

Group at a glance

Janus Henderson is an independent global asset manager, specialising in active management. We offer a broad range of investment solutions across major asset classes to a client base around the world.



We aim to:

Be a partner our clients can trust, working to deliver excellence in both investment returns and service.

Partner with each other on our responsibilities to our clients, and create an environment where all our colleagues can thrive and successfully achieve their personal and professional goals.

Be a responsible steward for our owners, pursuing efficiency and delivering stable and consistent financial returns.

Assets under management (AUM)

Capability		AUM (US\$bn)	Percentage of AUM outperforming benchmark		
			1 year	3 years	5 years
Equities	Diverse business encompassing a wide range of geographic and investment styles.	204.0 2018: 167.6	67%	76%	80%
Fixed Income	Coverage across the asset class, applying a wide range of differentiated techniques.	74.8 2018: 72.4	82%	84%	92%
Quantitative Equities	Our quantitative equity manager, Intech®, applies advanced mathematics and systematic portfolio rebalancing intended to harness the volatility of stock price movements.	45.2 2018: 44.3	37%	40%	16%
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.	39.8 2018: 30.2	91%	91%	93%
Alternatives	A cross-asset class combination of alpha generation, risk management and efficient beta replication strategies.	11.0 2018: 14.0	94%	99%	100%
Total assets under management		374.8 2018: 328.5	69%	76%	77%

Note: Investment performance data represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed on the inside back cover.

Investments by capability

We offer expertise across major asset classes, with investment teams situated around the world.

➔ [For more information go to page 10.](#)

Note: All data as at 31 December 2019, unless stated otherwise.

Corporate Social Responsibility (CSR)

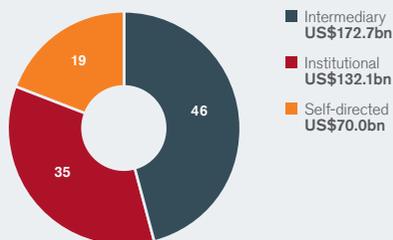
We believe that a comprehensive CSR strategy is critical for our sustainable success, accomplished by focusing on five key pillars: our clients, responsible investing, our people, our community and our environment.

➔ [For more information go to page 14.](#)

Assets under management

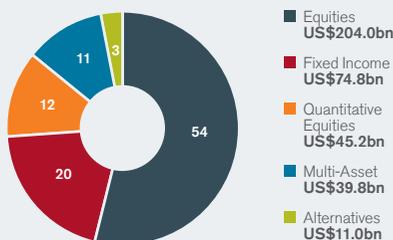
AUM by client type (%)

Our clients are financial professionals as well as private and institutional investors.



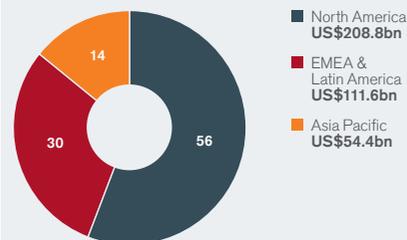
AUM by capability (%)

We manage assets diversified across five core investment capabilities.



AUM by client location (%)

We manage assets for a globally diverse client base.



Global geographic distribution

We have strong distribution platforms and deep client relationships in the US, UK, Continental Europe, Japan and Australia, and an evolving business in Latin America and the Middle East.

North America

Total AUM **US\$208.8bn**
 Investment professionals **173**
 Distribution professionals **314**

Established North American distribution network serving a diverse set of clients across financial intermediaries, institutions and self-directed channels.

Asia Pacific

Total AUM **US\$54.4bn**
 Investment professionals **48**
 Distribution professionals **88**

Strategic partnership with Dai-ichi Life and its partners supports the growth of our Japanese business. Australian distribution offers a suite of global and domestic capabilities. The wider Asian business continues to evolve, with growing brand presence.

EMEA & Latin America

Total AUM **US\$111.6bn**
 Investment professionals **143**
 Distribution professionals **222**

Strong retail and institutional client base in the UK with an award-winning Investment Trust business. Strong relationships with global distributors in Continental Europe and growing institutional opportunities. The organic build-out of our Latin American business is gathering momentum.

[➔ For more information go to page 13.](#)

Our five strategic priorities:

Produce dependable investment outcomes

Focus on quality and stability of investment performance.

Excel in client experience

Deliver industry-leading client experiences that drive client loyalty and increase duration.

Focus and increase operational efficiency

Standardise the global model and modernise our infrastructure.

Proactive risk and control environment

Embed understanding and ownership of risk and controls at all levels, and establish strong feedback loops for learning and improvement.

Develop new growth initiatives

Build the businesses of tomorrow.

Chairman's statement

Richard Gillingwater is a Non-Executive Director and Chairman of the Board of Directors of Janus Henderson. He is currently the Chair of the Nominating and Governance Committee and a member of the Compensation Committee.



“ I remain optimistic and confident in the leadership, talent and skills of our people, and I believe we have the framework in place and the financial strength to navigate challenges and seize upon opportunities.”

Richard Gillingwater
Chairman

2019 marked another dramatic and significant year for the markets and our business. Global trade concerns, easing global monetary policies, disruptive technology, the regulatory environment, Brexit and geopolitical concerns generally created a volatile environment in our key markets. Nevertheless, US markets hit record highs, where nearly every sector had positive returns for the year. With the NASDAQ Composite Index up 35% and the S&P 500® Index up 29%, broad-based gains in the US influenced global growth, although more negative sentiment in European markets saw the FTSE Eurotop 100 Index close with 22% gains and UK markets were particularly affected by Brexit concerns. Continued trade war concerns saw the Nikkei 225 Index up 18%, comparatively.

The current environment continues to be impacted by contradictory macroeconomic trends and geopolitical concerns, particularly in the Middle East and Asia, making it difficult to decipher what the market and economic effects will be through the remainder of 2020. In addition, specific themes continue to impact our business, including passive encroachment, management fee pressure, the shift to income-oriented solutions and technology costs. Nevertheless, I believe our focus on fundamentals will be more important than ever, creating increased opportunities for our investment teams to produce excess returns and gain market share. More generally, we have exceptional leadership in place and the financial strength to navigate these challenges ahead.

