, 2019	December 31, 2018
Seeded investment products:		
Consolidated VIEs	$ 311.1	$ 282.7
Consolidated VREs	9.3	13.9
Unconsolidated VIEs and VREs	32.1	53.8
Separate accounts	56.7	71.6
Pooled investment funds	10.6	25.5
Total seeded investment products	419.8	447.5
Investments related to deferred compensation plans	132.6	120.3
Other investments	5.5	6.7
Total investment securities	$ 557.9	$ 574.5

Trading Securities

Net unrealized gains (losses) on investment securities held as of June 30, 2019 and 2018, are summarized as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Unrealized gains (losses) on investment securities held at period end	$ 4.6	$ (13.6)	$ 15.7	$ (21.5)

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

	Notional Value	
	June 30, 2019	December 31, 2018
Futures	$ 103.5	$ 147.1
Credit default swaps	93.0	133.2
Total return swaps	75.8	77.2
Foreign currency forward contracts	163.6	131.8

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

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

The Group recognized the following 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, 2019 and 2018 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Foreign currency translation	$ (1.2)	$ (3.3)	$ (0.9)	$ (3.8)
Foreign currency forward contracts	1.2	3.3	0.9	3.8
Total	$ —	$ —	$ —	$ —

Derivative Instruments in Consolidated Seeded Investment Products

Certain of the Group's consolidated seeded investment products utilize derivative instruments to contribute to the achievement of defined investment objectives. These derivative instruments are classified within other current assets or accounts payable and accrued liabilities on JHG’s Condensed Consolidated Balance Sheets and are immaterial individually and in aggregate. Gains and losses on these derivative instruments are classified within investment gains (losses), net on JHG’s Condensed Consolidated Statements of Comprehensive Income.

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

	Notional Value	
	June 30, 2019	December 31, 2018
Futures	$ 102.2	$ 267.8
Contracts for differences	10.4	8.7
Credit default swaps	2.4	6.2
Total return swaps	37.8	23.7
Interest rate swaps	26.2	61.5
Options	0.7	9.6
Swaptions	—	8.3
Foreign currency forward contracts	147.2	154.9

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

As sellers in credit default swap contracts, the consolidated seeded investment products would be required to pay the notional value of a referenced debt obligation to the counterparty in the event of a default on the debt obligation by the issuer. The notional value represents the estimated maximum potential undiscounted amount of future payments required upon the occurrence of a credit default event. As of June 30, 2019, and December 31, 2018, the notional values of the agreements totaled $2.3 million and $3.9 million, respectively. The credit default swap contracts include recourse provisions that allow for recovery of a certain percentage of amounts paid upon the occurrence of a credit default event. As of June 30, 2019, and December 31, 2018, the fair value of the credit default swap contracts selling protection was nil and $0.1 million, respectively.

Investment Gains (Losses), Net

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Seeded investment products and derivatives, net	$ 3.4	$ (17.4)	$ 11.6	$ (18.2)
Other	1.4	0.8	6.5	0.9
Investment gains (losses), net	$ 4.8	$ (16.6)	$ 18.1	$ (17.3)

Cash Flows

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

	Six months ended June 30,			
	2019		2018	
	Purchases and settlements	Sales, settlements and maturities	Purchases and settlements	Sales, settlements and maturities
Investment securities	$ (269.1)	$ 246.9	$ (30.9)	$ 58.1

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, 2019 (in millions):

	Fair value measurements using:			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Cash equivalents	$ 270.5	$ —	$ —	$ 270.5
Investment securities:				
Consolidated VIEs	132.9	162.4	15.8	311.1
Other investment securities	185.3	61.5	—	246.8
Total investment securities	318.2	223.9	15.8	557.9
Seed hedge derivatives	—	2.1	—	2.1
Volantis contingent consideration	—	—	3.3	3.3
Total assets	$ 588.7	$ 226.0	$ 19.1	$ 833.8
Liabilities:				
Derivatives in consolidated seeded investment products	$ —	$ 1.5	$ —	$ 1.5
Seed hedge derivatives	—	6.4	—	6.4
Long-term debt (1)	—	324.3	—	324.3
Deferred bonuses	—	—	60.7	60.7
Contingent consideration	—	—	31.8	31.8
Total liabilities	$ —	$ 332.2	$ 92.5	$ 424.7
Redeemable noncontrolling interests:				
Consolidated seeded investment products	$ —	$ —	$ 138.8	$ 138.8
Intech	—	—	14.8	14.8
Total redeemable noncontrolling interests	$ —	$ —	$ 153.6	$ 153.6

