Ashmore

Annual Report and Accounts 2018

A strategy for GROWTH through the cycle

Contents

For the online version of the annual report, other announcements and details of upcoming events, please visit the Investor Relations section of the Ashmore Group plc website at www.ashmoregroup.com

More information

Non-GAAP alternative performance measures are defined on page 27 and a reconciliation to GAAP measures is provided on page 22.

Five-year comparatives for other alternative performance measures are included in the five-year summary on page 126.

Emerging Markets present investors with significant long-term growth opportunities, as emerging countries' wealth converges with that of the developed world.

Ashmore's strategy capitalises on this growth trend. It recognises and benefits from the inefficiencies of investing in Emerging Markets and thus creates value for clients and shareholders through market cycles.

Read more

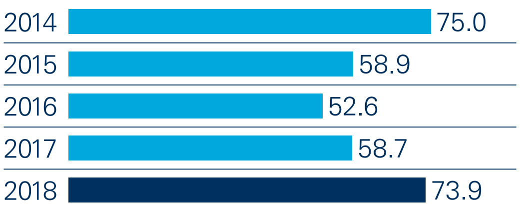
Read about Ashmore's three-phase strategy for growth on pages 4-11

2018 Financial highlights

Assets under management (AuM)

US$73.9bn

2017: US$58.7bn



Net revenue

£276.3m

2017: £257.6m

Adjusted EBITDA margin

66%

2017: 65%

Profit before tax

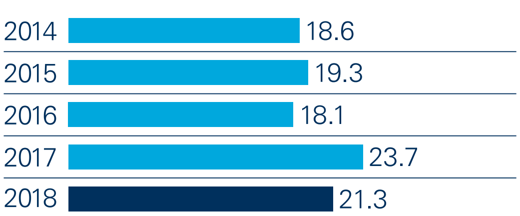
£191.3m

2017: £206.2m

Diluted EPS

21.3p

2017: 23.7p



Dividends per share

16.65p

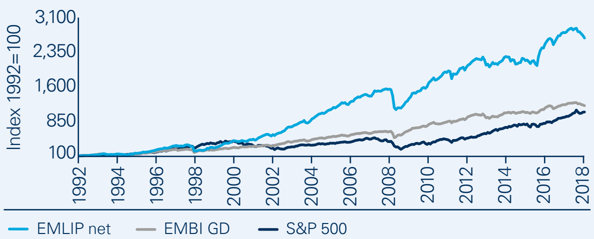
2017: 16.65p

An Emerging Markets specialist delivering strong performance

Focused on Emerging Markets

Ashmore has a strong investment track record established over more than 25 years of focusing on the wide range of opportunities available in Emerging Markets.

Attractive long-term investment returns

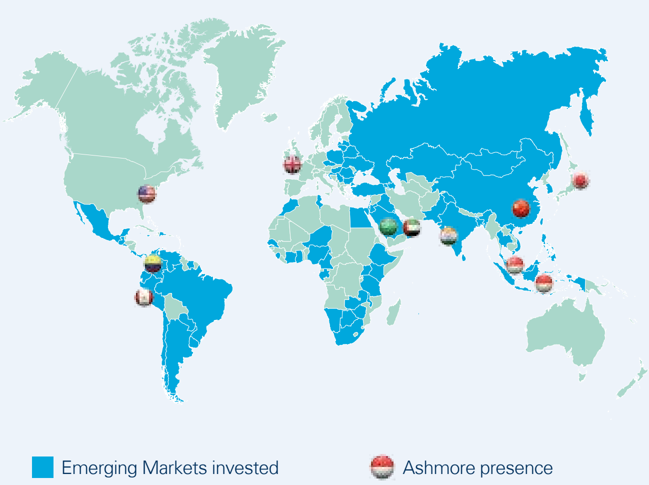


Cumulative monthly returns since October 1992
Source: Ashmore, Bloomberg, JP Morgan

- Emerging Markets account for the majority of the world's population (87%) and GDP (59%) yet only a small proportion (22%) of the world's debt
- The structural growth opportunity is therefore substantial and inefficient asset classes mean specialist, active management is key to delivering superior investment returns

Extensive worldwide network

Ashmore has established a network of offices across 11 countries, providing global investment management capabilities together with local asset management platforms.



See page 18 for more on Emerging Markets performance

A specialist investment approach

Ashmore's investment themes cover the full spectrum of Emerging Markets liquid and illiquid return opportunities. Superior performance is delivered through the consistent implementation of rigorous investment processes.

Group AuM by investment theme

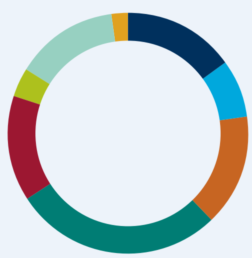
External debt	20%
Local currency	23%
Corporate debt	13%
Blended debt	27%
Equities	6%
Alternatives	2%
Multi-asset	1%
Overlay/liquidity	8%

- Deep understanding of the broad range of Emerging Markets underpins active, value-based investment philosophy
- Processes add risk when assets are mispriced relative to fundamentals
- Investment committees mean no single individual manages funds and there is not a star culture
- Track record extends more than 25 years

Highly diversified client base

Ashmore has a high-quality, diversified client base with a growing AuM contribution from retail clients.

Group AuM by client type



Central banks	15%
Sovereign wealth funds	8%
Governments	15%
Pension plans	28%
Corporates/financial institutions	14%
Funds/sub-advisers	4%
Third-party intermediaries	14%
Foundations/endowments	2%

- Institutional clients represent 86% of AuM and on average have a relationship with Ashmore of more than six years
- Growing contribution from retail clients accessed through third-party intermediaries
- One-third of AuM sourced from clients domiciled in Emerging Markets

See page 22 for a review of Ashmore's performance

Consistent three-phase strategy

Ashmore has a consistent and distinctive three-phase strategy to capitalise on the growth trends in Emerging Markets.

1 Establish Emerging Markets asset classes

2 Diversify investment themes and developed world capital sources

3 Mobilise Emerging Markets capital

Business model is robust, scalable and proven through cycles

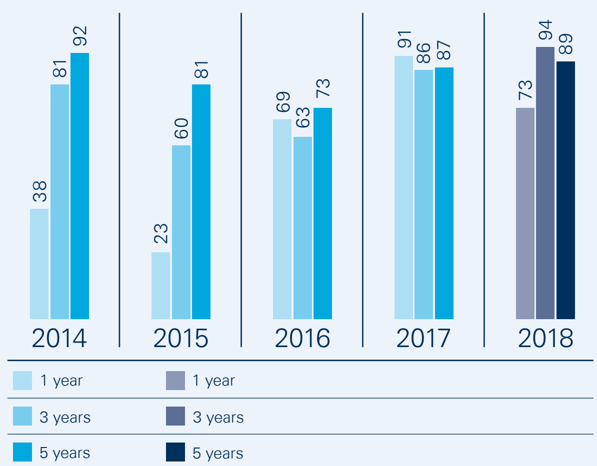
See pages 4 & 12 for Ashmore's strategy and business model

Delivering long-term performance and value for Ashmore's stakeholders

Investment performance

Ashmore's active investment processes have been proven through a number of Emerging Markets cycles. The ability to identify and capitalise on market inefficiencies delivers strong investment performance for clients.

% of AuM outperforming benchmarks (gross)



Adjusted EBITDA margin
66%
2017: 65%

Strong conversion of adjusted earnings to cash
114%
2017: 109%

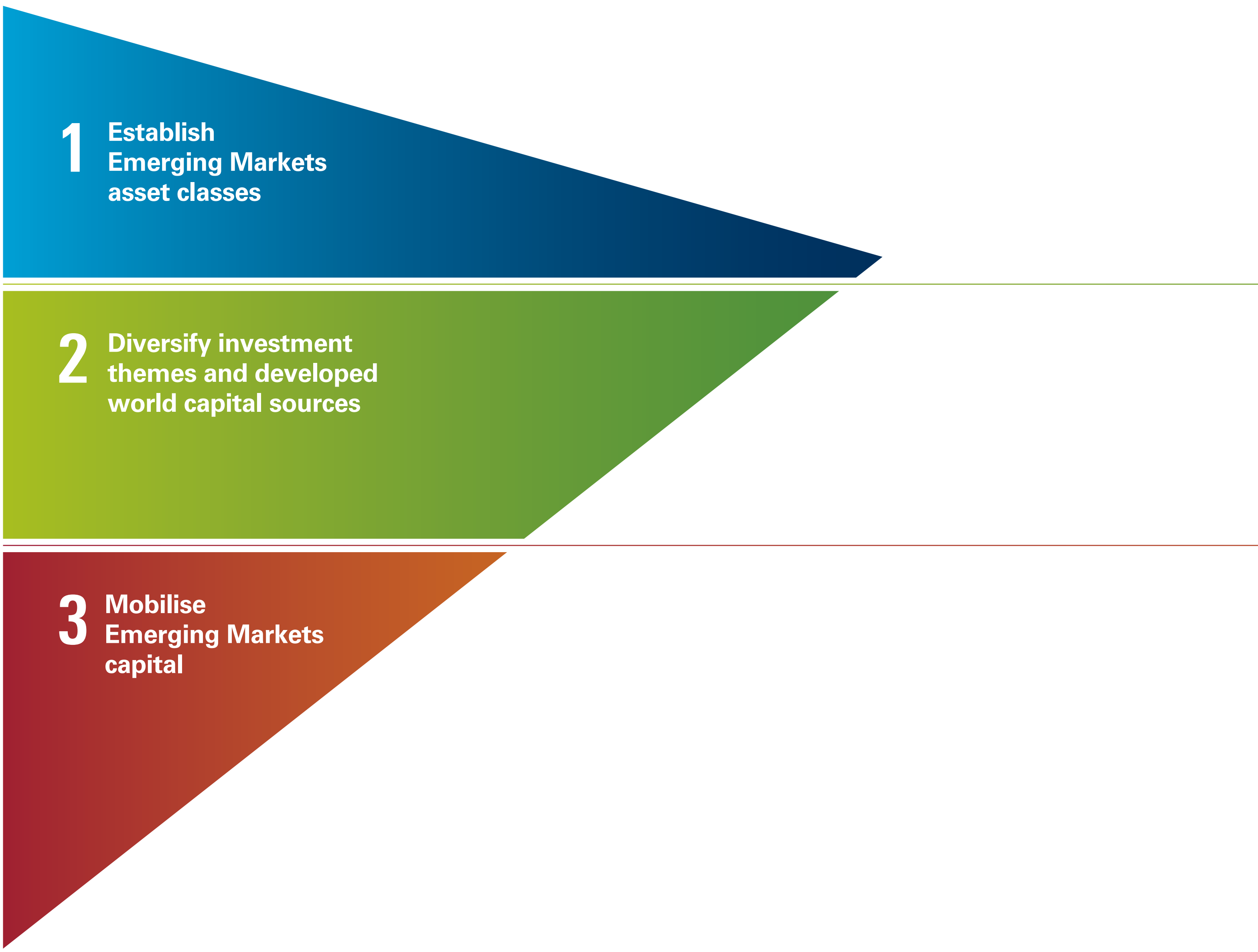
Diluted EPS
21.3p
2017: 23.7p

Dividends per share
16.65p
2017: 16.65p

See page 14 for more on Ashmore's KPIs

Capitalising on Emerging Markets growth trends

Ashmore's strategy captures the significant growth available across the broad range of diversified Emerging Markets asset classes. It has three distinct phases, each focused on growing or diversifying Ashmore's business and delivering value to clients and shareholders.



Developments in FY2017/18

Ashmore is recognised as an established specialist Emerging Markets manager, and is therefore well positioned to capture investors' rising allocations to the asset classes

Investor allocations to Emerging Markets are increasing, and Ashmore's AuM grew 26% in the financial year with record gross and net subscriptions.

Ashmore is diversifying its revenue mix to provide greater revenue stability through the cycle. There is particular focus on growing intermediary, equity and alternatives AuM

Ashmore continues to develop products and capabilities within its eight investment themes. Retail AuM increased by 47% in FY2017/18 and represents 14% of total AuM.

Ashmore's growth will be enhanced by accessing rapidly growing pools of investable capital in Emerging Markets

33% of Group AuM has been sourced from clients domiciled in the Emerging Markets and AuM managed by local platforms increased 26% over the year to US$4.9 billion.

Read the Remuneration report on page 53 to learn how Ashmore aligns pay to performance and places an emphasis on long-term equity ownership

1 Establish Emerging Markets asset classes

Understanding the Emerging Markets opportunity

The investable Emerging Markets universe is large, diverse, growing rapidly, and mostly local currency-denominated. This provides significant opportunities to generate investment performance from a broad range of fixed income, equity and illiquid asset markets across more than 70 emerging nations.

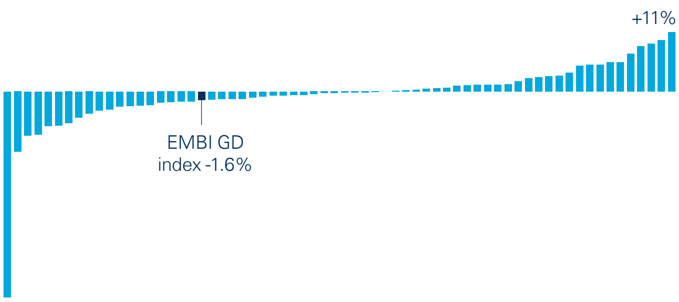
Understanding diversity

The Emerging Markets investment universe is highly diversified, with more than 70 Emerging Markets countries, each of which is at a different stage of economic, political and social development. This presents a large set of investment propositions for an active manager.

Importantly, the majority of the fixed income market is local currency-denominated and owned by domestic investors, providing not only diversity but also resilience to cope with tactical foreign capital flows.

The diversity of Emerging Markets investment opportunities is reflected in the wide range of returns available to an active investment manager. For example, the chart below shows the individual country returns of the 67-member external debt (EMBI GD) index over the past year.

Diversity illustrated by wide range of external debt returns



External debt country index returns over 12 months to 30 June 2018.

Source: JP Morgan.

Understanding indices

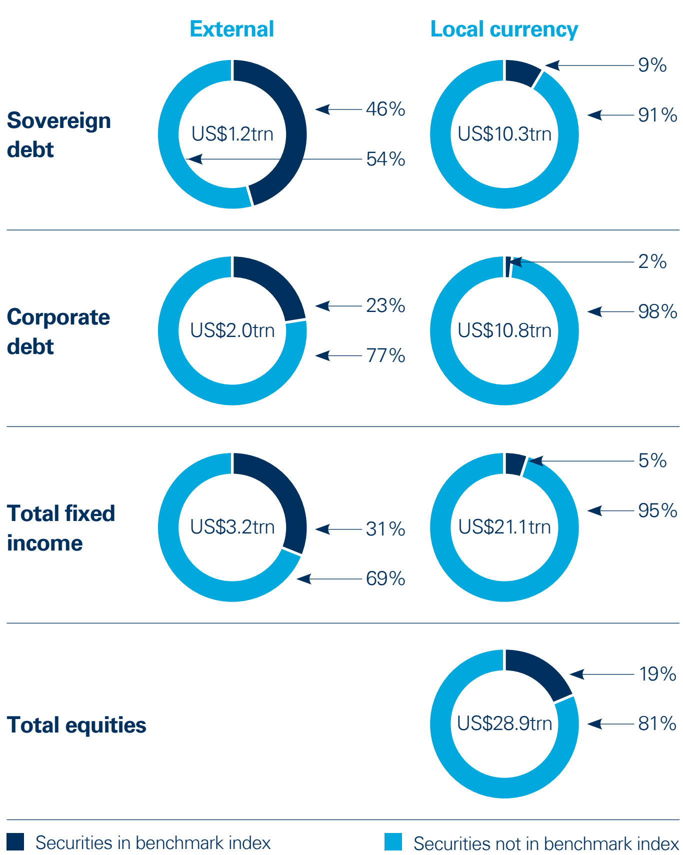
Benchmark indices offer poor coverage of the Emerging Markets investment universe, representing only 9% of total fixed income and 19% of equity markets. Structurally, coverage should increase as domestic capital markets become more accessible and replicable in the popular indices.

An active manager can extract significant value from this inefficiency and deliver superior returns compared to a manager or product that is constrained by investing in the small fraction of the Emerging Markets universe that is indexed.

Investable Emerging Markets universe in excess of

US$53trn

Investable Emerging Markets universe



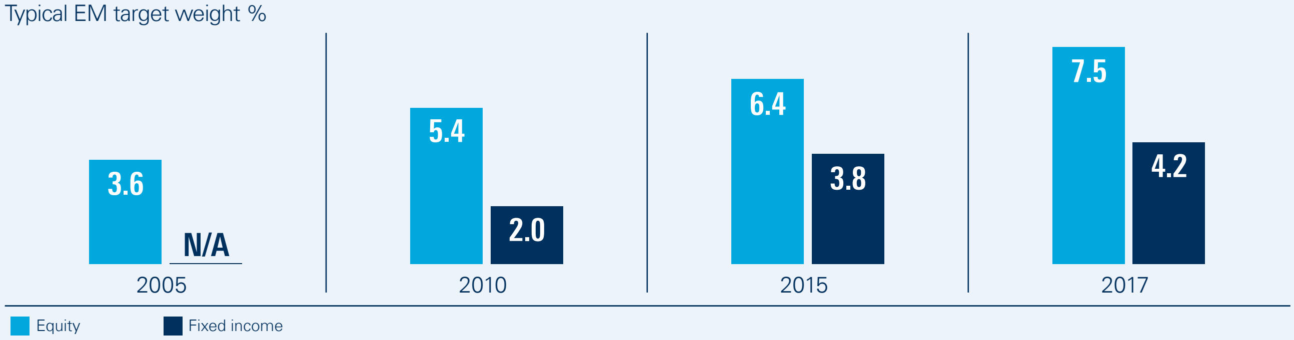
Significant AuM growth opportunity from higher allocations

The typical institutional investor is heavily underweight Emerging Markets, with a target allocation of less than 10% versus the 15% to 20% weight in benchmark global indices.

Therefore, increasing investors' understanding of the nature and scale of the Emerging Markets investment opportunity should lead to higher allocations over time.

Increasing institutional allocations to Emerging Markets

Typical EM target weight %



Source: Ashmore, annual reports of representative European and US pension funds collectively responsible for more than US$750 billion of assets.

Growth in Emerging Markets investment universe in 2017

+19%

Number of countries in external debt index

67

Proportion of bonds issued in local currency

87%

Typical Emerging Markets weight in global indices

15% – 20%

Read more

Read Ashmore's Market review on page 18 to learn more about the growth opportunities available across Emerging Markets

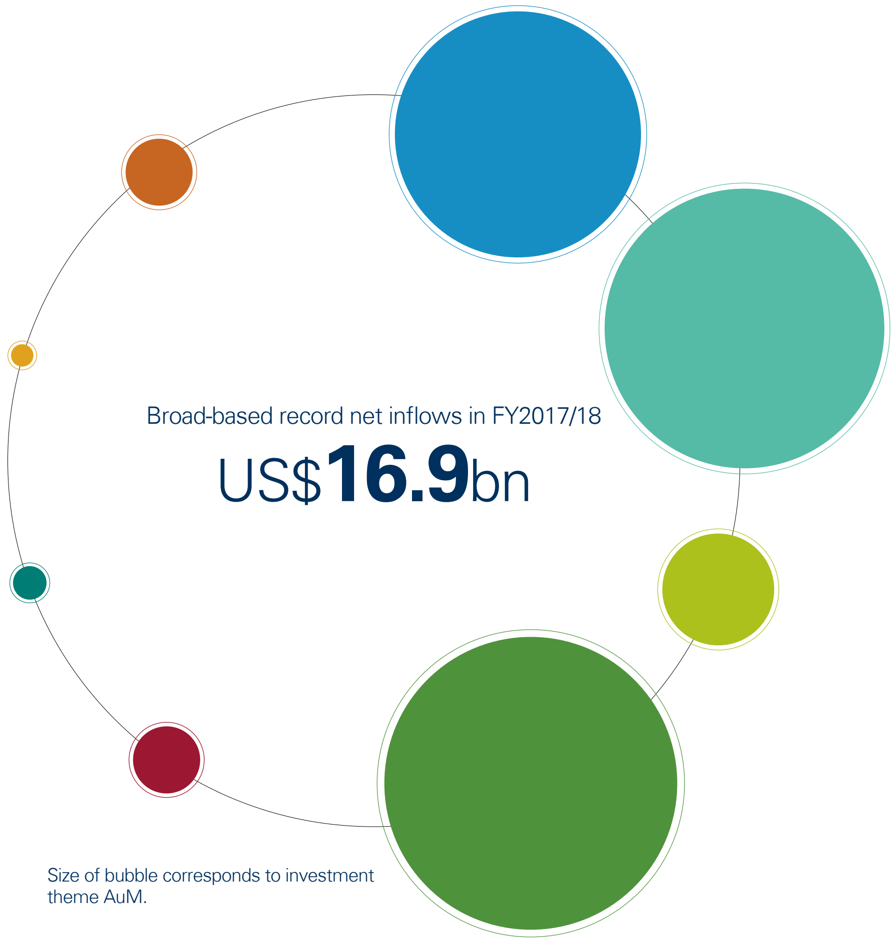
2 Diversify investment themes and developed world capital sources

Diversify investment themes

Ashmore has been dedicated to Emerging Markets investing for more than 25 years.

During this time it has established a diversified range of eight headline investment themes with focused strategies under each theme delivering either global Emerging Markets exposure or specific regional or country exposure.

The Group's products are available in a wide range of fund structures, covering the full liquidity spectrum from daily-dealing pooled funds through to multi-year locked-up structures. Ashmore continually innovates by providing access to new investment strategies as Emerging Markets continue to develop.



Size of bubble corresponds to investment theme AuM.

External debt

Invests in debt instruments issued by sovereigns and quasi-sovereigns.

First fund: 1992
Theme AuM: US$14.5bn
Size of universe: US$1.2trn

Local currency

Invests in local currencies and local currency-denominated instruments issued by sovereigns, quasi-sovereigns and companies.

First fund: 1997
Theme AuM: US$17.0bn
Size of universe: US$10.3trn

Corporate debt

Invests in debt instruments issued by public and private sector companies.

First fund: 2007
Theme AuM: US$9.8bn
Size of universe: US$12.8trn

Blended debt

Invests in external, local currency and corporate debt assets, measured against tailor-made blended indices.

First fund: 2003
Theme AuM: US$19.7bn
Size of universe: US$24.3trn

Equities

Invests in equity and equity-related instruments including global, regional, country, small cap and frontier opportunities.

