

Janus Henderson Group 3Q19 results presentation

Wednesday 30 October 2019

Dick Weil
Chief Executive Officer

Roger Thompson
Chief Financial Officer



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3Q19 results

- Investment performance remained strong, driving better quarter-over-quarter flows
- AUM of US\$356.1bn reflects slightly weaker markets and net outflows
- Adjusted diluted EPS of US\$0.64
- Declared US\$0.36 per share dividend and completed US\$81m of share buybacks

Key metrics – 3Q19 vs 2Q19

	3Q19	2Q19
3 year investment outperformance ¹	74%	72%
Net flows	(US\$3.5bn)	(US\$9.8bn)
Total AUM	US\$356.1bn	US\$359.8bn
US GAAP diluted EPS	US\$0.58	US\$0.56
Adjusted diluted EPS ²	US\$0.64	US\$0.61
Dividend per share	US\$0.36	US\$0.36

¹ Represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed in the appendix on slide 21.

² See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

3Q19 results presentation

Business and financial results

Roger Thompson
Chief Financial Officer



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Investment performance

Total company investment performance remains strong

% of AUM outperforming benchmark (as at 30 Sep 2019)

Capability	1 year	3 years	5 years
Equities	75%	74%	80%
Fixed Income	63%	94%	90%
Quantitative Equities	39%	26%	25%
Multi-Asset	90%	91%	93%
Alternatives	96%	99%	100%
Total	70%	74%	78%

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

Capability	1 year	3 years	5 years
Equities	84%	79%	87%
Fixed Income	53%	53%	55%
Quantitative Equities	97%	57%	97%
Multi-Asset	87%	88%	89%
Alternatives	38%	37%	56%
Total	78%	74%	82%

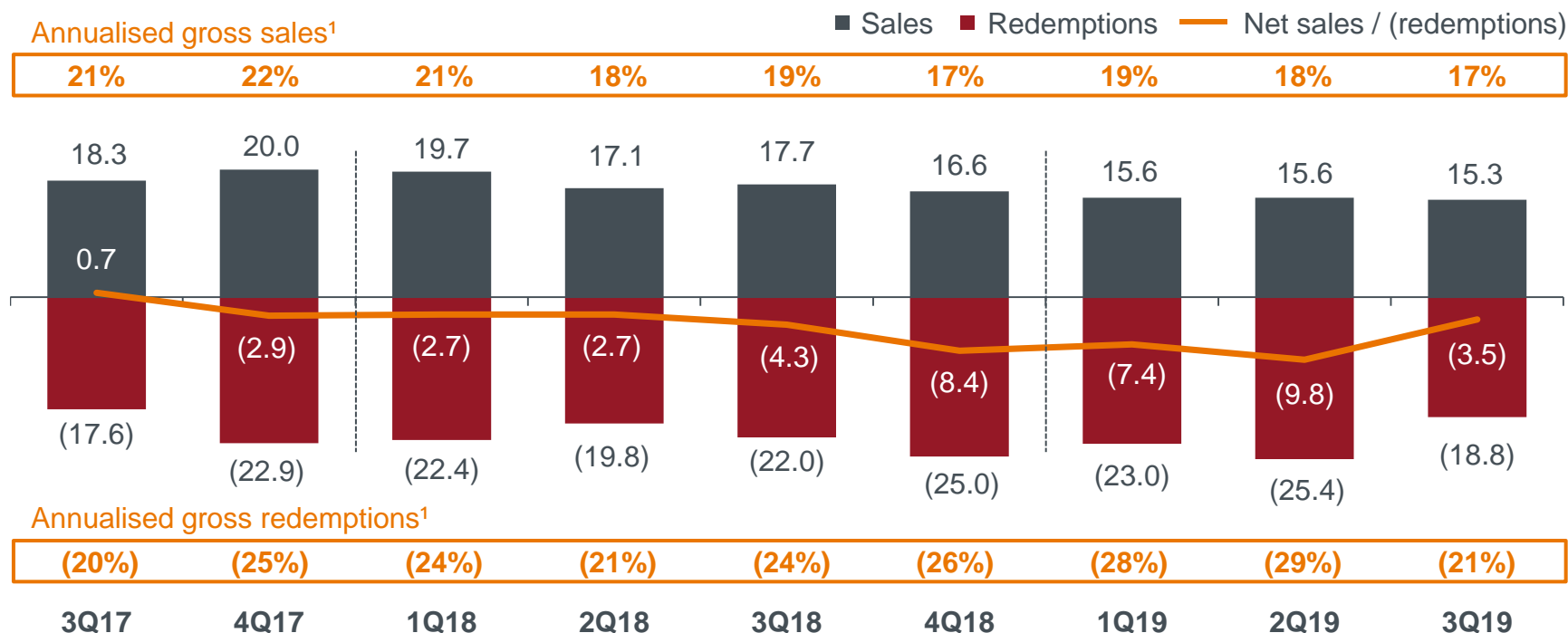
Note: Full performance disclosures detailed in the appendix on slides 21 and 22. Past performance is no guarantee of future results. The top two Morningstar quartiles represent funds in the top half of their category based on total return. Refer to slide 22 for the 10-year period, percent of funds in the top 2 quartiles for all periods, and description and quantity of funds included in the analysis.

Total flows

Lower redemptions drove quarter-over-quarter improvement in net flows

Total flows

3Q17 to 3Q19 (US\$bn)

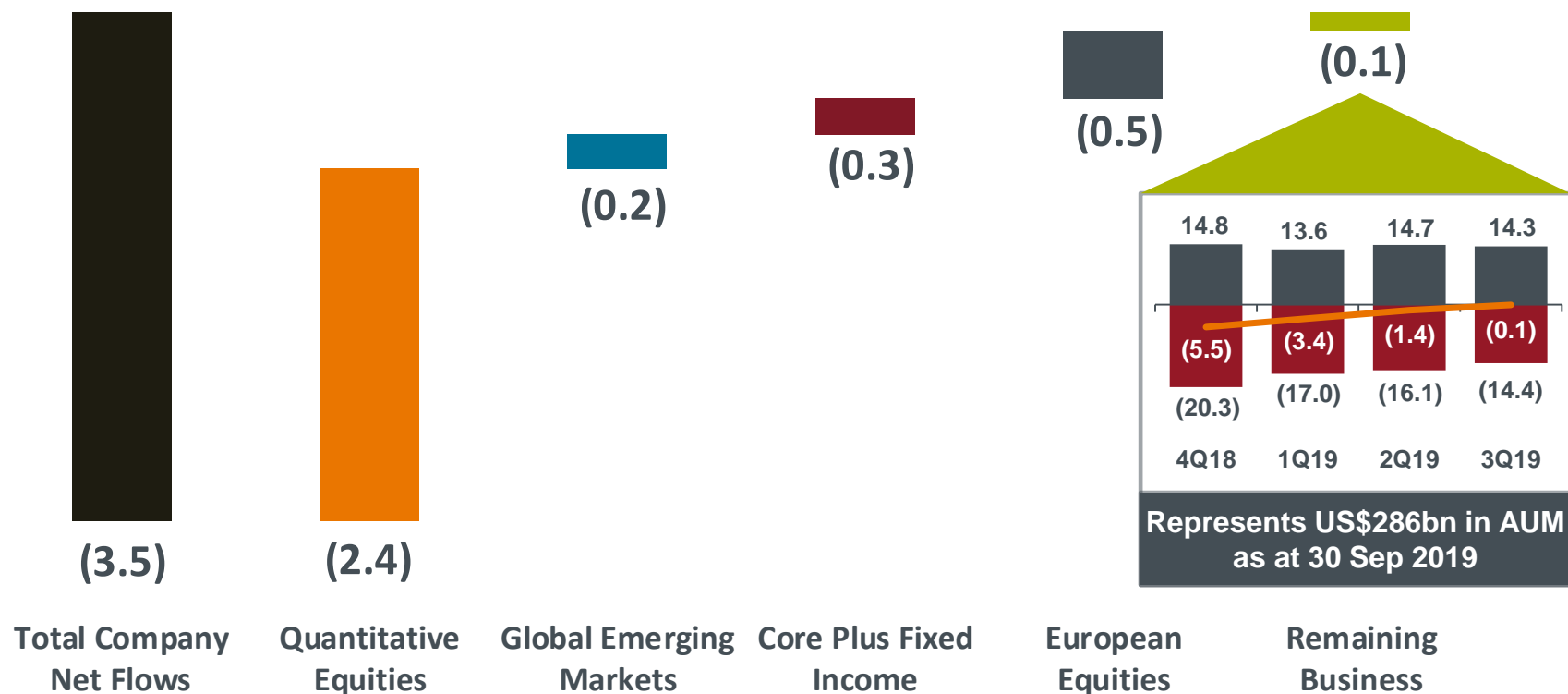


¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

Principal components of 3Q19 net flows

3Q19 flows improved from 2Q19; net outflows remain concentrated in four areas

3Q19 flows
(US\$bn)