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

The following table presents assets, liabilities and redeemable noncontrolling interests presented in the financial statements or disclosed in the notes to the financial statements at fair value on a recurring basis as of December 31, 2018 (in millions):

	Fair value measurements using:			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Cash equivalents	$ 381.8	$ —	$ —	$ 381.8
Investment securities:				
Consolidated VIEs	103.8	159.7	19.2	282.7
Other investment securities	194.5	97.3	—	291.8
Total investment securities	298.3	257.0	19.2	574.5
Seed hedge derivatives	—	3.2	—	3.2
Derivatives in consolidated seeded investment products	—	0.9	—	0.9
Contingent consideration	—	—	3.9	3.9
Total assets	$ 680.1	$ 261.1	$ 23.1	$ 964.3
Liabilities:				
Derivatives in consolidated seeded investment products	$ —	$ 2.1	$ —	$ 2.1
Financial liabilities in consolidated seeded investment products	0.4	—	—	0.4
Seed hedge derivatives	—	1.1	—	1.1
Long-term debt(1)	—	301.4	—	301.4
Deferred bonuses	—	—	68.5	68.5
Contingent consideration	—	—	61.3	61.3
Total liabilities	$ 0.4	$ 304.6	$ 129.8	$ 434.8
Redeemable noncontrolling interests:				
Consolidated seeded investment products	$ —	$ —	$ 121.6	$ 121.6
Intech	—	—	14.5	14.5
Total redeemable noncontrolling interests	$ —	$ —	$ 136.1	$ 136.1

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

Level 1 Fair Value Measurements

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

Level 2 Fair Value Measurements

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

Level 3 Fair Value Measurements

Investment Securities

As of June 30, 2019, and December 31, 2018, certain securities within consolidated VIEs were valued using significant unobservable inputs, resulting in Level 3 classification.

Valuation techniques and significant unobservable inputs used in the valuation of JHG's material Level 3 assets included within consolidated VIEs as of June 30, 2019, and December 31, 2018, were as follows (in millions):

As of June 30, 2019	Fair value	Valuation technique	Significant unobservable inputs	Inputs
Investment securities of consolidated VIEs	$ 15.8	Discounted	Discount rate	15%
		cash flow	EBITDA multiple	16.4
			Price-earnings ratio	27.7

As of December 31, 2018	Fair value	Valuation technique	Significant unobservable inputs	Range (weighted-average)
Investment securities of consolidated VIEs	$ 19.2	Discounted	Discount rate	15%
		cash flow	EBITDA multiple	18.5
			Price-earnings ratio	28.4

Contingent Consideration

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

	As of June 30, 2019		
	Geneva	Perennial	Kapstream
Maximum amount payable	$ 61.3	$ 15.8	$ 13.8
Fair value included in:			
Accounts payable and accrued liabilities	$ —	$ 12.0	$ 13.2
Other non-current liabilities	6.6	—	—
Total fair value	$ 6.6	$ 12.0	$ 13.2

	As of December 31, 2018		
	Geneva	Perennial	Kapstream
Fair value included in:			
Accounts payable and accrued liabilities	$ —	$ —	$ 13.8
Other non-current liabilities	25.3	9.9	12.3
Total fair value	$ 25.3	$ 9.9	$ 26.1

Acquisition of Geneva

The consideration payable on the acquisition of Geneva in 2014 included two contingent tranches payable over six years. The fair value of the contingent consideration payable upon the acquisition of Geneva is estimated at each reporting date by forecasting revenue, as defined by the sale and purchase agreement, over the contingency period and by determining whether targets will be met. Significant unobservable inputs used in the valuation are limited to forecast revenues, which factor in expected growth in assets under management ("AUM") based on performance and industry trends.