First fund: 1988
Theme AuM: US$4.2bn
Size of universe: US$28.9trn

Alternatives

Invests in private equity, healthcare, infrastructure, special situations, distressed debt and real estate opportunities.

First fund: 1998
Theme AuM: US$1.5bn

Multi-asset

Specialised and efficient asset allocation across the full Emerging Markets investment universe.

First fund: 2000
Theme AuM: US$1.0bn
Size of universe: US$53.2trn

Overlay/liquidity

Separates the currency risk of an underlying asset class or portfolio in order to manage it effectively and efficiently.

First fund: 2007
Theme AuM: US$6.2bn

Broad distribution capabilities

Ashmore's distribution team sources capital from a wide range of institutional and retail clients globally.

Group AuM by client type

Central banks	15%
Sovereign wealth funds	8%
Governments	15%
Pension plans	28%
Corporates/financial institutions	14%
Funds/sub-advisers	4%
Third-party intermediaries	14%
Foundations/endowments	2%

Diverse and balanced AuM by client location

Americas	24%
Europe ex UK	24%
UK	10%
Middle East & Africa	19%
Asia Pacific	23%

Ashmore's 39-strong global distribution team has established direct, long-standing relationships with a broad range of institutional investors and intermediaries.

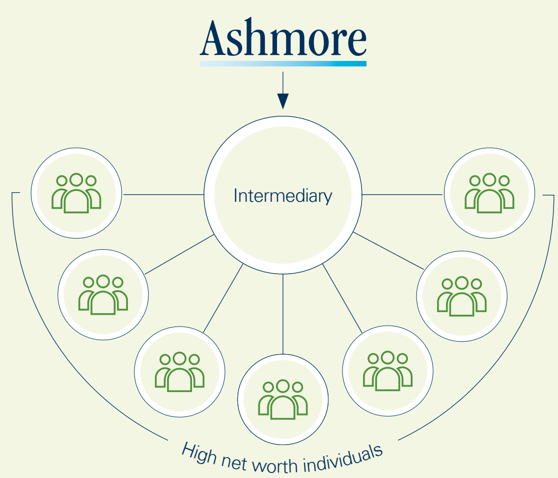
The strength of this model is demonstrated in the longevity of client relationships, with Ashmore managing capital for institutional clients for an average of more than six years. Ashmore's deep experience in managing Emerging Markets investments means this client tenure has increased during the most recent cycle between 2013 and 2016.

Ashmore has a strategic focus to increase the proportion of its AuM originated through intermediary channels, which has risen from 8% in 2015 to 14% today. This provides diversification from the institutional client base, enhances the Group's revenue margin, and, through the use of intermediary networks such as private banks, wealth advisers and platforms, is an efficient way to access retail investors.

Strong growth in retail AuM

Ashmore focuses on growing its retail AuM to diversify its historically institutional biased client base. This is achieved through a network of intermediaries such as private banks and wealth advisers.

Efficient diversification through retail intermediaries



Intermediary distribution is efficient and sources capital from high net worth retail clients in Asia, Europe and the United States. Ashmore provides access to a broad range of Emerging Markets investment themes through its SICAV and 40-Act mutual fund platforms.

+47% Retail AuM growth in FY2017/18

Read more

Read Ashmore's Business review on page 22 to learn more about the strong growth delivered in 2018

3 Mobilise Emerging Markets capital

Accessing superior economic and industry growth rates

Emerging economies' capital markets are growing and becoming more sophisticated over time. Domestic institutional and retail investors are shifting from relatively simple deposit products to higher return fixed income and equity investments, and over time into illiquid assets. Ashmore has established local onshore asset management platforms to participate in these growth trends, and to augment the growth available in managing global capital for larger Emerging Markets institutions.

Average EM GDP growth 2019-2023 (IMF)

+5.0%

EM share of world GDP 2018 (IMF)

59%

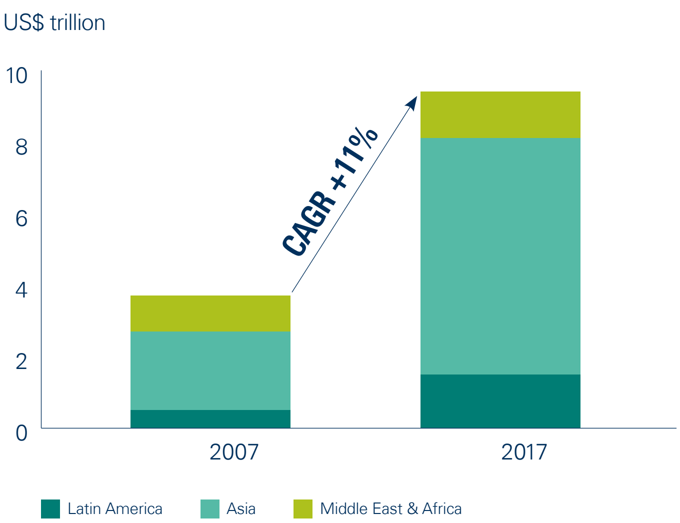
Average DM GDP growth 2019-2023 (IMF)

+1.7%

EM share of world GDP 2023 (IMF)

63%

Rapid growth of Emerging Markets capital pools



CAGR: compound annual growth rate
Source: BCG, Ashmore

Given the nascent stage of development of capital markets in many emerging countries, while the investable capital pools are smaller than in the developed world, the rapid pace of progress means that growth rates are significantly higher, approximately 3x the rate observed for Developed Markets.

Based on this trend, Emerging Markets capital pools will exceed those in the developed world within the next 25 years. The third phase of Ashmore's strategy is designed to identify and capitalise upon opportunities to participate in this superior growth trajectory.

Local offices provide diversification benefits...

Colombia
Long-term private equity and senior debt funds investing in infrastructure projects, together with listed equity capabilities.

Peru
Manages private equity infrastructure and domestic and regional equity investments in conjunction with the Colombian office.

Saudi Arabia
Invests in listed and private equity opportunities. Significant industry growth expected following the opening of the equity market to foreign investors.

India
Focused on domestic listed equities and managing high net worth capital.

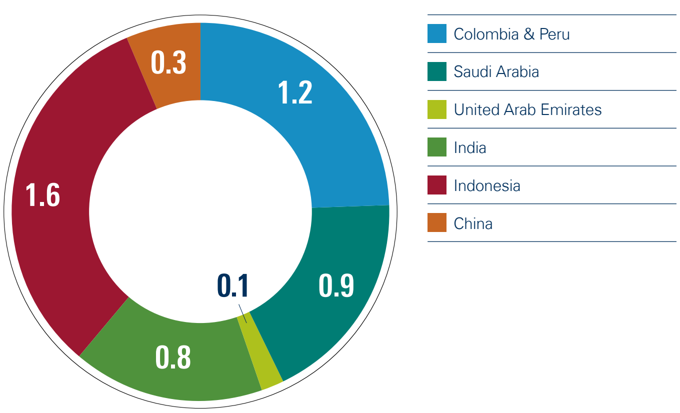
Indonesia
Invests in a broad range of domestic equity and fixed income markets.

United Arab Emirates
Private equity investments focused on private healthcare provision.

...and strong AuM growth

Local offices' AuM increased by 26% over the year to US$4.9 billion. The Group continues to pursue opportunities to add further scale to the local platforms and to consider additional markets, in order to broaden investment capabilities and provide further diversification benefits.

Local office AuM (US$bn)



Local asset management platforms operate within an appropriate risk management, control and governance framework. The investment teams have autonomy but interact regularly with Ashmore's global investment committees.

The business model and ownership structure is tailored to each market opportunity. Ashmore is typically the majority shareholder and achieves an alignment of interests through a significant minority equity ownership by local employees and strategic partners.

Local offices have their own investment processes, managing capital raised by local distribution teams. Competitive advantage is achieved through local knowledge supported by the resources of a large global investment manager.

Ashmore's global clients access the local investment management capabilities with dedicated single-country or regional mandates.

Read more

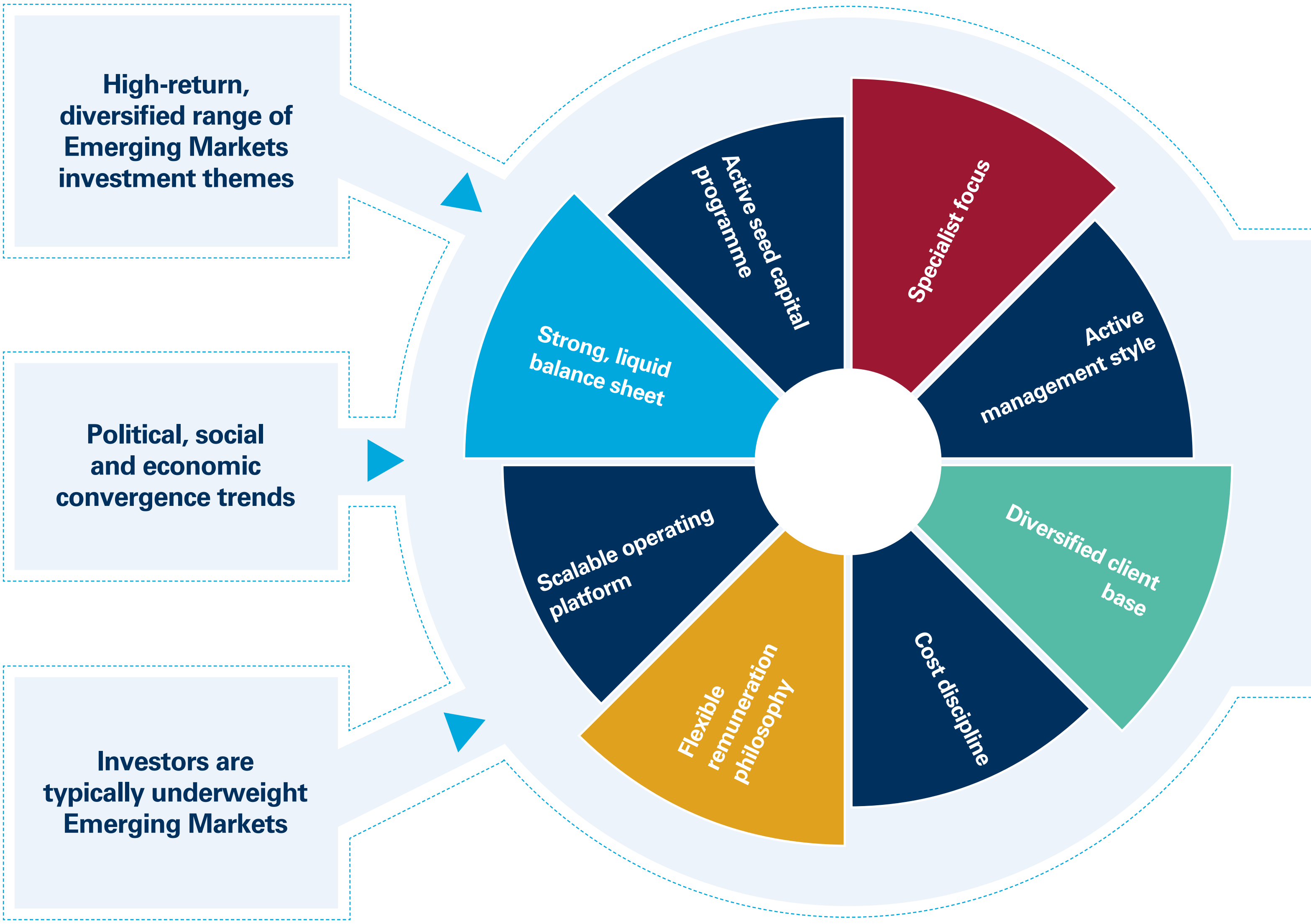
Read the Remuneration report on page 53 to learn how Ashmore aligns pay to performance

A robust and scalable business model

Ashmore's business model supports its growth strategy and delivers value to clients and shareholders through market cycles

Structural growth opportunities

Distinctive business model characteristics



Delivering value through the cycle

Strong long-term investment performance for clients

Significant alpha delivered through market cycles

94% AuM outperforming over three years

Interests aligned through employee equity ownership

Variable remuneration biased towards long-dated equity awards

Employees own approximately 46% of shares

Value for shareholders

66% adjusted EBITDA margin

Strong cash generation

Progressive dividends

Delivering long-term growth

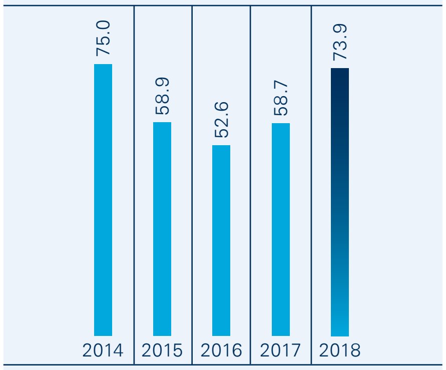
Measure	Assets under management	Investment performance
Definition	The movement between opening and closing AuM provides an indication of the overall success of the business during the period, in terms of subscriptions, redemptions and investment performance. The average AuM level during the period, along with the average margins achieved, determines the level of management fee revenues.	The proportion of relevant Group AuM that is outperforming benchmarks on a gross basis, over one year, three years and five years. The gross basis reflects the largely institutional nature of the client base, typically with the ability to agree bespoke fee arrangements. Funds without a performance benchmark are excluded, specifically those in the Alternatives and Overlay/liquidity themes.
Relevance to strategy	The Group's strategy seeks to capitalise on the growth trends across Emerging Markets. This is ultimately reflected in AuM growth over time.	The Group's success is dependent on delivering investment performance for clients, who typically look at performance over the medium to long term.

Long-term performance

Assets under management

US$73.9bn

2017: US$58.7bn

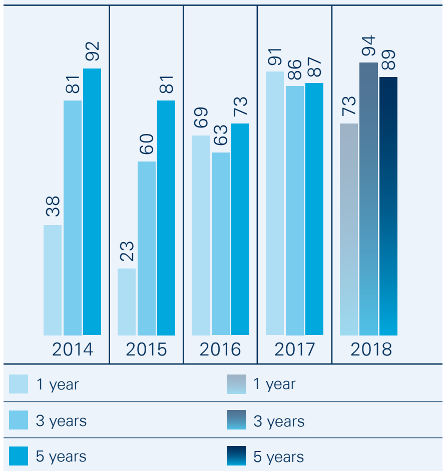


AuM increased by US$15.2 billion (+26%) through net inflows of US$16.9 billion partially offset by negative market performance of US$1.4 billion and other movements of US$0.3 billion. Average AuM increased by 26% to US$69.2 billion.

Investment performance (three years)

94%

2017: 86%



Ashmore's investment processes continue to deliver strong performance for clients over one, three and five years.

More information
Non-GAAP alternative performance measures are defined on page 27 and a reconciliation to GAAP measures is provided on page 22.

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Adjusted EBITDA margin

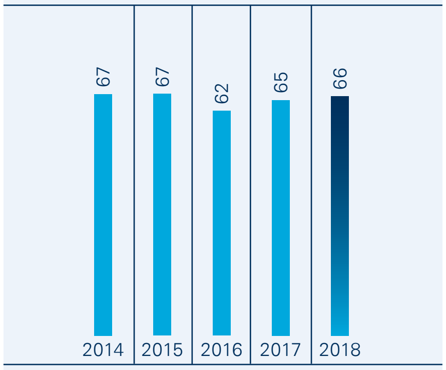
The adjusted EBITDA margin measures operating profit excluding depreciation and amortisation against net revenues. To provide a meaningful assessment of the Group's operating performance, the measure excludes foreign exchange translation and seed capital items.

Delivering a high profit margin demonstrates the Group's scalable operating platform, enables investment in future growth opportunities, supports cash generation to sustain a strong balance sheet, and provides for attractive returns to shareholders.

Adjusted EBITDA margin

66%

2017: 65%



The margin increased to 66%, reflecting 11% operating revenue growth and the Group's disciplined cost control that limited adjusted operating cost growth to 7%. This delivered cash from operations excluding consolidated funds of £210.1 million, or 114% of adjusted EBITDA.

Diluted EPS

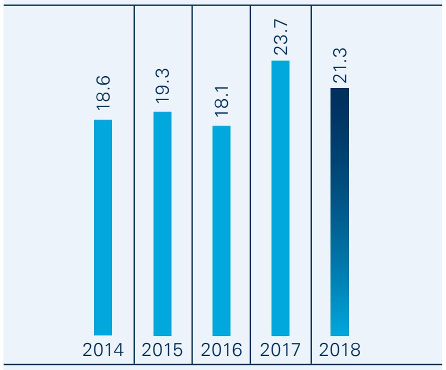
Profit attributable to equity holders of the parent divided by the weighted average of all dilutive potential ordinary shares.

The earnings per share reflect the overall financial performance of the Group in the period, and represent an aspect of value creation for shareholders.

Diluted EPS

21.3p

2017: 23.7p



The decline in diluted EPS compared to the prior financial year reflects lower mark-to-market foreign exchange translation and seed capital gains, which offset the strong growth of 15% in adjusted EBITDA.

Balance sheet strength

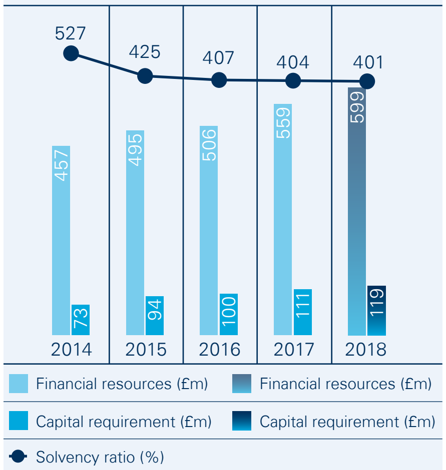
The Group maintains a strong balance sheet through the cycle. This is measured by the total value of net capital resources available to the Group, defined as capital and reserves attributable to equity holders of the parent less goodwill and intangible assets less material holdings, and comparing this with the consolidated regulatory capital requirement (see note 21 to the financial statements), to provide a solvency ratio.

A strong balance sheet enables the Group to build a diversified client base, provides opportunities for investment to grow the business including the seeding of funds, and supports the Group's dividend policy.

Solvency ratio

401%

2017: 404%



Ashmore maintains a strong capital position, with total financial resources equivalent to approximately four times its regulatory capital requirement.

Delivering growth through the cycle

Ashmore's strategy capitalises on the substantial growth opportunities available across Emerging Markets, and its business model adapts to market cycles within the longer-term growth trend.

Ashmore therefore consistently deploys active investment processes, controls its operating costs in response to the revenue environment, maintains a strong and liquid balance sheet and invests in future growth opportunities through the full market cycle.

This approach generates value for clients through strong investment outperformance, and for shareholders through the delivery of a high adjusted EBITDA margin, consistent conversion of profits to cash, and a progressive dividend policy. It also underpins and sustains Ashmore's culture, with a demonstrable alignment of employees' interests with those of clients and shareholders.

As Emerging Markets continue to grow, Ashmore's strategy and business model will remain consistent to generate value for the Group's clients, shareholders and employees.

Strong operating and financial performance

Ashmore has delivered a strong operating and financial performance and made further progress on strategic initiatives in this financial year. Significant investment outperformance combined with the Group's diverse client base and global distribution capabilities have resulted in record net flows in the period and strong growth in AuM. A continued focus on cost control means adjusted EBITDA grew faster than revenues and the adjusted EBITDA margin increased to 66%. Importantly, the investments made in local platforms and intermediary distribution channels are delivering strong AuM growth, and the Group's equity investment capabilities were enhanced over the period.

The progress made in 2018 is illustrated by the following developments:

- Ashmore's investment processes actively buy risk in periods of market dislocation and this consistent approach is delivering significant outperformance, with 73% of AuM outperforming over one year, 94% over three years and 89% over five years.
- Record gross and net inflows resulted in AuM growth of 26% as the Group's global distribution team capitalised on the strong performance and investors began to address their underweight positions in Emerging Markets.
- A continuous focus on cost control drove a 4% reduction in adjusted operating costs excluding variable compensation, and an inherently flexible remuneration policy means operating revenue growth of 11% resulted in adjusted EBITDA growth of 14%.
- Earnings are consistently converted to cash. In this period, operating cash flows excluding consolidated funds were £210.1 million and represented 114% of adjusted EBITDA.
- New seed capital investments of £65 million were made. This takes total investments over the past nine years to £640 million, of which 71% has been successfully redeemed and at a profit.
- The Group successfully managed the introduction of the Markets in Financial Instruments Directive II (MiFID II) in January 2018 and has achieved the cost control described above, notwithstanding the Group absorbing payments for broker research.
- Ashmore's balance sheet strength represents a source of strategic and competitive advantage through the cycle. Total net capital resources of £599.2 million are in excess of the Group's regulatory capital requirement of £119.5 million.

Market performance

As described in the Market review, Emerging Markets delivered strong returns for most of the financial year, reflecting the favourable economic trends underpinning the vast majority of countries. Global risk aversion increased in the final quarter, leading to a decline in Emerging Markets asset prices and so presenting attractive investment opportunities for active managers to exploit.

Strategic developments

Ashmore's three-phase strategy delivers growth and value for clients and shareholders through market cycles. In the financial year, progress was made on a number of important strategic initiatives.

Phase 1: Establish Emerging Markets asset class

Investor allocations to Emerging Markets are underweight but increasing steadily. The typical investor has an allocation below 10% compared to a global benchmark neutral weight of 15% to 20%.

This underweight positioning combined with compelling valuations available across Emerging Markets, strong outperformance across Ashmore's product range, and the global distribution team's extensive direct client relationships delivered record net inflows of US$16.9 billion in the year. Demand was broad-based across the Group's client base and investment themes, with the most significant flows into blended debt, local currency, short duration and specialist equity products.

Phase 2: Diversify investment themes and developed world capital sources

Ashmore is diversifying its revenue mix to provide greater revenue stability through the cycle. From a client mix perspective, the focus on building a larger retail business generated 47% growth in AuM sourced through intermediary channels. Retail clients now represent 14% of Group AuM.

Ashmore has also maintained the strength of its institutional client base with a balanced mix of client types and an average tenure of institutional client relationship of more than six years.

Product diversification continues to be important as Ashmore's objective is to provide clients with a full range of scalable Emerging Markets investment opportunities. During the year, the Group's global and specialist equities capabilities were enhanced through the recruitment of a number of senior investment professionals in London. Over the medium term, Ashmore's goal is to increase the proportion of AuM managed in equity strategies from 6% today.