State of the business

At the core of our business is investment performance, and we are pleased that 76% of our total assets are performing ahead of benchmarks over three years and 77% over five years as at 31 December 2019.¹ While net outflows continued to impact our assets under management, we were pleased to see areas of strength in 2019. We had market share gains in North American retail in equities, and sales strengthened in several key international markets, including Latin America and Continental Europe. A number of our key products grew substantially, including Multi-Asset, Global Strategic Fixed Income and Multi-Sector Income strategies.

Although 2019 flows were very disappointing, and will continue to be challenged in the near term, they were primarily concentrated in known areas of concern which management is addressing. We remain encouraged by the strength of our investment teams, the ability to attract and retain top talent and the strength of the firm's financial foundation, all of which allow us to remain committed to a strategy of Simple Excellence. Simple Excellence for us means being a fully-integrated provider of client outcomes with a consistent global brand, guiding principles, and adherence to a common reward structure, built around the core capabilities of security selection, portfolio construction and risk management. This is bolstered by a focus on having a high-quality, modern operational platform to support the needs of our core business with emerging areas supported by bespoke infrastructure where needed. Important initiatives that have underpinned our strategy of Simple Excellence have been comprehensive efforts to augment overall client experience, firm-wide technology upgrades, work with regulators to enhance product governance disciplines, and our continued disciplined approach to the deployment of capital.

Financial strength and capital management

The Group's financial position and operating cash flows remain strong. Demonstrating the Board's commitment of returning excess capital to shareholders, the Group returned US\$472 million, more than 100% of cash flow from operations, to shareholders through dividends and buybacks. The firm maintained a solid dividend payout to shareholders and decreased shares outstanding by 5% through the completion of an on-market share buyback programme of US\$200 million. The Board takes an active, disciplined approach to the management of Janus Henderson's cash and capital resources and believes in balancing the capital needs and the investment opportunities of the business with shareholder interests, without emphasising the use of leverage. Along these lines, in February 2020 the Board approved a new buyback programme of US\$200 million to be completed by April 2021.

1. Investment performance data represents percentage of AUM outperforming the relevant benchmark. Full performance disclosures detailed on the inside back cover.

Corporate Social Responsibility

Our clients, our shareholders and our colleagues have become increasingly focused on the significance and impact of sustainability in our investment processes, our business and our culture. The Board recognises the importance of CSR in order to achieve long-term sustainable success.

Many of our investment teams have incorporated Environmental, Social and Governance (ESG) issues into their investment approach for some considerable time. Within the overall corporate framework and guidelines that have been established by the firm, investment teams define the ESG considerations they believe are material to their investment approach. This is an area where active investment, through stock selection with regard to ESG factors, and holding companies to account, can have a more significant impact than simple index-related, passive investing.

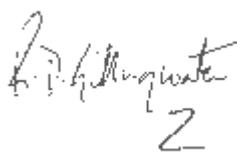
Janus Henderson has a committed and deeply-rooted focus on maintaining a workplace that values the unique talents and contributions of every individual. We continue to build upon a culture and develop policies which promote diversity and inclusion and which create equitable opportunities for all employees to thrive. We, as a firm, also believe in improving our global communities through philanthropy. Through both Janus Henderson's Foundation and employee-led giving, the Group's 2,300+ employees demonstrate a shared passion for community service and for causes they care about in the places they live and work.

We also believe it is important to manage operational activities in the most sustainable way possible to reduce our impact on the environment. In 2019, the firm accepted an award presented by Natural Capital Partners to celebrate 12 years of CarbonNeutral® certification, achieved by calculating our carbon footprint and reducing it to zero through a combination of efficiency measures and the procurement of carbon credits for independently certified carbon emission reduction projects. We remain committed to furthering these efforts.

Conclusion

I would like to take the opportunity to express our thanks to our strategic partners at Dai-ichi Life for their continued support of our business in Japan and more widely. We are grateful for their partnership and look forward to continuing to nurture the relationship in the years to come. I would also like to thank my fellow Board members for their continued commitment, all of our colleagues at Janus Henderson for their dedication and hard work, and our clients and shareholders for their ongoing support.

In conclusion, it takes time to fully unlock the value created through a merger of equals, and as we approach three years since the formation of Janus Henderson, we are encouraged by the Group's progress: collaborative investment teams producing strong firm-wide investment performance, efficiencies created through operational and technological enhancements, and incorporation of tools and knowledge to elevate overall client experience and support the fulfilment of our promise to build trust by being dependably excellent in all things. Although there is still work to be done in 2020, I remain optimistic and confident in the leadership, talent and skills of our people, and I believe we have the framework in place and the financial strength to navigate challenges and seize upon opportunities that the markets present us.



Richard Gillingwater
Chairman

Corporate Social Responsibility

At Janus Henderson we believe that CSR is critical for our long-term sustainable success. As a global active asset manager, our mission is focused on helping our clients achieve their long-term financial goals. In our business operations, we are committed to acting responsibly, not only in the way we invest and engage with our clients, but also in supporting our employees, managing our impact on the environment and contributing to the communities in which we work.

- **Our clients.** Our clients expect that we use our knowledge and expertise to help them achieve their long-term financial goals. When we combine that with a deep level of empathy for our clients' changing needs and an ever-changing market landscape, we aim to set ourselves apart from the competition and meet our clients' needs better than any competitor.
- **Responsible investing.** We are focused on delivering market-leading, risk-adjusted investment results to our clients. We believe that integrating ESG factors into our investment decision-making and ownership practices is fundamental to achieving that goal.
- **Our people.** Insight from our Employee Resource Groups helps us to build a culture and implement policies that promote diversity and inclusion, creating equitable opportunities for everyone at Janus Henderson to thrive.
- **Our community.** We believe that investing goes both ways and participate in philanthropic giving through our Janus Henderson Foundation and through support of our employee-led giving initiatives.
- **Our environment.** We are committed to managing our operational activities in the most sustainable way possible.