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

Acquisition of Perennial

The acquisition of Perennial included earn-out payable in 2019. The earn-out has employee service conditions, is based on net management fee revenue and is accrued over the service period as compensation expense.

The fair value of the Perennial earn-out is calculated at each reporting date by forecasting Perennial revenues over the contingency period and determining whether the forecasted amounts meet the defined targets. The significant unobservable input used in the valuation is forecasted revenue, and the liability increased $2.1 million during the six months ended June 30, 2019.

Acquisition of Kapstream

The purchase of Kapstream was a step acquisition and the purchase of the second step (49%) had contingent consideration of up to $43.0 million. Payment of the contingent consideration is subject to all Kapstream products and certain products advised by the Group, reaching defined revenue targets on the first, second and third anniversaries of January 31, 2017. The contingent consideration is payable in three equal installments on the anniversary dates and is indexed to the performance of the premier share class of the Kapstream Absolute Return Income Fund. When Kapstream achieves the defined revenue targets, the holders receive the value of the contingent consideration adjusted for gains or losses attributable to the mutual fund to which the contingent consideration is indexed, subject to tax withholding. On January 31, 2018 and 2019, the first and second anniversary of the acquisition, Kapstream reached defined revenue targets, and the Group paid $14.1 million in February 2019 and $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, 2019.

Disposal of Volantis

On April 1, 2017, the Group completed the sale of the Volantis UK Small Cap ("Volantis") alternative team assets. Consideration for the sale was a 10% share of the management and performance fees generated by Volantis for a period of three years.

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

As of June 30, 2019, and December 31, 2018, the fair value of the Volantis contingent consideration was $3.3 million and $3.9 million, respectively.

Deferred Bonuses

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

Redeemable Noncontrolling Interests in Intech

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

Redeemable Noncontrolling Interests in Consolidated Seeded Investment Products

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

Changes in Fair Value

Changes in fair value of JHG's Level 3 assets for the three and six months ended June 30, 2019 and 2018, are as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Beginning of period fair value	$ 19.8	$ 47.2	$ 23.1	$ 46.5
Settlements	(0.9)	(1.8)	(1.2)	(2.2)
Movement recognized in net income	0.2	(6.1)	(2.9)	(5.3)
Movements recognized in other comprehensive income	—	(0.6)	0.1	(0.3)
End of period fair value	$ 19.1	$ 38.7	$ 19.1	$ 38.7

Changes in fair value of JHG’s individual Level 3 liabilities and redeemable noncontrolling interests for the three and six months ended June 30, 2019 and 2018, are as follows (in millions):

	Three months ended June 30,						
	2019			2018			
	Contingent consideration	Deferred bonuses	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi option	Redeemable noncontrolling interests
Beginning of year fair value	$ 49.8	$ 83.1	$ 137.0	$ 59.2	$ 79.5	$ 4.3	$ 217.7
Changes in ownership	—	—	18.2	—	—	—	(32.6)
Net movement in bonus deferrals	—	(22.4)	—	—	(15.2)	—	—
Fair value adjustments	(20.0)	—	—	(0.2)	—	(1.9)	(0.2)
Unrealized gains (losses)	2.4	—	(1.6)	—	—	—	(6.5)
Amortization of Intech appreciation rights	—	—	0.3	—	—	—	0.3
Distributions	—	—	(0.3)	—	—	—	(0.3)
Foreign currency translation	(0.4)	—	—	(1.7)	—	(0.3)	(0.6)
End of period fair value	$ 31.8	$ 60.7	$ 153.6	$ 57.3	$ 64.3	$ 2.1	$ 177.8

