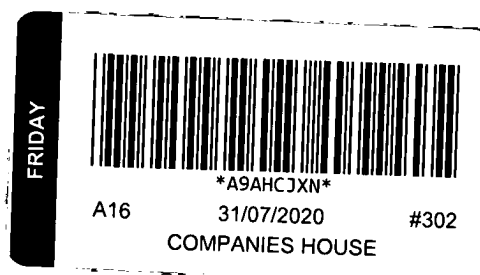


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# ALPHAGEN CAPITAL LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



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**ALPHAGEN CAPITAL LIMITED**

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**COMPANY INFORMATION**

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

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**ALPHAGEN CAPITAL LIMITED**

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**ALPHAGEN CAPITAL LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**INTRODUCTION**

The Directors present the report and the audited financial statements of AlphaGen Capital Limited ("the Company"), for the year ended 31 December 2019.

**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 20. 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.

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## ALPHAGEN CAPITAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 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 5% in 2019 (2018: 18%).

##### **COVID-19**

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to be a pandemic. COVID-19 is having a significant impact on the global economy, including the UK economy, both through the effects of the virus itself and the measures taken by governments to restrict its spread.

The impact of COVID-19 is expected to adversely affect the Company's business and financial results. The Company derives its revenues primarily from investment management and related services provided to clients. The Company's investment management fees are typically calculated as a percentage of the market value of AUM and as a result, the Company's revenues are dependent on the value and composition of its AUM, which has been negatively impacted by the significant decline in the global financial markets.

The extent of the impact of COVID-19 on the Company's business and financial results also depends on future developments, including the duration of the pandemic, and the volatility and market value of the global financial markets, all of which are highly uncertain.

The Group has a robust and detailed business continuity plan in place to ensure that the Group's operations can continue effectively during the COVID-19 pandemic, including processes to limit the spread of the virus between employees. However, if the Group does not respond appropriately to the COVID-19 pandemic, or if clients do not perceive the response to be adequate, the Group could suffer damage to its reputation and brand, which could adversely affect the Company's business in the future.

The Company holds surplus capital and liquidity over its requirements which provides resilience against market downturn.

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## ALPHAGEN CAPITAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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The Company's management continues to assess the risks associated with COVID-19 and to mitigate them where possible.

#### **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 cross business 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.

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## ALPHAGEN CAPITAL LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 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 £3.8m 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 increased by £0.5m from £5.3m in 2018 to £5.8m in 2019. This is mainly due to an increase in group expense recharges.

#### Financial Position and Performance

Total equity attributable to equity holders of the parent has decreased by £28.9m to £14.6m as at 31 December 2019. This was due to a profit for the financial year of £1.1m less a dividend of £30m declared and paid in the financial year.

#### STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1): COMPANIES ACT 2006

The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2019.

Section 172 requires a director to have regard, amongst other matters to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the Company.

In discharging its section 172 duties, the Board has had regard to the factors set out above; the relative importance of each factor will vary depending on the decision being taken. In addition, the Board recognises that certain decisions will require the Board to consider additional factors, as appropriate.

The Board meets quarterly throughout the year, at a minimum. At each quarterly Board meeting, the Board considers updates on matters such as risk, compliance, financial reporting, operations, distribution, customer, regulatory matters and governance. Over the year, matters such as the Company's strategy (which is derived from the Group's strategy) and legal matters are also considered.

The Company's key stakeholders are its ultimate beneficial owner, clients, the community and regulators; the interest of these stakeholders are considered as part of the Board's decision making, as appropriate. While there are cases where the Board might engage directly with certain stakeholders, being part of a Group means that other stakeholder engagement may take place at Group level, where it is appropriate to do so. This is a more effective and efficient means to help the Company and wider Group to achieve a greater impact.

The following items are material developments, activities or transactions for the Company during the financial year.

#### Financial performance:

A dividend payment was considered and approved by the directors after taking distributable profits and minimum capital requirements into account.

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**ALPHAGEN CAPITAL LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Business Activities**

During the year, the Board considered and provided in principle approval for the transfer of a number of the funds for which the Company acts as AIFM and provides investment management activities to a fellow group undertaking. In making this decision, the Board had regard to the Group's assessment of the most effective legal entity operating structure and clients' best interests.

This report was approved by the Board of Directors and signed by order of the Board by:

*Graham Foggin*

**J G Foggin**  
Director  
23 April 2020



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**ALPHAGEN CAPITAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their report for the year ended 31 December 2019.

**RESULTS AND DIVIDENDS**

The profit for the financial year amounted to £1,110,000 (2018: £4,880,000).

Dividends paid in the year amount to £30,000,000 (2018: £NIL).