 For more information go to page 14.

Chief Executive Officer's statement

Richard Weil is Chief Executive Officer of Janus Henderson and serves as a member of the Board of Directors. He also leads the firm's Executive Committee.



“ We are a better company today than we were a year ago, and I am excited about the opportunities in front of us and the progress we are making.”

Richard Weil
Chief Executive Officer

2019 for Janus Henderson was a year highlighted by excellent investment returns for our clients, growing momentum in our retail businesses globally, strong cash generation and important progress towards our strategic objectives. That said, we experienced large outflows. Along with the rest of the industry, we faced obstacles in the shape of intense competition, continued growth of passive market share, fee pressure and a difficult regulatory environment. We are navigating these headwinds and facilitating the changes necessary to progress, including appointing new leadership and team members throughout key parts of the organisation and making progress consolidating and improving systems and technology towards greater operational excellence.

2019 results

In looking back on 2019, we experienced US\$27.4 billion in outflows, and while we are accountable for that result and are taking steps to ameliorate the risks, it is important not to lose sight of the significant momentum in the underlying fundamentals of our business.

Over the past year, we identified four areas of the business as primary flow risks: Intech, Global Emerging Markets, Core Plus Fixed Income and European Equities. First, Intech had US\$10.8 billion of outflows driven by performance challenges and client decisions to rebalance portfolios. Intech made enhancements in 2019 to their investment process which we believe will lead to better performance and be beneficial to clients over time, but until we see a prolonged improvement, this business will remain a concern. Second, we replaced our Global Emerging Markets team, which inevitably led to redemptions in 2019. We are excited the newly-hired, talented Emerging Markets team have had a promising start, and we are optimistic about their ability to rebuild assets in this important strategy. Third, in our Core Plus Fixed Income business, benchmark performance which was below client expectations led to outflows. Performance in the strategy has improved, and in late-2019 we were pleased to recruit new leadership within our US Fixed Income team and are excited to augment the team's existing talent. Lastly, our European Equities strategies saw outflows in

2019 from underperformance experienced in 2017 and 2018; however, with Brexit underway and improving performance on a one-year basis, we are seeing progress in this business.

Turning towards the areas of positive momentum, I believe investment performance remains the best leading indicator for future success, and total Company investment performance is strong. As at 31 December 2019, 77% of our assets were outperforming their respective benchmarks over five years. From a retail perspective, we had at least 76% of mutual fund AUM in the top two Morningstar quartiles over the one-, three- and five-year time periods, with 85% of US mutual fund AUM having a 4- or 5-star Overall Morningstar Rating^{TM,1}. These are truly excellent results, and importantly, we saw this performance generate positive flows across many regions and products in our retail business over the second half of 2019.

Our Intermediary business experienced US\$2.1 billion in net inflows in the second half of 2019, reflecting 3% annualised organic growth. Efforts of our client-facing teams drove market share gains in some of the most competitive markets in the world. In the fourth quarter of 2019, Continental Europe had US\$700 million of net flows, which is our best result since the merger. For the full-year 2019, Latin American flows were positive and product mix was diverse. On the product side, there was substantial growth in strategic products across Equities, Fixed Income and Multi-Asset capabilities in 2019, including net inflows of US\$4.2 billion in the Balanced strategy, US\$1.6 billion in Multi-Sector Income and US\$1.4 billion in Global Strategic Fixed Income.

Finally, our financial foundation is solid; our full-year adjusted operating margin was 36%, and we ended the year with a strong balance sheet. We continue to generate significant cash flow, supporting ongoing investments in the business, the US\$272 million in dividends paid to shareholders and the US\$200 million buyback. Additionally, we are pleased the Board has authorised an additional on-market, accretive share buyback of up to US\$200 million through April 2021.

1. Full performance, rating and ranking disclosures detailed on the inside back cover, including additional time periods and descriptions and quantities of assets and funds included in the analysis. Past performance is no guarantee of future results.

Strategy: Simple Excellence

In February 2019, we introduced our strategy of Simple Excellence, and we believe our path to success is dependent on delivering upon the five pillars of our strategy.

Produce dependable investment outcomes.

The foundation of our business lies on building trust with our clients through consistent excellence in investment performance. Today we have a legacy of exceptional active management, diversified across asset classes, investment styles and geographies. Our goal is to build on this strength to ensure dependable delivery of risk-adjusted returns. We believe high quality and dependable risk-adjusted returns are built on five basic principles: i) an investment team that is highly intelligent, dedicated and stable; ii) clearly articulated investment objectives, achieved by establishing transparent Investment Policy Statements; iii) a modern infrastructure with strong risk management tools, allowing us to constantly monitor and take risk intelligently; iv) comprehensive portfolio analytics; and v) a culture of partnership and collaboration. I am pleased with our excellent investment performance as these principles have been applied within our organisation.

Excel in client experience. Our very first guiding principle as a firm is to put our clients first. To us, this means working diligently to understand our clients' needs, their interests and their desired outcomes so we can help them achieve their long-term financial goals. The only way we see this coming to fruition is through our experience promise, that we build and maintain trust by being dependably excellent in all things. We are confident that this approach will produce more sustainable relationships, increased market share and longer duration of client assets. In 2019, we launched a client experience framework to all Janus Henderson employees to accelerate this process, to be even more proactive in our thought leadership, and to rethink the way we are engaging with our clients and responding to their needs. Through the global Client Experience (CX) training programme, colleagues worked together to re-design key experiences through the eyes of our clients. This is one example of how we continue to re-think the client experience to turn ideas into best practices.

Focus and increase operational efficiency.