	Six months ended June 30,						
	2019			2018			
	Contingent consideration	Deferred bonuses	Redeemable noncontrolling interests	Contingent consideration	Deferred bonuses	Dai-ichi option	Redeemable noncontrolling interests
Beginning of period fair value	$ 61.3	$ 68.5	$ 136.1	$ 76.6	$ 64.7	$ 26.1	$ 190.3
Changes in ownership	—	—	14.2	—	—	—	(5.5)
Net movement in bonus deferrals	—	(7.8)	—	—	(0.4)	—	—
Fair value adjustments	(20.0)	—	—	1.8	—	(24.7)	0.2
Unrealized gains (losses)	4.8	—	3.0	—	—	—	(5.4)
Amortization of Intech appreciation rights	—	—	0.6	—	—	—	(0.6)
Distributions	(14.1)	—	(0.3)	(18.8)	—	—	(0.4)
Foreign currency translation	(0.2)	—	—	(2.3)	—	0.7	(0.8)
End of period fair value	$ 31.8	$ 60.7	$ 153.6	$ 57.3	$ 64.3	$ 2.1	$ 177.8

Nonrecurring Fair Value Measurements

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

Note 5 — Goodwill and Intangible Assets

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

	December 31, 2018	Amortization	Impairment	Foreign currency translation	Disposal	June 30, 2019
Indefinite-lived intangible assets:						
Investment management agreements	$ 2,495.5	$ —	$ (18.0)	$ (0.9)	$ —	$ 2,476.6
Trademarks	380.8	—	—	—	—	380.8
Definite-lived intangible assets:						
Client relationships	363.3	—	—	(0.1)	—	363.2
Accumulated amortization	(116.3)	(14.7)	—	0.1	—	(130.9)
Net intangible assets	$ 3,123.3	$ (14.7)	$ (18.0)	$ (0.9)	$ —	$ 3,089.7
Goodwill	$ 1,478.0	$ —	$ —	$ (0.6)	$ —	$ 1,477.4

	December 31, 2017	Amortization	Impairment	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	$ 3,204.8	$ (14.8)	$ —	$ (22.0)	$ —	$ 3,168.0
Goodwill	$ 1,533.9	$ —	$ —	$ (19.9)	$ (9.5)	$ 1,504.5

The Group recognized an $18.0 million impairment related to certain mutual fund investment management agreements during the three months ended June 30, 2019, due to lower than expected growth.

Future Amortization

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

Future amortization	Amount
2019 (remainder of year)	$ 14.7
2020	29.4
2021	26.5
2022	18.0
2023	17.8
Thereafter	125.9
Total	$ 232.3

Note 6 — Leases

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

Balance Sheet

Operating and financing lease assets and liabilities on JHG's Condensed Consolidated Balance Sheets as of June 30, 2019, consisted of the following (in millions):

Operating lease right-of-use assets:	**June 30, 2019**
Other non-current assets	$ 138.1
Operating lease liabilities:	
Accounts payable and accrued liabilities	$ 26.4
Other non-current liabilities	133.4
Total operating lease liabilities	$ 159.8
Finance lease right-of-use assets:	
Property and equipment, cost	$ 13.0
Accumulated depreciation	(11.6)
Property and equipment, net	$ 1.4
Finance lease liabilities	
Accounts payable and accrued liabilities	$ 0.9
Other non-current liabilities	0.6
Total finance lease liabilities	$ 1.5

Statement of Comprehensive Income

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

	Three months ended June 30, 2019	**Six months ended June 30, 2019**
Operating lease cost(1)	$ 8.6	$ 19.5
Finance lease cost:		
Amortization of right-of-use asset(2)	$ 0.3	$ 0.6
Interest on lease liabilities(3)	—	—
Total finance lease cost	$ 0.3	$ 0.6

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

The Group subleases certain office buildings in the UK and received $1.9 million and $3.6 million from the tenants during the three and six months ended June 30, 2019, respectively. The Group recognized a $4.7 million impairment of a subleased ROU operating asset in the UK during the six months ended June 30, 2019, as collection of rents under the sublease are uncertain. Also, the Group recognized a $0.5 million impairment of a U.S. operating lease during the three months ended June 30, 2019, due to early termination of the lease.

