

Henderson Group 2017 Extraordinary General Meeting and Annual General Meeting

26 April 2017

Chief Executive's Address

2016 was a challenging year for our clients and our investment managers, as politics moved markets to a degree unforeseen by most of us. Against this backdrop, I'd echo the Chairman's description of our financial performance as resilient. This reflects the progress we have made strategically over the last couple of years.

Despite significant Retail outflows, Assets under Management reached record highs, supported by markets and foreign exchange movements as well as institutional flows, which are building upon the turnaround we started to see in 2015.

Management fee income was also at record levels, although lower performance fees meant that underlying profit before tax was lower than last year. EPS was also lower as our tax rate normalised at a higher level.

When we look back at the objectives we set ourselves for our Growth and Globalisation strategy, I am very pleased with the progress we have made. We have expanded our investment capabilities; demonstrably improved the support and approach we take to client relationships; and improved the robustness and resilience of our global operating model.

We have grown faster than the industry, delivered consistently strong investment performance and deployed capital successfully on behalf of our shareholders, with successful acquisitions and integrations in the US and Australia.

Despite the more difficult picture for flows, we ended 2016 ahead of our target AUM growth, having achieved 59% in total or 17% per annum since we set out our Growth and Globalisation strategy.

The asset management industry faces challenges as well as opportunities, and our strategic thinking needs to reflect both of these. Major challenges for asset managers include the current popularity of passive investing and the pressure this places on active managers; volatile markets; global regulatory change and the rising cost of doing business. Key to our response to these pressures are diversification, global scale and excellence in our chosen field of expertise – active investment management. Our proposed merger with Janus to form Janus Henderson Investors gives us the opportunity to develop the capabilities we need to respond to industry challenges, and profit from future opportunities.

We are creating a global, active investment manager which is client-focused, valuable to shareholders and a great place for our people to work.

As the Chairman has already said, our two businesses are highly complementary - with client-centric, collaborative cultures; complementary investment capabilities and geographic footprints; and well-matched corporate strategies. In combination with Janus, Henderson will have new investment capabilities to share with our clients; the

scale we need to succeed in North America; and exciting opportunities to grow in Japan, where Janus has built an \$18bn business which includes its strategic partnership with the Dai-ichi Life Insurance Company.

Client feedback to the merger has been very positive. We look forward to continuing to specialise in high performance, active investment management; deepening and extending our client relationships; and having the products and distribution to serve our largest clients on a truly global basis.

Together, Janus and Henderson will be well-positioned for market evolution. Diversification is the key to success in uncertain times. With the cost of doing business rising in the asset management industry, we need operations of sufficient size and scale to defray the effect of rising costs without completely blunting our capacity to innovate and invest. Scale, diversification and strong client relationships put us on the front foot to move our business forward.

We are confident in our ability to deliver compelling value to our shareholders as we create this new business. Initially, we will deliver significant cost synergies, but over the longer term, our combined business will be capable of sustained growth, in excess of what either of us would have been able to achieve on a standalone basis.

I look forward to us having the freedom to innovate on behalf of our clients, the scale and diversity to adapt as our markets change, and the ability to be a destination employer for the most talented people in global asset management.

Since I became Chief Executive, my ambition has been to transform Henderson into a truly global asset manager. To be on the cusp of achieving that is very exciting.