Across our product portfolio and our global operating model, we are standardising systems, consolidating to a strategic data architecture, and streamlining and reducing operational complexity. In 2019, we successfully delivered a number of projects across our operating model, including: significant platform convergence of regional customer relationship management (CRM) systems into one global CRM system, which will serve as a critical foundation of our distribution business; launch of our new Global Web

Platform offering clients a better experience and helping communicate our global brand; and integration of additional tools to allow our sales teams to customise client experience. In addition, we continued to streamline our investment product portfolio, including our decision to divest our Milwaukee-based US subsidiary, Geneva Capital Management.

Proactive risk and control environment. In tandem with operational efficiency, and in today's evolving regulatory environment in which we do business, it is imperative that we continue to focus on further strengthening, refining, improving and developing our risk and control environment, whilst continuously building strong relationships with our global regulators and fostering a firm-wide culture of risk management, transparency and urgency.

Develop new growth initiatives. We continue to organise existing capabilities and develop new ones for the future, capitalising on existing momentum and evaluating new growth opportunities. Along these lines, we are supporting our growing exchange-traded fund (ETF) business in areas such as active fixed income, and we have seen early successes with more than US\$1 billion in flows. In Multi-Asset and Alternatives we continue to develop our existing capabilities and evaluate new opportunities, and I look forward to apprising you of our progress in future communications.

ESG and responsible investing. Although not explicitly one of our five strategic pillars, we believe our history of incorporating ESG into our investment decision-making and ownership practices is fundamental to achieving market-leading, sustainable, risk-adjusted long-term investment results to our clients. Janus

Henderson's investment teams manage portfolios that reflect different ESG factors, and execution of these considerations rests with the teams. On a corporate level, we support the investment teams in embedding ESG considerations into their work. Active management allows us to more deeply review, engage and monitor our holdings in relation to key ESG factors and provides a unique opportunity to deliver upon client objectives. We continue to see increased interest in our Global Sustainable Equity strategy, and bespoke solutions are available to meet our clients' ESG solution needs.

Outlook

We are a better company today than we were a year ago, and I am excited about the opportunities in front of us and the progress we are making. I am also proud that our efforts and people are being recognised, including: our Australian Fixed Interest Team won the 2019 Lonsec Money Management Fund Manager of the Year Award for Australian Fixed Income; Carmel Wellso, our Director of Research, won the Global Equity Award from the Women in Asset Management 2019 Awards Series; our Portfolio Construction & Strategy Portal won Best Analytics Initiative at the 2019 American Financial Technology Awards; and we won the prestigious 2019 CIO 100 Award, which is a mark of enterprise excellence and celebrates 100 organisations that are using IT in innovative ways to deliver business value.

We are raising standards and intensity and striving towards excellence. We have the expertise and insight to assist our clients in their efforts to reach their own goals, and, as an active asset manager, it is our job to make the most of this opportunity. I remain confident that our excellent investment performance, alongside our clear strategy and strong financial position, will drive positive outcomes for clients, shareholders and employees.



Richard Weil
Chief Executive Officer

Q&A with our Global Chief Investment Officer

In this interview, Enrique Chang, Global Chief Investment Officer at Janus Henderson and member of the Executive Committee, reviews 2019 from an investment management perspective, exploring developments within the business.



“Ultimately, we want to deliver consistent, strong, long-term risk-adjusted returns to investors. It is this consistency in performance that will help us to attract and retain clients in today’s competitive landscape.”

Enrique Chang

Global Chief Investment Officer

Q How would you describe 2019?

In equal parts challenging and rewarding. The strong finish to the year means that it is easy to overlook the volatility in asset markets over the course of 2019, whether in response to disappointing economic data, trade tensions or political shocks. Quantitative easing by central banks helped to push up asset prices but returns were uneven, with the US and the technology sector the driving forces in equities and credit dispersion evident within fixed income. In such markets I am proud of the strong aggregate performance that our portfolio managers achieved. The challenge we had was translating that performance into net investment flows.

Q What would you say were compelling successes?

Ultimately, we want to deliver consistent, strong, long-term risk-adjusted returns to investors. It is this consistency in performance that will help us to attract and retain clients in today’s competitive landscape. Where you see some of our strongest net inflows for 2019, you see consistently good performance.

Multi-Asset had US\$3.1 billion of net inflows, driven by consistent performance from our Balanced strategy and ongoing interest in dynamic and adaptive asset allocation strategies. We saw momentum build in areas such as High Yield where our global corporate credit team boasts a track record of consistency at a time when clients are seeking yield. Our Multi-Sector Income strategy appealed to investors looking for diverse sources of income, and we broadened our reach by making the strategy available to clients in Europe. Being able to take strategies and teams and market their solutions in multiple jurisdictions is something that the merger in 2017 has facilitated. A good example is Absolute Return Income, which was launched originally in Australia and subsequently made available in the US and, in 2019, in Europe.

We also performed well and are strongly represented in specialist equity sectors that reflect profitable structural themes, such as technology (innovation and disruption), life sciences (novel therapies and an ageing demographic), real estate equities (growing populations) or sustainable equities (climate change). Together, they account for US\$30 billion of equity assets, and during 2019 we expanded availability of our Global Sustainable Equity strategy to meet demand from European investors.

Q What were the challenges?

Some of the challenges were market-based. The high stock return correlations and low stock dispersion coupled with strong global equity markets made it a difficult market for risk-managed equity strategies, prompting some investors to turn to passive or high active-risk strategies. Together these dynamics drove net outflows to US\$10.8 billion at Intech, our Quantitative Equities arm. It was a similar story with Alternatives, which experienced net outflows of US\$3.6 billion. Absolute return strategies struggled to find favour in an environment where investors sought increased market exposure. Within Fixed Income, there were net outflows of US\$3.9 billion, but there were specific areas that saw the bulk of redemptions, whether that was rebalancing away from gilts and sterling credit by institutional investors in the UK or lower yields encouraging clients to move further along the risk and volatility spectrum in order to reduce exposure to core fixed income in the US. Other challenges were more specific to the business. Within our Equities capability, around a third of the net outflows of US\$12.2 billion can be attributed to turnover within our Global Emerging Market equities team. We were, however, able to quickly attract a high-calibre team to replace them. It was frustrating to see assets depart but we are excited by the team we have brought on board – they have a strong, well-articulated process, are particularly well known within the US institutional community and their performance since their arrival has been very encouraging. We also had to make some tough decisions, such as closing our sub-scale Australian equities business and selling Geneva Capital Management, aligning with our strategic priorities of focus and simplification.