In the alternatives theme, Ashmore recently acquired a majority stake in a Colombian real estate business with AuM of approximately US$300 million. This provides a platform to expand into other Latin American markets and, over time, to develop additional real estate businesses in other Emerging Markets.

Phase 3: Mobilise Emerging Markets capital
Local platforms' AuM grew by 26% in the year to US$4.9 billion AuM, or 7% of the Group's total AuM, and all contribute positively to operating profits. Importantly, they offer diversification benefits, through access to a local client base and by focusing on different underlying asset classes. For example, Colombia principally manages infrastructure funds and is growing a domestic listed equity business; Indonesia offers a broad range of equity and fixed income mutual funds; Saudi Arabia invests in listed and private equity opportunities; and the UAE business is focused on private equity financing of healthcare projects. The success of these businesses is increasingly recognised by Ashmore's global client base, and so in certain locations the locally sourced capital is managed alongside single-country or regional allocations from developed world investors.

Ashmore will continue to focus on building scale in the existing network of local asset management businesses, and will also consider additional markets as opportunities arise.

"Ashmore's strategic focus on the significant Emerging Markets growth opportunity, combined with a distinctive and highly effective business model that performs through market cycles, creates long-term value for clients and shareholders"

Active seed capital programme

Ashmore has used its balance sheet to seed its own funds since 2009, with the primary purpose to deliver growth in third-party AuM and thus to secure long-term revenues. This activity supports all three phases of the Group's strategy and continues through market cycles, with new investments and successful redemptions of previous commitments made on a regular basis subject to funds achieving scale and the investment generating a positive return.

Over the past nine years, Ashmore has invested £640 million in its funds and successfully redeemed £455 million or 71% of these investments to date. The primary measure of the success of this programme is that 14%, or more than US$10 billion, of the Group's AuM is in funds that have been seeded. Additionally, the seeding programme has contributed £103 million to the Group's pre tax profits over the past nine years.

The market value of the seed capital and commitments at 30 June 2018 is £261 million, broadly spread across investment themes, but with a focus on strategic growth initiatives in the equities and alternatives themes, which together represent two-thirds of the total market value.

Brexit

The two-year period to determine the terms of the UK's exit from the European Union ends in March 2019, however there remains substantial uncertainty regarding these terms and the implications for the financial services industry. In order to ensure continued access to EU-based institutional clients, subject to regulatory approval Ashmore is in the process of establishing an office in Ireland. Therefore, notwithstanding the uncertainty, the operational impact of Brexit is expected to be manageable and the financial impact immaterial.

People and culture

Ashmore's culture is supported and sustained by its specialist focus on the Emerging Markets asset classes, its distinctive remuneration philosophy and its committee-based approach to investment management.

These factors result in a successful alignment of interests between clients, shareholders and employees through market cycles, and also mean that unplanned staff turnover remains at relatively low levels, such as the 8.6% experienced this year.

Outlook

The recent weakness in Emerging Markets asset prices has not, with one or two exceptions, been caused by a deterioration in economic fundamentals, but rather by a number of developed world events that have led to broader risk aversion in global markets. Asset prices have extrapolated the challenges faced by a small number of Emerging Markets countries across the broader universe. This therefore presents another highly attractive entry point with valuations back to levels seen 18 months ago immediately following the US election, and which underpinned a subsequent period of strong returns. For example, local currency bonds, which are predominantly investment grade, have an average real yield of 3%, far in excess of anything available from developed country bonds of similar quality and duration. External debt trades at more than 300 basis points over US Treasury bonds, compared with historical lows of 170 basis points. Corporate credit offers higher yields and lower default rates than the equivalent US high yield market, and equities trade at valuations that heavily discount the improving business and profit cycles across Emerging Markets. Through its consistent active investment processes, Ashmore is able to capitalise on these investment opportunities.

While the very strong net flows delivered in 2018 may not be repeated in the near term, attractive valuations, Ashmore's strong investment performance track record and investors' underweight allocations to Emerging Markets mean that the outlook remains positive.

Ashmore's experience of investing in Emerging Markets over more than 25 years, placing itself at the forefront of market developments, and establishing deep and long-standing client relationships, means it is well positioned to continue to deliver significant growth and value to clients and shareholders.

Mark Coombs
Chief Executive Officer

6 September 2018

Growth opportunities across Emerging Markets

Year in review

Emerging Markets assets produced consistently strong returns for most of the financial year, as economic growth continued to accelerate and momentum in capital flows followed suit, and notwithstanding the three US rate increases during the period.

For example, in the nine months to March 2018, local currency bonds delivered a total return of +9% and the MSCI EM equity index returned nearly +16%.

The final quarter saw some market weakness and volatility such that, overall, fixed income markets fell slightly over the full year period while equities delivered a small positive return.

Importantly, the decline in asset prices at the end of the period was not the result of any significant changes in the fundamental economic and political backdrop across the majority of emerging nations. The positive trends of faster GDP growth, low and stable inflation, improving current account positions, and supportive electoral cycles all remain intact.

Therefore a change in asset prices, influenced by risk aversion as a consequence of some events primarily in the developed world, for example weak European economic data and Italian political uncertainty resulting in a depreciation of the euro, presents an attractive opportunity for investors to capture value across the diverse range of Emerging Markets investment themes.

Of course there is a very small number of countries, such as Argentina and Turkey, that face challenges, whether through existing economic vulnerabilities or misguided policies, but these are not representative of the broader investable Emerging Markets universe that comprises more than 70 countries. The universe grew by 19% over the 12 months to December 2017, and now comprises US$53 trillion of publicly traded fixed income and equity securities, as shown on page 6.

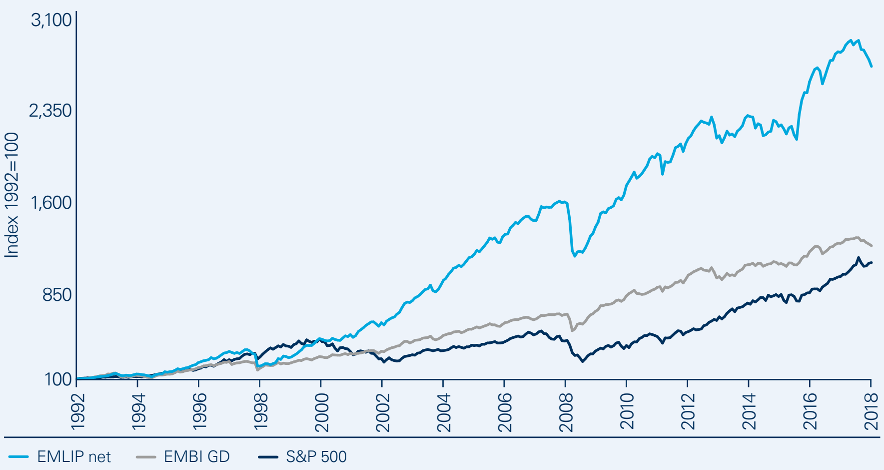
Positive short-term outlook…

The period of market weakness experienced in the final quarter of the financial year was principally caused by increased risk aversion as a result of developed world events rather than a broad deterioration in Emerging Markets' prospects.

However, the popular narrative has focused on a small number of emerging countries that have specific and self-inflicted challenges, and has painted this picture across the broader Emerging Markets universe. The role of an active specialist investor is to challenge this simplistic view through in-depth analysis of the wide range of highly diversified investment opportunities across the Emerging Markets.

"The latent potential of Emerging Markets is characterised by low indebtedness, propensity to reform, favourable demographics, and therefore higher trend economic growth rates than observed in developed countries"

25 years of delivering superior returns through active management



Cumulative monthly returns since October 1992
Source: Ashmore, Bloomberg, JP Morgan

Ashmore established its first fixed income fund, EMLIP, in 1992. The fund's success demonstrates Ashmore's ability to deliver superior performance for clients through:

- a deep understanding of the diverse and inefficient Emerging Markets asset classes;
- a specialist, active and consistent investment process followed by an experienced investment committee; and
- a value-based investment philosophy and rigorous company/credit analysis.

A correction in asset prices does not undermine the positive fundamental trends, such as accelerating GDP growth, increasing credit worthiness and the development of local capital markets that underpin the outlook for Emerging Markets. It does however provide the best entry point for several years, given the resultant valuations. Local currency bonds, an investment grade asset class, have a real yield of 3%, external debt trades at more than 300 basis points over US Treasuries, and equity valuations are at wide discounts to developed world prices and do not reflect improving business and profit cycles. These valuations were last seen in late 2016 after the US election and following which Emerging Markets performed strongly. The short-term outlook for investment returns is therefore positive.

...and attractive long-term prospects

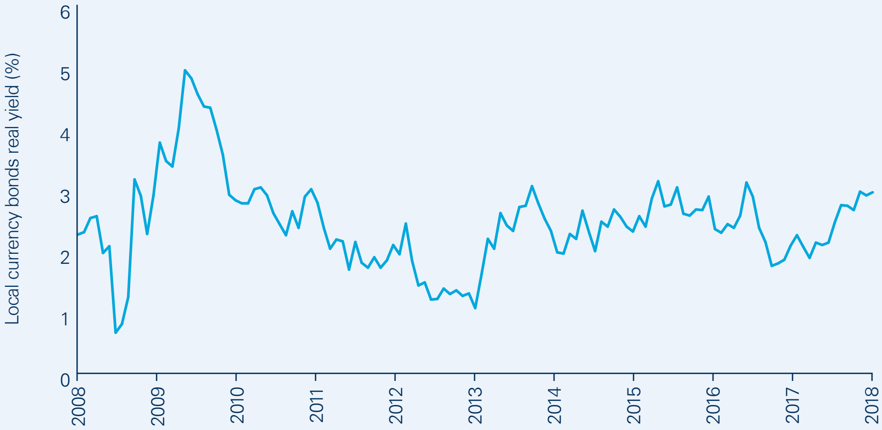
The longer-term investment case for Emerging Markets remains strong, and centres on the convergence of social, political and economic factors with the developed world. Simply, the poorer and less developed countries of the world will become wealthier over time. The latent potential of these countries is characterised by their low indebtedness, propensity to reform, favourable demographics, and therefore higher trend economic growth rates than observed in developed countries.

The established trend of Emerging Markets' superior GDP per capita growth, allied with structural changes as institutions and markets evolve, underpins the opportunity to deliver attractive investment returns from an allocation to Emerging Markets.

Not all emerging countries will realise their full potential, perhaps because of political or economic mismanagement, but importantly there is a very large and growing universe of emerging nations with investable equity, fixed income and private markets, so active management can successfully avoid those countries that do not offer sufficiently attractive return opportunities. For example, Ashmore is currently invested in more than 70 countries across Emerging Markets and its investment committees express high conviction views resulting in significant active risk and strong investment performance across the Group's fixed income and equity portfolios.

"The longer-term investment case for Emerging Markets remains strong, and centres on the convergence of social, political and economic factors with the developed world."

Attractive real yields offered by Emerging Markets local currency bonds



Source: Ashmore, Bloomberg, JP Morgan

Local currency bonds issued by Emerging Markets sovereigns represent a large (US$10.3 trillion) and growing asset class (+22% in 2017), with the important characteristic that most of the bonds (87%) are owned by domestic institutions, offering a buffer against the effects of foreign investor capital flows.

The benchmark GBI-EM GD index is investment grade rated and increasingly diverse, with more than 200 bonds issued by 18 countries. This index currently has an average real yield of approximately 3%, a level that is very attractive in absolute terms but also compared to its history and bonds of equivalent duration and quality issued by developed world countries.

Challenging the misperceptions

The scale of the Emerging Markets opportunity is increasing, yet investor allocations remain at extremely low levels relative to global benchmarks, as shown on page 7.

The principal challenge in raising allocations to representative levels is to address investors' common misperceptions about the nature of, and risks associated with, Emerging Markets. Many of these views are outdated given the structural developments that have been delivered by emerging nations over the past two decades. As understanding increases then the growth and investment return potential can be appreciated.

Emerging Markets have turned vulnerability into resilience

The popular misperception of an Emerging Market is a country that is heavily indebted to foreign investors, with weak institutions, and therefore highly vulnerable to capital flight. While this was certainly true of many countries in the 1990s and prior, and can still be observed in a very small number of nations today, the majority of emerging countries have changed significantly over the past two decades and are now far more resilient to shocks, particularly external ones, than either in their history or compared with the popular misperception.

For example, Emerging Markets today:

- account for 59% of global GDP yet have issued only 22% of global debt, the majority of which is denominated in the country's own currency and is owned by domestic investors;
- control 76% (US$8.7 trillion) of the world's foreign exchange reserves;
- typically have floating or semi-pegged exchange rates, with monetary policy determined by independent central banks that successfully target inflation; and
- have successfully weathered the recent headwinds of rising US interest rates, a stronger US dollar, commodity price falls, and capital outflows, without major crises or defaults and thereby illustrating the enhanced resilience that challenges the popular misperceptions and underpins the Emerging Markets investment opportunity.

Trade is a diversified driver of economic growth

A further misperception of Emerging Markets is the notion that the countries have export-led economies focused on a narrow range of raw materials and sold primarily to developed nations and China. Again, the evidence refutes this view.

- trade between Emerging Markets is the fastest growing segment of world trade, amounts to nearly US$5 trillion, and accounts for more than 40% of all Emerging Markets trade. At the current growth rate, it will represent more than half of all Emerging Markets trade within the next decade;
- the growth in trade is widespread across emerging nations, with all regions growing rapidly and trading with each other;
- trade between emerging countries is typically more balanced and therefore more stable than trade with developed countries. The average trade imbalance between Emerging Markets is 3% compared with 8% between Emerging Markets and the developed world; and
- China is important, but it trades more with Developed Markets than it does with other emerging nations; it accounts for less than 10% of trade between Emerging Markets. Therefore as China continues to grow and to diversify its economy, other Emerging Markets can benefit by increasing their share of trade with China.

> "The majority of emerging countries have changed significantly over the past two decades and are now far more resilient to shocks, particularly external ones, than either in their history or compared with the popular misperception"

Price volatility is not the same as risk

The volatility of asset prices in Emerging Markets tends to be higher than in Developed Markets, although it is important not to confuse price volatility with risk, particularly in bond markets. Indeed, periods of heightened volatility and weaker asset prices typically present extremely attractive investment opportunities.

This price volatility demonstrates the inefficiencies of Emerging Markets asset classes, providing opportunities for the active investor. For example, uninformed or speculative investor flows, in part the result of the factors described above, and also structurally low index representation of the Emerging Markets asset classes, tend to cause short-term dislocations between market prices and underlying company or country fundamentals. Active management can capitalise on these periods of volatility to deliver superior risk-adjusted returns, as demonstrated by Ashmore's strong investment performance over one, three and five years.

Review by investment theme

External debt

The EMBI GD benchmark declined by 1.6% over the year, outperforming its reference 10-year US Treasury bond that returned -2.7%. The index continues to grow with two more countries added in the period to take the total to 67. This provides significant diversification, as illustrated in the wide range of country returns over the year from -39% to +11%, and therefore significant opportunities for an active manager to generate value.

Ashmore's relative performance is strong, with its external debt composite delivering three-year annualised gross returns of +7.1% compared with +4.6% for the benchmark index.

The outlook for the external debt asset class is positive. There are attractive spreads over US Treasuries and the possibility of more countries joining the index to increase diversification, raise credit quality and reduce volatility.

Local currency

The GBI-EM GD benchmark fell by 2.3% over the period, with a positive contribution from rates offset by weaker EM FX against the US dollar. As was the case with external debt, the diversity of the 18-member local currency index delivered a broad range of country returns over the year, from -44% to +10%.

Ashmore's local currency bonds composite has outperformed the index with three-year annualised gross returns of +3.3% compared with +2.0% for the index.

The recent correction in this asset class should be seen against the strong returns delivered since early 2016. The index yield of 6.8% is the same as it was when the Fed Funds rate was 5.25% prior to the global financial crisis, and also the same as immediately after the US election, following which the asset class rallied 15% in 12 months and attracted meaningful investor flows. Importantly, local currency bonds are predominantly investment grade and offer a real yield of 3%, comfortably in excess of that offered by developed world bonds of similar quality and duration. These characteristics underpin Ashmore's expectation of further demand for local currency funds from a broad range of institutional investors.

Corporate debt

The CEMBI BD benchmark was effectively unchanged over the year with a -0.1% return. The high yield (HY) index returned +0.2% and so underperformed the US HY index (+3.0%). The favourable economic backdrop and improving business cycle across Emerging Markets means that defaults continue to trend lower, declining from 2.2% to 1.7% over the year. Notably this is a lower level of default than seen in the US high yield market (3.0%).

Ashmore's three-year investment performance is strong, with +6.1% gross annualised returns by the corporate debt composite compared with +3.9% for the CEMBI BD benchmark.

Demand for corporate debt is underpinned by its attractive characteristics including diversification, with more than 600 issuers in 52 countries, higher spreads than offered by equivalently rated developed world companies, and leverage tends to be the result of operating requirements rather than LBOs or financial engineering.

Blended debt

The standard benchmark (50% external debt, 25% local currency bonds, 25% EM FX) delivered a return of -1.2% over the year.

Ashmore's investment process actively manages blended debt portfolios by determining the relative value between the constituent fixed income themes. This approach has delivered significant outperformance for clients with a gross annualised return of +5.9% over three years versus the benchmark return of +3.2%.

Ashmore expects continued demand for blended debt funds from both institutional and retail investors, wishing to gain broad access to the wide range of attractive investment opportunities available in the US$24 trillion Emerging Markets debt universe, with the benefit of active management to enhance returns.

Equities

Equity markets performed well over the 12-month period, delivering returns of +8.2%, +5.6% and +1.7% for the MSCI EM, MSCI EM Small Cap and MSCI Frontier Markets indices, respectively. This performance was underpinned by an ongoing recovery in the profit cycle combined with attractive ratings, particularly relative to developed world equity markets.

Ashmore has a comprehensive product range, including specialist products such as Frontier Markets through to all cap strategies and single country funds. Active management, and a combination of bottom-up security selection with top-down macro views, has delivered outperformance over three years. For example, the Frontier Markets composite has three-year annualised gross performance of +7.3% versus +2.2% for the MSCI Frontier Markets index.

The outlook for equities is supported by an attractively valued and highly diverse set of investment opportunities, many of which are driven by domestic or structural factors within Emerging Markets.

Alternatives

There are significant thematic growth opportunities associated with real or illiquid assets in Emerging Markets, such as real estate, infrastructure development and private healthcare provision. Ashmore's track record of structuring funds and raising long-term capital positions it well to capture these opportunities.

Growth in the alternatives theme can be successfully delivered through acquiring and aligning with local businesses that tie into these growth themes.

Multi-asset

Ashmore's multi-asset composite has returned +9.2% on a gross annualised basis over three years, significantly outperforming its benchmark (+5.3%). This demonstrates the benefit of applying active management to the diverse range of equity and fixed income markets.

Delivering financial performance

The benefits of Ashmore's business model were clearly demonstrated in the financial year with 14% growth in adjusted EBITDA generated through operating revenue growth of 11% and delivering an adjusted EBITDA margin of 66%. Lower performance fees and a reduced level of mark-to-market FX translation and seed capital gains meant that diluted EPS declined by 10% to 21.3p. The Group's strong and liquid balance sheet was maintained with net financial resources of £599.2 million and excess regulatory capital of £479.7 million.

Assets under management

AuM increased 26% over the year from US$58.7 billion to US$73.9 billion, reflecting net inflows of US$16.9 billion, the highest delivered by the Group in a financial year.

Gross subscriptions doubled to US$30.0 billion and were also at a record level (FY2016/17: US$14.8 billion). Gross redemptions of US$13.1 billion were at a similar level to last year in absolute terms, but lower as a proportion of opening AuM at 22% (FY2016/17: US$12.8 billion, 26%).

There was negative investment performance over the period of US$1.4 billion, which reflects a contribution of +US$3.8 billion from the strong market performance seen in the first nine months of the year, as described in the Market review, followed by the effects of market risk aversion in the final quarter. The 'other' movement in the overlay theme resulted from Ashmore's equity interest in Taiping Fund Management Company Limited reducing from 15% to 8.5% in August 2017.

Average assets under management increased by 26% to US$69.2 billion (FY2016/17: US$54.8 billion).

The gross subscriptions were broadly spread across investment themes. The most significant flows were into Ashmore's short duration strategy, particularly from European retail clients, local currency funds, blended debt and overlay. There was also strong demand for equity product in the form of single country institutional mandates and into mutual funds managed by the Group's local businesses such as Indonesia. There was a bias to institutional clients adding to mandates in the local currency and blended debt themes, and new clients were active in the external debt, corporate debt and equity themes.

Equally, there was no overriding trend in redemptions with a spread across the range of funds and client types. As the retail AuM grows it brings with it an anticipated uptick in redemption activity in the Group's mutual funds. The period also saw some profit-taking by institutions in the fixed income themes that have delivered strong performance over the past two years, such as local currency, blended debt and corporate debt.

Consistent with the gross subscriptions, net flows were strongest in the local currency, blended debt and corporate debt themes. By client type, retail intermediary channels delivered US$3.7 billion of net flows, and there were also strong net flows from pension funds (US$3.4 billion), government-related pension schemes (US$3.3 billion) and insurance companies (US$1.9 billion). Compared with the prior year, net flows reflect greater activity by a broader range of institutional clients and growth through intermediary channels.

Investor profile

The Group's client base remains predominantly institutional, representing 86% of AuM (30 June 2017: 88%), with the proportion of assets originated through retail intermediary channels increasing from 12% to 14%.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions to aid clarity and comprehension of the Group's operating performance, by excluding the mark-to-market volatility of these items, and to provide a more meaningful comparison with the prior year. For the purposes of presenting 'Adjusted' profits, operating expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses.

Non-GAAP alternative performance measures (APMs) are defined and explained on page 27.