Cash Flow Statement

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

	Six months ended June 30, 2019
Operating cash flows from operating leases	$ 17.4
Operating cash flows from finance leases	$ —
Financing cash flows from finance leases	$ 0.6

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

Supplemental Information

As of June 30, 2019, the Group has an additional operating lease for office space in the U.S. that has not yet commenced. The lease will commence on September 1, 2019, with a lease term of 11 years. The future rent obligations associated with the lease are $8.4 million.

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

Weighted-average remaining lease term (in months):	June 30, 2019
Operating leases	85
Finance leases	19

Weighted-average discount rate:	June 30, 2019
Operating leases	4.5%
Finance leases	2.7%

Future lease obligations (in millions)	Operating leases	Finance leases
2019 (excluding six months ended June 30, 2019)	$ 16.1	$ 0.6
2020	30.5	0.7
2021	28.2	0.1
2022	24.1	0.1
2023	22.2	—
Thereafter	68.2	—
Total lease payments	189.3	1.5
Less interest	29.5	—
Total	$ 159.8	$ 1.5

Note 7 — Debt

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

	June 30, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
4.875% Senior Notes due 2025	$ 317.7	$ 324.3	$ 319.1	$ 301.4

4.875% Senior Notes Due 2025

The Group’s 4.875% Senior Notes due 2025 (“2025 Senior Notes”) have a principal value of $300.0 million as of June 30, 2019, pay interest at 4.875% semiannually on February 1 and August 1 of each year, and mature on August 1, 2025. The 2025 Senior Notes include unamortized debt premium, net at June 30, 2019, of $17.7 million, which will be amortized over the remaining life of the notes. The unamortized debt premium is recorded as a liability within long-term debt on JHG’s Condensed Consolidated Balance Sheets. JHG fully and unconditionally guarantees the obligations of Janus Capital Group Inc. (“JCG”) in relation to the 2025 Senior Notes.

Credit Facility

At June 30, 2019, JHG had a $200 million, unsecured, revolving credit facility (“Credit Facility”) with Bank of America Merrill Lynch International Limited as coordinator, book runner and mandated lead arranger. JHG and its subsidiaries can use the Credit Facility for general corporate purposes. The rate of interest for each interest period is the aggregate of the applicable margin, which is based on JHG’s long-term credit rating and the London Interbank Offered Rate (“LIBOR”); the Euro Interbank Offered Rate (“EURIBOR”) in relation to any loan in euros (“EUR”); or in relation to any loan in Australian dollars (“AUD”), the benchmark rate for that currency. JHG is required to pay a quarterly commitment fee on any unused portion of the Credit Facility, which is also based on JHG’s long-term credit rating. Under the Credit Facility, the financing leverage ratio cannot exceed 3.00x EBITDA. At June 30, 2019, JHG was in compliance with all covenants, and there were no borrowings under the Credit Facility at June 30, 2019, or during the six months ended June 30, 2019. The maturity date of the Credit Facility is February 16, 2024.

Note 8 — Income Taxes

The Group’s effective tax rates for the three and six months ended June 30, 2019 and 2018, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Effective tax rate	24.0 %	22.6 %	23.5 %	22.6 %

The increase in the effective tax rate for the three and six months ended June 30, 2019, compared to the same periods in 2018 was primarily due to an increase in non-deductible compensation-related expenses.

As of June 30, 2019, and December 31, 2018, JHG had $12.1 million and $12.4 million of unrecognized tax benefits held for uncertain tax positions, respectively. JHG estimates that the existing liability for uncertain tax positions could decrease by up to $1.1 million within the next 12 months, without giving effect to changes in foreign currency translation.

Note 9 — Noncontrolling Interests

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests as of June 30, 2019, and December 31, 2018, consisted of the following (in millions):

	June 30, 2019	December 31, 2018
Consolidated seeded investment products	$ 138.8	$ 121.6
Intech:		
Appreciation rights	11.4	10.9
Founding member ownership interests	3.4	3.6
Total redeemable noncontrolling interests	$ 153.6	$ 136.1

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, 2019 and 2018 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Opening balance	$ 122.0	$ 202.9	$ 121.6	$ 174.9
Changes in market value	2.7	(6.7)	7.2	(5.6)
Changes in ownership	14.2	(32.6)	10.0	(5.5)
Foreign currency translation	(0.1)	(0.6)	—	(0.8)
Closing balance	$ 138.8	$ 163.0	$ 138.8	$ 163.0

Intech

Intech ownership interests held by a founding member had an estimated fair value of $3.4 million as of June 30, 2019, representing an approximate 1.1% ownership of Intech. This founding member is entitled to retain his remaining Intech interests until his death and has the option to require JHG to purchase his ownership interests in Intech at fair value.