Statement of income

US GAAP and adjusted

US\$m	3 months ended 30 Sep 2019		
	US GAAP	Adjustments	Adjusted
Revenue			
Management fees	446.2		
Performance fees	1.4		
Shareowner servicing fees	39.3		
Other revenue	49.1		
Total revenue	536.0	(102.8)	433.2
Operating expenses			
Employee compensation and benefits	147.9		
Long-term incentive plans	42.2		
Distribution expenses	102.8		
Investment administration	11.2		
Marketing	5.5		
General, administrative and occupancy	67.6		
Depreciation and amortisation	15.2		
Total operating expenses	392.4	(119.4)	273.0
Operating income	143.6	16.6	160.2

Note: See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

Summary financial results

US GAAP and adjusted

Summary of results

US\$, except margin data	3Q19	2Q19	Change 3Q19 vs 2Q19	3Q18	Change 3Q19 vs 3Q18
Average AUM	358.2bn	357.7bn	0%	376.8bn	(5%)
Total revenue	536.0m	535.9m	0%	581.2m	(8%)
Operating income	143.6m	118.5m	21%	148.3m	(3%)
Operating margin	26.8%	22.1%	4.7ppt	25.5%	1.3ppt
US GAAP diluted EPS	0.58	0.56	4%	0.55	5%
Adjusted revenue	433.2m	434.4m	(0%)	468.9m	(8%)
Adjusted operating income	160.2m	152.0m	5%	180.5m	(11%)
Adjusted operating margin	37.0%	35.0%	2.0ppt	38.5%	(1.5ppt)
Adjusted diluted EPS	0.64	0.61	5%	0.69	(7%)

Note: See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

Revenue

3Q19 revenue reflects higher average AUM offset by lower fee margin

3Q19 adjusted revenue drivers

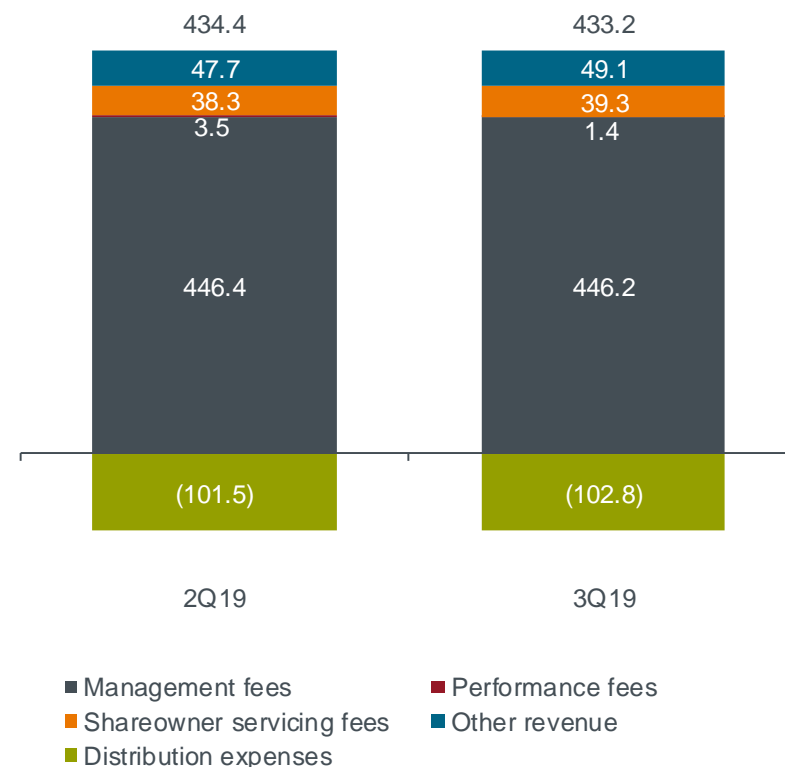
US\$m, except margin data	3Q19	2Q19	Change
Total adjusted revenue	433.2	434.4	(0%)
Management fees	446.2	446.4	(0%)
Performance fees	1.4	3.5	(60%)
Shareowner servicing fees	39.3	38.3	3%
Other revenue	49.1	47.7	3%
Distribution expenses	(102.8)	(101.5)	(1%)
<i>Average net¹ mgmt fee margin</i>	<i>41.6bps</i>	<i>42.2bps</i>	<i>(0.6bps)</i>

- Net management fee margin was down 0.6bps in 3Q19 reflecting mix shift from outflows in higher fee equity products
- Performance fees declined from 2Q19 driven by seasonality, partially offset by an improvement in US mutual fund performance fees

Note: See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

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

Pro forma adjusted revenue – 2Q19 vs 3Q19 (US\$m)

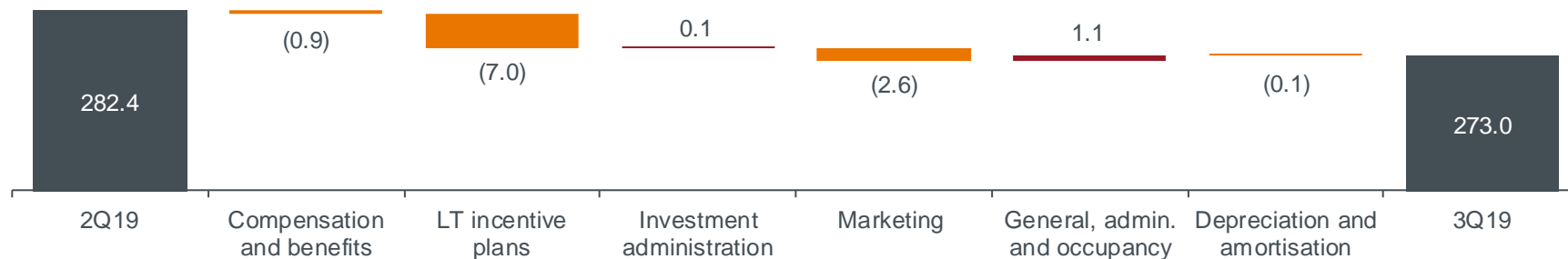


Operating expenses

Decrease in LTI and marketing costs drove decline in expenses

US\$m	3Q19 US GAAP	Adjustments	3Q19 adjusted	2Q19 adjusted	Change 3Q19 adjusted vs 2Q19 adjusted
Employee compensation and benefits	147.9	(5.4)	142.5	143.4	(1%)
Long-term incentive plans	42.2	0.2	42.4	49.4	(14%)
Total compensation expenses	190.1	(5.2)	184.9	192.8	(4%)
Distribution expenses	102.8	(102.8)	–	–	nm
Investment administration	11.2	–	11.2	11.1	1%
Marketing	5.5	–	5.5	8.1	(32%)
General, administrative and occupancy	67.6	(4.1)	63.5	62.4	2%
Depreciation and amortisation	15.2	(7.3)	7.9	8.0	(1%)
Non-staff operating expenses	202.3	(114.2)	88.1	89.6	(2%)
Total operating expenses	392.4	(119.4)	273.0	282.4	(3%)

Adjusted operating expenses – 2Q19 vs 3Q19 (US\$m)