		Reclassification of			
£m	**FY2017/18 Reported**	Seed capital-related items	Foreign exchange translation	**FY2017/18 Adjusted**	FY2016/17 Adjusted
Management fees net of distribution costs	**250.5**	–	–	**250.5**	221.6
Performance fees	**21.9**	–	–	**21.9**	28.3
Other revenue	**4.1**	–	–	**4.1**	2.7
Foreign exchange	**(0.2)**	–	2.0	**1.8**	(2.8)
Net revenue	**276.3**	–	2.0	**278.3**	249.8
Investment securities	**3.0**	(3.0)	–	**–**	–
Third-party interests	**(2.4)**	2.4	–	**–**	–
Personnel expenses	**(72.8)**	–	(0.4)	**(73.2)**	(66.2)
Other expenses excluding depreciation & amortisation	**(22.6)**	1.1	–	**(21.5)**	(22.5)
EBITDA	**181.5**	0.5	1.6	**183.6**	161.1
EBITDA margin	***66%***	–	–	***66%***	*65%*
Depreciation & amortisation	**(5.0)**	–	–	**(5.0)**	(5.5)
Operating profit	**176.5**	0.5	1.6	**178.6**	155.6
Net finance income/expense	**15.2**	(10.6)	–	**4.6**	2.6
Associates & joint ventures	**(0.4)**	–	–	**(0.4)**	0.8
Seed capital-related items	**–**	10.1	–	**10.1**	27.6
Profit before tax excluding FX translation	**191.3**	–	1.6	**192.9**	186.6
Foreign exchange translation	**–**	–	(1.6)	**(1.6)**	19.6
Profit before tax	**191.3**	–	–	**191.3**	206.2

AuM movements by investment theme

The AuM by theme as classified by mandate is shown in the table below. Reclassifications typically occur when a fund's investment objectives, investment guidelines or performance benchmark change such that its characteristics cause it to be included in a different theme.

Theme	AuM 30 June 2017 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications / other US$bn	**AuM 30 June 2018 US$bn**
External debt	13.3	(0.2)	3.4	(2.0)	1.4	–	**14.5**
Local currency	13.7	(0.6)	8.4	(2.5)	5.9	(2.0)	**17.0**
Corporate debt	6.3	–	6.1	(2.6)	3.5	–	**9.8**
Blended debt	14.6	(0.5)	6.5	(2.9)	3.6	2.0	**19.7**
Equities	3.4	(0.1)	2.8	(1.9)	0.9	–	**4.2**
Alternatives	1.5	–	0.1	(0.1)	–	–	**1.5**
Multi-asset	1.1	–	0.1	(0.2)	(0.1)	–	**1.0**
Overlay/liquidity	4.8	–	2.6	(0.9)	1.7	(0.3)	**6.2**
Total	**58.7**	**(1.4)**	**30.0**	**(13.1)**	**16.9**	**(0.3)**	**73.9**

Segregated accounts represent 61% of AuM (30 June 2017: 67%), the lower proportion resulting from several factors such as increased retail AuM and flows into mutual funds from smaller institutional clients.

There will continue to be demand for segregated accounts, for example from larger and more sophisticated institutional clients that are subject to regulatory obligations, or that wish to apply specific investment guidelines. However, subject to product demand in a particular period, the Group expects growth in segregated accounts to be balanced by retail and other institutional demand for mutual funds.

Ashmore's global mutual fund platforms continue to grow. The SICAV range of 26 funds increased AuM by 52% to US$14.2 billion at 30 June 2018 (30 June 2017: US$9.3 billion in 25 funds), with growth driven by short duration, local currency bonds, blended debt and corporate debt funds. The US 40-Act range of eight funds increased AuM by 26% to US$2.1 billion (30 June 2017: US$1.7 billion in 10 funds), with growth delivered in particular through the blended debt, short duration and frontier equity funds.

In total, 33% of the Group's AuM has been sourced from clients domiciled in Emerging Markets.

AuM as invested

The charts on page 24 show AuM 'as invested' by underlying investment theme, which adjusts from the 'by mandate' presentation to take account of the allocation into the underlying asset classes of the multi-asset and blended debt themes; and of crossover investment from within certain external debt funds.

The Group's AuM by geography of investment is well diversified with 39% in Latin America, 24% in Asia Pacific, 15% in the Middle East and Africa, and 22% in Eastern Europe.

Financial review

Revenues

Net revenue increased by 7% to £276.3 million (FY2016/17: £257.6 million) reflecting strong growth in net management fee income, and lower performance fee income and foreign exchange translation revenues than in the prior year period. Operating revenues, excluding FX translation, grew by 11% to £278.3 million.

Management fee income net of distribution costs increased by 13% from £221.6 million to £250.5 million, with strong AuM growth partially offset by a lower fee margin of 49bps (FY2016/17: 52bps) and a 6% headwind from an unfavourable average GBP:USD exchange rate of 1.3464 for the period compared with the prior year (FY2016/17: 1.2766).

The movement in the Group's net management fee margin is largely explained by growth in large segregated accounts, which attract a lower net management fee margin due to their size, predominantly through clients adding to existing funds in addition to new client mandates. The growth in higher net margin retail intermediary assets added approximately 0.5bps to the margin, which was offset by other factors such as competition. There was no net impact on the margin in the period from changes in investment theme mix.

The Group generated performance fees of £21.9 million in the year (FY2016/17: £28.3 million) from a range of segregated accounts and mutual funds within the fixed income, equities and multi-asset investment themes. At 30 June 2018, 13% of the Group's AuM was eligible to earn performance fees (30 June 2017: 12%) of which a significant proportion is subject to rebate agreements.

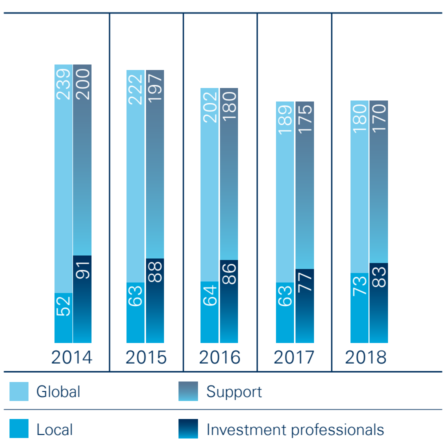
Translation of the Group's non-Sterling assets and liabilities at the period end resulted in a foreign exchange loss of £2.0 million (FY2016/17: £7.8 million gain), caused principally by a recovery in the value of Sterling against the US dollar over the period. The Group recognised net realised and unrealised hedging gains of £1.8 million (FY2016/17: £2.8 million loss) to give a total foreign exchange loss in revenues of £0.2 million (FY2016/17: £5.0 million gain).

The growth in other revenue to £4.1 million (FY2016/17: £1.8 million) reflects higher transaction fees.

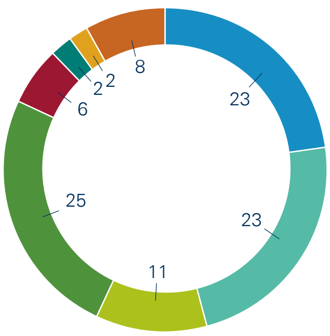
Year end headcount

253

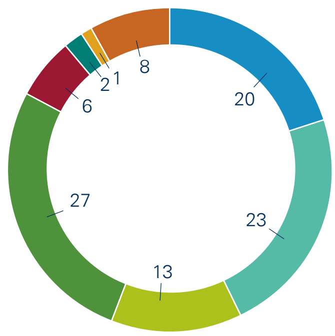
2017: 252



AuM classified by mandate 2017 (%)

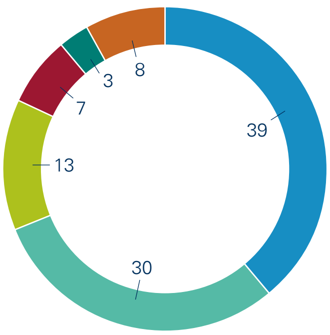


AuM classified by mandate 2018 (%)

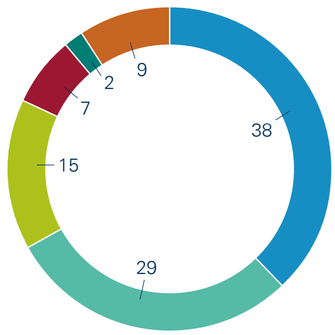


- External debt
- Local currency
- Corporate debt
- Blended debt
- Equities
- Alternatives
- Multi-asset
- Overlay/liquidity

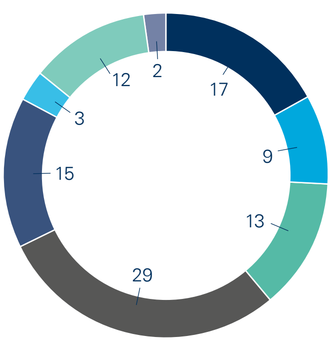
AuM as invested 2017 (%)



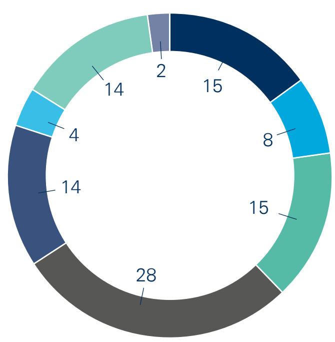
AuM as invested 2018 (%)



AuM by investor type 2017 (%)

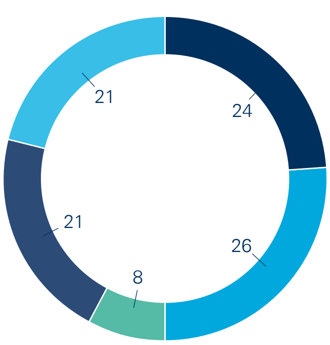


AuM by investor type 2018 (%)

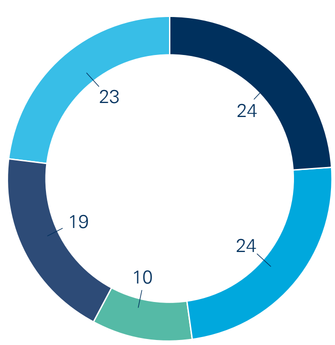


- Central banks
- Sovereign wealth funds
- Governments
- Pension plans
- Corporates/financial institutions
- Funds/sub-advisers
- Third-party intermediaries
- Foundations/endowments

AuM by investor geography 2017 (%)



AuM by investor geography 2018 (%)



- Americas
- Europe ex UK
- UK
- Middle East and Africa
- Asia Pacific

Fee income and net management fee margin by investment theme

The table below summarises net management fee income after distribution costs, performance fee income, and average net management fee margin by investment theme, determined with reference to weighted average assets under management.

Theme	**Net management fees FY2017/18 £m**	Net management fees FY2016/17 £m	**Performance fees FY2017/18 £m**	Performance fees FY2016/17 £m	**Net management fee margin FY2017/18 bps**	Net management fee margin FY2016/17 bps
External debt	**50.7**	48.9	**3.1**	9.4	**46**	50
Local currency	**46.6**	42.8	**12.9**	11.9	**42**	41
Corporate debt	**35.8**	25.9	**0.9**	1.8	**59**	62
Blended debt	**68.2**	57.8	**4.7**	2.6	**49**	53
Equities	**23.3**	21.5	**0.1**	0.9	**81**	90
Alternatives	**12.3**	12.8	**–**	1.0	**131**	124
Multi-asset	**6.4**	7.4	**0.2**	0.7	**74**	80
Overlay/liquidity	**7.2**	4.5	**–**	–	**17**	15
Total	**250.5**	221.6	**21.9**	28.3	**49**	52

Operating costs

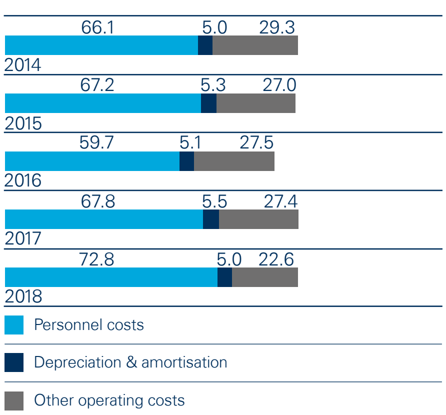
Total operating costs of £100.4 million (FY2016/17: £100.7 million) include £1.1 million (FY2016/17: £4.9 million) of consolidated fund expenses. Excluding these costs, and notwithstanding the 7% increase in revenues, statutory operating expenses increased only 4% compared with the prior year as a direct result of Ashmore's flexible remuneration model and ongoing cost control.

The Group's average headcount was stable at 257 employees (FY2016/17: 256 employees) and at 30 June 2018 the Group had 253 employees (30 June 2017: 252 employees). Fixed staff costs reduced by 2% from £24.8 million to £24.2 million, largely the result of currency translation of staff costs in the Group's overseas offices.

Operating costs

£100.4m

2017: £100.7m



Other operating costs, excluding depreciation and amortisation, were £22.6 million (FY2016/17: £27.4 million) and excluding consolidated fund expenses reduced by 4% to £21.5 million. This was primarily achieved through lower premises costs, for example the full year benefit of consolidating the Group's US offices, and a continued focus on controlling discretionary expenses.

The accrual for variable compensation was £48.6 million, an increase of 13% compared with the prior year (FY2016/17: £43.0 million), and representing 21.5% of EBVCIT (FY2016/17: 21%). Total personnel expenses for the financial year were therefore £72.8 million, 7% higher than £67.8 million reported for the prior year.

EBITDA

EBITDA increased by 5% to £181.5 million (FY2016/17: £172.3 million). On an adjusted basis, excluding the effects of foreign exchange translation and seed capital-related items, EBITDA increased by 14% from £161.1 million to £183.6 million.

The adjusted EBITDA margin increased from 65% to 66%, demonstrating the merits of the operating model and strict cost control in a period when operating revenues increased by 11%.

Finance income

Net finance income of £15.2 million includes seed capital-related items totalling £10.6 million. Excluding these items, the Group's net interest income for the period was £4.6 million (FY2016/17: £2.6 million), slightly higher than in the prior year as a result of higher prevailing market interest rates.

Taxation

The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the financial year of £38.2 million (FY2016/17: £40.7 million), £30.3 million relates to UK corporation tax (FY2016/17: £31.3 million).

There is an £18.5 million deferred tax asset on the Group's balance sheet as at 30 June 2018 (30 June 2017: £18.2 million), which arises principally as a result of timing differences in the recognition of the accounting expense and actual tax deduction in connection with i) share-based payments and ii) goodwill and intangibles arising on the acquisition of Ashmore's equity business.

The Group's effective tax rate for the year is 19.8%, which is slightly higher than the prevailing UK corporation tax rate of 19.0% (FY2016/17: 17.8%). This reflects the blend of the varying rates that apply across the territories in which the Group operates as well as other effects. Note 12 to the financial statements provides a full reconciliation of this difference compared to the blended UK corporation tax rate.

Balance sheet

Ashmore's policy is to maintain a strong balance sheet in order to meet regulatory capital requirements, to support the commercial demands of current and prospective investors, and to fund strategic development opportunities across the business. These include establishing distribution offices and local asset management ventures, seeding and investing in funds and other assets, and other strategic initiatives.

Consistent with this policy, as at 30 June 2018, total equity attributable to shareholders of the parent was £759.2 million (30 June 2017: £724.4 million) and there is no debt on the Group's balance sheet.

Cash

Ashmore's business model consistently delivers a high conversion rate of earnings to cash. The Group generated cash of £213.5 million before working capital changes (FY2016/17: £177.0 million) and £206.6 million of cash from operations (FY2016/17: £171.3 million) from operating profit of £176.5 million for the period (FY2016/17: £166.8 million). On an adjusted basis, EBITDA of £183.6 million resulted in cash from operations excluding consolidated funds of £210.1 million, a conversion rate of 114% (FY2016/17: 109%).

Cash and cash equivalents by currency

	30 June 2018 £m	30 June 2017 £m
Sterling	**77.2**	149.7
US dollar	**322.9**	253.8
Other	**32.9**	29.0
Total	**433.0**	432.5

A greater proportion of cash is held in US dollars at the period end compared with the prior year end, reflecting active management of the Group's liquidity and foreign exchange exposures.

Seed capital investments

Ashmore has an active seed capital programme that supports growth in third-party assets under management and generates incremental profits for the Group. Approximately 14%, or more than US$10 billion, of the Group's assets under management are in funds that have been seeded.

Seed capital investments are subject to strict monitoring by the Board within a framework of set limits including diversification by investment theme and currency.

During the financial year, the Group made new seed investments of £65.0 million and successfully redeemed £55.8 million of previous investments. After market movements of £8.9 million, the market value of the Group's seed capital investments increased from £210.2 million to £228.3 million. Ashmore has also committed £32.5 million of seed capital to funds that was undrawn at the period end, giving a total committed value for the seed capital programme of £260.8 million.

New seed capital investments during the year were made primarily into alternatives and global equity products, in support of the Group's strategic growth initiatives. Redemptions were focused on frontier equity funds and locally managed mutual funds in Indonesia, which had achieved their scale targets.

Financial impact of seed capital investments

	FY2017/18 £m	FY2016/17 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	**3.0**	22.4
Change in third-party interests in consolidated funds	**(2.4)**	(12.5)
Operating costs	**(1.1)**	(4.9)
Interest and dividend income	**5.1**	7.8
Sub-total: consolidated funds	**4.6**	12.8
Unconsolidated funds (note 8):		
Market return	**9.4**	14.8
Foreign exchange	**(3.9)**	13.4
Sub-total: unconsolidated funds	**5.5**	28.2
Total seed capital profit/(loss)	**10.1**	41.0
– realised	**5.0**	20.8
– unrealised	**5.1**	20.2

The investment cost of the Group's current seed capital investments is £195.3 million (30 June 2017: £170.7 million), representing 29% of Group net tangible equity (30 June 2017: 33%).

Seed capital market value by currency

	30 June 2018 £m	30 June 2017 £m
US dollar	**203.9**	188.3
Colombian peso	**13.6**	9.6
Other	**10.8**	7.3
Total	**228.3**	210.2

The seed capital programme generated a pre-tax profit of £10.1 million for the year (FY2016/17: £41.0 million), comprising positive market and other movements of £14.0 million and a foreign exchange translation loss of £3.9 million (FY2016/17: £27.6 million gain and £13.4 million gain, respectively).

The table above summarises the principal IFRS line items to assist in the understanding of the financial impact of the Group's seed capital programme.

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy to hedge up to two-thirds of the notional value of budgeted foreign currency-denominated net management fees, using either forward or option foreign exchange contracts. Ashmore's Foreign Exchange Management Committee determines the proportion of budgeted fee income to hedge or sell by regular reference to expected non-US dollar, and principally Sterling, cash requirements.

The proportion of fee income received in foreign currency and held as cash or cash equivalents is marked to market at the period end exchange rate through the statement of comprehensive income.

Translation of the Group's non-Sterling denominated balance sheet resulted in a foreign exchange loss of £2.0 million (FY2016/17: £7.8 million gain) reflecting the small strengthening of Sterling against the US dollar over the period. Net realised and unrealised hedging gains of £1.8 million (FY2016/17: £2.8m loss) were recognised for the financial year.

Goodwill and intangible assets

At 30 June 2018, goodwill and intangible assets on the Group's balance sheet totalled £74.2 million (30 June 2017: £79.9 million). The movement is the result of an amortisation charge of £4.3 million (FY2016/17: £4.5 million) and a foreign exchange revaluation loss through reserves of £1.4 million (FY2016/17: £1.9 million gain).

Own shares held

The Group purchases and holds shares through an Employee Benefit Trust (EBT) in anticipation of the vesting of share awards. At 30 June 2018, the EBT owned 36,679,643 ordinary shares (30 June 2017: 38,701,321 ordinary shares), representing 5.2% of the Group's issued share capital (30 June 2017: 5.5%).

Regulatory capital

As a UK listed asset management group, Ashmore is subject to regulatory supervision by the Financial Conduct Authority (FCA) under the Prudential Sourcebook for Banks, Building Societies and Investment Firms.

At the year end, the Group had two UK-regulated entities: Ashmore Investment Management Limited (AIML) and Ashmore Investment Advisors Limited (AIAL), on behalf of which half-yearly capital adequacy returns are filed. Both AIML and AIAL held excess capital resources relative to their requirements at all times during the period under review.

Since 1 January 2007, Ashmore has been subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the Group's business, and the Group is required to hold sufficient capital against these risks.

The Board has therefore assessed the amount of Pillar II capital required to be £119.5 million (30 June 2017: £111.1 million). The increase compared to the prior year is principally the result of an increase in the amount of undrawn illiquid seed capital investments, for which a 100% deduction is taken, in addition to higher foreign exchange volatility leading to an increase in the capital required for market risk.

Ashmore currently forecasts that the adoption of IFRS 16 Leases will have an immaterial effect on its regulatory capital position.

The Group has total net capital resources of £599.2 million, equivalent to 85 pence per share, giving a solvency ratio of 401% and excess regulatory capital of £479.7 million. Therefore, the Board is satisfied that the Group is adequately capitalised.

Dividend

The Board intends to pay a progressive ordinary dividend over time, taking into consideration factors such as prospects for the Group's earnings, demands on the Group's financial resources, and the markets in which the Group operates.

In recognition of Ashmore's operating and financial performance during the period and consequent strong cash generation, its balance sheet strength, and the Board's confidence in the Group's future prospects, the Directors are recommending a final dividend of 12.10 pence per share for the year ending 30 June 2018, which, subject to shareholder approval, will be paid on 7 December 2018 to shareholders who are on the register on 2 November 2018.

Tom Shippey
Group Finance Director

6 September 2018

Alternative performance measures

The Group discloses non-GAAP financial alternative performance measures in order to assist shareholders' understanding of the operational performance of the Group during the accounting period.

Net revenue

As shown on the face of the consolidated statement of comprehensive income, net revenue is total revenue less distribution costs and including foreign exchange. This provides a comprehensive view of the revenues recognised by the Group in the period.

Variable compensation ratio

The charge for employee variable compensation as a proportion of earnings before variable compensation, interest and tax (EBVCIT). The linking of variable annual pay awards to the Group's profitability is one of the principal methods by which the Group controls its operating costs. Variable compensation comprises performance-related cash bonuses and share-based payments (see note 9).

EBVCIT is defined as operating profit excluding the charge for variable compensation and seed capital-related items. The latter comprises gains/losses on investment securities; change in third-party interests in consolidated funds; and other expenses in respect of consolidated funds.

EBITDA

The standard definition of earnings before interest, tax, depreciation and amortisation is operating profit before depreciation and amortisation. It provides a view of the business before certain non-cash items, finance income and charges, and taxation.

Adjusted EBITDA, adjusted operating costs, and operating revenues

Adjusted figures, such as net revenues, EBITDA and operating costs, exclude items relating to foreign exchange translation and seed capital. Adjusted net revenues are also referred to as operating revenues. Adjusted operating costs include adjusted personnel expenses and adjusted other expenses excluding depreciation and amortisation.

This provides a better understanding of Ashmore's operational performance by excluding the mark-to-market volatility of foreign exchange translation and seed capital investments. These adjustments are merely reclassified within the adjusted profit and loss account, leaving statutory profit before tax unchanged.

Adjusted EBITDA margin

The ratio of Adjusted EBITDA to operating revenues, both of which are defined above. This is a fair measure of the Group's efficiency and its ability to generate returns for shareholders.

