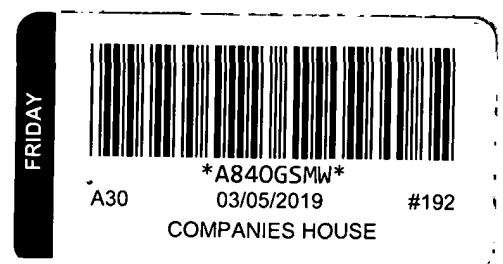


Registered number: 962757

ALPHAGEN CAPITAL LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



ALPHAGEN CAPITAL LIMITED

COMPANY INFORMATION

DIRECTORS	R W Chaudhuri J G Foggin P B Greenwood H J de Sausmarez
COMPANY SECRETARY	Henderson Secretarial Services Limited
REGISTERED NUMBER	962757
REGISTERED OFFICE	201 Bishopsgate London EC2M 3AE
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
BANKERS	The Royal Bank of Scotland Plc 2 1/2 Devonshire Square London EC2M 4XJ

ALPHAGEN CAPITAL LIMITED

CONTENTS

	Page(s)
Strategic Report	1 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditors' Report	8 - 9
Income Statement	10
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 21

ALPHAGEN CAPITAL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

INTRODUCTION

The Directors present the report and the audited financial statements of AlphaGen Capital Limited ("the Company"), for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND FUTURE OUTLOOK

The principal activity of the Company, which is authorised and regulated by the UK's Financial Conduct Authority ("FCA") and registered with the US Securities and Exchange Commission ("SEC"), is to provide investment management services. The Company is registered in the United States ("US") as an investment advisor under the Investment Advisers Act of 1940. The Company provides investment management services for hedge funds. This will continue to be the principal activity of the Company for the foreseeable future, albeit the Group continues to assess the most effective legal entity operating structure and the Company and its activities are being reviewed as part of this exercise.

BUSINESS REVIEW

The Company is a wholly owned subsidiary of Janus Henderson Group plc ("JHG plc" or "the Group"). The Group is run on an integrated basis through business units, not by the legal construct of its subsidiaries. Therefore the Company's strategy and business model is governed by that of the Group which is set out in detail in the Annual Report of the Group which can be obtained from its registered office as set out in note 19. The Group provides investment management services to clients throughout Europe, the Americas and Asia. The Group manages a broad range of actively managed investment products for institutional and retail investors, across multiple asset classes, including equities, fixed income, multi-asset and alternatives.

ALPHAGEN CAPITAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's risk management framework helps the Group meet its business objectives within acceptable risk parameters and it is reviewed regularly to early identify new and emerging risks. The Group's culture embeds the management of risk at all levels within the organisation. Please refer to the Group Annual Report and Accounts for the major risks affecting the Group. Of those risks, the following risks relate specifically to the Company:

Investment performance

The risk that funds fail to achieve their performance hurdles or benchmarks, or performance is poor relative to that of peer funds, leading to client redemptions and a reduction in Assets Under Management ("AUM") and revenues earned by the Group. Poor fund performance will also result in lower performance fees and reduced revenue. This is mitigated through having: a robust investment process including detailed research; a clearly articulated investment philosophy including analysis of the Group funds by comparing their performance against appropriate benchmarks; a broad range of asset classes and fund styles reducing the probability of all funds underperforming at the same time; and an independent Investment Risk function that ensures that the level of risk taken for each portfolio is consistent with client expectations.

Market

The risk that market conditions lead to a reduction in the value of clients' AUM and revenues earned by the Group. This is mitigated by: having a broad range of clients by distribution channel, product, asset class and region; and a significant amount of the Group's expense base being variable.

Fund flows

The risk of net redemptions by clients resulting in a decline in AUM and revenues earned by the Group. This is mitigated by: diversity of sources of revenue by asset class, capability, fund style, strategy and geography; diversity of investor base and strong investment performance across product ranges.

Reliance on performance fees - volatility of earnings

The Company earns performance fees on its hedge fund business. The performance fees are vulnerable to poor investment performance and potentially to falls in equity markets. The proportion of Company turnover that is derived from performance fees was 18% in 2018 (2017: 28%).