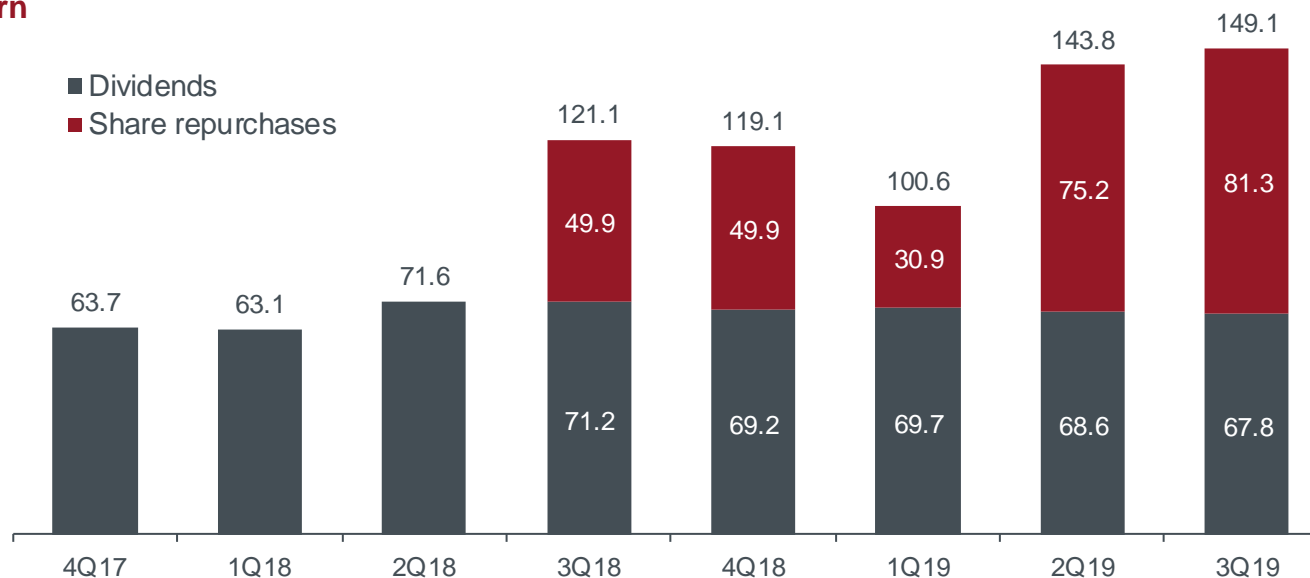


Note: See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

Capital management

Continued commitment to return of capital – US\$394m year to date

Quarterly capital return 4Q17 to 3Q19



Dividend paid / share	\$0.32	\$0.32	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Debt repayment (US\$m)	42.3	81.6	0.3	13.5	–	–	–	–
Shares repurchased (m)	–	–	–	1.8	2.2	1.3	3.5	4.2
Total shares outstanding ¹ (m)	200.4	200.4	200.4	198.6	196.4	195.2	191.6	187.5

Note: JHG purchases shares on market for the annual share grants associated with variable compensation, which is not included in the above share repurchases. Numbers may not cast due to rounding.

¹ Total shares outstanding reflect amounts disclosed on forms 10-Q or 10-K for each respective quarter.

Q&A

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Appendix

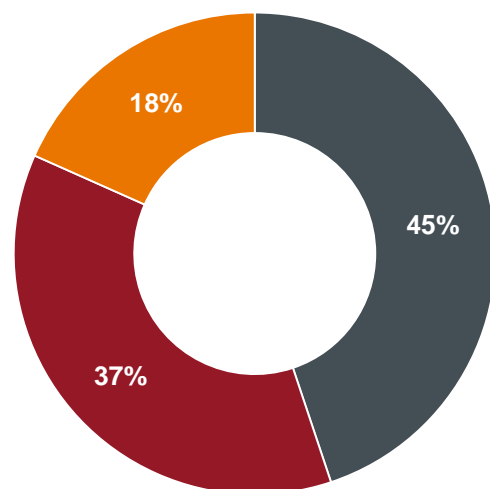


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Assets under management as at 30 Sep 2019

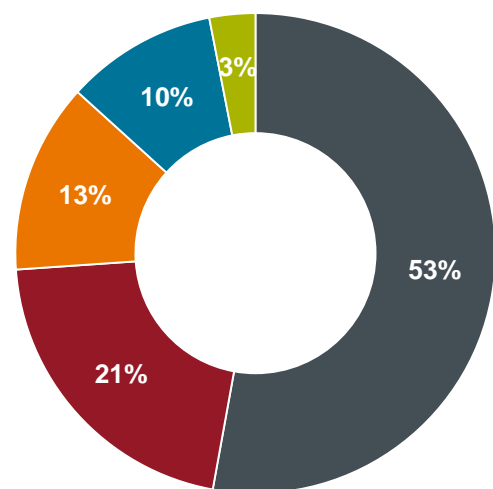
AUM: US\$356.1bn

By client type



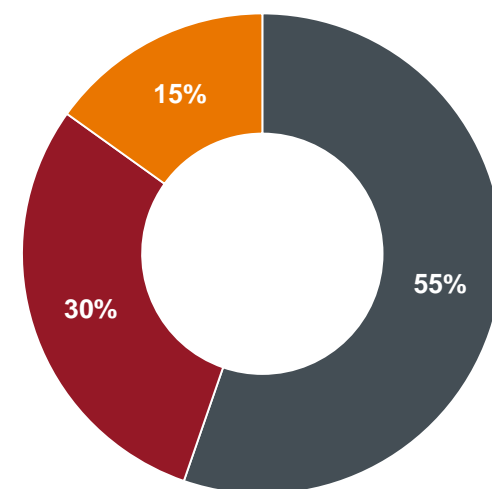
■ Intermediary US\$159.8bn
■ Institutional US\$131.0bn
■ Self-directed US\$65.3bn

By capability



■ Equities US\$188.2bn
■ Fixed Income US\$75.0bn
■ Quantitative Equities US\$45.6bn
■ Multi-Asset US\$36.3bn
■ Alternatives US\$11.0bn

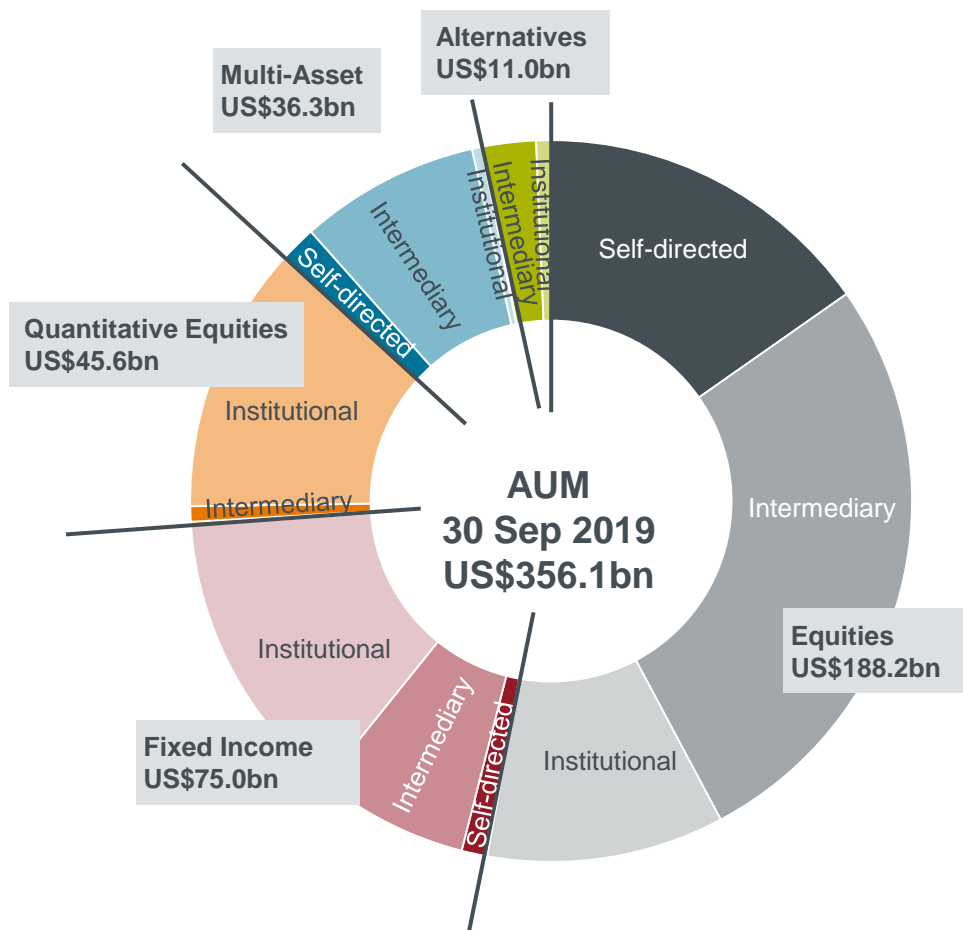
By client location



■ North America US\$196.9bn
■ EMEA & LatAm US\$105.4bn
■ Asia Pacific US\$53.8bn

Investment management capabilities

Diversified product range



Equities

- Wide range of equity strategies encompassing different geographic focuses and investment styles