Q You mentioned sustainable investing, is this growing in priority?

Janus Henderson has a history in sustainable investment since 1991, and the evaluation of ESG considerations remains a key component to our investment decision-making and ownership practices. In fact, our Global Sustainable Equity strategy is over US\$1 billion in size, and during 2019 we expanded availability for European investors as demand from clients has grown.

We continue to deepen the integration of ESG analysis within our investment teams with the help of our Governance and Responsible Investment team, a specialised group focused on ESG analysis, company engagement and voting that serves as a resource to all investment teams. Additionally, we are involved in a wide range of ESG-related initiatives – these include the UN Principles for Responsible Investment (PRI), the Asian Corporate Governance Association and the Carbon Disclosure Project (CDP) – so we recognise that our investment decisions and allocation of capital can help promote long-term responsible and sustainable business practices.

Q Beyond investing on behalf of clients, how did you invest in the business?

Asset management is a people business, but, for us, it is less about the individual and more about the team. Over 2019, we saw that emphasis sharpen as we cemented the global nature of the Corporate Credit team, strengthened the Global Bonds team and continued to develop the Equity Research team. We recognise the importance of retaining talented people, remunerating them in a way that makes them feel valued and creating a supportive working environment. As well as developing people internally, we also continued to recruit talented and experienced people externally, including a Head of US Fixed Income and a Chief Data Scientist for Intech.

We also strengthened our controls, bringing further discipline to how we manage portfolios. Investment Policy Statements were put in place for our strategies, as we feel these documents serve an important role in ensuring we manage strategies in-line with their stated objectives.

It is also important that we stay on top of technology, particularly as the regulatory and compliance framework plays such an important role in our business. We continued to invest in our IT architecture to meet transparency rules for Packaged Retail Investment and Insurance-based Products (PRIIPs). We also made preparations for a new order management system that should further enhance our trading systems, with the transformation set to begin in 2020.

Q What excites you about 2020?

Our more consistent performance is beginning to be recognised, with Intermediary flows turning positive in the second half of 2019, and I am hopeful that we will turn the corner in 2020 with Institutional. Working in tandem with Distribution, we have improved connectivity across our business, and I think we can build on the award-winning role that our Portfolio Construction and Strategy teams have done in articulating how our products can provide solutions. We continue to identify and successfully establish partnerships with clients across geographies to help gain scale in new strategies, while strong track records offer solid foundations to build flows in established propositions. We saw early success with a pension product we jointly designed with Dai-ichi Life and launched in April. The defined drawdown protection that this is designed to provide, addresses the capital preservation goals of pension funds in Japan. We also embarked on an initiative to expand our investment solutions into the fixed index annuity and structured space to meet the demands of the insurance industry by building custom indices based on adaptive asset allocation technology. This is a fast-growing segment within insurance, and, with our VelocityShares® team, the firm has expertise in indexing and structuring, helping us to compete in this space.

ESG oversight and implementation

In keeping with our belief that our investment teams should structure their processes in ways that best deliver expected client outcomes, we do not apply top-down rules or an exclusionary approach to ESG integration. Rather, each team defines the ESG considerations they believe are material to the long-term, sustainable growth of the companies in which they invest.

Janus Henderson's investment teams manage portfolios that reflect different ESG factors, and we also have strategies that have a unilateral focus on sustainability. On a corporate level, we support the investment teams in embedding ESG considerations in their work. This support includes centralised functions, such as data management, research, investment platforms and risk management tools:

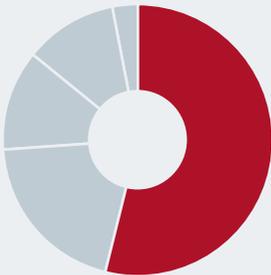
- **Internal research platform.** Investment teams share relevant ESG research produced in-house by our analysts across a centralised research platform.
- **Governance and responsible investment team.** A specialised group which is focused on ESG analysis, company engagement and voting that serves as a resource for all our investment teams and supports ESG integration throughout the organisation.
- **ESG risk reporting.** ESG data is incorporated into our risk reporting tools, covering issues such as exposure to companies with low ESG ratings, controversies, weak corporate governance and climate risk.
- **ESG research, data and ratings.** We subscribe to a broad range of external ESG information providers and make this information available directly to the investment teams.

Investments by capability

We offer expertise across major asset classes, with investment teams situated around the world.

Equities

We offer a wide range of equity strategies encompassing different geographic focuses and investment styles. The equity teams include those with a global perspective, those with a regional focus – including the US, Europe and Asia – and those invested in specialist sectors. These teams generally apply processes based on fundamental research and bottom-up stock picking.



AUM (US\$)

204.0bn

AUM outperforming benchmark



Mutual fund AUM in top 2 Morningstar quartiles

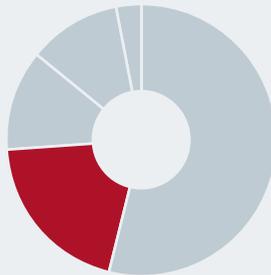


Largest strategies

Strategy	AUM 31 Dec 2019 (US\$bn)
US Mid Cap Growth	29.3
US Concentrated Growth	18.2
US Research Growth Equity	16.7
US SMID Cap Growth	13.2
Global Life Sciences	10.6

Fixed Income

Fixed Income provides active asset management solutions to help clients meet their investment objectives. Over the past four decades, our global investment teams have developed a wide range of product solutions to address clients' varied and evolving needs. From core and multi-sector investing to more focused mandates, we offer innovative and differentiated techniques expressly designed to support our clients as they navigate each unique economic cycle.