ALPHAGEN CAPITAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Key personnel

The risk of losing either a member of the Group Executive Committee or one of the Group's key investment or distribution teams which will have a potential adverse effect on business growth and/or the retention of existing business. This is mitigated by: competitive remuneration structures, designed to recognise and reward staff performance, that are in line with the Group's principles; succession planning in place throughout the organisation to ensure that there is cover for key roles; regular staff surveys undertaken to identify any issues which could impact staff retention; comprehensive training offered to staff to improve skills and engagement; and a strategy of sustaining broad and diverse fund manager teams to avoid dependence on single managers or teams.

Strategic

The risk that Janus Henderson's business strategy fails to deliver the required and expected outcomes for stakeholders and the risk that technological innovation and/or new market entrants within the asset management industry reduces profitability and requires a fundamental change to the Group's business model. This is mitigated by: a concentration on delivery of the Group's strategy through provision of first class investment performance and service for our clients as efficiently as possible; the monitoring of emerging developments in the asset management industry, which might pose a threat to the Group's current business model; and maintaining a clear understanding of the Group's clients' needs through communication and interaction.

Operational, IT and Legal

The risk of losses through inadequate or failed internal processes, people or systems or through external events. This includes the risk of loss arising from failing to manage our key outsourced service providers properly, failing to manage financial crime risks, failing to manage operational aspects of the Group's global expansion, the risk arising from major disruption to the Group's business, including from cyber crime, the risk of losses from trade execution errors or breaches of investment mandates and the risk of losses from litigation. This is mitigated through: control systems that are designed to ensure operational and legal risks are mitigated to a level which is consistent with the Group's risk appetite, a globally embedded three lines of defence model which is key, outsourced service providers that are overseen by the relevant line function and the controls of key service providers are also reviewed by the Group's assurance function; and the maintenance and testing of business continuity plans which are designed to ensure that, in the event of business disruption, the Group can maintain its operations without material damage to the business.

Regulatory change

The risk that a change in laws and regulations, however driven, will materially affect the Group's global business or markets in which it operates. This risk may affect the business either directly or indirectly by reducing investors' appetite for the Group's products, increasing capital requirements, restricting the Group's ability to sell certain products or pursue specific investment strategies, reducing the Group's profitability through fee restrictions, affecting the Group's ability to retain key personnel and/or increasing the cost and complexity of the Company's business. This is mitigated by: continued active and constructive engagement with regulators through regular dialogue; regulatory developments being monitored by a dedicated team in Compliance, in liaison with external experts where required; formalised crossbusiness project groups implementing required changes to our business processes; and active involvement with and through relevant industry bodies.

Foreign currency

Adverse movements in exchange rates may cause the Group to sustain losses. The Group aims to mitigate this risk by limiting its exposure and also holding financial assets and liabilities of equal value in the same currency.

Cash and liquidity

Poor cash management may lead the Group to be unable to meet its payment obligations as they fall due. The Group reviews its liquidity on a daily basis to ensure it has sufficient cash or highly liquid assets available to meet its liabilities. It is the Group's policy to ensure it has access to funds to cover all forecast commitments.

ALPHAGEN CAPITAL LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

United Kingdom's withdrawal from the European Union

The Directors have assessed the implications of the UK referendum held 23 June 2016 where the United Kingdom voted to leave the European Union and have concluded that the outcome will have no material implications to the operations of the Company.

KEY PERFORMANCE MEASURES

The Board of JHG plc, the Company's ultimate parent undertaking, monitors the performance of the Group using a number of financial and non-financial performance measures. The performance of the Company contributes to the Group's KPIs. Please refer to the Janus Henderson Group plc Annual Report and Accounts for a review of the Group's KPIs. The following KPI's are most relevant to the Company:

Gross Fee Income

Gross fee income has decreased by £7.1m in the year. This is mainly driven by reduced performance fees and reduced management fees relating to a decrease in AUM.

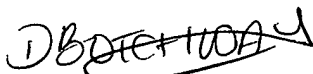
Operating Expenses

Operating expenses decreased by £7.1m from £12.4m in 2017 to £5.3m in 2018. This is mainly due to a decrease in the group recharge following a change in the Group transfer pricing policy.

Financial Position and Performance

Total equity attributable to equity holders of the parent has increased by £4.9m to £43.5m as at 31 December 2018. This was due to a profit for the financial year of £4.9m.

This report was approved by the Board of Directors on 16 April 2019 and signed by order of the board:



Henderson Secretarial Services Limited
Secretary

ALPHAGEN CAPITAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the financial year, amounted to £4,880,000 (2017: £5,792,000).