Conversion of adjusted earnings to cash

The cash generative nature of Ashmore's business model is illustrated by the high conversion rate of earnings to cash, defined as the ratio of cash generated from operations excluding consolidated funds (see note 20) to adjusted EBITDA.

Risk management and control

Ashmore's internal control framework and strong risk management culture provide an ongoing process for identifying, evaluating and managing the Group's principal risks

The Group's three-phase strategy is designed to deliver long-term growth to shareholders through cycles by capitalising on the powerful economic, political and social convergence trends evident across the Emerging Markets.

More information
Read about Ashmore's strategy on pages **4-11**

The Group executes its strategy using a distinctive business model, and identifies, evaluates and manages the principal risks inherent in this business model.

More information
Read about Ashmore's business model on pages **12-13**

The Board has ultimate and ongoing responsibility for the Group's strategy. It formally reviews the strategy at least annually and receives updates at each Board meeting.

More information
Read Ashmore's governance report on pages **45-47**

The Board is responsible for risk management, although it has delegated authority to carry out day-to-day functions to Executive Directors and specialised committees, such as the Group Risk and Compliance Committee and the Operating Committee.

More information
Read about Ashmore's principal risks on pages **32-33**

Risk management structure

Ashmore Group plc Board
The Board and its committees, including the Audit and Risk Committee are ultimately responsible for the Group's risk management and internal control systems, and for reviewing their effectiveness

Group Risk and Compliance Committee
Maintains a sound risk management and internal control environment

Assesses the impact of the Group's activities on its regulatory and operational exposures

Chairman:
Head of Risk Management and Control

Members:

Chief Executive Officer
Group Finance Director
Group Head of Compliance
Group Head of Legal and Transaction Management

Group Head of Middle Office and IT
Group Head of Human Resources
Group Head of Finance
Group Head of Distribution
Head of Internal Audit

Risk management and internal control systems

In accordance with the principles of the UK Corporate Governance Code, the Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Such systems and their review are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Within the Group's overarching corporate governance framework, through which the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues, an internal control framework has been established, against which the Group is able to assess the effectiveness of its risk management and internal control systems.

The Group's system of internal control is integrated into the Group's strategy and business model and embedded within its routine business processes and operations, and a strong control culture is combined with clear management responsibility and accountability for individual controls. The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's principal risks, and has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Group's Audit and Risk Committee (ARC) and accords with the guidance in the document 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (the Guidance) published by the Financial Reporting Council in September 2016.

The Executive Directors oversee the key risks and controls and the risk management process on a day-to-day basis, and there is an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Group's Risk and Compliance Committee (RCC), which meets monthly, is responsible for maintaining a sound risk management and internal control environment and for assessing the impact of the Group's ongoing activities on its regulatory and operational exposures. The RCC is chaired by the Head of Risk Management and Control, and the other members are the Chief Executive, the Group Finance Director, the Group Head of Compliance, the Group Head of Finance, the Group Head of Middle Office and IT, the Group Head of Legal and Transaction Management, the Group Head of Distribution, the Head of Internal Audit, and the Group Head of Human Resources. Responsibility for risk identification is shared among these senior management personnel, with individuals being responsible for day-to-day control of risk in their business area.

There are established policies and procedures to enable the ARC and ultimately the Board, through its regular meetings, to monitor the effectiveness of the risk management and internal control systems, which cover all principal identified internal and external strategic, operational, financial, compliance and other risks, including the Group's ability to comply with all applicable laws, regulations and clients' requirements.

The ARC and/or Board receives regular compliance, risk and internal audit reports while the Board receives regular financial and other management information related to the control of expenditure against budget and the making of investments, and for monitoring the Group's business and its performance.

Three lines of defence

The Group has three lines of defence against unintended outcomes arising from the risks it faces.

First: Risk ownership	This rests with line managers, whether they are in portfolio management, distribution or support functions. The senior management team takes the lead role with respect to implementing and maintaining appropriate controls across the business.
Second: Risk control	This is provided by Group Risk Management and Control, including the Group's Principal Risk Matrix, and Group Compliance, including the compliance monitoring programme.
Third: Independent assurance	Group Internal Audit is the third line of defence and provides independent assurance over agreed risk management, internal control and governance processes as well as recommendations to improve the effectiveness of these processes.

The main features of the Group's risk management and internal control systems are as follows:

Policies

- core values and policies together comprising the Group's high-level principles and controls, with which all staff are expected to comply;
- manuals of policies and procedures, applicable to all business units, with procedures for reporting weaknesses and for monitoring corrective action;
- a code of business conduct, with procedures for reporting compliance therewith; and
- a defined operational framework and organisational structure, with appropriate delegation of authority and segregation of duties with accountability that has regard to acceptable levels of risk.

Processes

- a planning framework is maintained, which incorporates a Board-approved strategy, with objectives for each business unit;
- a risk appetite framework developed by engaging key stakeholders at the functional, business and executive levels of the organisation and, accordingly, the Group's risk appetite statement (and its associated components) is regularly reviewed and updated in line with the evolving strategy, business model, financial capacity, business opportunities, regulatory constraints and other internal and external factors;
- an established Media and Reputation Management Policy focusing on understanding the information currently publicly available on the Group and the funds and individual investments it manages, especially anything which could create negative reputational issues;
- an annual budget is reviewed and approved by the Board and is subject to update through a forecasting process;
- regular reviews of the financial and operating performance of the Group are undertaken by the Group's Operating Committee to focus on delivery of the Group's key strategic objectives;

- detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group's Investment Committees, which take place weekly or monthly depending on investment theme, with follow-up actions agreed and implemented within a strict operational framework;
- supervision by the Group's Pricing and Oversight Committee (POC) of the effectiveness of pricing policies for all investments held in Ashmore-sponsored funds where a reliable pricing source is available. This includes the responsibility to ensure that appointed third-party pricing agents carry out the agreed pricing policy faithfully and manage the pricing sources appropriately;
- oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced is the responsibility of the Group's Pricing Methodology and Valuation Committee (PMVC), which meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- semi-annual senior management systems and controls meetings chaired by the Group Head of Compliance were held with attendees including the Group Finance Director, the Group Head of Human Resources, the Head of Risk Management and Control, the Group Head of Middle Office and IT, and the Group Head of Legal and Transaction Management and in which the Chief Executive Officer participated at least annually. These meetings included evaluation of the potential impact and likelihood of identified risks and possible new risk areas. During the period, SYSC was merged with the Group's RCC and included as a formal agenda item at least twice per year. As a result, the SYSC Committee was disbanded in February 2018;
- the Group's Compliance function, whose responsibilities and processes include: ensuring that the Group at all times meets its regulatory obligations; integrating regulatory compliance procedures and best practices within the Group; ongoing compliance monitoring programme covering all the relevant areas of the Group's operations; and identifying any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions and monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management and internal control framework;
- a matrix of principal risks identifies key strategic and business, client, treasury, investment and operational risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity is identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that further mitigants and/or controls may be employed over time, a target residual risk for each activity after one to two years is defined and progress to target is formally tracked as appropriate;
- key risk indicator (KRI) statistics are reported to and analysed by the RCC. The KRIs indicate trends in the Group's risk profile, assist in the reduction of errors and potential financial losses and seek to prevent exposure by dealing with a potential risk situation before an event actually occurs;
- financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;

Longer-term viability statement

In accordance with the provisions of C.2.2 of the UK Corporate Governance Code, the Directors have assessed the current position and prospects of the Group over a three-year period to June 2021, which is consistent with the planning horizon under the Group's Internal Capital Adequacy Assessment Process (ICAAP). A robust assessment of the principal risks implicit in the business model has been made, alongside the controls and mitigants in operation within the Group, and is presented in more detail on pages 32 to 33. The principal risks the Group faces are Strategic, Client, Treasury, Investment and Operational in nature.

Regular information is reviewed by the Board in respect of the risks, prospects and financial planning of the Group, which includes a three-year detailed financial forecast alongside scenario-based downside stress-testing, including the impact of negative investment performance and a decline in AuM. Consequently, the Board regularly assesses the amount of capital that the Group is required to hold to cover its principal risks, including the amounts required under a range of adverse planning scenarios.

The Group's strategy and prospects are regularly reviewed by the Board and qualitative and quantitative assessments of the principal risks are presented to the Group's Audit and Risk Committee quarterly. The Group's Risk Appetite Statement is considered as part of the ICAAP and the Board receives regular management reporting against each risk to allow it to assess the effectiveness of the controls in place.

The Directors have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and maintain sufficient regulatory capital over the next three years, as the Group is currently highly profitable, generates healthy cash flow and the strong and liquid balance sheet is sufficient to withstand the financial impact of the range of adverse planning scenarios modelled as part of the ICAAP.

- the Group's Finance function is responsible for the preparation of the financial statements and is managed by appropriately qualified accountants. The review of this preparation is undertaken by numerous parties including Executive Directors and includes challenge by the Board. The Finance function works in conjunction with the Group's auditors and other external advisers to ensure compliance with applicable accounting and reporting standards, prevailing regulations and industry best practice;
- Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial performance against budget/forecast and the prior year period;
- there are well-defined procedures and thresholds governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews;
- oversight and management of the Group's foreign currency-denominated cash flows and balance sheet exposures are the responsibility of the FX Management Committee, which determines the appropriate level of hedging required;
- the Group has secure information and communication systems capable of capturing relevant and up-to-date information by relevant personnel, with oversight and direction provided by the Group's IT Steering Group, which implements the IT strategy, and establishment and oversight of all IT projects;
- the development of new products, consideration of material changes to existing funds, and the restructuring of funds and products are the responsibility of the Product Committee and form an important part of the Group's business in responding to clients' needs, changes in the financial markets and treating customers fairly;
- a Global Investment Performance Standards (GIPS) Committee, which acts as the primary decision-making body within the Group in relation to any changes to the existing set of composites, and approving the creation of new composites; and
- a Research Oversight Committee (ROC) to address governance, oversight and ongoing reviews of third-party research procured by Ashmore.

Verification

- Internal Audit has ongoing responsibility for reviewing the assurance map and providing an independent assessment of assurance on an annual basis. The assurance map documents the interaction from a Group perspective of the first, second and third lines of defence with regard to the controls and mitigants of those principal risks assessed as high risk;
- annual control reports are reviewed independently by the Group's external auditors pursuant to the International Standards on Assurance Engagements 3402 (ISAE 3402);
- the external auditors are engaged to express an opinion on the annual financial statements, the condensed set of financial statements in the half-year financial report and also independently and objectively review the approach of management to reporting operating results and financial resources;
- the Board, through the ARC, also receives half-yearly updates from the Group's external auditors, which include any control matters that have come to their attention; and
- the Internal Audit function undertakes a programme of reviews of systems, processes and procedures as agreed with the ARC, reporting the results together with its advice and recommendations, and assisting in the presentation of its findings to the ARC.

Confirmation

Through the ARC, the Board has conducted an annual review and assessment of the effectiveness of the risk management and internal control systems, and has identified no significant failings or weaknesses during this review. In conducting this review, the Board and/or ARC has considered the periodic reports on compliance and risk matters, including reports provided by the internal audit function, and the annual report on risk management and internal control processes from the Group's RCC. These reports were received throughout the year up to the latest practicable date prior to the approval of the Annual Report and Accounts. The Board is satisfied that appropriate planned actions continue to be effective in improving controls as the Group develops, and its overall assessment of the control framework continues to be satisfactory.

Ashmore has interests in certain joint ventures/associates, which operate risk management and internal control systems that are not dealt with as part of the Group for the purposes of this statement.

These are:

- Taiping Fund Management Company;
- Everbright Ashmore Investment Management Limited;
- VTB-Ashmore Capital Holdings Limited; and
- AA Development Capital Investment Managers (Mauritius) LLC.

For these entities, the Group has in place appropriate oversight including Board representation.

Principal risks and mitigants

Ashmore considers a number of risks and has described in the table below those that it has assessed as being most significant in this period, together with examples of associated controls and mitigants. Reputational and conduct risks are common to most aspects of the strategy and business model.

Principal risks and associated controls and mitigants

Description of principal risks	Examples of associated controls and mitigants
Strategic and business risks (Responsibility: Ashmore Group plc Board)	
– Long-term downturn in Emerging Markets fundamentals / technicals / sentiment, and impact of broader industry changes – Market capacity issues and increased competition constrain growth	– Group strategy is reviewed and approved by a Board with relevant industry experience – Experienced Emerging Markets investment professionals participate in Investment Committees, and provide quarterly updates to the Board – Diversification of investment themes and capabilities, and periodic capacity reviews – Operating Committee meets quarterly – Strong balance sheet with no borrowing – Barriers to entry remain high, e.g. demonstration of long-term investment track record
Client risks (Responsibility: Product Committee and Group Risk and Compliance Committee)	
– Inappropriate marketing strategy and/or ineffective management of existing and potential fund investors and distributors, including impact of net outflows and fee margin pressure – Inadequate client oversight including alignment of interests	– Frequent and regular Product Committee meetings review product suitability and appropriateness – Experienced distribution team with appropriate geographic coverage – Investor education to ensure understanding of Ashmore investment themes and products – Monitoring of client-related issues including a formal complaints handling process – Compliance and legal oversight to ensure clear and fair terms of business and disclosures, and appropriate client communications and financial promotions – ESG working group
Treasury risks (Responsibility: Chief Executive Officer and Group Finance Director)	
– Inaccurate financial projections and hedging of future cash flows and balance sheet	– Defined risk appetite, and risk appetite measures updated quarterly – Group FX hedging policy and FX Management Committee
Investment risks (Responsibility: Group Investment Committees)	
– Downturn in long-term performance – Manager non-performance including i) ineffective leverage, cash and liquidity management and similar portfolios being managed inconsistently; and ii) neglect of duty, market abuse – Insufficient number of trading counterparties	– Consistent investment philosophy over more than 25 years and numerous market cycles, with dedicated Emerging Markets focus including country visits and network of local offices – Funds in the same investment theme are managed by consistent investment management teams, and allocations approved by Investment Committees – Comprehensive policies in place to cover, for example, conflicts, best execution, market abuse and client order handling – Tools to manage liquidity issues as a result of redemptions including restrictions on illiquid exposures and ability to use in specie redemptions – Group Trading counterparty policy and sufficient counterparties to provide access to liquidity

Description of principal risks	Examples of associated controls and mitigants

Operational risks (Responsibility: Group Risk and Compliance Committee)

- Security of information including cyber security
- Inadequate business continuity planning (BCP)
- Inaccurate or invalid data including manual processes/reporting
- Breach of investment guidelines or restrictions
- Failure to book, process and settle trades appropriately
- Failure of IT infrastructure, including inability to support business growth
- Trading with unauthorised counterparty
- Legal action, fraud or breach of contract perpetrated against the Group, its funds or investments
- Insufficient resources, including loss of key staff or inability to attract staff, which hampers growth or the Group's ability to execute its strategy
- Lack of understanding and compliance with global and local regulatory requirements, as well as conflicts of interest and not treating customers fairly; and financial crime, which includes money laundering, bribery and corruption, leading to high level publicity or regulatory sanction
- Inadequate tax oversight or advice
- Inadequate oversight of Ashmore overseas offices
- Ineffective or mismanaged third-party services
- Inappropriate governance and oversight of people, departments and committees
- Ineffective implementation of strategic initiatives or changes to the Group's business or operating model

- Information security and data protection policies
- Annual review of information security including cyber security
- BCP working group and periodic updates to Group RCC
- Dedicated teams responsible for Transaction Processing, Fund Administration, and Pricing and Data Management
- Pricing Oversight and Pricing Methodology and Valuation Committees, with PMVC valuations subject to external audit
- Annual ISAE 3402 process and report
- Investment decisions subject to pre-trade compliance
- Compliance includes Global Investment Restrictions Coding (GIRC) function
- Front office systems require trade booking and authorisation
- IT Steering Group and appropriate IT policies with annual review cycle
- IT systems and environmental monitoring
- Approved counterparty list
- Independent internal audit function that considers risk of fraud in each audit
- Financial crime policy covering the Group and its service providers
- Compliance oversees whistle blowing procedure
- Due diligence on all new, and regular reviews of existing, service providers
- Insurance policies to ensure appropriate client litigation cover
- Committee-based investment management reduces key man risk
- Appropriate remuneration policy with emphasis on performance-related pay and long-dated deferral of equity awards
- Regulatory Development Working Group and compliance monitoring programme, which covers money laundering and bribery risks
- Compliance policies covering global and local offices. Compliance monitoring programme covers financial crime risks such as money laundering, bribery and corruption
- Conflicts of interest policy and regular reports to the Board
- Conduct and Culture risks considered on a monthly basis by the Group RCC and on an annual basis by the Board
- Dedicated in-house tax specialist and Group Tax Policy covering all Group entities
- Group Finance Director has oversight responsibility for overseas offices, and Operating Committee has oversight of the operating model with annual reviews. Senior staff take local Board/advisory positions
- Local RCCs held and Group RCC receives updates
- Annual review of joint venture governance arrangements with reports to Group RCC
- Compliance maintains register of core policies. Policies and committee terms of reference reviewed annually
- Strategic and business decisions are approved by the Board and executives

Combining ethical investing with sound business practice

Introduction

Ashmore recognises the importance of Corporate responsibility (CR) incorporating transparency, fairness, accountability and integrity and believes that these principles are fundamental to the Group's operations.

The Group continues to monitor best practice developments in all relevant areas of CR, including its approach to investing, community programmes, employees, and environmental management. Ashmore's CR programme and initiatives are designed to be relevant to the nature and scale of its business and to protect and reinforce the Group's reputation and integrity. Ashmore looks forward to building upon these firm foundations for the future.

Consistent with the various philosophies explained herein, Ashmore is a signatory of the UN Principles for Responsible Investment (UNPRI).

This is a summary of the CR report – more detailed information can be found in the full CR report on the Group's website:
www.ashmoregroup.com

Investing in Emerging Markets

An emerging market is commonly defined as any country which is considered middle or low income by the World Bank. Under this definition emerging market countries constitute approximately 80% of the global population.

Investment approach

As a leading Emerging Market fund manager, Ashmore recognises the impact its investment can have on the communities and societies in which they are made. With over 25 years' experience investing in Emerging Markets, Ashmore's investment professionals have developed expertise in the wider impact of their investments beyond the strong financial returns they secure for clients.

Ashmore recognises that the impact of the investments will vary in breadth and depth across its investment themes. With greater client and industry focus on investment impact, Ashmore investment professionals continue to strengthen their impact analysis.

The spectrum of capital and investment approaches, below, provides a framework for understanding impact and the relational link between Ashmore's investments and the social and environmental aspects of the countries where the Group has presence, by virtue of driven investments made through the Ashmore Foundation.

Business conduct and integrity

Ashmore believes that its reputation as an ethical, trustworthy provider of investment services is essential to align clients' and shareholders' interests. Ashmore seeks to establish and maintain long-term relationships with its clients and intermediaries and believes this to be a fundamental prerequisite for the growth of its business.

Ashmore				The Ashmore Foundation	
Traditional Investing	**Responsible Investing**	**Sustainable Investing**	**Themed Impact Investing**	**Impact First Investing**	**Philanthropy**
Financial Returns Driven	Financial Returns Driven	Financial Returns Driven	Financial Returns Driven		
	ESG Risk Management	ESG Risk Management	ESG Risk Management	ESG Risk Management	
		Environmental and Social Impact Driven	Environmental and Social Impact Driven	Environmental and Social Impact Driven	Environmental and Social Impact Driven
Limited or no focus on ESG risks or opportunities in the underlying investments	Negative screening based on ESG risks and/or personal values	Negative and positive screening and financial returns drive investment selection	Sectoral focus addressing social and environment challenges that generates commercial growth	Sectoral focus addressing social and environment challenges that requires financial return sacrifice	Sectoral focus addressing social and environment challenges where a financial return cannot be generated
Financial returns only	Financial returns and negative social / environmental screens: – Weapons, Alcohol – Pornography – Gambling	Financial returns and positive social / environmental assessment: – Waste reduction – Gender equality – SRI Funds	Financial and positive social / environmental returns: – Clean energy – Healthcare – Microfinance	Social and environmental and some financial returns: – Social enterprises – Trading charities – B-Corps	Social and environmental returns only

Financial returns ← → **Social returns**

Source: Adapted from Bridges Ventures (2012)

Responsible investing across Ashmore's themes in publicly traded securities

Ashmore's approach follows the PRI guidelines on best practice and Ashmore fully supports the United Nations Global Compact principles. For publicly traded securities issued by companies and sovereigns, portfolio managers are directly responsible for formal environment, social and governance (ESG) research and integration, in conjunction with their traditional equity and credit analysis. They undertake specific ESG training such as the Enhanced Financial Analysis course by PRI and accredited by CFA.

Ashmore has recently unified its approach across publicly traded equities and fixed income, and the latter for both sovereign and corporate issuers, to integrate ESG consistently across these asset classes, and also for portfolios containing multiple sub-asset classes such as blended debt and multi-asset portfolios. This approach is based on a unified set of questions that form part of the ESG research, and on a unified ESG scoring methodology that is discussed in weekly Investment Committee and sub-Investment Committee meetings.

The questions address both the current status (including historical events such as fraud or environmental issues) and policies and initiatives that may improve ESG performance and mitigate risks in future. The portfolio managers are responsible for answering these questions based on external data sources and proprietary research. To this end, portfolio managers undertake a quarterly review of the relevant data, to provide context for the scoring methodology and ensure they take the latest available data into account when they make their assessments. Portfolio managers have access to a wide variety of relevant external ESG data to assist in their research. While this data can be useful in setting an overall framework, it tends to be infrequent and backward-looking, and therefore Ashmore's proprietary research tends to be most important.

For example, sovereign debt data sets include:

Environment:	– ND Gain Index by Notre Dame University – CO_2 Consumption per capita by The Global Carbon Project
Social:	– Human Development Index by the UN – Index of Economic Freedom by Heritage Foundation
Governance:	– Corruption Perception Index by Transparency International – Democracy Index by the Economist Intelligence Unit – Government Effectiveness Index by World Bank

For corporate debt and equities, the investment teams may also review a variety of other external research sources, including brokerage reports and publications by international bodies.

Portfolio managers use the answers to the questions to determine an ESG score for each security in which Ashmore invests, and these scores are reviewed against prevailing valuations of securities to determine if an appropriate risk premium has been built into Ashmore's scenario analyses. In practice ESG considerations can have a material impact on investment decision-making, for instance on portfolio weights of certain positions, or subscribing, or not, to new equity and bond issues.