AUM (US\$)

74.8bn

AUM outperforming benchmark



Mutual fund AUM in top 2 Morningstar quartiles

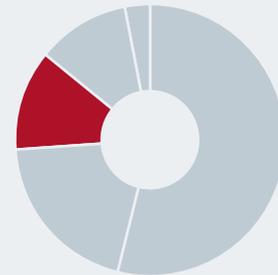


Largest strategies

Strategy	AUM 31 Dec 2019 (US\$bn)
Core Plus Fixed Income	12.7
Buy & Maintain Credit	10.0
Absolute Return Income	9.3
Global Strategic Fixed Income	7.7
Australian Fixed Income	4.6

Quantitative Equities

Our Quantitative Equities business, known under the brand Intech, applies advanced mathematics and systematic portfolio rebalancing intended to harness the volatility of movements in stock prices – a reliable source of excess returns and risk control. With over 30 years of volatility expertise, the Intech team employs a distinctive quantitative approach based on observations of actual price movements, not on subjective forecasts of companies' future performance.



AUM (US\$)

45.2bn

AUM outperforming benchmark



Mutual fund AUM in top 2 Morningstar quartiles



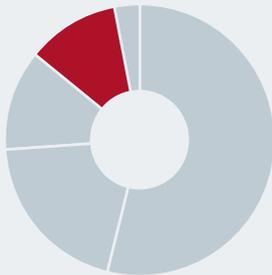
Largest strategies

Strategy	AUM 31 Dec 2019 (US\$bn)
Intech Global Large Cap Core ex-Japan	9.0
Intech US Enhanced Plus	6.5
Intech Global Large Cap Core	5.1
Intech US Broad Large Cap Growth	3.3
Intech Global Enhanced Index ex-Australia ex-Tobacco 1% Risk	2.4

Note: AUM outperforming benchmark represents percentage of AUM outperforming the relevant benchmark. The top two Morningstar quartiles represent funds in the top half of their category based on total return. Full performance and ranking disclosures detailed on the inside back cover, including additional time periods and descriptions and quantities of assets and funds included in the analysis. Past performance is no guarantee of future results.

Multi-Asset

Multi-Asset includes teams in the US and the UK. In the US, our teams manage US and global asset allocation strategies. In the UK, we have asset allocation specialists, traditional multi-manager investors and those focused on alternative asset classes.



AUM (US\$)

39.8bn

AUM outperforming benchmark



Mutual fund AUM in top 2 Morningstar quartiles

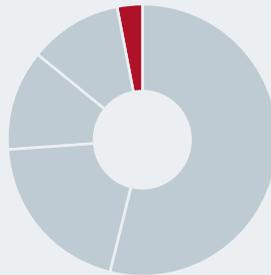


Largest strategies

Strategy	AUM 31 Dec 2019 (US\$bn)
Balanced	33.4
UK Income and Growth	1.9
Multi Manager	1.3
Global Adaptive Capital Appreciation	0.3
Multi Asset – Institutional	0.3

Alternatives

Our alternative investment strategies are designed to deliver attractive risk-adjusted returns with moderate volatility and low correlations to traditional asset classes. Solutions can be constructed to consist of multiple sources of returns with the intention of enhancing diversification and lowering overall portfolio risk. They include multi-strategy, alternative risk premia, alpha capture, agriculture and global commodities/managed futures as well as the ability to create customised offerings.



AUM (US\$)

11.0bn

AUM outperforming benchmark



Mutual fund AUM in top 2 Morningstar quartiles



Largest strategies

Strategy	AUM 31 Dec 2019 (US\$bn)
UK Large Cap Absolute Return Equity	5.6
Property	2.8
Global Commodities	0.6
Europe Large Cap Long/Short	0.6
Concentrated Pan Europe Equity	0.4

Q&A with our Global Head of Distribution

Suzanne Cain joined Janus Henderson in May 2019 as Global Head of Distribution and is a member of the Executive Committee. Her first seven months have been focused on better understanding the strategic strengths and opportunities that exist for the firm. Here, Suzanne gives her initial impressions and outlines her vision for the future.



“ I have been very impressed with the quality and commitment of the people at Janus Henderson and the culture of working collaboratively between Distribution, Investments and all central functions of the firm.”

Suzanne Cain
Global Head of Distribution

Q What attracted you to Janus Henderson?

When doing my research on the firm, it was clear Janus Henderson had a unique global reach in delivering truly active management to its clients and had a high caliber of people. What impressed me, however, was the level of priority given to client considerations in setting corporate strategy. There was a genuine conviction that creating long-term value for shareholders was best achieved by always having the client top-of-mind in making any business or financial decisions. It was important to me to be at a firm that fostered a client-centric culture. Additionally, I was gratified to learn that operational excellence and client experience

were already key pillars in the firm's strategy. The combination of high-quality active management on a global scale and a client-first approach were, to my mind, exactly the right foundations.

From a personal perspective, I have always liked transformational opportunities. I could see that Janus Henderson had many of the essential 'puzzle pieces' in place, but that it would benefit from clarity of strategy and the ability to harness its best practices and execute around the globe. The opportunity also aligned with the experience I had globally in the client-facing distribution businesses within investment banking and ETF providers, and I now relish the chance to apply my three decades of experience to the active space.

Q What have your initial impressions been?

I believe a business is only as good as the people who work for the organisation and more importantly how they work together. I have been very impressed with the quality and commitment of the people at Janus Henderson and the culture of working collaboratively between Distribution, Investments and all central functions of the firm.

Where I feel we can improve is taking our best approaches in different markets and applying them globally in a market-leading way. Setting a 'Vision Plan' that will embrace new ways of working and being held accountable has been my first priority. I am a strong believer in direction-setting based on facts and evidence. For example, using analytical capabilities, technology and data to understand our clients better is something we were already doing in some regions. We will strive to do this globally to form a deeper understanding of our clients' needs and behaviours before we pick up the phone. This will also help us gain insight into the channels and regions where we are best suited to offer actively managed investment strategies. Additionally, evolving our sales approach to build enhanced client partnerships will be a key tenet.