**DIRECTORS**

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

R W Chaudhuri (Resigned 20 June 2019)  
D J Elms (Resigned 22 January 2019)  
J G Foggin  
P B Greenwood (Appointed 19 March 2019)  
M Ho (Appointed 12 June 2019, Resigned 14 February 2020)  
H J de Sausmarez (Appointed 12 March 2019)

**FUTURE DEVELOPMENTS**

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

**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**

Events affecting the Company since the year end, include the transfer of the Alternative Investment Fund Manager and the investment management activities on a number of the Company's funds to Janus Capital Management LLC, a fellow subsidiary of JHG plc. The transfer took place in January 2020. As a result of this transfer, the revenue earned by the Company will be approximately £3.7m lower in 2020 than in 2019. In addition, the recharges from Group undertakings will also be approximately £3.2m lower.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. COVID-19 is expected to have an adverse effect on the Company's business and financial results. However, the situation is fluid and continues to evolve. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the Company's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event and, therefore, the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact.

The extent of the impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic, and the volatility and market value of the global financial markets, all of which are highly uncertain. While it is too early to estimate its financial effect, the impact of COVID-19 is expected to adversely affect the Company's financial results.

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**ALPHAGEN CAPITAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**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 and signed on its behalf by.

*Graham Foggin*  
**J G Foggin**  
Director  
23 April 2020

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**ALPHAGEN CAPITAL LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

*Graham Foggin*  
**J G Foggin**  
Director  
23 April 2020

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**ALPHAGEN CAPITAL LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHAGEN CAPITAL LIMITED**

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**Report on the audit of the financial statements**

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**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 2019 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 2019; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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**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.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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**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.

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## ALPHAGEN CAPITAL LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHAGEN CAPITAL LIMITED

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#### *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 2019 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.

#### **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 8, 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](http://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**

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##### **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.

*Saira Choudhry*

Saira Choudhry (Senior Statutory Auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

23 April 2020

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**ALPHAGEN CAPITAL LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £000	2018 £000
Gross fee income	3	6,907	10,727
Operating expenses	4	(5,840)	(5,292)
<b>Operating profit</b>		<b>1,067</b>	<b>5,435</b>
Finance income	8	329	706
Finance expenses	9	(27)	(116)
<b>Profit before taxation</b>		<b>1,369</b>	<b>6,025</b>
Tax on profit	10	(259)	(1,145)
<b>Profit for the financial year</b>		<b>1,110</b>	<b>4,880</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	2019 £000	2018 £000
Profit for the financial year	1,110	4,880
<b>Total comprehensive income for the year</b>	<b>1,110</b>	<b>4,880</b>

The notes on pages 14 to 22 form part of these financial statements.

**ALPHAGEN CAPITAL LIMITED**  
**REGISTERED NUMBER: 962757**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	11	12,378	41,776
Cash at bank and in hand	13	4,022	2,714
		<u>16,400</u>	<u>44,490</u>
Creditors: amounts falling due within one year	14	(1,758)	(958)
<b>NET CURRENT ASSETS</b>		<b>14,642</b>	<b>43,532</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>14,642</b>	<b>43,532</b>
<b>NET ASSETS</b>		<b>14,642</b>	<b>43,532</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	250	250
Profit and loss account	16	14,392	43,282
		<u>14,642</u>	<u>43,532</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

*Graham Foggin*  
**J G Foggin**  
 Director

23 April 2020

The notes on pages 14 to 22 form part of these financial statements.

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**ALPHAGEN CAPITAL LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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	Ordinary share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	250	43,282	43,532
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,110	1,110
<b>Contributions by and distributions to owners</b>			
Dividends	-	(30,000)	(30,000)
<b>At 31 December 2019</b>	<b>250</b>	<b>14,392</b>	<b>14,642</b>

The notes on pages 14 to 22 form part of these financial statements.

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


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	Ordinary share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	250	38,402	38,652
<b>Comprehensive income for the financial year</b>			
Profit for the year	-	4,880	4,880
<b>Contributions by and distributions to owners</b>			
Dividends	-	-	-
<b>At 31 December 2018</b>	<b>250</b>	<b>43,282</b>	<b>43,532</b>

The notes on pages 14 to 22 form part of these financial statements.



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## ALPHAGEN CAPITAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, 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 publicly available, see note 20.

##### 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### 1.3 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.

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**ALPHAGEN CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.4 GROSS FEE INCOME**

Gross fee income comprises of recharges for administration services recognised as and when provided by the Company and accounted for on an accruals basis.

Gross fee income includes management fees and performance fees, net of rebates. Management fees are recognised in the accounting period in which the contracted investment management service is provided. Performance fees are recognised in the period when the contractual prescribed 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 earned.

**1.5 NEW STANDARDS, AMENDMENTS AND IFRIC INTERPRETATIONS**

There are no amendments to accounting standards that are effective for the year ended 31 December 2019 that have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**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.

**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.

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**ALPHAGEN CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.10 DIVIDEND RECOGNITION**

Dividend distributions to the Company's shareholder are recognised in the accounting period in which the dividends are declared. Dividend distributions are recognised in equity.

**1.11 FINANCE INCOME AND EXPENSES**

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

**1.12 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.

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**ALPHAGEN CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3. GROSS FEE INCOME**

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

	2019 £000	2018 £000
Management fees	6,528	8,787
Performance fees	372	1,940
Other income	7	-
	<u>6,907</u>	<u>10,727</u>

All turnover arose within the United Kingdom.