Screening

While Ashmore's focus is on integrating ESG considerations to the investment processes, it also believes that certain investments that do not meet its values should be excluded from portfolios. For example Ashmore screens for, and prohibits, investment in companies manufacturing cluster munitions banned under the Oslo Convention. Ashmore seeks to comply at all times with sanctions imposed by applicable government authorities, and also, at a geographical level, screens across all investment themes for countries which are on the United Nations Security Council and EU/UK Sanctions and the US Office of Foreign Assets and Control (OFAC) lists.

Ashmore is able to screen client portfolios to meet specific client requirements for geographic, sector and stock specific restrictions, such as alcohol, animal / food products, armaments manufacturers or dealers, gambling, pornography, tobacco and coal.

Responsible investing across Ashmore's themes in Alternatives

Ashmore's alternatives investment theme includes private equity and debt as well as infrastructure, real estate and healthcare. These activities may involve taking significant stakes in investee companies. In such circumstances Ashmore is in a position to engage positively with the management of these companies. In many cases, Ashmore believes it to be beneficial to its investors to be active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake. When undertaking initial due diligence on any investments within the alternatives theme, Ashmore's deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision-making process, and the investee company's own ESG practices.

Engagement

Engagement is fundamental to Ashmore's ESG approach. In the context of developing countries in particular, Ashmore believes that it is possible to apply engagement within the ethical investment debate.

In the equities and corporate debt themes, Ashmore believes that good corporate governance helps to align the interests of company management with those of its shareholders and bond holders. Where possible, Ashmore seeks to maintain constructive dialogue with company management. Ashmore considers whether companies have governance frameworks in place, across E, S and G factors that are in line with applicable country codes and serve all stakeholders' interests. Ashmore's research and engagement focus on improvements in such frameworks and the implementation of relevant policies to achieve positive outcomes.

In many jurisdictions, and to the extent consistent with Ashmore's fiduciary duty to its clients, Ashmore exercises voting rights as a means to signal views to company management. Ashmore has developed detailed guidelines to guide voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

For sovereign debt, Ashmore's ability to have an influence is generally limited to a decision whether or not to invest. However, at a country level Ashmore believes that it is able to exert an influence through dialogue with governments and central banks. In order to assist with the debate on the broader issues affecting Emerging Markets, to enhance the understanding of these markets globally and to address market failures, Ashmore engages with numerous international public sector financial institutions with the objective of aiding transparency and best practice. Engagement with a country, as opposed to disengagement, is akin to many small pressures every day as opposed to one 'big stick'. By remaining engaged over an extended period of time it is often possible to have a positive influence and to add credibility. Ashmore is also mindful of the potential impact that the abuse of power and corruption by governments in certain countries can have on its reputation and the interests of its clients and continuously monitors and takes into account such factors.

With regard to Emerging Markets performance it is believed that in certain circumstances it may be more beneficial to keep investment flowing combined with the influence which accompanies it, in order to continue being able to help a country's population. In country specific terms at the extreme, being cut off from capital may allow undemocratic rulers to control their people by attributing blame for economic problems to foreign actions. While Ashmore complies with all applicable sanctions, there is a view that sanctions may be counter-productive and may reduce the welfare of the population considerably. Conversely, to the extent that governments pursue policies that are not in the best interests of that country then this is likely to become a poor investment proposition. Hence, Ashmore takes investment and engagement/disengagement decisions on a case-by-case basis relative to the specific circumstances and investment criteria in the best interests of clients.

Ashmore does not always evaluate quantitative variables in its assessment of country risk but will also examine qualitative factors such as the relationship between politics and economics and their interaction. Ashmore has always sought to develop networks locally in order to adopt a better quality of forward looking decision-making in this area and to promote an understanding of local cultures and politics.

Proxy voting and corporate actions

Subject to specific mandate restrictions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equities, bonds, loans or other debt instruments held by or on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps in the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore.

Managing conflicts of interest

Conflicts of interest can arise where: (i) the interests of Ashmore conflict with those of a client (firm vs. client conflicts) and (ii) the interests of one client of Ashmore conflict with those of another (client vs. client conflicts). Ashmore has policies and arrangements in place to identify and manage conflicts of interest that may arise between Ashmore and its clients or between Ashmore's different clients. Ashmore has a policy of independence that requires its staff to disregard any personal interest, relationship or arrangement which gives rise to a conflict of interest and to ensure that the interests of clients prevail.

The Ashmore Foundation

Participants of the 2018 Ashmore Challenge event on Mount Toubkal (left) and Mount Kinabalu (right).

Impact and philanthropic investing

Investing for impact

At the heart of impact within Ashmore's investment universe lies the Ashmore Foundation. The Foundation was established in 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests.

To achieve this goal, the Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs). Since its inception in 2008, the Ashmore Foundation has dispersed over £4 million to 70 civil society organisations in 25 Emerging Market countries.

The Ashmore Foundation functions independently of Ashmore and is registered in the United Kingdom as a charity and company limited by guarantee. It is staffed by a full time Executive Director who is responsible for managing the Foundation's affairs.

The board of trustees consists of ten Ashmore employees, representing four global offices, as well as one independent trustee. In addition to the board of trustees, Ashmore employees engage in the governance of the Foundation through sub-committees.

Social investing in Emerging Markets

Ashmore supports the Foundation's charitable activities through the provision of pro-bono office space, administrative support and a matched funding commitment for employee donations to the Ashmore Foundation. The Ashmore Foundation is supported solely by Ashmore and its employees globally. Crucially, this support from employees extends beyond financial aid to active engagement with NGOs through mentoring and helping them expand their network of contacts.

To mark the Ashmore Foundation's tenth anniversary, two teams of Ashmore employees took part in a two-day fundraising challenge. In Borneo, a team of ten employees representing three of Ashmore's Asian offices climbed Mount Kinabalu. While in Morocco, a team of 15 employees representing the London and New York offices climbed Mount Toubkal. The challenge raised in excess of £111,000 in support of the Foundation's charitable partners.

Social investment approach

The Ashmore Foundation's approach is underpinned by the belief that, while economic growth continues in the Emerging Markets, many communities, particularly those in rural and isolated locations, remain locked out of this prosperity. Social and economic inequalities continue to increase and communities continue to lack the skills and resources needed to participate fully in economic development. Moreover, a thriving civil sector is essential to democratic development in nascent and emerging nations.

The Ashmore Foundation believes that with the right support, the most marginalised and disadvantaged communities can grow and prosper. The Foundation therefore focuses its social investment strategy on programmes that aim to equip people with the skills and resources they need to increase their livelihood opportunities, enabling them to meet their basic needs while also supporting economic growth and beginning to address broader societal inequalities.

Impact in Colombia

Ashmore

The Ashmore Foundation

ESG Risk Management

Environmental and Social Impact Driven

Sustainable Investing	**FUND I** MAXO SAS Swiss Terminal Barranquilla STRACON BBY – Ruta del Cacao	**FUND II** Elecnorte SAS Concesión Sta Marta – Paraguachón IEP Infraestructuray Energía TermoMechero
Themed Impact Investing	**FUND I** Transambiental Colegio Britanico de Cartagena	Avidanti
Impact First Investing	CoSchool SAS	
Philanthropy	IED-Vital Organización Salva Terra Fundación las Golondrinas Children Change Colombia	– Fundescodes

The spectrum of Ashmore's impact across its investment themes and through the Ashmore Foundation is illustrated in Ashmore's operations in Colombia.

Ashmore Colombia identifies and manages environmental and social risks and opportunities associated with the companies in which it invests. Its approach is driven by the leadership team, with the Ashmore Colombia CEO also acting as the Environmental and Social Manager. Ashmore Colombia seeks to ensure that its investments in businesses minimise adverse impacts and enhance positive and sustainable effects on the environment, communities and employees.

Ashmore's investment often involves taking significant stakes in investee companies. In such circumstances, Ashmore is in a position to engage with management to improve environmental, social and governance issues that affect the company and its stakeholders. Ashmore believes this active approach is ultimately beneficial to its investors and reflects the level of commitment of Ashmore with the community and the environment located in the areas of influence.

Investments in transportation and education fall within the Sustainable and Themed Verticals of the investment spectrum. While the Ashmore Foundation's social investments in education, rural livelihoods and peace and confliction reconciliation fall within the Impact First and Philanthropic Investing.

Ashmore Colombia is able to leverage its skills and expertise to promote responsibility and impact. It supports investee companies´ management to improve their own practices. The team is able to extend their support to the social investees and philanthropic partners of the Ashmore Foundation, providing support, advice and crucially access to networks and areas in need.

In 2018, Ashmore Colombia received the Latin American Private Equity and Venture Capital Association's (LAVCA) Environmental Responsibility in a PE Deal award for its investment in transportation company Transambiental, given its strong commitment to reduce CO_2 emissions and provide a high quality service to the community.

Ashmore investing in local communities

Ashmore recognises the positive impact it can have on the communities where it operates and is committed to creating lasting benefits in those locations where Ashmore has a presence. Beyond support for the Ashmore Foundation, employees across all offices and subsidiaries are encouraged to engage with and support local community projects. This commitment is reflected in Ashmore's policy enabling employees to take one day annually to support charitable projects.

Ashmore employees drive local volunteering initiatives and take part in a range of activities to support disadvantaged communities in their local vicinity. In London, Ashmore employees continued to cultivate their relationships with local charities and in May a team of volunteers hosted a group of 15 young people from London based charity Resurgo. Participants learnt about the business and were provided with CV and presentation skills coaching.

Ashmore continues to make an annual donation to homeless charity Crisis, in support of its Christmas card campaign, as well as an annual donation of foreign coins and banknotes to the Alzheimer's Society.

High ethical standards

Ashmore's Board of Directors maintains a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the firm's activities, compliance with both the letter and the spirit of relevant laws and regulations and standards of good market practice in all jurisdictions where the Group's business is carried out. The Board's aim is to ensure that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and protect Ashmore's reputation.

Ashmore's UK regulated financial services entities are Ashmore Investment Management Limited (AIML) and Ashmore Investment Advisors Limited (AIAL) which are authorised and regulated by the Financial Conduct Authority (FCA). Other investment management subsidiaries located overseas are regulated by the appropriate authorities in their countries of domicile. Compliance is a key element in the overall investment architecture of the organisation. The Compliance function is fully integrated and co-ordinates the compliance process across all entities in the Group. Compliance maintains a detailed Compliance Manual which all employees are required to acknowledge that they have read and understood. Regular compliance training is given to all employees and new employees are required to attend a compliance induction process.

Ashmore actively promotes high ethical standards. To support this objective, Ashmore has a published Code of Ethics that sets out the culture, standards and operating principles that guide its actions in the markets in which it operates.

Personal securities trading by employees is subject to compliance approval procedures and is monitored to ensure this does not lead to a conflict of interest. Employees are not permitted to solicit or accept any inducements which are likely to conflict with their duties to clients.

Compliance declarations

All employees are required to sign a declaration that they acknowledge and understand the Code of Ethics. Personal securities trading is subject to a separate declaration on a regular basis. Employees are also regularly required to acknowledge and sign a declaration relating to the maintenance of their training and competence. Information on the receipt of declarations is reported to the Risk and Compliance Committee.

Further details on internal controls and risk management processes can be found on pages 28 to 33.

Financial crime

Ashmore is committed to minimising financial crime (including money laundering, bribery and corruption, fraud and market abuse). Ashmore has adopted risk-based policies and procedures on financial crime and is committed to ensuring that its customers' identity will be satisfactorily verified before a business relationship commences and this is ongoing throughout the course of the relationship.

Training is provided to all employees in relation to anti-money laundering and countering terrorist financing, including customer due diligence requirements, identifying money laundering, suspicious activity and financial crime.

Ashmore has procedures in place to afford staff a means of airing concerns regarding behaviours or decisions that are perceived to be unethical on a confidential basis ('whistleblowing procedures').

Sustainable Development Goals

NO POVERTY	1. Reducing the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
ZERO HUNGER	2. Supporting agricultural productivity and incomes of small-scale food producers through knowledge, financial services, markets and opportunities for value addition and non-farm employment.
GOOD HEALTH AND WELL-BEING	3. The prevention of substance abuse, including drug abuse and harmful use of alcohol and provide young people with the tools they need to make more informed decisions about their lives.
QUALITY EDUCATION	4. Access for all women and men to affordable and quality technical, vocational education. Youth relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
GENDER EQUALITY	5. End all forms of discrimination against all women and girls, and ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
DECENT WORK AND ECONOMIC GROWTH	8. Productive employment and decent work for all women and men. Protect labour rights and promote safe working environments for all workers, including migrant workers, in particular women's rights.

The UN Sustainable Development Goals (SDGs) provide clear framework for achieving broader societal objectives towards sustainable development. Ashmore fully supports the global agenda for achieving a better future for all and recognises its responsibility as a global actor and a UN PRI signatory in helping to achieve the goals.

As Ashmore continues to develop its approach to responsible investing and applying ESG risk factors into its investment process it will continue to monitor and review its contribution to achieving the SDGs. Through its investments, and the social investments of the Ashmore Foundation, Ashmore seeks to address the SDG listed.

Over the coming years Ashmore will continue to develop its approach to supporting the Sustainable Development Goals and understanding with greater clarity how its investments contribute to the global agenda.

People

Ashmore directly employs 253 people in 10 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Ashmore's people have always been its most important asset, at the heart of everything it does. The Group's priority is to attract, develop, manage and retain this talent in order to deliver the potential of the organisation, which is reflected in the low levels of unplanned staff turnover (FY2017/18: 8.6%). Ashmore wishes to be an employer that the most talented people aspire to join wherever it operates.

Ashmore recognises that the involvement of its employees is key to the future success of the business and adopts a practice of keeping employees informed on significant matters affecting them, via email and in meetings arranged for the purpose. Ashmore has consistently operated a remuneration strategy that recognises both corporate and individual performance. Ashmore is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff.

Ashmore seeks to ensure that its workforce reflects, as far as practicable, the diversity of the many communities in which its operations are located. Ashmore also recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Ashmore encourages employees to act ethically and to uphold clearly the standards which its clients have come to expect. It also means ensuring that employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

Ashmore works to ensure employee policies and procedures reflect best practice within each of the countries where it has a presence. This means having policies and practices that make Ashmore an attractive place to work in respect of the day-to-day operating environment and culture, and also in respect of medium to long-term growth for employees, personally, professionally and financially.

Recruitment

Ashmore believes that its unique business model and culture leads existing employees to recommend Ashmore as a good place to work to help the Group to attract the most talented candidates. Ashmore will aim to fill roles through internal mobility where this is possible, in order to enable employees to develop within the organisation. In addition, where specific requirements arise, the Group's Human Resources department has strong relationships with specialist recruitment providers to source appropriate candidates.

Training

Ashmore employs qualified, talented professionals to manage clients' money and to work in support functions. However, Ashmore recognises that development is a career-long activity and so it will also support any necessary professional development or qualifications that will assist employees in developing and maintaining their levels of competence. All employees are provided with a comprehensive induction on joining the business, providing an introduction to the Company's structure, culture, operations and practices which includes amongst these areas all elements of compliance issues, an understanding of the key business ethics operating within the Ashmore Group, current best practice and up-to-date information on relevant regulations.

Continuing professional development is also taken very seriously at Ashmore, and all staff must undertake bi-annual reviews of the learning and development they have undertaken during the review period and formally document and record their achievements.

Communication

Ashmore communicates with all employees worldwide via e-mail and group conference calls supported by online presentations, and also uses employee meetings to facilitate the exchange of views with senior management and discuss the progress made by the Group.

On an annual basis, Ashmore aims to bring together employees from all global locations, either in person or through video or telephone conferencing, in order to facilitate better relationships and communication between areas of the Group and to ensure that there is a consistent strategy message delivered to all employees.

Employee development

Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. Ashmore ensures all employees are competent to undertake their roles, have access to training as it is required, and can demonstrate their continuing professional development.

The performance management cycle comprises setting objectives and an annual performance appraisal against those agreed objectives. Output from this performance process is used to assist with decisions on remuneration, career development and progression.

Progression and recognition

Ashmore is committed to internal progression of its employees whenever this is possible, to ensure that it retains the most talented people.

The diverse and global nature of its business allows the Group to consider placing talented individuals into very different opportunities around the globe and into very different types of businesses in order to foster their development, and to benefit clients.

Remuneration

Ashmore's remuneration structure aligns the interests of employees with shareholders. It is believed that by making sure employees are truly stakeholders in the business, their actions and decisions will be consistently for the benefit of clients, shareholders and the Company.

Ashmore recognises that individuals have different personal requirements dependent on where they are in both their life and career. In response to this, Ashmore provides employees with a range of benefits – both non-financial and financial – in addition to their basic salaries.

- The annual discretionary compensation scheme is structured to be compliant with the relevant regulatory guidelines. This scheme involves both an annual cash bonus as well as an equity award. Ashmore encourages employees to take a long-term view of both their and Ashmore's performance and the decisions they make, and has structured the equity scheme such that this proportion of the employees' remuneration is deferred for five years.
- Ashmore recognises the importance of ensuring that the work/life balance of employees is appropriate. Employees are therefore given generous annual leave entitlements in addition to all public holidays.
- Ashmore's employees' health and wellbeing is vital to their sustained performance at work and therefore facilities are provided for employees to cycle to work or take part in other sporting activities from work.
- In the UK, Ashmore operates an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. Similar healthcare arrangements are also offered in many of Ashmore's international offices.

Diversity

The gender balance is currently 67% (170 people) male and 33% (83 people) female. Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. Ashmore employs over 38 different nationalities throughout the organisation.

It is the Group's policy to give appropriate consideration to applications from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, career development and progression (including those who become disabled during the course of their employment) all are treated on equal terms with other employees.

Ashmore operates a zero tolerance policy towards harassment and bullying and has a formal policy that documents the organisation's commitment to ensuring employees are treated with respect and dignity whilst at work.

Gender diversity (Number of employees)

Ashmore has provided data to the 2018 Hampton Alexander review and this information can be found in Ashmore's CR report.

Health and safety

The health and welfare of its employees is of primary importance to the Group.

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy which highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment. In London Ashmore carries out regular risk assessments of premises and provides staff with safety training including the provision of training to fire wardens and first aid representatives. Ashmore also engages external consultants to carry out regular health and safety and fire assessments in its London premises.

There have been no reportable accidents in the UK or overseas premises.

Information security

Information security (including cyber security) is identified as a key principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. Ashmore assesses, monitors and controls data security risk, and ensures that there is adequate communication between the key stakeholders, which include senior management and IT, human resources, risk management and control, legal and compliance departments.

Ashmore has a layered security model, within which multiple complementary technologies and processes are employed. Ashmore staff undertake mandatory training in matters of Information Security (including cyber security). Ashmore routinely deploys security updates to its systems and undertakes regular vulnerability testing of its networks and systems using a specialist service provider. Ashmore provides an annual report to the Ashmore Audit and Risk Committee on its cyber security arrangements, and adopts a culture of continuous improvement which means that improvements can and do occur throughout the year.

Ashmore also affirms and/or attests with key partners on an annual basis that they have not been susceptible to cyber security attacks and vendors have taken all reasonable steps to continuously monitor and protect themselves on cyber security weaknesses.

Taxation
As a large, multi-national organisation with a diverse geographic footprint, Ashmore seeks to create value for its shareholders and clients by managing its business in a commercial, tax efficient and transparent manner, within the remit of applicable tax rules and bearing in mind the potential impact of its actions on its brand and reputation. Ashmore aims to comply with all relevant tax laws and fiscal obligations, including accurate calculation and punctual settlement of tax liabilities and correct and timely lodging of relevant tax returns and other required documentation with relevant tax authorities.

In the spirit of tax transparency, Ashmore complies with relevant global initiatives including the US Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard. Ashmore closely monitors developments arising from the OECD Base Erosion and Profit Shifting (BEPS) initiative and believes that the Group's transfer pricing policy complies with relevant international tax changes introduced by BEPS.

Human rights and modern slavery
Ashmore supports the United Nations Universal Declaration of Human Rights.

Ashmore has developed a Supplier Code of Conduct that applies to all suppliers that provide goods or services to Ashmore, and outlines the basic ethical requirements that suppliers must meet in order to do business with the Group, including affording employees the freedom to choose employment and not using any form of forced, bonded or involuntary labour (including child labour).

Environment

As a company whose business is based fundamentally on intellectual capital and which does not own its business premises, Ashmore has a limited direct impact on the environment and there are few environmental risks associated with the Group's activities. Nevertheless Ashmore recognises that it has a responsibility to manage this as effectively as possible. The Group continues to promote energy efficiency and the avoidance of waste throughout its operations and a number of initiatives, such as the recycling of paper, glass and other waste and the use of 'green' energy, are encouraged.

Property
Ashmore does not own any of the buildings where it occupies floor space and invariably buildings in which it does have a lease are multi-tenanted and costs are apportioned to each tenant pro-rated according to occupancy.

Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London where it has a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building. Electricity usage in London is separately monitored by floor. Energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected.

Mandatory greenhouse gas emissions reporting
Information on greenhouse gas emissions (GHGs) can be found in the Directors' report.

Travel
Although Ashmore endeavours to make maximum use of available technology, such as video conferencing, its business model as an investor in Emerging Markets inevitably requires that investment professionals and other members of staff travel frequently to these countries to investigate and monitor opportunities.

Recycling
Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials. Ashmore seeks to minimise the use of paper as part of its clear desk policy and electronic scanning is actively encouraged. All printing is two-sided by default.

Ashmore is conscious of minimising its impact on the environment. For this reason, wherever possible Ashmore chooses paper stocks that have been sustainably sourced and which are Forest Stewardship Council© (FSC) accredited (or equivalent) for its marketing materials and business stationery.

Energy Savings Opportunity Scheme (ESOS)
Ashmore has confirmed its compliance with the ESOS obligations to the Environment Agency in respect to the reporting period ending on 5 December 2015.

Ashmore provides obsolescent computers to Computer Aid International
Computer Aid is a UK registered charity that aims to reduce poverty through practical ICT solutions. Computer Aid sends these PCs to various projects across Africa and South America and furnishes Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly fashion.