We will aim to strengthen our distribution channels where we feel the strategies we offer have the best fit and where there is the highest demand. These efforts will include making existing areas of strength more widely available, but also growing our Institutional business, expanding our presence across the Asia-Pacific and Latin America regions and increasing our presence in the Private Banking channel. This will in turn mean forming a sharper

view of the strategies and gaps in the market where we can be genuinely differentiated in this competitive environment.

Q Where do you see the main challenges in the asset management industry today?

While the significant change in the industry makes many uncomfortable, I consider it a natural evolution and an opportunity to be embraced. Joining a business that can deliver the benefits of a truly global organisation with world-class capabilities is truly exciting. It means we are particularly well-placed to serve our client base, whose needs are being reshaped by shifting demographics requiring different financial outcomes, whose values and beliefs about how they want to invest are changing and who have higher expectations for a seamless client experience. We see fewer decision-makers influencing larger pools of assets, and these clients require tailored support given the increased constraints on their time. We need to be the distribution team that actively and regularly re-evaluates resources, assesses how clients want their assets invested, and shifts products, talent and management attention accordingly.

I believe our industry, and society as a whole, is at a pivotal point in addressing environmental challenges and implementing sustainable ways of living, doing business and investing. This is supported by what we hear from clients, with many now considering the ESG aspects of our investment approaches. Client viewpoints clearly differ, but there is certainly a structural shift underway.

With ESG already forming a key and evolving part of what we do, we welcome the focus. We truly believe that actively managing client assets and engaging with companies is the best way to support sustainable investment practices. We believe that addressing ESG effectively is fundamentally an active management decision. Our investment teams continuously connect with thousands of companies, in many cases as part of long-standing relationships. We already have an established ESG-focused strategy in Europe with more than a 25-year track record and are working on increasing flexibility to meet customised preferences and values for different clients. We believe that how companies approach their ESG responsibilities will be a key differentiator in achieving long-term success and, in turn, helping us deliver outperformance for clients.

Q Do you see a widespread need to embrace new ways of thinking?

Yes, rather than serving clients based on regional location or channel-oriented segmentation, we are looking at behaviours and adopting a 'needs-based' solutions driven model. We need to be asking ourselves, if an investment strategy works for a client in the US, for example, how can we replicate that for a Continental European client that has a similar need? Having a strong Business Intelligence Unit to measure flows and identify themes well in advance will allow us to be forward thinking and have an edge on our competitors. We aim to be technologically savvy and make ever greater use of integrated data and client analytic engines. Having an integrated Distribution organisation that includes Product functions and Marketing globally, enables real-time connectivity and consistent delivery of product across geographies. We will aim to deliver the right product to the right client at the right time. As evidence of how well that can work, in 2019 we not only raised US\$2.8 billion of net new flows into our Balanced strategy (a blend of US equities and fixed income) in North America, but also raised more than US\$700 million of net new flows in Continental Europe and US\$500 million in Latin America. This demonstrates the power of understanding client needs in different regions and packaging successful investment capabilities accordingly.

Q In addition to the people, what other strong competencies do you think you can build on?

There are many strong competencies that we already have in place that we will continue to invest in globally. This includes our award-winning Portfolio Construction and Strategy (PCS) team, which performs instant customised analyses to help identify product opportunities and to deliver data-driven diagnostics and insights. We have already invested in resources to make this offering available to advisory and institutional clients globally in 2020. It was pleasing to see the approach of the PCS team externally recognised as winner of the Best Analytics Initiative at the 2019 American Financial Technology Awards.

Being able to accurately gauge our clients' concerns and address them in a timely manner through market leading content and communications will continue to be a priority, in line with our *Knowledge. Shared* ethos.

An example of this is our global 'Uncertainty' campaign, which actively shares, in real time,

the best insights of our investment teams and highlights products that help clients stay the course towards their investment goals. In the current market environment, we are keenly aware that political developments, trade tensions, geopolitical concerns and a deluge of information leave many unsure of how to navigate markets; this campaign seeks to help clients make better informed decisions against a challenging backdrop.

We also have a strong history of providing professional development programmes for our clients in North America. This supports Wellness and Practice Management and falls under our Knowledge Labs® offering. Programmes like the 'Art of WOW', 'The Science of Negotiations' and 'Energy for Performance' can help us add value over and above excellent investment performance. We are exploring ways to make all of this available globally. A strong history on which to build also applies to our closed-ended Investment Trust business in the UK. Here, we trace our roots to 1934 and the management of the family estate of Alexander Henderson. The range of Trusts we manage has been built out ever since, and we are now one of the largest closed-ended managers in the UK with responsibility for US\$9 billion in assets. 2019 saw continued strength in the business with new shares issued to meet increased demand.

There is a strong commitment from my new Distribution leadership team to focus squarely on clients' needs. We know we need to continue to improve on client experience as one of our most important strategic priorities. This commitment was underpinned in 2019 with more than 1,000 of our employees attending one of our Client Experience (CX) workshops. While all parts of Janus Henderson contribute, the client experience is what our distribution teams stand for day-in and day-out. With more than 20 million customers around the globe, we will be focusing not only on delivering strong investment returns, but also constantly striving to improve our client service to earn the right to be a true long-term partner in our client's investment journey. I am delighted to be leading the excellent distribution teams here as we progress towards that goal.