Fixed Income

- Coverage across the asset class, applying a wide range of differentiated techniques

Quantitative Equities

- Intech applies advanced mathematics and systematic portfolio rebalancing intended to harness the volatility of movements in stock prices

Multi-Asset

- US teams manage US and global asset allocation strategies; UK teams include asset allocation specialists, traditional multi-manager investors, and those focused on alternative asset classes

Alternatives

- A cross-asset class combination of alpha generation, risk management, and efficient beta replication strategies, including multi-strategy, liquid alternatives, agriculture and global commodities/managed futures

Largest strategies by capability

Capability	Strategy	AUM (US\$bn) 30 Sep 2019
Equity	US Mid Cap Growth	27.5
	US Concentrated Growth	17.0
	US Research Growth Equity	15.5
	US SMID Cap Growth	12.6
	Global Life Sciences	9.3
Fixed Income	Core Plus Fixed Income	12.9
	Buy & Maintain Credit	9.6
	Global Strategic Fixed Income	7.0
	Kapstream Absolute Return Income	6.9
	Australian Fixed Income	5.7
Quantitative Equities	Intech Global Large Cap Core ex-Japan	8.4
	Intech US Enhanced Plus	6.9
	Intech Global Large Cap Core	5.3
	Intech US Broad Large Cap Growth	3.0
	Intech Global Enhanced Index ex-Australia ex-Tobacco 1% Risk	2.4
Multi-Asset	Balanced	30.4
	UK Income and Growth	1.8
	Multi Manager	1.2
	Multi Asset - Institutional	0.3
	Global Diversified Growth	0.3
Alternatives	UK Large Cap Absolute Return Equity	5.6
	Property	2.8
	Europe Large Cap Long/Short	0.6
	Global Commodities	0.6
	Concentrated Pan Europe Equity	0.4
Total		193.8

Note: Numbers may not cast due to rounding.

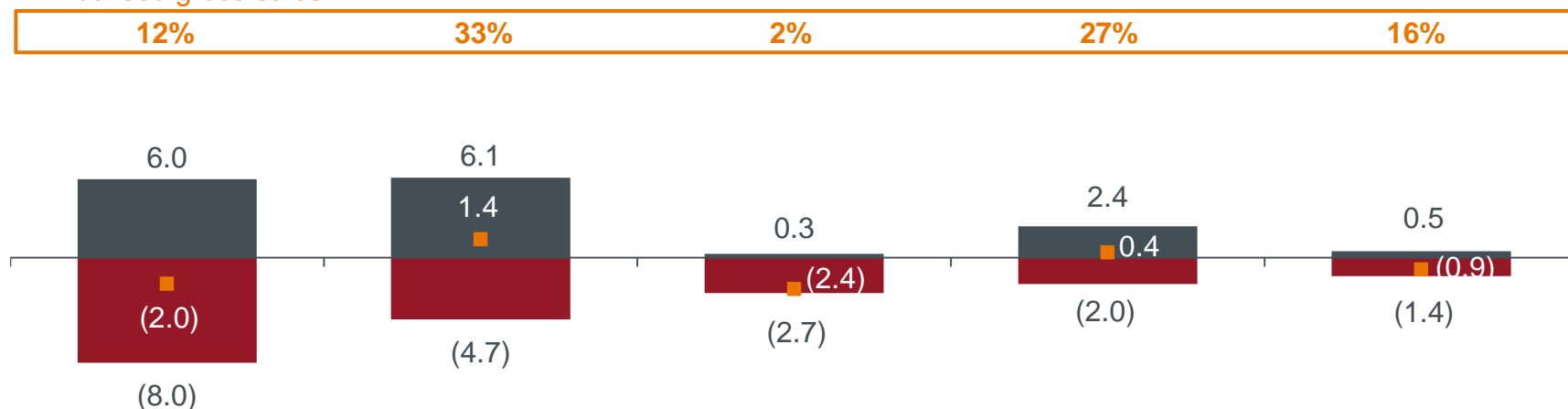
3Q19 flows by capability

3Q19 flows by capability

(US\$bn)

Annualised gross sales¹

■ Sales ■ Redemptions — Net sales / (redemptions)



Annualised gross redemptions¹

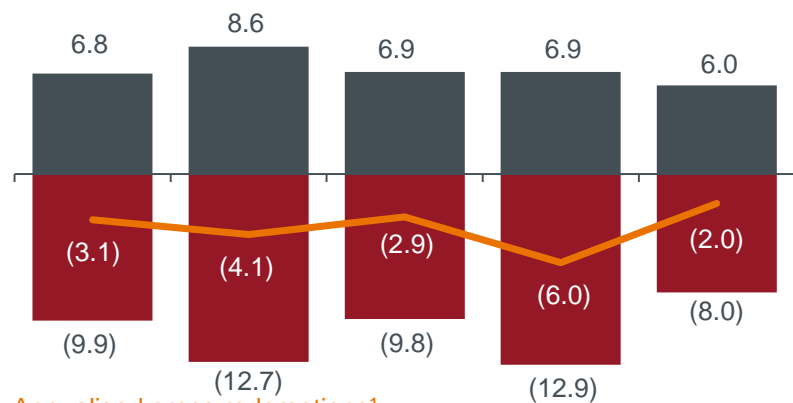


¹ Annualised gross sales and redemption rates calculated as a percentage of beginning period AUM.

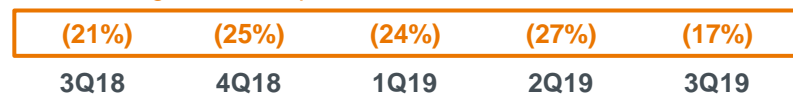
Flows: Equities and Fixed Income

Equities (US\$bn)

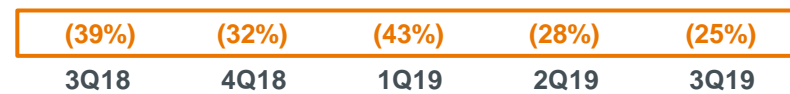
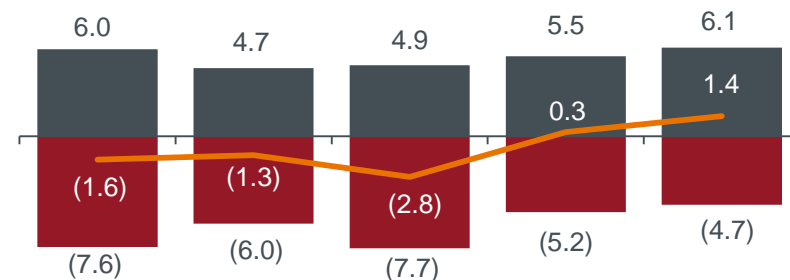
Annualised gross sales¹



Annualised gross redemptions¹



Fixed Income (US\$bn)



■ Sales ■ Redemptions — Net sales / (redemptions)

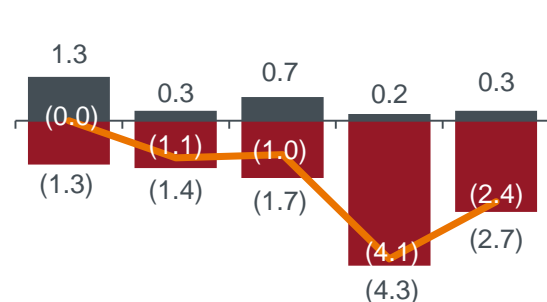
Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 20.