There were no dividends paid in 2018 or 2017.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

C B Chaloner (Resigned 28 September 2018)
R W Chaudhuri
D J Elms (Resigned 22 January 2019)
J G Foggin
P J Graham (Resigned 30 September 2018)
H J de Sausmarez (Appointed 12 March 2019)
P B Greenwood (Appointed 19 March 2019)

FUTURE DEVELOPMENTS

The future outlook and the principal risks and uncertainties for the Company are set out in the Strategic Report.

DIRECTORS INDEMNITY

Janus Henderson Group plc provides a deed of indemnity to the Directors to the extent permitted by United Kingdom law whereby Janus Henderson Group plc is able to indemnify Directors against any liability incurred in proceedings in which the Directors are successful, and against the cost of successfully applying to the court to be excused for breach of duty where the Director acted honestly and reasonably. The indemnity has been in force for the year to 31 December 2018 and up to the date of approval of the report and financial statements.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for the preparation of the annual financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Auditors are unaware. Each Director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events affecting the Company since the year end.

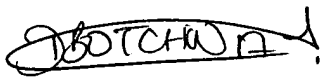
ALPHAGEN CAPITAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

INDEPENDENT AUDITORS

It is the intention of the Directors to reappoint the Auditors under the deemed appointment rules of section 487 of the Companies Act 2006.

This report was approved by the Board on 16 April 2019 and signed by order of the Board by:



Henderson Secretarial Services Limited
Secretary

ALPHAGEN CAPITAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



R W Chaudhuri
Director
16 April 2019

ALPHAGEN CAPITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHAGEN CAPITAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, AlphaGen Capital Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its Profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Income Statement and the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

ALPHAGEN CAPITAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHAGEN CAPITAL LIMITED

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

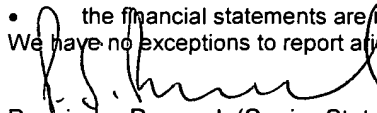
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


Parwinder Purewal (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 April 2019

ALPHAGEN CAPITAL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Gross fee income	3	10,727	17,847
Operating expenses	4	(5,292)	(12,358)
Operating profit		5,435	5,489
Finance income	8	706	335
Finance expense	9	(116)	(32)
Profit before taxation		6,025	5,792
Tax on profit	10	(1,145)	-
Profit for the financial year		4,880	5,792

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Profit for the financial year	4,880	5,792
Total comprehensive income for the year	4,880	5,792

The notes on pages 13 to 21 form part of these financial statements.

ALPHAGEN CAPITAL LIMITED
REGISTERED NUMBER: 962757

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	41,776	31,579
Cash at bank and in hand	13	2,714	7,566
		44,490	39,145
Creditors: amounts falling due within one year	14	(958)	(493)
NET CURRENT ASSETS		43,532	38,652
TOTAL ASSETS LESS CURRENT LIABILITIES		43,532	38,652
		43,532	38,652
NET ASSETS			
		43,532	38,652
CAPITAL AND RESERVES			
Called up share capital	15	250	250
Profit and loss account	16	43,282	38,402
		43,532	38,652

The financial statements on pages 9 to 20 were approved and authorised for issue by the Board on 16 April 2019 and were signed on behalf by:



R W Chaudhuri
 Director

The notes on pages 13 to 21 form part of these financial statements.

ALPHAGEN CAPITAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Ordinary share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	250	38,402	38,652
Profit for the financial year	-	4,880	4,880
At 31 December 2018	250	43,282	43,532

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Ordinary share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	250	32,610	32,860
Comprehensive income for the financial year			
Profit for the financial year	-	5,792	5,792
Contributions by and distributions to owners			
At 31 December 2017	250	38,402	38,652

The notes on pages 13 to 21 form part of these financial statements.

ALPHAGEN CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value, and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006.

The Company financial statements are presented in GBP and all values are rounded to the nearest thousand pounds, except where otherwise indicated. The Company is a private limited company incorporated and domiciled in the UK.

Accounting policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has made significant judgements involving estimations and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company is a wholly owned subsidiary of Henderson Global Investors (Holdings) Limited and of its ultimate parent, Janus Henderson Group plc. The Company's results form part of the consolidated financial statements of Janus Henderson Group plc which are publically available, see note 19.