Global distribution footprint¹



Total AUM
(US\$)

374.8bn

Global distribution
professionals

624

North America

AUM (US\$)

208.8bn

Distribution
professionals

314

Growth opportunities

- Leverage strong long-term track records in flagship portfolios
- Continue to expand Institutional business through depth and breadth of investment strategy offering
- Build brand presence, with *Knowledge. Shared* ethos

EMEA & Latin America

AUM (US\$)

111.6bn

Distribution
professionals

222

Growth opportunities

- Leverage increased distribution footprint, driving cross-selling opportunities
- Maintain UK market share and capitalise on retail opportunities in Europe
- Institutional opportunities in Europe and the Middle East
- Develop relationships with global financial institutions
- Capitalise on opportunities within Latin America

Asia Pacific

AUM (US\$)

54.4bn

Distribution
professionals

88

Growth opportunities

- Maximise strategic partnership with Dai-ichi Life and its partners
- Build on strong brand presence to leverage enhanced product suite
- Leverage the strong capabilities of our fixed income teams in Australia
- Cross-sell in broader Asia Pacific region

1. Location of client AUM as at 31 December 2019.

Corporate Social Responsibility

Our unwavering and deeply-rooted dedication to our clients, communities, our people and our environment saw momentum during 2019, and we continue working to fulfil our commitments for these key strategic areas.



Our clients

Our very first guiding principle as a firm is to put our clients first. To us, this means working diligently to understand their needs, interests and desired outcomes so we can help them achieve their long-term financial goals. Our goal is to deliver on our experience promise, that we build and maintain trust by being dependably excellent in all things.

Make it Personal. We seek to see the world through our clients' eyes and understand their purpose. We ask the hard questions and listen intently, empathising with challenges and anticipating needs.

Set Our Intention. For every 'what' we do, there is a 'why' we do it. By setting a client-focused intention before everything we do, we consider the next step proactively and keep client goals in mind. These intentions establish our path forward to define what we are working towards and how we will get there.

Be a Knowledge Partner. We stay open-minded, challenge what we know and obsess over the details. This constant pursuit of knowledge and insight enables us to create solutions that clients can trust. By sharing what we learn, we can help guide to smart, confident decisions.



Responsible investing

We believe that integrating ESG factors into our investment decision-making and ownership practices is fundamental to delivering market-leading, risk-adjusted long-term investment results to our clients. We measure our success based on the outcomes we deliver to clients, and we understand that for many clients, the actual holdings of their portfolio are an important consideration in combination with their investment results.

➔ For more information on our commitment to responsible investing go to page 9.



Our people

Our people-focused culture is driven by collaboration and connection, and it celebrates diversity and a shared passion for giving back to the places we live and work. It is through the diversity of our people – whose varied skills, backgrounds and cultures shape our outlook – that we can explore unique avenues and uncover opportunities unseen by others in our industry.

We are committed to creating an inclusive environment that promotes equality, cultural awareness and respect by implementing policies, benefits, training, recruiting and recognition practices to support our colleagues.

Key diversity and inclusion accomplishments in 2019:

- Implemented a sabbatical leave programme
- Enhanced our US Family Leave Pay and our UK Shared Parental Leave Pay to align better with industry standards
- Implemented a global Adoption Assistance Programme
- Delivered Unconscious Bias Training to employees globally
- Included in the 2020 Bloomberg Gender Equality Index and 2020 Human Rights Campaign Corporate Equality Index for our inclusive practices and policies
- Increased women in senior leadership roles by 4% to 29%; 39% of employees globally are women
- Improved our Gender Pay Gap in 2019 versus 2018*

* We take a global approach to managing compensation and strive to ensure that our compensation and reward programmes are externally competitive and internally equitable to support company strategy and to attract, motivate and retain talented employees. Our gender pay gap is driven by a greater proportion of men than women in the highest paying positions and not by unequal pay for men and women doing substantially similar work.



Our community

The Janus Henderson Foundation

The Janus Henderson Foundation is the primary charitable giving arm of Janus Henderson Group. The Foundation makes a difference in our community by helping youth achieve their full potential through access to better educational opportunities. We invest in innovative programmes that prepare our youth to achieve academic success and evolve to be the future leaders of tomorrow, which strongly aligns with the United Nations Sustainable Development Goal of Quality Education.

Selected 2019 partnerships:

- **Junior Achievement (JA) Titan Global.** Prepares young people to succeed in a global economy, through virtual business simulations and a comprehensive economic, business management and financial curriculum.
- **TutorMate.** Enables volunteer, working professionals to tutor students remotely in core reading skills on a weekly basis, focusing on fluency and comprehension.
- **KickStart Money UK.** Coalition of savings and investment firms working to improve the provision of financial education in primary schools to create a movement that focuses on financial literacy and a culture of saving.
- **Angkor Hospital for Children (AHC).** Aims to address challenges of health inequality and help children in rural Cambodia not only survive but thrive.

Employee-led giving

We believe it is important for our colleagues to be actively involved in global volunteering and service to build a workplace that attracts and retains the best talent, extends the Janus Henderson brand and serves the communities where we live and work.

Select employee-led contributions:

- Logged 1,845 hours of employee community investment time
- Donated a monetary value of US\$46,906 in volunteer hours to charities
- Employee Matching Gift Contributions: US\$139,565 amount matched and 343 charities supported
- Give as You Earn Match Programme: £71,134 amount matched and 116 charities supported



Our Environment

We recognise the importance of managing our operational activities in the most sustainable way possible, and we continue to work on reducing unavoidable carbon emissions and increasing our transparency in disclosure. In recognition of these efforts, Janus Henderson was awarded the 12 years of CarbonNeutral® certification from Natural Capital Partners in 2019.

Our environmental commitments:

- Maintain our Carbon Neutral status
- Reduce our carbon use by 15% per full-time employee over a three-year period – starting January 2019*
- Maintain a CDP Score of B

* 2018 was the first full year of measured emissions as Janus Henderson Group.

 For more information on our dedication to CSR, please read our 2019 Impact Report online at janushenderson.com/ir.



1 Reaching new heights by participating in the 14er Challenge

2 Denver colleagues building bikes for students

3 London colleagues visiting their TutorMate students

4 Intech employees taking a moment to clean up local parks

5 Children in Cambodia assisted by the AHC Treatment, Education and Prevention Truck