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

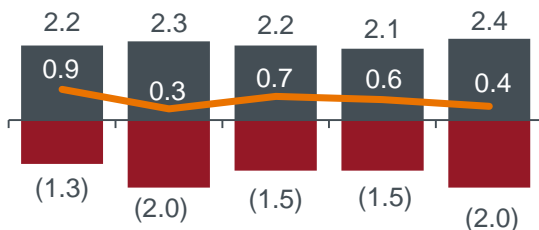
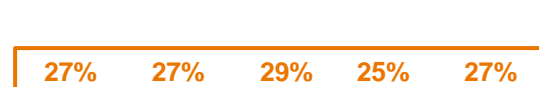
Flows: Quantitative Equities, Multi-Asset and Alternatives

Quantitative Equities (US\$bn)

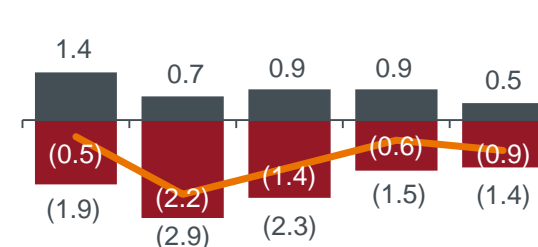
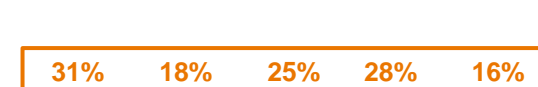
Annualised gross sales¹



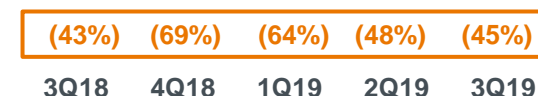
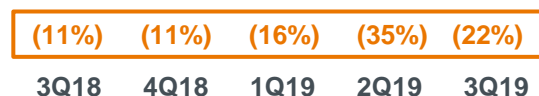
Multi-Asset (US\$bn)



Alternatives (US\$bn)



Annualised gross redemptions¹



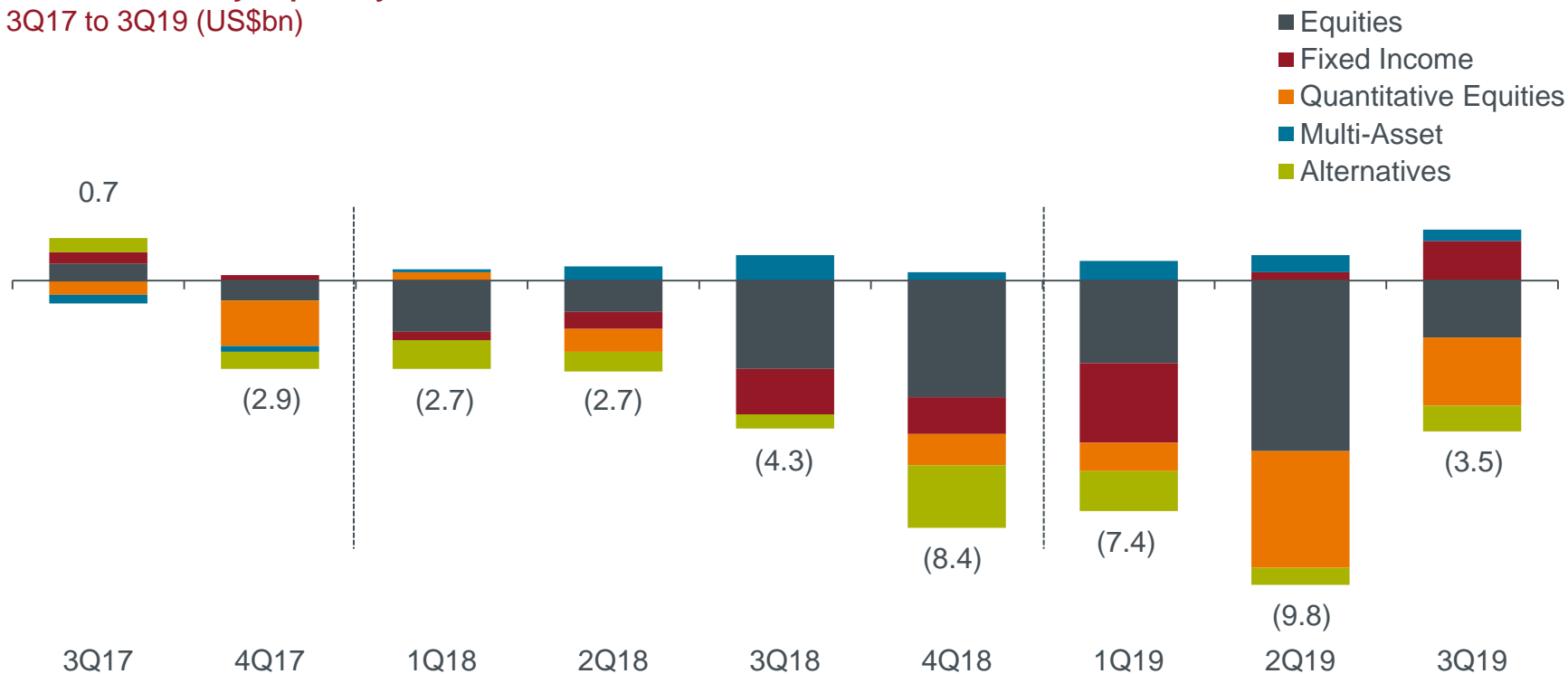
■ Sales ■ Redemptions — Net sales / (redemptions)

Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 20.

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

Total net flows by capability

Total net flows by capability
3Q17 to 3Q19 (US\$bn)



Note: Reflects operational reclassification of existing client's funds in 4Q18 as detailed on slide 20.

AUM and flows by capability

All data in US\$bn	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	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
Sales	6.0	6.1	0.3	2.4	0.5	15.3
Redemptions	(8.0)	(4.7)	(2.7)	(2.0)	(1.4)	(18.8)
Net sales / (redemptions)	(2.0)	1.4	(2.4)	0.4	(0.9)	(3.5)
Market / FX	(1.1)	0.1	0.4	0.8	(0.4)	(0.2)
AUM 30 Sep 2019	188.2	75.0	45.6	36.3	11.0	356.1

¹ Reflects operational reclassification of existing client's funds.

Investment performance

% of AUM outperforming benchmark

Capability	3Q18			4Q18			1Q19			2Q19			3Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	61%	56%	75%	67%	55%	71%	64%	69%	77%	73%	74%	83%	75%	74%	80%
Fixed Income	79%	92%	94%	36%	88%	93%	58%	92%	89%	61%	90%	89%	63%	94%	90%
Quantitative Equities	21%	8%	83%	20%	11%	15%	15%	14%	12%	32%	11%	39%	39%	26%	25%
Multi-Asset	89%	89%	90%	81%	90%	91%	88%	91%	91%	90%	91%	92%	90%	91%	93%
Alternatives	99%	73%	100%	35%	94%	100%	89%	98%	100%	39%	100%	100%	96%	99%	100%
Total	63%	60%	81%	55%	61%	72%	60%	69%	74%	66%	72%	80%	70%	74%	78%

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 5% of AUM as at 31 Dec 2018 and 30 Sep 2019 and represent 4% of AUM for all other periods. Capabilities defined by Janus Henderson.

Mutual fund investment performance

% of mutual fund AUM in top 2 Morningstar quartiles

Capability	3Q18			4Q18			1Q19			2Q19			3Q19		
	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
Equities	72%	65%	86%	67%	63%	85%	78%	72%	86%	85%	70%	88%	84%	79%	87%
Fixed Income	63%	36%	66%	46%	28%	57%	68%	42%	48%	50%	50%	51%	53%	53%	55%
Quantitative Equities	59%	5%	55%	98%	17%	100%	63%	3%	97%	61%	3%	51%	97%	57%	97%
Multi-Asset	86%	88%	88%	89%	89%	88%	84%	86%	88%	87%	87%	88%	87%	88%	89%
Alternatives	54%	26%	53%	26%	93%	59%	93%	33%	94%	32%	58%	58%	38%	37%	56%
Total	71%	60%	81%	65%	62%	80%	78%	67%	81%	78%	68%	81%	78%	74%	82%

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, 84%, 82%, 80%, 74% and 82% of total mutual fund AUM were in the top 2 Morningstar quartiles for the 10-year periods ended 30 Sep 2018, 31 Dec 2018, 31 Mar 2019, 30 Jun 2019 and 30 Sep 2019, respectively. For the 1-, 3-, 5- and 10-year periods ending 30 Sep 2019, 64%, 58%, 63% and 62% of the 204, 198, 182 and 147 total mutual funds, respectively, were in the top 2 Morningstar quartiles.