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 GOING CONCERN

The financial statements have been prepared on a going concern basis.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 GROSS FEE INCOME

Gross fee income includes management fees and performance fees, net of rebates. Management fees are recognised in the accounting period in which the associated investment management service is provided. Performance fees are recognised when the prescribed performance hurdles are achieved and it is probable that a fee will crystallise as a result.

Recharges to other Group undertakings are based on the Group's transfer pricing policy, and are recognised in the accounting period in which the associated gross fee income is incurred.

1.5 NEW STANDARDS, AMENDMENTS AND IFRIC INTERPRETATIONS

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are new accounting standards that are effective for periods that begin on or after 1 January 2018. Neither of these standards have a material impact on the financial statements of the company.

1.6 OPERATING EXPENSES

Operating expenses are accrued and recognised as incurred.

Recharges from Group undertakings in the year include amounts due to other Group undertakings for investment management, advisory or distribution services provided on behalf of the Company and expenses borne by another Group undertaking on behalf of the Company. These are allocated based on the Group's transfer pricing policy on a net residual profit basis.

1.7 TRADE AND OTHER RECEIVABLES AND CASH AND CASH EQUIVALENTS

Trade and other receivables, which generally have less than 30 day payment terms, are initially recognised at fair value, normally equivalent to the invoice amount. When the time value of money is material, the fair value is discounted. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Cash amounts represent cash in hand and on-demand deposits. Cash equivalents are short-term highly liquid government securities or investments in money market instruments with a maturity date of three months or less.

1.8 TRADE AND OTHER PAYABLES

Trade and other payables, are stated at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

1.9 FOREIGN CURRENCY TRANSLATION

The functional currency of the Company is GBP. Transactions in foreign currencies are recorded at the appropriate exchange rate prevailing at the date of the transaction. Foreign currency monetary balances at the reporting date are converted at the prevailing exchange rate. Foreign currency non-monetary balances carried at fair value or cost are translated at the rates prevailing at the date when the fair value or cost is determined. Gains and losses arising on retranslation are taken to the Income Statement.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.10 FINANCE INCOME AND EXPENSES

Interest income and finance expense is recognised as it accrues using the effective interest rate method.

1.11 INCOME TAX

The Company provides for current tax expense according to the tax laws in each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Income tax relating to items recognised in the Statement of Comprehensive Income and Statement of Changes in Equity is also recognised in the respective statement and not in the Income Statement.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, Management has made significant judgements involving estimations and assumptions which are summarised below:

Performance fees

When a performance fee crystallises towards the end of a financial year, estimates based on the latest available information may be used to calculate the fee recognised until a final amount is established.

Interests in Structured entities

Interests in structured entities are treated as subsidiaries on the basis of control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The Company has judged that its pooled investment funds are structured entities unless substantive removal or liquidation rights exist.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. GROSS FEE INCOME

An analysis of turnover by class of business is as follows:

	2018	2017
	£000	£000
Management fees	8,787	11,628
Performance fees	1,940	5,079
Other income	-	1,140
	10,727	17,847

All turnover arose within the United Kingdom.

4. OPERATING EXPENSES

The operating expenses comprise:

	2018	2017
	£000	£000
Foreign exchange differences	(438)	273
Recharges from Group undertakings	5,730	12,083
Bank charges	-	2
	5,292	12,358

Recharges from Group undertakings in the year include amounts due to other Group undertakings for expenses borne by another Group undertaking on behalf of the Company.

5. AUDITORS' REMUNERATION

Auditors' remuneration of £9,815 (2017: £10,687) and £5,628 (2017: £5,150) in respect of the Company's financial statements and audit related assurance services respectively is borne by a fellow Group undertaking.

6. EMPLOYEES

The Company did not have employees during the current and prior year. The UK group's employee contracts of employment are with Henderson Administration Limited, a group undertaking and staff costs are disclosed in that company's financial statements.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. DIRECTORS' REMUNERATION

The Directors of the Company were employed and remunerated as directors and executives of the Group in respect of their services to the Group as a whole. The Directors believe that it is not practicable to apportion part of their remuneration to the services as Directors of the Company.

Total emoluments for the Directors of the Company is presented as follows:

	2018	2017
	£000	£000
Emoluments		
Total emoluments to Company Directors	3,120	3,658
Emoluments paid to highest paid Director	1,022	886
Pension contributions made in respect of the highest paid Director	25	21
Money Purchase Pension scheme contributions	81	100
	<u> </u>	<u> </u>

Emoluments comprise salaries, bonuses and other employee benefits.