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

Nonredeemable Noncontrolling Interests

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

	June 30, 2019	December 31, 2018
Nonredeemable noncontrolling interests in:		
Seed capital investments	$ 9.4	$ 8.3
Intech	13.0	13.2
Total nonredeemable noncontrolling interests	$ 22.4	$ 21.5

Note 10 — Long-Term Incentive and Employee Compensation

The Group granted $4.5 million and $153.9 million in long-term incentive awards during the three and six months ended June 30, 2019, respectively, which generally vest and will be recognized on a graded vesting method over a three- or four-year period.

Note 11 — Retirement Benefit Plans

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

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

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, 2019 and 2018, include the following (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Service cost	$ (0.3)	$ (0.3)	$ (0.6)	$ (0.6)
Interest cost	(4.6)	(4.2)	(9.3)	(9.0)
Expected return on plan assets	5.2	5.4	10.6	11.5
Net periodic benefit credit	0.3	0.9	$ 0.7	$ 1.9

Note 12 — Accumulated Other Comprehensive Loss

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

	Three months ended June 30,					
	2019			2018		
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Retirement benefit asset, net	Total
Beginning balance	$ (411.5)	$ 24.7	$ (386.8)	$ (272.4)	$ 21.0	$ (251.4)
Other comprehensive income (loss)	(37.3)	—	(37.3)	(104.7)	—	(104.7)
Less: other comprehensive loss (income) attributable to noncontrolling interests	0.1	—	0.1	0.6	—	0.6
Ending balance	$ (448.7)	$ 24.7	$ (424.0)	$ (376.5)	$ 21.0	$ (355.5)

	Six months ended June 30,					
	2019			2018		
	Foreign currency	Retirement benefit asset, net	Total	Foreign currency	Retirement benefit asset, net	Total
Beginning balance	$ (448.2)	$ 24.7	$ (423.5)	$ (325.3)	$ 21.0	$ (304.3)
Other comprehensive income	(0.5)	—	(0.5)	(52.0)	—	(52.0)
Less: other comprehensive loss (income) attributable to noncontrolling interests	—	—	—	0.8	—	0.8
Ending balance	$ (448.7)	$ 24.7	$ (424.0)	$ (376.5)	$ 21.0	$ (355.5)

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

	Three months ended June 30,					
	2019			2018		
	Pre-tax amount	Tax impact	Net amount	Pre-tax amount	Tax impact	Net amount
Foreign currency translation adjustments	$ (37.7)	$ 0.4	$ (37.3)	$ (104.7)	$ —	$ (104.7)

	Six months ended June 30,					
	2019			2018		
	Pre-tax amount	Tax impact	Net amount	Pre-tax amount	Tax impact	Net amount
Foreign currency translation adjustments	$ (2.4)	$ 1.9	$ (0.5)	$ (52.0)	$ —	$ (52.0)

Note 13 — Changes in Equity

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

Three Months Ended June 30, 2019	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Balance at April 1, 2019	195.2	$ 292.7	$ 3,802.1	$ (165.4)	$ (386.8)	$ 1,309.9	$ 22.6	$ 4,875.1
Net income	—	—	—	—	—	109.4	0.2	109.6
Other comprehensive loss	—	—	—	—	(37.2)	—	—	(37.2)
Dividends paid to shareholders	—	—	0.1	—	—	(68.7)	—	(68.6)
Share buyback program	(3.6)	(5.2)	—	—	—	(70.0)	—	(75.2)
Distributions to noncontrolling interests	—	—	—	—	—	—	(0.4)	(0.4)
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.2	—	0.2
Purchase of common stock for stock-based compensation plans	—	—	(1.8)	0.8	—	—	—	(1.0)
Vesting of stock-based compensation plans	—	—	(16.8)	16.8	—	—	—	—
Stock-based compensation plan expense	—	—	18.0	—	—	—	—	18.0
Balance at June 30, 2019	191.6	$ 287.5	$ 3,801.6	$ (147.8)	$ (424.0)	$ 1,280.8	$ 22.4	$ 4,820.5