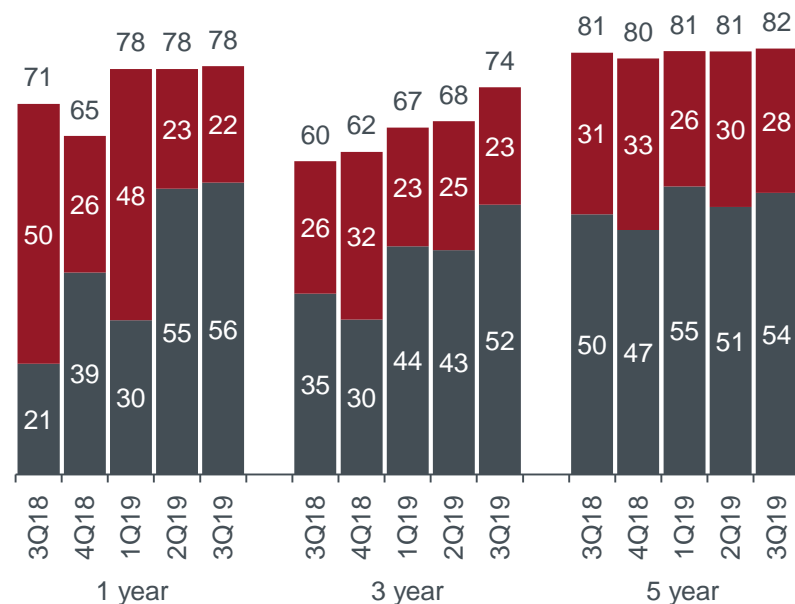
Analysis based on 'primary' share class (Class I Shares, Institutional Shares or share class with longest history for US Trusts; Class A Shares or share class with longest history for Dublin based; primary share class as defined by Morningstar for other funds). Performance may vary by share class. Rankings 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 Janus Henderson. © 2019 Morningstar, Inc. All Rights Reserved.

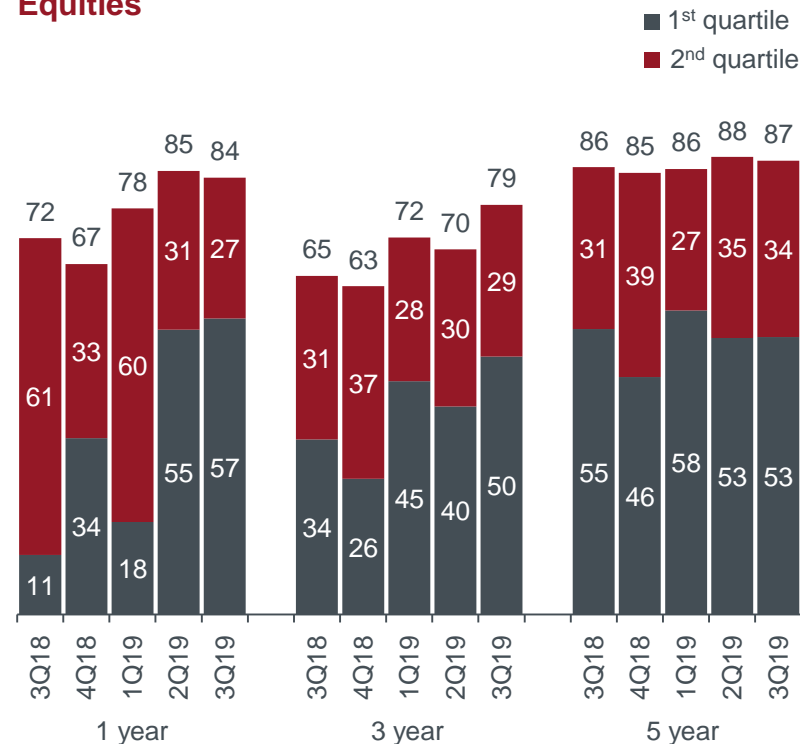
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Group



Equities

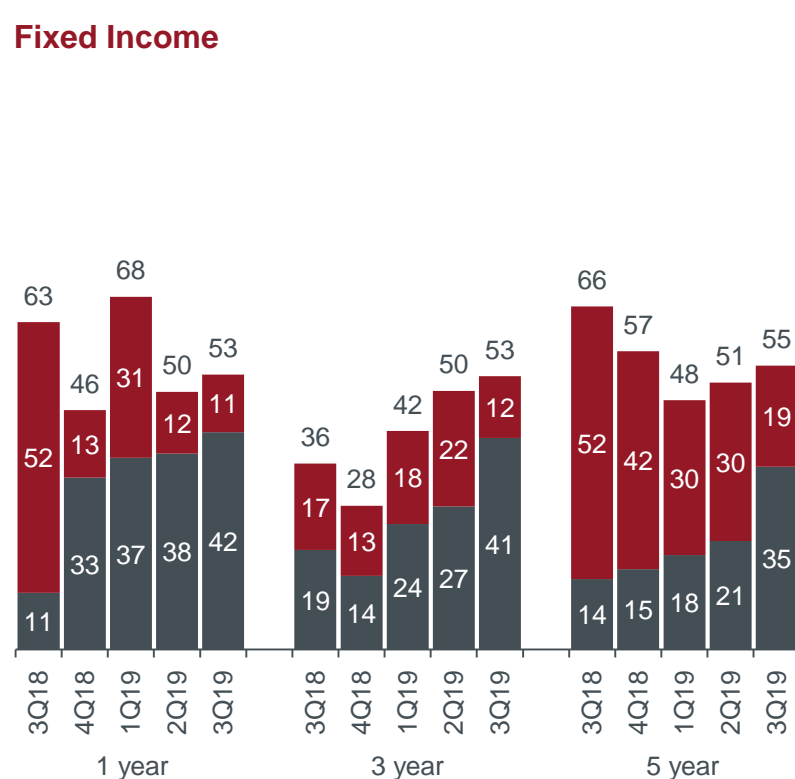


Note: Full performance disclosures detailed on slide 22. Numbers may not cast due to rounding.

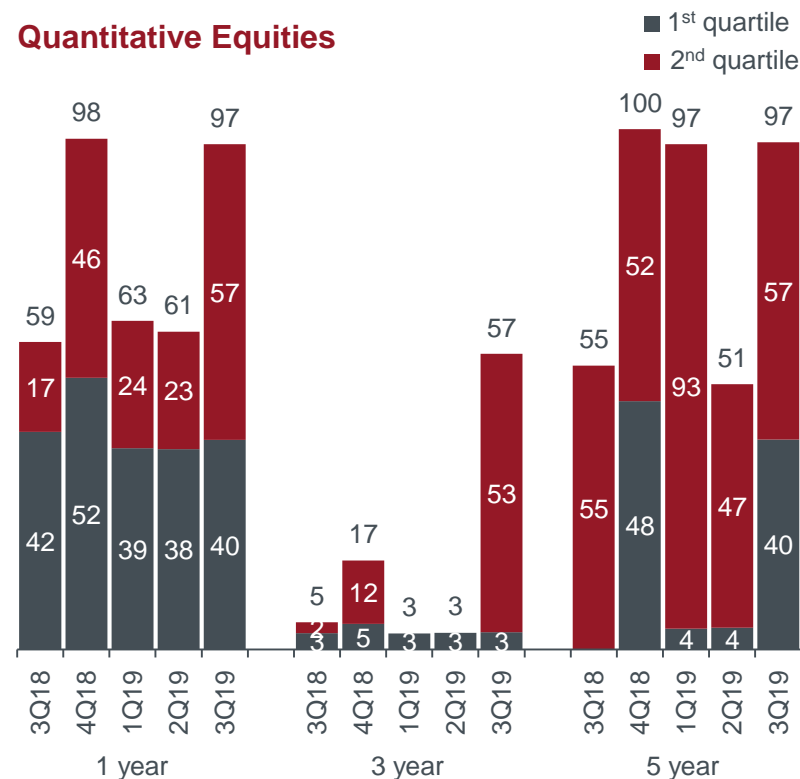
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Fixed Income