Further information available on the Group's website
The following documents are available on the Group's website **www.ashmoregroup.com**

- CR report
- UK Stewardship Code statement
- Conflicts of interest policy
- UK Tax Strategy statement
- Supplier code of conduct
- Slavery and human trafficking statement

Committed to the highest standards

Peter Gibbs

Non-executive Chairman (Age 60)

Peter Gibbs was appointed to the Board in April 2015. Peter has spent his entire career working in the financial services industry. He was Chief Investment Officer and Head of Region for the non-US investment management activities of Merrill Lynch Investment Managers, having spent his early career at Brown Shipley and Bankers Trust as a portfolio manager. Since then he has held a number of non-executive positions including at UK Financial Investments plc (the body responsible for the UK government's financial services investments), Evolution Group plc, Impax Asset Management Group plc, Friends Life Group Limited and Intermediate Capital Group plc. He is currently a Non-executive Director of Aspect Capital Ltd and Chair of Trustees for Bank of America Merrill Lynch UK Pension Plan Trustees Ltd and the Visa Europe Pension Plan.

Committee membership: **N**, R

Mark Coombs

Chief Executive Officer (Age 58)

Mark Coombs was appointed a Director on the incorporation of the Company in December 1998, and has served as its Chief Executive Officer since then. He held a number of positions at Australia and New Zealand Banking Group (ANZ) and led Ashmore's buyout from ANZ in early 1999. He is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Mark has an MA in Law from Cambridge University.

Tom Shippey

Group Finance Director (Age 44)

Tom Shippey was appointed to the Board as Group Finance Director in November 2013. Prior to joining Ashmore in 2007, he worked for UBS Investment Bank, including advising on the Ashmore IPO in 2006. Tom qualified as a Chartered Accountant with PricewaterhouseCoopers in 1999 and is a Fellow of the ICAEW. He has a BSc in International Business and German from Aston University.

Jennifer Bingham

Non-executive Director (Age 66)

Jennifer Bingham was appointed to the Board in June 2018. She is an accountant and between 1992 and 2003 she was a senior executive of Brunswick Capital Management Limited, an investment manager specialising in the Russian equity market. During this period she variously held the offices of Chief Executive, Chief Operating and Chief Financial Officer of the firm. Since 2003 Jennifer has held finance, administration and investment oversight roles with investment company PCHB Limited (part of the Cundill group of companies) and as Trustee and Chair of the Peter Cundill Foundation.

Dame Anne Pringle DCMG

Non-executive Director (Age 63)

Anne Pringle joined the Board in February 2013. She was a diplomat with the Foreign and Commonwealth Office for over 30 years, focusing in particular on the EU, Russia and Eastern Europe. Between 2001 and 2004, Anne was the British Ambassador to the Czech Republic and from 2004 to 2007, Director of Strategy and Information at the FCO and a member of the FCO Board. From 2008 to 2011, she served as Ambassador to the Russian Federation. Anne is the Senior Governor on the Board of St Andrew's University and a trustee on the Board of Shakespeare's Globe Theatre.

Committee membership: A, N, R

David Bennett

Senior Independent Director (Age 56)

David Bennett was appointed to the Board in October 2014. He was a Director of Alliance and Leicester plc between 2001 and 2008, serving as Group Finance Director and then Group Chief Executive until its sale to Santander in 2008. He has also held a number of executive positions in Abbey National plc, Cheltenham & Gloucester plc, Lloyds TSB Group and the National Bank of New Zealand. David is currently Deputy Chairman and Senior Independent Director of CYBG plc, Chairman of various Together group companies, and a Non-executive Director of PayPal (Europe) SARL et Cie, S.C.A. He has also served as a Non-executive Director of easyJet plc between 2005 and 2014. David holds an MA in Economics from Cambridge University.

Committee membership: **A**, N, R

Clive Adamson

Non-executive Director (Age 62)

Clive Adamson was appointed to the Board in October 2015. He was Head of Supervision and an Executive Director of the Board of the Financial Conduct Authority until January 2015, and prior to that he held a number of senior roles within its predecessor, the Financial Services Authority. Between 1998 and 2000 he was a Senior Advisor in Banking Supervision at the Bank of England. Clive is currently the Non-executive Chairman of JP Morgan International Bank Limited, Non-executive Director and Chairman of the Board Risk & Capital Committee of The Prudential Assurance Company Limited and Non-Executive Director and Chair of the Board Risk Committee of CYBG plc. Clive is a Senior Advisor to McKinsey & Co. He holds an MA in Economics from Cambridge University.

Committee membership: A, N, **R**

Key to membership of committees

A- Audit and Risk

N- Nominations

R- Remuneration

(A bold letter denotes the Chair).

Ashmore's strategy delivers growth and value for clients and shareholders

Ashmore's specialist focus on Emerging Markets, its consistent three-phase strategy, and the Group's proven business model have delivered a strong performance this year. The fundamentals of Emerging Markets are in robust shape and together with underweight investor positioning, the investment opportunities created by recent price volatility, and Ashmore's excellent investment track record, this augers well for continued client demand following the record net flows that the business generated this year.

Ashmore's strategy is delivering growth

Since I joined the Ashmore Board in 2015, the market environment has changed considerably, with a sustained economic recovery across Emerging Markets driving asset prices and capital flows. Ashmore's strategy delivers through the cycle, and good progress has been made this year on several initiatives, which is due in no small part to the expertise, commitment and professionalism of its employees. I have observed these characteristics through the regular presentations to the Board by a wide variety of employees, covering investment, distribution and support functions. This interaction importantly has included the Group's distinctive local asset management offices, that manage nearly US$5 billion of AuM and are generating strong growth consistent with the third phase of the strategy, and which represent 29% of Ashmore's employees.

12.10p per share

Recommended final dividend

As well as the impressive growth in assets managed by the network of local offices, the 47% growth in retail AuM, to nearly US$10 billion, is particularly pleasing after a period of investment and focus on broadening intermediary distribution relationships. The increasing proportion of AuM sourced through intermediary distribution channels serves to underline the diverse revenue streams that are delivered by the second phase of the Group's strategy.

Board changes

As previously announced I am retiring from the Board and will not be seeking re-election at this year's AGM. I am delighted that David Bennett is to succeed me as Chairman, subject to his election by shareholders at the AGM. David's Board experience and knowledge of Ashmore make him an excellent choice.

I would like to thank Simon Fraser, who retired from the Board on 31 December 2017, for his wise counsel during his time on the Board. I would also like to welcome Jennifer Bingham, who was appointed as an additional Non-executive Director on 29 June 2018. I believe she will bring experience that will be valuable to the Board. Michael Perman, Ashmore's company secretary for ten years, retired in June and we thank him for his loyal service.

Diversity

While the Group's strategy and business model achieve diversification to reduce risk, Ashmore's diversity is evident in other areas.

– Ashmore reflects the many communities in which it operates and invests. The local asset management platforms in Emerging Markets are managed by local employees, and contribute to the total of 38 nationalities represented by Ashmore's staff.
– The gender balance has changed at the Board level, with female independent Non-executive Directors representing 29% of Directors and, following my retirement at the AGM in October, this will rise to 33%, thereby satisfying the target set by the Davies report.
– The position is mirrored among the Ashmore employee base with 67% male and 33% female.

Board changes

– Simon Fraser retired from the Board on 31 December 2017
– Jennifer Bingham was appointed to the Board as an additional Non-executive Director on 29 June 2018

Read more
A detailed report on corporate governance is provided on pages 45-47.

Diversity is not about reporting numbers, however. At Ashmore, the many facets of diversity support a culture that is focused on delivering performance for clients, and aligning the interests of clients with those of the Group's shareholders and employees. Ashmore's culture is bolstered further, by, and persists through, a remuneration philosophy that has been effective through many market cycles, and which is explained in more detail in the Remuneration report on page 53.

Dividend

The Board has recommended a final dividend of 12.10 pence for the year ending 30 June 2018 to give total dividends per share for the year of 16.65 pence. Subject to shareholders' approval at the AGM in October, the final dividend will be paid on 7 December 2018 to those shareholders on the register on 2 November 2018.

Finally, I would like to thank my Board colleagues and all Ashmore employees for their dedication, hard work and support during my time as Chairman. I am certain they will continue to deliver the Group's growth strategy successfully and to create further value for clients and shareholders.

Peter Gibbs
Chairman

6 September 2018

The Group has been in compliance with the UK Corporate Governance Code and its predecessor versions since Admission to listing on the London Stock Exchange on 17 October 2006, except where the Directors consider that, in particular limited circumstances, departure may be justified and explained. No departures from the Code occurred during the year under review. References herein to 'the Code' are to the April 2016 version of the UK Corporate Governance Code. This report describes the Group's corporate governance arrangements, explaining how it has applied the principles of the Code. A revised version of the UK Corporate Governance Code has been issued by the Financial Reporting Council and this will be effective for accounting periods commencing on or after 1 January 2019 (the 2018 Code). The Company will in due course be undertaking a full review of its governance arrangements to ensure compliance with the 2018 Code. As it relates to remuneration the Company believes that its present arrangements are already aligned to its purpose and values and clearly linked to the successful delivery of its long-term strategy. Further details are provided on pages 53 to 69.

Directors

The Board of Directors comprises two Executive Directors and five independent Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Tom Shippey, the Group Finance Director. The Independent Non-executive Directors are Peter Gibbs, Chairman; David Bennett, Senior independent Director; Jennifer Bingham, Dame Anne Pringle and Clive Adamson. Simon Fraser retired from the Board on 31 December 2017 and Jennifer Bingham was appointed on 29 June 2018. All other Directors served throughout the year.

The Board has a schedule of matters specifically reserved to it for decision and approval, which include, but are not limited to:

- the Group's long-term commercial objectives and strategy;
- major acquisitions, disposals and investments;
- Changes relating to the Company's capital or its status as a plc
- the Group's annual and interim reports and financial statements;
- Approval of quarterly AUM releases
- Approval of all company circulars and listing particulars
- Approval of press releases concerning matters decided by the Board
- Approval of D&O insurance limits
- the interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- Internal Capital Adequacy Assessment Process;
- significant capital expenditure; and
- the effectiveness of risk management and internal control systems.

The roles of the Chairman and Chief Executive Officer are separate, clearly defined and have been approved by the Board. The Chairman is responsible for the effective conduct of the Board, while the Chief Executive Officer is responsible for execution of strategy and for the day-to-day management of the Group.

In considering Non-executive Director independence, the Board has taken into consideration the guidance provided by the Code. The Board considers Peter Gibbs, Clive Adamson, David Bennett, Jennifer Bingham and Dame Anne Pringle to be independent. David Bennett is the Senior Independent Director.

During the year under review, the Group complied with the Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman). As previously announced, a number of changes to the composition and structure of the Board and its committees will take effect immediately following the Annual General Meeting of the Company to be held on 19 October 2018. At that time Peter Gibbs will retire as Chairman and as a Director. He will be succeeded as Chairman by David Bennett who will be independent on appointment and whose existing commitments had already been disclosed to the Board. At the same time Clive Adamson will assume the role of Senior Independent Director and Dame Anne Pringle will become Chair of the Remuneration Committee.

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2AR(2)(a); and that: (i) the Company has complied with the independence provisions included in that agreement; (ii) so far as the Company is aware, Mark Coombs has complied with the independence provisions included in that agreement; and (iii) so far as the Company is aware, Mark Coombs has complied with the procurement obligation included in that agreement pursuant to UK Listing Rule 9.2.2BR(2)(a), in each case during the financial reporting period ending on 30 June 2018.

The views expressed by shareholders have been reported back to the Board and its committees. During the year under review the Chairman and the Chair of the Remuneration Committee met with shareholders as part of shareholder engagement with reference to the Remuneration Policy as submitted to the 2017 AGM. The major shareholders are invited to request meetings with the Senior Independent Director as required.

During the year, meetings took place between the Senior Independent Directors and the Non-executive Directors without the executives present and between the Chairman and the Senior Independent Director. The appraisal of individual Non-executive Director's performance and the Chairman's performance was addressed this year as part of the independently facilitated Board evaluation. The Senior Independent Director then led a discussion of the Chairman's performance with the other Non-executive Directors excluding the Chairman. No performance issues arose in respect of any of the Directors or the Chairman. The Board evaluation also confirmed that the Directors felt they had received sufficient training and the Chairman was alert to their training needs.

The Board meets a minimum of six times during the year to review financial performance and strategy and to follow the formal schedule of matters reserved for its decision. Comprehensive Board papers, comprising an agenda and formal reports and briefing papers, are sent to Directors in advance of each meeting. Throughout their period in office, Directors are continually updated by means of written and verbal reports from senior executives and external advisers on the Group's business, and the competitive and regulatory environments in which it operates, as well as on legal, compliance, corporate governance, corporate responsibility and other relevant matters.

In addition to its formal business, the Board received a number of briefings and presentations from members of executive management during the year covering a wide range of topics across the range of the Group's business. All Directors have access to independent professional advice, if required, at the Company's expense, as well as to the advice and services of the Company Secretary.

New Directors appointed to the Board will receive advice as to the legal and other duties and obligations arising from the role of a director of a UK listed company within a full, formal and tailored induction. An induction programme has been arranged for Jennifer Bingham who recently joined the Board.

The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flows between the Board, its committees and management and assisting with Directors' continuing professional development needs. The Company's Nominations Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles, a summary of which is set out below.

Under the Articles, the minimum number of Directors shall be two and the maximum shall be nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself/herself for election at the next Annual General Meeting of the Company following their appointment but he or she is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

The Directors to retire by rotation must be those who held office at the time of the two preceding Annual General Meetings and did not retire at either of them or those who have held office with the Company for a continuous period of nine years or more at the date of the Annual General Meeting. The office of Director shall be vacated in other circumstances, including where (i) that Director resigns or is asked to resign; (ii) they are or have been suffering from mental ill-health; (iii) they are absent without permission of the Board from meetings of the Board for six consecutive months; (iv) they become bankrupt or compound with their creditors generally; or (v) they are prohibited by law from being a Director.

Notwithstanding these provisions, the Board has adopted provision B.7.1 of the Code and all Directors will retire and seek re-election at each Annual General Meeting. The Listing Rules require that the election/re-election of independent directors be by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders. The Board evaluation addressed the performance of the Company Secretary in terms of how he had fulfilled his secretarial duties and any comments were passed to the Chairman. The appointment and removal of the Company Secretary is a matter reserved for the Board.

Powers of the Directors

Subject to the Company's Articles, the Companies Act 2006 and any directions given by the Company by special resolution, the business of the Company is managed by the Board, which may exercise all powers of the Company, whether relating to the management of the business of the Company or not.

Biographical details of the Directors are given on page 43.

Annual performance evaluation

The Code recommends that the Board should undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated evaluation should be undertaken at least once every three years. During the year, an independent externally facilitated evaluation was undertaken by The Effective Board LLP (which has no connection with the Company). The evaluation involved interviews with each of the members of the Board and also included individual director appraisals. The results of those appraisals have been fed back independently to the Chairman except for any comments on the Chairman which were provided to the Senior Independent Director in order to facilitate his performance appraisal. The Board believes that, following the completion of the performance evaluation, the performance of the Chairman and the Directors continues to be effective and that they continue to demonstrate commitment to their roles. The performance of each of the Board's committees was also subject to review and reports were provided to each of the respective Chairs. The Effective Board LLP commented that not only is the Board effective absolutely but it compares relatively highly to other listed company boards. No issues were raised about the provision of information to the Board with the consensus being that information was delivered in a timely and comprehensive manner. The evaluation addressed the composition of the Board and how it works together as a unit, including how Jennifer Bingham's addition to the Board would add to both the skillset and the level of gender diversity. A number of recommendations were made. The first of these was to agree a long-term definition of success and in response to this the Board has decided to set specific objectives over five years and to review these annually. Another recommendation was to have greater understanding and assurance regarding the investment process in local offices and in response it was agreed that when local investment teams present to the Board (they presently attend Board meetings periodically on a rotational basis) they will be specifically required to articulate their investment processes. At the time of the evaluation none of the Non-executive Directors had served on the Board for six years. However, on attaining six years' service a Non-executive Director would be subject to a particularly rigorous review.

> **The Board evaluation cycle**
>
> **Year 1**
> Externally facilitated
> Board evaluation
>
> **Year 2**
> One to one interviews with Chairman focusing on issues raised in year 1 and any other issues
>
> **Year 3**
> One to one interviews with Chairman focusing on progress

Board committees

The Board has appointed Audit and Risk, Remuneration and Nominations Committees to assist in the execution of its duties.

All of these committees operate within written terms of reference, which are reviewed annually consistent with changes in legislation and best practice.

The chair of each committee reports regularly to the Board.

Each of the committees is authorised, at the Company's expense, to obtain external legal or other professional advice to assist in carrying out its duties. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisers, may be invited to attend as appropriate.

Current membership of the committees is shown in the relevant sections below. A number of changes to the leadership and composition of the committees have been announced and details are set out in the Nominations Committee report at page 51.

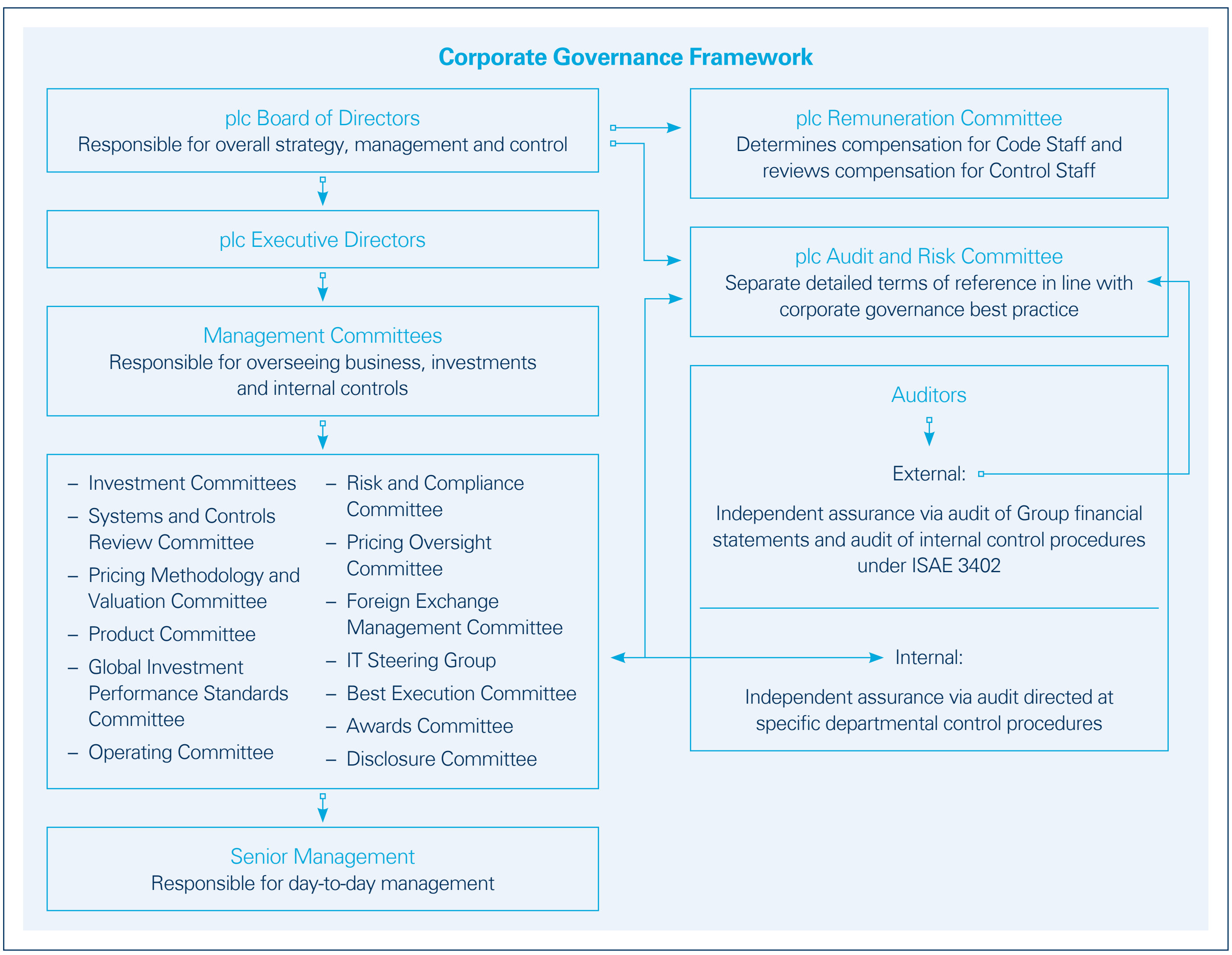
Board and committee attendance

The table below sets out the number of meetings of the Board and its committees and individual attendance by the Directors. Directors who are not members of any Board committees are also invited to attend meetings of all such committees.

Board and committee attendance is described in the table below and includes attendance for Directors who have only served on the Board or its committees through part of the year under review.

	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Total number of meetings scheduled between 1 July 2017 and 30 June 2018	7	4	5	6
Peter Gibbs	100%	100%	–	100%
Mark Coombs	100%	–	–	–
Tom Shippey	100%	–	–	–
Simon Fraser	100%	100%	100%	100%
Dame Anne Pringle	100%	100%	100%	100%
David Bennett	100%	100%	100%	100%
Clive Adamson	100%	100%	100%	100%
Jennifer Bingham	100%	–	–	–

1. Simon Fraser retired from the Board on 31 December 2017.
2. Jennifer Bingham was appointed to the Board on 29 June 2018.
3. Members of executive management are invited to attend Board committee meetings as required but do not attend as members of those committees.



Audit and Risk Committee

I am pleased to submit the report on the activities of the Audit and Risk Committee for the financial year ended 30 June 2018

David Bennett
Chairman

Activities

The Audit and Risk Committee held five pre-scheduled meetings during the year. The activities of the Audit and Risk Committee are described on pages 48 to 51.

During the year under review the following Non-executive Directors served on the Audit and Risk Committee, the membership of which was compliant with the Code:

– David Bennett (Chairman)
– Clive Adamson
– Dame Anne Pringle
– Simon Fraser (retired 31 December 2017)

Simon Fraser served as a member of the Committee until retiring from the Board on 31 December 2017. All remaining members of the Audit and Risk Committee served throughout the year.

The Board is satisfied that for the year under review, and thereafter, David Bennett and Clive Adamson had, and have, recent and relevant commercial and financial knowledge and experience. The Board is further satisfied that the Audit and Risk Committee as a whole has competence relevant to the sector in which the Company operates.

David Bennett has served as Group Finance Director and the Group Chief Executive of Alliance and Leicester plc, Dame Anne Pringle was a diplomat with the Foreign and Commonwealth Office for over 30 years with extensive experience of Russia and Eastern Europe and Clive Adamson was formerly Head of Supervision and Executive Director of the Board of the Financial Conduct Authority and a Senior Advisor in Banking Supervision at the Bank of England.

A report on the activities of the Audit and Risk Committee is set out below.