The number of Directors accruing benefits under pension schemes during the year was:

Money Purchase Pension scheme	5	6
	<u> </u>	<u> </u>

During the year five of the Directors of the Company exercised share options (2017: six). Five Directors of the Company received shares under the Group's Long Term Incentive Schemes (2017: six received shares under the Group's Long Term Incentive Plan).

The highest paid Director of the Company was awarded shares under the Group's long term incentive schemes and exercised options during 2018 and 2017.

8. FINANCE INCOME

	2018	2017
	£000	£000
Interest receivable on balances due from Group undertakings	707	326
Other interest receivable	(1)	9
	<u>706</u>	<u>335</u>
	<u> </u>	<u> </u>

9. FINANCE EXPENSES

	2018	2017
	£000	£000
Interest payables on balances due to Group undertakings	116	32
	<u>116</u>	<u>32</u>
	<u> </u>	<u> </u>

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. TAX ON PROFIT

	2018	2017
	£000	£000
CORPORATION TAX		
Current tax charge for the year	1,145	-
Total tax charge	<u>1,145</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The UK corporation tax rate applicable for the year is 19% (2017: 19.25%). The tax assessed to the Company for the year is equal to (2017: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2018	2017
	£000	£000
Profit before taxation	6,025	5,792
Tax charge at the UK corporation tax rate of 19.00% (2017: 19.25%)	1,145	1,115
Group relief claimed for nil consideration	-	(1,115)
TOTAL TAX CHARGE FOR THE YEAR	<u>1,145</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 has been substantively enacted. This tax rate change will affect the Company's current tax charge or credit in future years.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	£000	£000
Trade receivables	1,658	922
Amounts owed by Group undertakings	37,922	27,512
Other receivables	-	4
Prepayments and accrued income	2,196	3,141
	<u>41,776</u>	<u>31,579</u>

Amounts owed by Group undertakings accrue interest at the Bank of England base rate plus 1%, they have no fixed date of repayment and are repayable on demand.

12. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Company has the following exposure to unconsolidated structured entities, which equates to the Company's maximum exposure to loss, relating to accrued and unsettled fees and is included within Trade and Other Receivables note 11:

	2018	2017
	£000	£000
Trade receivables	1,020	922
Accrued income	1,276	2,093
	<u>2,296</u>	<u>3,015</u>

13. CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Cash at bank and in hand	2,714	7,566
	<u>2,714</u>	<u>7,566</u>

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. TRADE AND OTHER PAYABLES

	2018	2017
	£000	£000
Amounts owed to group undertakings	889	382
Accruals and deferred income	69	111
	958	493

Amounts owed to Group undertakings accrue interest at the Bank of England base rate plus 1%.

15. CALLED UP SHARE CAPITAL

	2018	2017
	£000	£000
ALLOTTED, CALLED UP AND FULLY PAID		
250,001 (2017: 250,001) Ordinary shares of £1 each	250	250

16. RESERVES

Profit and loss account

The profit and loss reserve comprises:

- results recognised through the Income Statement; and
- dividends paid to equity shareholders.

17. EVENTS AFTER THE END OF THE REPORTING DATE

The Board of Directors has not received, as at 16 April 2019, being the date the financial statements were approved, any information concerning significant conditions in existence at the reporting date, other than those mentioned in the preceding paragraph, which have not been reflected in the financial statements as presented.

18. CONTINGENT LIABILITIES

In the normal course of business, the Group is exposed to certain legal or tax matters, which could involve litigation and arbitration, and may result in contingent liabilities. The Directors are not aware of any contingent liabilities requiring disclosure in these financial statements as at 31 December 2018 or 2017.

ALPHAGEN CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. CONTROLLING PARTY

The Company's immediate parent undertaking is Henderson Global Investors (Holdings) Limited, a company incorporated in the United Kingdom and the ultimate parent undertaking and controlling party is Janus Henderson Group plc, a company incorporated in Jersey which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the Group's Annual Report for the year ended 31 December 2018 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, www.janushenderson.com.

20. CAPITAL REQUIREMENTS DIRECTIVE

Under the requirements of BIPRU 11 Disclosure (Pillar 3), the Company is required to disclose certain information as laid down in BIPRU 11.5. The Company has chosen to publish this information on its website as described in note 19.