Three Months Ended June 30, 2018	Number of shares	Common stock	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Nonredeemable noncontrolling interests	Total equity
Balance at April 1, 2018	200.4	$ 300.6	$ 3,786.0	$ (198.9)	$ (251.4)	$ 1,255.9	$ 34.7	$ 4,926.9
Net income	—	—	—	—	—	140.6	(3.4)	137.2
Other comprehensive loss	—	—	—	—	(104.1)	—	—	(104.1)
Dividends paid to shareholders	—	—	0.1	—	—	(71.7)	—	(71.6)
Distributions to noncontrolling interests	—	—	—	—	—	—	(3.0)	(3.0)
Fair value adjustments to redeemable noncontrolling interests	—	—	—	—	—	0.1	—	0.1
Redemptions of convertible debt	—	—	(0.1)	—	—	—	—	(0.1)
Purchase of common stock for stock-based compensation plans	—	—	(0.2)	(1.2)	—	—	—	(1.4)
Vesting of stock-based compensation plans	—	—	(27.2)	27.2	—	—	—	—
Stock-based compensation plan expense	—	—	24.8	—	—	—	—	24.8
Proceeds from stock-based compensation plans	—	—	0.1	—	—	—	—	0.1
Balance at June 30, 2018	200.4	$ 300.6	$ 3,783.5	$ (172.9)	$ (355.5)	$ 1,324.9	$ 28.3	$ 4,908.9

Note 14 — Earnings and Dividends Per Share

Earnings Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net income attributable to JHG	$ 109.4	$ 140.6	$ 203.5	$ 305.8
Less: allocation of earnings to participating stock-based awards	(3.2)	(3.8)	(5.6)	(7.6)
Net income attributable to JHG common shareholders	$ 106.2	$ 136.8	$ 197.9	$ 298.2
Weighted-average common shares outstanding — basic	190.2	195.8	191.1	195.9
Dilutive effect of non -participating stock-based awards	0.5	0.8	0.5	1.3
Weighted-average common shares outstanding — diluted	190.7	196.6	191.6	197.2
Earnings per share:				
Basic	$ 0.56	$ 0.70	$ 1.04	$ 1.52
Diluted (two class)	$ 0.56	$ 0.70	$ 1.03	$ 1.51

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,	
	2019	2018	2019	2018
Unvested nonparticipating stock awards	1.0	0.6	1.0	0.6
Dai-ichi options	—	10.0	—	10.0

The Dai-ichi options expired on October 3, 2018.

Dividends Per Share

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

The following is a summary of cash dividends paid during the three and six months ended June 30, 2019:

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

On July 30, 2019, JHG's Board of Directors declared a cash dividend of $0.36 per share. The quarterly dividend will be paid on August 28, 2019, to shareholders of record at the close of business on August 12, 2019.

Note 15 — Commitments and Contingencies

Commitments and contingencies may arise in the normal course of business. Refer to Note 6 — Leases for information related to operating and financing lease commitments. As of June 30, 2019, there were no other material changes in the commitments and contingencies as reported in JHG's Annual Report on Form 10-K for the year ended December 31, 2018.