Quantitative Equities

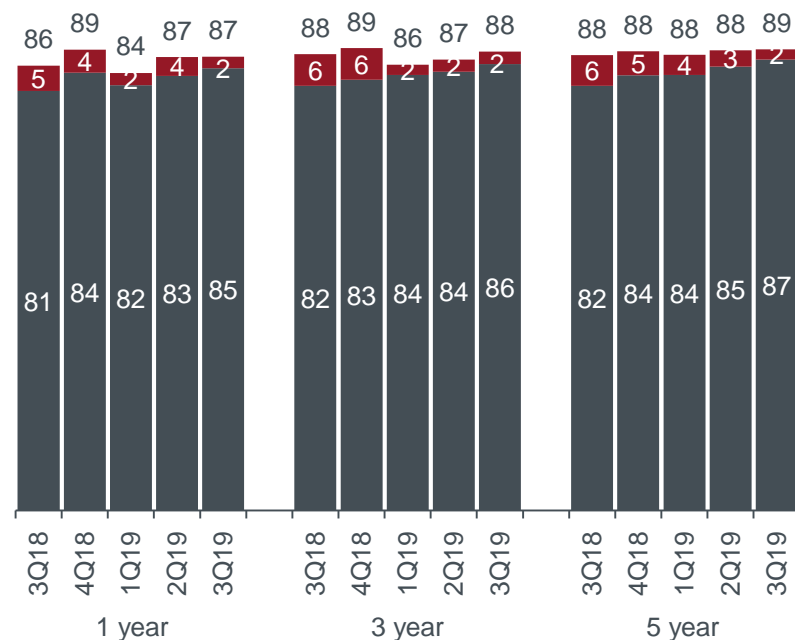


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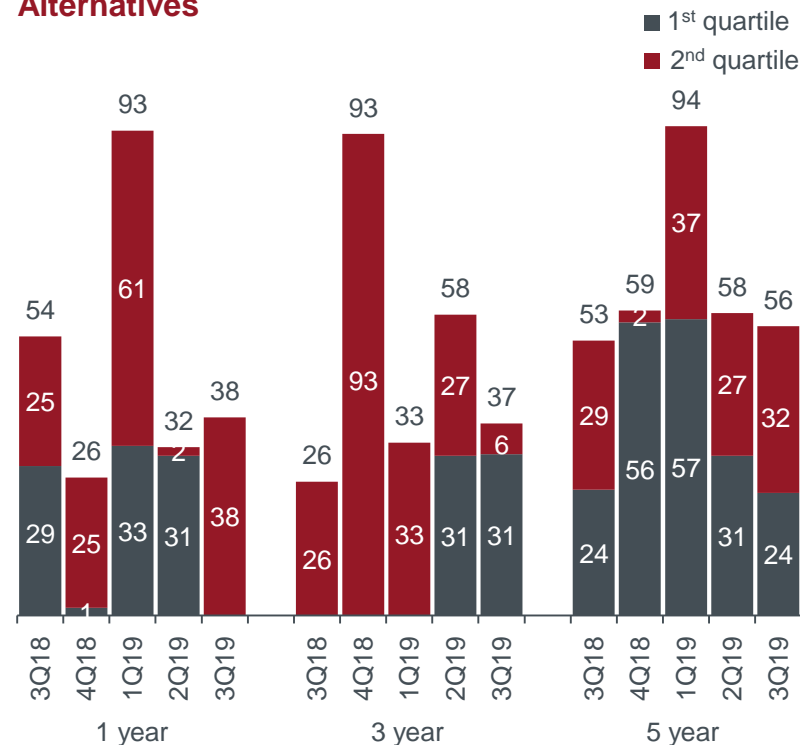
Mutual fund investment performance (cont'd)

% of mutual fund AUM in top 2 Morningstar quartiles

Multi-Asset



Alternatives



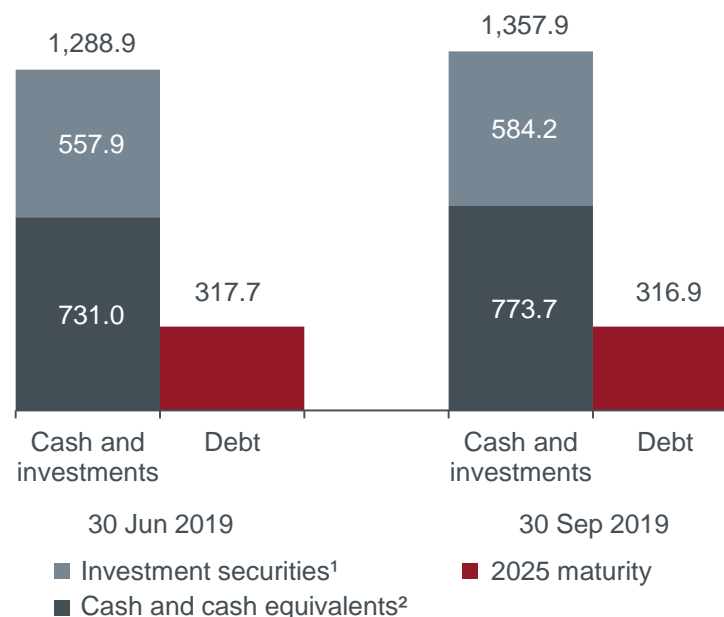
Note: Full performance disclosures detailed on slide 22. Numbers may not cast due to rounding.

Balance sheet

Strong liquidity position

- At 30 September 2019, cash and investment securities totalled US\$1,358m compared to outstanding debt of US\$317m
- Cash and cash equivalents increased 6%, as cash flow generation more than offset capital return
- Board declared a dividend of US\$0.36 per share to be paid on 25 November to shareholders on record at the close of business on 11 November
- Repurchased 4m shares for US\$81m, completing US\$187m year to date of the US\$200m buyback programme authorised in February 2019

Balance sheet profile – carrying value (30 Jun 2019 vs 30 Sep 2019) (US\$m)



¹ Includes seed investments of US\$419.8m (including investment securities of consolidated variable interest entities of US\$311.1m), investments related to deferred compensation plans of US\$132.6m and other investments of US\$5.5m as at 30 June 2019; includes seed investments of US\$461.8m (including investment securities of consolidated variable interest entities of US\$359.9m), investments related to deferred compensation plans of US\$117.0m and other investments of US\$5.4m as at 30 September 2019

² Includes cash and cash equivalents of consolidated variable interest entities of US\$24.0m and US\$37.4m as at 30 June 2019 and 30 September 2019, respectively.

US GAAP: statement of income

US\$m, except per share data or as noted	3 months ended		
	30 Sep 2019	30 Jun 2019	30 Sep 2018
Revenue			
Management fees	446.2	446.4	498.7
Performance fees	1.4	3.5	(6.0)
Shareowner servicing fees	39.3	38.3	40.2
Other revenue	49.1	47.7	48.3
Total revenue	536.0	535.9	581.2
Operating expenses			
Employee compensation and benefits	147.9	146.5	159.5
Long-term incentive plans	42.2	49.2	61.1
Distribution expenses	102.8	101.5	112.3
Investment administration	11.2	11.1	12.2
Marketing	5.5	8.1	7.1
General, administrative and occupancy	67.6	67.7	59.9
Depreciation and amortisation	15.2	33.3	20.8
Total operating expenses	392.4	417.4	432.9
Operating income	143.6	118.5	148.3
Interest expense	(3.5)	(4.2)	(4.0)
Investment gains (losses), net	4.0	4.8	(8.3)
Other non-operating income (expenses), net	4.7	28.5	2.3
Income before taxes	148.8	147.6	138.3
Income tax provision	(35.7)	(35.3)	(33.2)
Net income	113.1	112.3	105.1
Net loss (income) attributable to noncontrolling interests	(1.0)	(2.9)	6.1
Net income attributable to JHG	112.1	109.4	111.2
Less: allocation of earnings to participating stock-based awards	(3.1)	(3.2)	(3.0)
Net income attributable to JHG common shareholders	109.0	106.2	108.2
Diluted weighted-average shares outstanding (m)	188.3	190.7	195.9
Diluted EPS (in US\$)	0.58	0.56	0.55