**4. OPERATING EXPENSES**

The operating expenses comprise:

	2019 £000	2018 £000
Foreign Exchange differences	(107)	(438)
Recharges from Group undertakings	5,947	5,730
	<u>5,840</u>	<u>5,292</u>

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 £20,000 (2018: £9,815) and £5,797 (2018: £5,628) 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.

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**ALPHAGEN CAPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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**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:

	<b>2019</b>	2018
	<b>£000</b>	£000
<b>Emoluments</b>		
Total emoluments to Company Directors	<b>2,386</b>	3,120
Emoluments paid to highest paid Director	<b>702</b>	1,022
Pension contributions made in respect of the highest paid Director	<b>25</b>	25
Money Purchase Pension scheme contributions	<b>80</b>	81
	<u><u>          </u></u>	<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	<b>6</b>	5
	<u><u>          </u></u>	<u><u>          </u></u>

During the year two of the Directors of the Company exercised share options (2018: five). Five Directors of the Company received shares under the Group's Long Term Incentive Schemes (2018: five 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 2019.

**8. FINANCE INCOME**

	<b>2019</b>	2018
	<b>£000</b>	£000
Interest receivable on balances due from Group undertakings	<b>327</b>	707
Other interest receivable	<b>2</b>	(1)
	<u><u>          </u></u>	<u><u>          </u></u>
	<b>329</b>	706
	<u><u>          </u></u>	<u><u>          </u></u>

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**ALPHAGEN CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. FINANCE EXPENSES**

	2019 £000	2018 £000
Bank interest payable	8	-
Interest receivable on balances due from group undertakings	19	116
	27	116
	27	116

**10. TAX ON PROFIT**

	2019 £000	2018 £000
<b>CORPORATION TAX</b>		
Current tax charge for the year	259	1,145
	259	1,145
	259	1,145

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The UK corporation tax rate applicable for the year is 19% (2018 - 19%). The tax assessed to the Company for the year is less than (2018: equal to) the standard rate of corporation tax in the UK.

	2019 £000	2018 £000
Profit before taxation	1,369	6,025
	1,369	6,025
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	260	1,145
Income not taxable for tax purposes	(1)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>259</b>	<b>1,145</b>
	<b>259</b>	<b>1,145</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantively enacted at the balance sheet date. In March 2020, the UK government announced that the corporation tax rate will remain at 19%. This tax rate change was not substantively enacted at the balance sheet date, but will affect the Company's current tax charge or credit in future years.

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**ALPHAGEN CAPITAL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Trade receivables	286	1,658
Amounts owed by group undertakings	10,084	37,922
Prepayments and accrued income	2,008	2,196
	<u>12,378</u>	<u>41,776</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:

	2019 £000	2018 £000
Trade receivables	-	1,020
Accrued income	1,664	1,276
	<u>1,664</u>	<u>2,296</u>

**13. CASH AT BANK AND IN HAND**

	2019 £000	2018 £000
Cash at bank and in hand	4,022	2,714
	<u>4,022</u>	<u>2,714</u>

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**ALPHAGEN CAPITAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Amounts owed to group undertakings	1,424	889
Corporation tax	259	-
Accruals and deferred income	75	69
	1,758	958

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

**15. CALLED UP SHARE CAPITAL**

	2019 £000	2018 £000
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
250,001 (2018: 250,001) Ordinary shares of £1.00 each	250	250
	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. DIVIDENDS PAID**

	2019 £000	2018 £000
£120 per share (2018: nil)	30,000	-
	30,000	-



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**18. EVENTS AFTER THE END OF THE REPORTING DATE**

The Board of Directors has not received, as at 23 April 2020, 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 Directors' Report, which have not been reflected in the financial statements as presented.

Events affecting the Company since the year end, include the transfer of the Alternative Investment Fund Manager and the investment management activities on a number of the Company's funds to Janus Capital Management LLC, a fellow subsidiary of JHG plc. The transfer took place in January 2020. As a result of this transfer, the revenue earned by the Company will be approximately £3.7m lower in 2020 than in 2019. In addition, the recharges from Group undertakings will also be approximately £3.2m lower.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. COVID-19 is expected to have an adverse effect on the Company's business and financial results. However, the situation is fluid and continues to evolve. As a result of this uncertainty, it is difficult to predict the extent to which COVID-19 will impact the Company's business and financial results.

Given that the most significant effects of COVID-19 and the measures taken by governments to restrict its spread occurred after the balance sheet date, COVID-19 is considered to be a non-adjusting post balance sheet event and, therefore, the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact.

The extent of the impact of COVID-19 on the Company depends on future developments, including the duration of the pandemic, and the volatility and market value of the global financial markets, all of which are highly uncertain. While it is too early to estimate its financial effect, the impact of COVID-19 is expected to adversely affect the Company's financial results.

**19. 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 2019 or 2018.

**20. 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 2019 can be obtained from its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD or its website, [www.janushenderson.com](http://www.janushenderson.com).

**21. 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 20.