Litigation and Other Regulatory Matters

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

Richard Pease v. Henderson Administration Limited

The outcome of a court case involving an ex-employee was determined in the first quarter of 2018. The case related to the fees the Group should receive after a fund was transferred to an ex-employee (the "Fund Transfer Fees") and the ex-employee's entitlement to deferred and forfeited remuneration. The judgment given in the case resulted in the Group recognizing a $12.2 million charge in general, administrative and occupancy on JHG's Condensed Consolidated Statements of Comprehensive Income after the judge held that the ex-employee was not bound to pay the Fund Transfer Fees and that the ex-employee's contract gave him an entitlement to deferred and forfeited remuneration. The amount also includes legal costs relating to the case. Henderson Administration Limited ("HAL"), a wholly owned subsidiary of JHG, appealed the part of the judgment relating to the Fund Transfer Fees and judgment was handed down by the Court of Appeal of England and Wales on February 15, 2019, in favor of HAL. As a result, and subject to any further appeal, the Group was awarded the Fund Transfer Fees and related interest of approximately $5.0 million and $0.3 million, respectively. It will also be entitled to certain costs relating to the appeal and the earlier trial insofar as they relate to the Fund Transfer Fees claim.

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

On March 15, 2018, a class action lawsuit was filed in the United States District Court for the Southern District of New York ("SDNY") against Janus Index & Calculation Services LLC, which effective January 1, 2019, was renamed Janus Henderson Indices LLC ("Janus Indices"), a subsidiary of the Group, on behalf of a class consisting of investors who purchased VelocityShares Daily Inverse VIX Short-Term ETN (Ticker: XIV) between January 29, 2018, and February 5, 2018 (*Eisenberg v. Credit Suisse AG and Janus Indices*). Credit Suisse, the issuer of the XIV notes, is also named as a defendant in the lawsuit. The plaintiffs generally allege statements by Credit Suisse and Janus Indices, including those in the registration statement, were materially false and misleading based on its discussion of how the intraday indicative value ("IIV") is calculated and that the IIV was not an accurate gauge of the economic value of the notes. On April 17, 2018, a second lawsuit was filed against Janus Indices and Credit Suisse in the United States District Court of the Northern District of Alabama by certain investors in XIV (*Halbert v. Credit Suisse AG and Janus Indices*). On May 4, 2018, a third lawsuit, styled as a class action on behalf of investors who purchased XIV between January 29, 2018, and February 5, 2018, was filed against Janus Indices and Credit Suisse AG in the SDNY (*Qiu v. Credit Suisse AG and Janus Indices*). The *Halbert* and *Qiu* allegations generally copy the allegations in the *Eisenberg* case. On August 20, 2018, an amended complaint was filed in the *Eisenberg* and *Qiu* cases (which have been consolidated in the SDNY under the name *Set Capital LLC, et al. v. Credit Suisse AG, et al.*), adding Janus Distributors LLC, doing business as Janus Henderson Distributors, and Janus Henderson Group plc as parties, and adding allegations of market manipulation by all of the defendants.

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

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

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

With respect to the unaudited financial information of Janus Henderson Group plc as of and for the three-month and six-month periods ended June 30, 2019, appearing herein, PricewaterhouseCoopers LLP (United States) reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 31, 2019 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP (United States) is not subject to the liability provisions of Section 11 of the Securities Act of 1993 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP (United States) within the meaning of Sections 7 and 11 of the Act.

With respect to the unaudited financial information of Janus Henderson Group plc for the three-month and six-month periods ended June 30, 2018, appearing herein, PricewaterhouseCoopers LLP (United Kingdom) reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 31, 2018, except with respect to the reference to their opinion on the consolidated financial statements in the final paragraph, as to which the date is February 26, 2019, appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCooopers LLP (United Kingdom) is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCooopers LLP (United Kingdom) within the meaning of Sections 7 and 11 of the Act.

Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Janus Henderson Group plc and its subsidiaries (the "Company") as of June 30, 2019, and the related condensed consolidated statements of comprehensive income for the three-month and six-month period ended June 30, 2019 and the condensed consolidated statement of cash flows and of changes in equity for the six-month period ended June 30, 2019, including the related notes (collectively referred to as the "interim financial statements"). Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Basis for Review Results

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

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
July 31, 2019

Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Statements

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

Basis for Review Results

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

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

/s/ PricewaterhouseCoopers LLP
London, UK
31 July 2018, except with respect to the reference to our opinion on the consolidated financial statements in the final paragraph, as to which the date is 26 February 2019