Adjusted: statement of income

US\$m, except per share data or as noted	3 months ended		
	30 Sep 2019	30 Jun 2019	30 Sep 2018
Revenue			
Management fees	446.2	446.4	498.7
Performance fees	1.4	3.5	(6.0)
Shareowner servicing fees	39.3	38.3	40.2
Other revenue	49.1	47.7	48.3
Distribution expenses	(102.8)	(101.5)	(112.3)
Total adjusted revenue	433.2	434.4	468.9
Operating expenses			
Employee compensation and benefits	142.5	143.4	151.4
Long-term incentive plans	42.4	49.4	51.1
Investment administration	11.2	11.1	12.2
Marketing	5.5	8.1	7.1
General, administrative and occupancy	63.5	62.4	58.6
Depreciation and amortisation	7.9	8.0	8.0
Total adjusted operating expenses	273.0	282.4	288.4
Adjusted operating income	160.2	152.0	180.5
Interest expense	(3.1)	(3.2)	(3.2)
Investment gains (losses), net	3.0	5.8	(8.3)
Other non-operating income, net	4.5	5.9	4.8
Adjusted income before taxes	164.6	160.5	173.8
Income tax provision	(38.9)	(37.9)	(41.3)
Adjusted net income	125.7	122.6	132.5
Net loss (income) attributable to noncontrolling interests	(1.0)	(2.9)	6.1
Adjusted net income attributable to JHG	124.7	119.7	138.6
Less: allocation of earnings to participating stock-based awards	(3.4)	(3.5)	(3.7)
Adjusted net income attributable to JHG common shareholders	121.3	116.2	134.9
Diluted weighted-average shares outstanding (m)	188.3	190.7	195.9
Adjusted diluted EPS (in US\$)	0.64	0.61	0.69

Note: See adjusted financial measures reconciliation on slides 29 and 30 for additional information.

Alternative performance measures

Reconciliation of adjusted financial measures

US\$m, except margin data	3 months ended		
	30 Sep 2019	30 Jun 2019	30 Sep 2018
Reconciliation of revenue to adjusted revenue			
Revenue	536.0	535.9	581.2
Distribution expenses ¹	(102.8)	(101.5)	(112.3)
Adjusted revenue	433.2	434.4	468.9
Reconciliation of operating income to adjusted operating income			
Operating income	143.6	118.5	148.3
Employee compensation and benefits ²	5.4	3.1	8.1
Long-term incentive plans ²	(0.2)	(0.2)	10.0
General, administrative and occupancy ²	4.1	5.3	1.3
Depreciation and amortisation ³	7.3	25.3	12.8
Adjusted operating income	160.2	152.0	180.5
Operating margin	26.8%	22.1%	25.5%
Adjusted operating margin	37.0%	35.0%	38.5%

Note: Reconciliation to be used in conjunction with slide 30. Footnotes included on slide 31.

Alternative performance measures (cont'd)

Reconciliation of adjusted financial measures

US\$m, except per share data	3 months ended		
	30 Sep 2019	30 Jun 2019	30 Sep 2018
Reconciliation of net income to adjusted net income, attributable to JHG			
Net income attributable to JHG	112.1	109.4	111.2
Employee compensation and benefits ²	5.4	3.1	8.1
Long-term incentive plans ²	(0.2)	(0.2)	10.0
General, administrative and occupancy ²	4.1	5.3	1.3
Depreciation and amortisation ³	7.3	25.3	12.8
Interest expense ⁴	0.4	1.0	0.8
Investment gains (losses), net	(1.0)	1.0	—
Other non-operating income (expense) ⁴	(0.2)	(22.6)	2.5
Income tax provision ⁵	(3.2)	(2.6)	(8.1)
Adjusted net income attributable to JHG	124.7	119.7	138.6
Diluted earnings per share (in US\$)	0.58	0.56	0.55
Adjusted diluted earnings per share (in US\$)	0.64	0.61	0.69

Note: Reconciliation to be used in conjunction with slide 29. Footnotes included on slide 31.

Alternative performance measures (cont'd)

Footnotes to reconciliation of adjusted financial measures

- 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 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\$18m 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.
- ⁴ 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 September 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.
- 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.

Performance fees

	3Q19 (US\$m)	2Q19 (US\$m)	3Q18 (US\$m)	AUM generating 3Q19 pfees (US\$bn)	# of funds generating 3Q19 pfees	Frequency	Timing
SICAVs	–	1.5	–	–	–	23 annually; 2 quarterly	23 at June; 2 on quarters
Offshore Absolute Return	0.2	–	1.2	0.1	1	Quarterly / Annually	Various
Segregated Mandates ¹	2.5	5.5	3.2	6.6	17	Quarterly / Annually	Various
UK OEICs & Unit Trusts	0.0	–	–	0.3	1	Quarterly	Various
Investment Trusts	–	–	0.2	–	–	Annually	Various
US Mutual Funds ²	(1.3)	(3.5)	(10.6)	44.9	17	Monthly	Monthly
Total	1.4	3.5	(6.0)	51.9	36		

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

¹ Segregated Mandates includes Private Accounts, Managed CDOs and Private Equity.

² AUM data presents US Mutual Fund AUM subject to performance fees as at 30 September 2019. Janus Investment Funds and Janus Aspen Series Portfolios are counted as distinct and separate funds.

US mutual funds with performance fees

Mutual funds with performance fees ¹	AUM 30 Sep 2019 US\$m	Benchmark	Base fee	Performance fee ²	Performance cap/(floor) vs benchmark	3Q19 P&L impact US\$'000
Research Fund	14,281	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(4,344)
Forty Fund and Portfolio	14,255	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 8.50%	1,335
Global Research Fund and Portfolio	3,526	MSCI World Index SM	0.60%	± 15 bps	± 6.00%	600
Small Cap Value Fund	3,398	Russell 2000 [®] Value Index	0.72%	± 15 bps	± 5.50%	793
Mid Cap Value Fund and Portfolio	3,339	Russell Midcap [®] Value Index	0.64%	± 15 bps	± 4.00%	779
Contrarian Fund	2,877	S&P 500 [®] Index	0.64%	± 15 bps	± 7.00%	(287)
Overseas Fund and Portfolio	1,939	MSCI All Country World ex-U.S. Index SM	0.64%	± 15 bps	± 7.00%	(49)
Research Portfolio ³	510	Russell 1000 [®] Growth Index	0.64%	± 15 bps	± 5.00%	(194)
Global Real Estate Fund	432	FTSE EPRA / NAREIT Global Index	0.75%	± 15 bps	± 4.00%	97
Global Value Fund	195	MSCI World Index SM	0.64%	± 15 bps	± 7.00%	(86)
Large Cap Value Fund	103	Russell 1000 [®] Value Index	0.64%	± 15 bps	± 3.50%	(16)
Small-Mid Cap Value Fund ⁴	56	Russell 3000 [®] Value Index	0.70%	± 15 bps	± 5.00%	32
Asia Equity Fund	25	MSCI All Country Asia ex-Japan Index SM	0.92%	± 15 bps	± 7.00%	7
Total	44,936					(1,333)

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

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

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

³ Until 1 May 2020, the Portfolio's performance during the portion of the performance measurement period prior to 1 May 2017 will be compared to the Portfolio's former benchmark, the Core Growth Index (50% S&P 500[®] Index / 50% Russell 1000[®] Growth Index). Prior to 1 May 2017, the performance fee hurdle was ± 4.5% vs the Core Growth Index.

⁴ Until 1 August 2022, the Fund's performance during the portion of the performance measurement period prior to 1 August 2019 will be compared to the Fund's former benchmark, the Russell 3000[®] Value Index.

Long-term incentive compensation

Estimated future long-term incentive compensation amortisation

US\$m	Amount remaining to expense	2019	2020	2021	2022	2023
2016 annual grant	6	6	–	–	–	–
2017 annual grant	22	17	5	–	–	–
2018 annual grant	79	50	23	6	–	–
2019 annual grant	149	75	47	21	4	2
Other ¹	112	32	31	23	16	10
Total long-term incentive compensation	369	181	106	50	20	12

Note: 2016, 2017 and 2018 annual grants generally vest over three and four years. 2019 annual grants generally vest over three years. Assumes no forfeitures in future periods. Assumes no change in future values related to market or currency, which would impact expense related to cash based awards (MFSA's and DEP funds) and social security expense upon vesting. Numbers may not cast due to rounding.

¹ Includes retention and recruiting awards, other subsidiary grants and social security expense. Social security expense is estimated based on amount of existing awards expected to vest in that year.

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