The terms of reference for the Audit and Risk Committee include:

– monitoring and challenging the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial statements or performance and any significant financial issues and judgements contained in them;
– reviewing the contents of the Annual Report and Accounts and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
– reviewing the effectiveness of the Group's internal control and risk management systems;
– overseeing and challenging the day-to-day risk management and oversight arrangements of the executive;
– overseeing and challenging the design and execution of stress and scenario testing;
– considering and approving the remit of the compliance, internal audit and risk management functions and ensuring that they have adequate independence;
– monitoring and reviewing the scope, extent and effectiveness of the activities of the Internal audit function in the context of the Company's overall risk management and control systems;
– reviewing, assessing and approving the internal audit plan;
– reviewing the external auditor's plan for the audit of the Group's financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the audit;
– reviewing and monitoring the effectiveness and quality of the external audit;
– reviewing the level and amount of external auditor non-audit services;
– making recommendations to the Board for a resolution to be put to shareholders to approve the reappointment of the external auditor;
– reviewing the Company's whistleblowing arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and reviewing the Company's systems and controls for detecting fraud and the prevention of bribery;
– reviewing the Audit and Risk Committee's terms of reference and carrying out an annual performance evaluation exercise; and reporting to the Board on how it has discharged its responsibilities.

Key judgements

In assessing the various key matters relative to its terms of reference, and to satisfy itself that the sources of assurance and information the Audit and Risk Committee has used to carry out its role to review, monitor and provide assurance or recommendations to the Board are sufficient and objective, the Audit and Risk Committee has adopted an integrated assurance approach. This approach relies not only on the work of the external auditor but also management assurances received from various reports including from the Group Finance Director, Group Head of Risk Management, Group Head of Compliance and also via the existing Ashmore governance framework such as specialised internal management committees. Other independent assurance is received from the Compliance Monitoring Programme and Internal Audit and from the externally audited ISAE 3402 report on the control environment. The Group Finance Director, Group Head of Risk Management, Head of Internal Audit and Group Head of Compliance are invited to attend each pre-scheduled meeting of the Audit and Risk Committee.

The Audit and Risk Committee has the authority to seek any information it requires to perform its duties from any employee of the Company and to obtain outside legal or other independent professional advice as appropriate.

The principal activities of the Audit and Risk Committee through the year, and the manner in which it discharged its responsibilities, are described below.

Meetings

The number of Audit and Risk Committee meetings and their attendance by the Directors are set out in the table on page 47. The Audit and Risk Committee met five times in relation to the current financial reporting year as part of its standard process. Scheduled meetings of the Committee take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. The Chairman of the Audit and Risk Committee reports to the Board, as part of a separate agenda item, on the activities of the Committee. All Non-executive Directors are invited to attend meetings of the Audit and Risk Committee.

The Chairman of the Audit and Risk Committee also held meetings during the course of the year, outside the scheduled Committee meetings, with the Group Head of Internal Audit, the Group Head of Risk Management and Control, the Group Head of Compliance, the Group Finance Director and the external auditors.

Financial statements

In March 2018 the Company received a letter from the Financial Reporting Council (FRC), containing comments on the Annual Report and Accounts for the year ended 31 June 2017. This followed a review carried out by the FRC's Conduct Committee. Whilst there were no questions that the FRC wished to discuss with the Company or that required a direct response, a number of comments were provided in the spirit of promoting continuous improvement in the quality of corporate reporting and the Company has taken account of these in preparing its 2018 Annual Report and Accounts. The FRC's role is to consider compliance with reporting requirements and not to verify the information provided. Their review provides no assurance that the 2017 Annual Report and Accounts were correct in all material respects.

The Audit and Risk Committee reviewed the 2018 Annual Report, the interim results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in 2018.

Significant accounting matters

During the year the Audit and Risk Committee considered key accounting issues, matters and judgements in relation to the Group's financial statements and disclosures relating to:

Share-based payments

It is the responsibility of the Remuneration Committee to address, and report upon, compensation matters including share-based payments made to Executive directors of the Group, which have performance conditions attached. The Audit and Risk Committee considers these in its review of the financial statements and receives a report from the external auditor on the quantification and accounting treatment related to such payments, which are explained in note 10 to the financial statements.

Classification of seed capital investments

The accounting treatment for seed capital investments is addressed more fully in note 20 to the financial statements and in the accounting policies at page 92.

Management fee rebates

A report from the external auditor regarding the processing of fee rebates and its treatment on revenue recognition was received and reviewed. The method of accounting for revenue recognition is described more fully on page 95. The Audit and Risk Committee is satisfied that controls are in place to ensure that revenue rebates are recorded accurately and completely.

Future IFRS and UK GAAP developments

The Audit and Risk Committee has received a report from management and the external auditor and discussed future accounting developments likely to affect the presentation of the Group's financial statements.

Other accounting matters

During the year, the Audit and Risk Committee received communications from management and from the external auditor on other accounting matters. The Committee has also reviewed the adoption of the going concern basis in preparing the interim and year end consolidated accounts and considered the longer-term viability statement for the Group, which is described in more detail on page 30.

UK Corporate Governance Code

A separate Corporate Governance Statement is included on pages 45 to 47 which explains how the Group has complied with the 2016 UK Corporate Governance Code.

External auditor

For FY2017/18 Thomas Brown was the KPMG audit partner, having first assumed responsibility for the audit of the Group in FY2016/17. The FRC's Ethical Standards for Auditors require that KPMG rotate the audit partners every five years for a listed entity.

The external auditor attends all meetings of the Audit and Risk Committee. It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. The Audit and Risk Committee discusses and agrees the scope of the audit plan for the full year and the review plan for the interim statement with the auditor.

The external auditor provides reports at each committee meeting on topics such as the control environment, key accounting matters and mandatory communications.

External auditor independence

The Audit and Risk Committee has agreed the types of permitted and non-permitted non-audit services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chairman of the Audit and Risk Committee and approved by him.

During the year the value of non-audit services provided by KPMG LLP amounted to £0.1 million (FY2016/17: £0.2 million). Non-audit services as a proportion of total fees paid to the auditor have fallen to approximately 20% (FY2016/17: 33%). The overall quantum of non-audit services is not considered to be significant given that Ashmore operates within a highly regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

- reporting on the half-year financial statements;
- providing regular mandatory assurance reports to the FCA (as the regulator of Ashmore Investment Management Limited and Ashmore Investment Advisors Limited);
- reporting on the internal control systems applicable to Ashmore's offices in London, New York and Singapore as required under the international standard ISAE 3402, pursuant to investment management industry standards; and
- auditing the controls and procedures employed by the Company relating to the production of investment performance figures over one, three and five-year periods to conform to the investment management industry's Global Investment Performance Standards.

The assurance provided by the Group's external auditor on the items listed above is considered by the Audit and Risk Committee to be strictly necessary in the interests of the business and, by their nature, these services could not easily be provided by a separate professional auditing firm.

The provision of tax advisory services, due diligence/transaction services and litigation services may be permitted with the Audit and Risk Committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance. During the year there were no circumstances where KPMG LLP was engaged to provide services which might have led to a conflict of interests.

The Committee is mindful of the various legal and regulatory requirements for rotation and tendering of the external audit including the EU Audit Regulation 537/14, now implemented in the UK through the Statutory Auditors and Third Country Auditors regulations 2016 (SI 2016/649), (UK audit legislation) the Competition and Markets Authority Order and the 2016 UK Corporate Governance Code. Mandatory audit firm rotation is required after 20 years and a re-tender must be conducted at least every 10 years. The Code requires disclosure of the length of tenure of the current audit firm and when a tender was last conducted, as well as advance notice of any retendering plans. KPMG LLP (and its prior entity KPMG Audit plc) have acted as the auditor to the Company since the IPO in October 2006 and the lead audit partner rotates every five years to assure independence. The Committee undertook a comprehensive tender process in March 2016 for the audit in relation to the year ending 30 June 2017 and has no plans to re-tender the audit at the present time.

In addition to rotation and tendering of the external audit, the UK audit legislation restricts the non-audit services which can be provided by the auditor. In compliance with this requirement, Deloitte provide independent tax advice services to the Group.

The UK audit legislation also imposes a fee cap of 70% of the average statutory audit fees paid in the last three consecutive years. This cap will not restrict KPMG from continuing to undertake assurance, verification and reporting work in other required areas described above such as to the FCA, Global Investment Performance Standards and ISAE 3402.

At the end of each Audit and Risk Committee meeting, the Non-executive Directors meet with the external and internal auditors without the Executive Directors being present so as to provide a forum to raise any matters of concern in confidence.

In order to assess the effectiveness of the external audit process, the Audit and Risk Committee asked detailed questions of key members of management as well as considering the firm-wide audit quality inspection report issued by the FRC in June 2018 and KPMG's response to the findings inspection. Based on this review the Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and assessed the quality of the audit to be satisfactory. Accordingly, the Audit and Risk Committee continues to be satisfied with the work of KPMG LLP and that it continues to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the reappointment of the auditor, and its remuneration and terms of engagement, at the Annual General Meeting of the Company.

Internal controls and risk management systems

The Group Head of Risk Management and Control attends each meeting of the Audit and Risk Committee and provides reports to each. These reports have addressed a number of risk-related topics and have demonstrated how the output of the different Investment, Risk and Compliance and Pricing and Valuation Methodology Committees' discussions throughout the period have been effective in highlighting, tracking and contributing towards managing key market, liquidity, credit, counterparty and operational risks. In particular, in relation to operational risk, the Audit and Risk Committee has also reviewed and discussed the Group's Principal Risk Matrix which continues to serve as an effective tool to highlight and monitor the principal risks facing the Group and its continued evolution, and reflects changes in the business profile of the Group and the corresponding impact on internal controls and related processes.

The Audit and Risk Committee also received an annual report on, and conducted a review and evaluation of, the system of internal controls and risk management operated within the Company pursuant to the Financial Reporting Council guidance, 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', prior to final review by the Board.

A detailed description of the risk management framework and the manner in which risks are identified and managed is set out on pages 28 to 33.

Internal audit

The Head of Internal Audit has regular meetings with the Chairman of the Audit and Risk Committee and attends all meetings of the Committee to present reports on the internal audit findings and on the proposed programme of reviews. The Audit and Risk Committee continues to monitor the internal audit plan on an ongoing basis to ensure that it remains relevant to the needs of the business and to ensure that it can be adapted or changed if a particular focus area necessitates this.

During the year, the Audit and Risk Committee received presentations from Internal Audit on a number of topics including the Internal Audit plan for the year and the outcomes of any internal audits conducted during the period under review. The Committee also received presentations from Internal Audit on the implementation of the assurance framework in the year and the results of the assurance review over the effectiveness of the controls and mitigants in place for the principal risks. Based on the work described, and in accordance with the requirements of the Chartered Institute of Internal Auditors' revised Financial Services Code guidance, Internal Audit has provided the Audit and Risk Committee with its assessment of the overall effectiveness of Ashmore's governance and risk and control framework and its conclusions with regard to Ashmore's adherence to its risk appetite framework.

Internal Audit provides annual confirmations to the Audit and Risk Committee on four areas: internal independence, internal audit's ongoing conformance with relevant professional standards, any potential conflicts of interest and the ongoing suitability of the internal audit terms of reference. In addition, the revised Financial Services Code recommends that Audit and Risk Committees should obtain an independent and objective external assessment of the internal audit function at least every five years, and that this assessment should explicitly include whether Internal Audit conforms with the Financial Services Code guidance. Accordingly, the Audit and Risk Committee approved Deloitte LLP to conduct this independent review and they presented their findings to the Audit and Risk Committee during the year.

The conclusions were that Ashmore's internal audit function demonstrates "general conformance" with the standards laid out by the IIA Standards (being the highest rating attainable) and "generally achieves" the key objectives of the Financial Services Code. The review highlighted a number of areas where minor enhancements could be made to fully conform with the Financial Services Code guidance, and the Committee is pleased to report that these improvements have been made.

After due consideration, and in accordance with the Financial Services Code guidance, the Audit and Risk Committee is satisfied that the quality, experience and expertise of the internal audit function are appropriate for the business and that it has adequate resources to fulfil its remit.

Compliance

In order to ensure a co-ordinated reporting process with the Risk Management and Internal Audit functions, the Group Head of Compliance is invited to attend and present to the Audit and Risk Committee. Reports will include details of the Group's relations with regulators; the Compliance monitoring programme; material breaches, errors and complaints; retail conduct risk, anti-money laundering controls and sanctions compliance. The Audit and Risk Committee will also approve the Compliance monitoring plan and review the Group's procedures for ensuring compliance with regulatory reporting requirements.

Information security

Information security (including cyber security) is identified as a key principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. The Audit and Risk Committee receives annual updates from the Ashmore IT Department on potential cyber security threats and how Ashmore would respond to a significant event.

Whistleblowing and fraud

The Committee is responsible for reviewing the arrangements in place for employees to raise concerns in confidence about possible wrongdoing in financial reporting and other matters and for ensuring that these arrangements allow for proportionate and independent investigation.

Public funds' audits

The Audit and Risk Committee met with and received reports from the independent auditors of Ashmore's SICAV, US 40-Act and Guernsey public funds on the conduct of those audits and outcomes from them.

Audit and Risk Committee effectiveness

An externally facilitated evaluation of the effectiveness of the Board, its committees and the Directors was conducted during the year. Following the review the Board has concluded that the Audit and Risk Committee is working effectively.

David Bennett
Chairman of the Audit and Risk Committee

6 September 2018

Governance

Nominations Committee

During the year the activities of the Nominations Committee have included making recommendations to the Board in connection with the appointment of a new Chairman to succeed me when I retire at the conclusion of the forthcoming Annual General Meeting, as well as the appointment of both a new Senior Independent Director and an additional Non-executive Director. In addition the Committee has reviewed the structure and composition of the Board committees. The recommendations of the Committee, which are described in my report below, have been approved by the Board and were announced on 2 July 2018.

Peter Gibbs
Chairman

Activities

During the year under review the Nominations Committee, which met four times, comprised the following Non-executive Directors and was fully compliant with the Code:

- Peter Gibbs (Chairman)
- Simon Fraser (retired 31 December 2017)
- David Bennett
- Anne Pringle (from 1 January 2018)
- Clive Adamson (from 1 January 2018)

Except as noted all members of the Nominations Committee served throughout the year.

The terms of reference for the Nominations Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future; and
- ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

During the year the Committee considered the nomination of a prospective new Chairman to succeed me when I retire from the Board at the conclusion of the forthcoming Annual General Meeting. The Committee considered whether the present Senior Independent Director (SID), David Bennett, might be a suitable candidate. Neither myself nor David Bennett were present for these discussions. The Committee concluded that David Bennett was well qualified for the role, owing to his extensive experience in financial services and his previous experience in other companies in the role of Chairman and Deputy Chairman. Given the availability of a candidate who is an existing member of the Board it was not considered necessary to draw up a job specification. It was noted that the Chairman should, on appointment, meet the independence criteria set out in B.1.1 of the Code and the Committee concluded that David Bennett would meet those criteria and accordingly it was agreed to nominate him as my successor. It was also noted that David Bennett currently holds the position of SID and would need to relinquish that role upon taking up his appointment as Chairman. The Committee duly nominated Clive Adamson, who has served as a Non-executive Director since 2015, to succeed David Bennett as Senior Independent Director.

The Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles of Association. The Committee may engage an independent search consultant with no connection to the Ashmore Group to find appropriate candidates for the Board with the requisite skills, and in doing so will take account of relevant guidelines and legislation relating to the appointment of individuals to boards (including but not limited to the Equality Act 2010, relevant European Union law, guidance from the Equality and Human Rights Commission and the UK Corporate Governance Code). The Committee may also consider candidates introduced to the Company from other sources. Jennifer Bingham who was appointed as an additional Non-Executive Director on 29 June 2018 is seeking election at the AGM. In considering her appointment, the Committee reviewed whether the Board had the appropriate balance of skills, independence, experience and knowledge of the Company to enable them to discharge their duties and responsibilities effectively.

Early in her career, Mrs Bingham trained as an accountant, obtained a Post Graduate Diploma in Management Studies and then served as a senior executive of Brunswick Capital Management Limited, an investment manager specialising in the Russian equity market. The Committee considered whether there might be other candidates who would be well qualified for the role, and concluded that, given her background, Mrs Bingham would add to the balance of skills and experience on the Board and as there was only one female Director at the time, her appointment would add significantly to the gender diversity. It was noted that Mrs Bingham was ready and willing to accept the role and given her availability, it would not be in the Company's interests to undertake a search process or advertise for other candidates, in view of the costs involved.

The Committee also considered Mrs Bingham's independence and noted that between 2011 and 2014 her company, Valley Management (UK) Limited, had provided administrative and consulting services to a company owned by Mark Coombs. The Committee noted that the services had been provided at arm's length, the aggregate fees paid were not significant (£42k excluding VAT) and all remunerated services ceased in June 2014 (albeit Mrs Bingham continued to serve as an unpaid non-executive director of four companies controlled by Mark Coombs, resigning from the last of these on 22 August 2016). The Committee therefore concluded that Mrs Bingham is independent in accordance with the UK Corporate Governance Code and has no conflicts of interest that could affect her role as an independent Non-executive Director of Ashmore.

In the light of the changes referred to above the leadership and composition of the Board committees was reviewed and it was agreed to recommend the following structure which has since been approved by the Board and will apply from the conclusion of the 2018 Annual General Meeting:

Audit and Risk: Clive Adamson (Chair), Anne Pringle and Jennifer Bingham.

Remuneration: Anne Pringle (Chair), Clive Adamson, David Bennett, Anne Pringle and Jennifer Bingham.

Nominations: David Bennett (Chair), Clive Adamson, Anne Pringle and Jennifer Bingham

As referred to in the Corporate Governance Statement on page 45, a revised Corporate Governance Code (the 2018 Code) will take effect for accounting periods beginning on or after 1 January 2019. It was noted that the appointment of Dame Anne Pringle as Chair of the Remuneration Committee would be in compliance with the 2018 Code as she has already served on the Remuneration Committee for more than 12 months.

The Committee has not set any measurable objectives for diversity (including gender diversity) in making Board appointments, but once the changes described above are implemented the Board will meet the target set by the Davies report of 33% female representation. Ashmore's policy on diversity is described in the Directors' report on page 41.

The members of the Nominations Committee have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 47.

An externally facilitated evaluation of the Board, its committees and the Directors was conducted during the year. Following the review the Board has concluded that the Nominations Committee is working effectively.

Remuneration Committee

I was pleased to take on the role of Remuneration Committee Chairman from Simon Fraser, and would like to thank him for his stewardship in this important area of the business.

I would also like to thank our shareholders for approving the Ashmore Group plc's Directors' remuneration policy (the Remuneration Policy, the Policy), which was approved by over 85% of shareholders at the October 2017 AGM and will remain in place for the years ending 30 June 2018, 2019 and 2020.

Remuneration Policy structure

The Remuneration Policy has served clients, employees and shareholders extremely well and is deliberately simple. The principles supporting it are applied across all of the Group's employees in order to instil a common equity ownership culture based on pay for performance. The key principles are:

- A consistent remuneration structure for all employees, not just Executive Directors.
- A low cap on fixed salaries, currently £120,000, with both Executive Directors currently paid £100,000, and variable awards that genuinely reflect performance.
- Simplicity, with a single profit-derived bonus pool for all employees and no separate LTIP for Executive Directors.
- A cap on the aggregate variable compensation pool for all employees, including executives, currently at 25% of earnings before variable compensation, interest and tax (EBVCIT).
- Long-term deferral (with a five-year cliff vest) of a substantial proportion of variable awards.
- Additional performance conditions for Executive Directors that put a significant proportion of their total pay at risk.
- Strong alignment of interests with shareholders and clients through significant employee equity ownership.

Reflecting performance in remuneration

Key to the success of the policy is that the remuneration structure is designed to support and fit with the long-term strategy of the business. The Group operates in a growth sector which experiences market cycles and the remuneration policy plays a key role in minimising fixed costs, providing flexibility in variable costs, enabling key staff retention, and thereby aligning the interests of clients, shareholders and employees through market cycles.

In determining the awards made to the CEO and GFD this year, the Remuneration Committee has considered both operational performance and the statutory results, to reflect the experience of shareholders.

The CEO and GFD's performance during the period, relative to their operational annual performance measures and to the Company's key performance indicators has been positive. AUM has increased by 26%, 94% of AUM is outperforming over three years and the high adjusted EBITDA margin has been maintained. If looked at in isolation this performance would justify higher awards than have been made.

However, statutory profit before tax and diluted EPS are both lower than in the prior period. The Committee has therefore exercised its discretion and determined that this year lower awards are appropriate for the Executive Directors.

This year's report is split into three sections:

- an 'at a glance' summary, which includes details of this year's remuneration outcomes for the CEO and GFD;
- the Directors' remuneration policy which was approved at the October 2017 AGM, for reference; and finally
- the Annual Report on Remuneration, which explains how the Policy has been applied during the year and which will be subject to an advisory vote at the Annual General Meeting.

The Remuneration Committee would welcome your support for the 2018 Directors' Remuneration report.

Clive Adamson
Remuneration Committee Chairman

Activities

The members of the Remuneration Committee have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively, and met six times during the year.

During the year under review, the Remuneration Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Clive Adamson (current Chairman)
- Simon Fraser (previous Chairman)
- David Bennett
- Peter Gibbs
- Dame Anne Pringle

Simon Fraser stepped down from the Board effective 31 December 2017.

At a glance

For ease of reference, below is a summary of this year's remuneration outcomes, which have been delivered under the current Policy, approved in 2017.

Performance for the year ending 30 June 2018

Performance in relation to the Group's KPIs and the short term performance measures by which the Executive Directors are assessed, has been positive through the period. Particular highlights include:

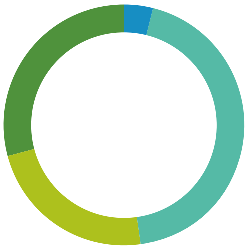
- 26% increase in AuM to US$73.9bn (2017: US$58.7bn);
- Continued strong investment performance over one, three and five years;
- Improved adjusted EBITDA margin of 66% (2017: 65%);
- 7% decrease in profit before tax;
- 10% decrease in diluted EPS to 21.3p per share (2017: 23.7p);
- Continued focus on cost control.

Further detail can be found in Figure 5 of the Annual Report on Remuneration on page 62.

The Chief Executive's remuneration outcomes

The Chief Executive's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, decreased from £4,000,000 (FY2016/17) to £2,000,000. Should the Chief Executive voluntarily elect to commute the maximum 50% of his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £2,600,000 as shown in the below chart. The total sum ultimately to be received by the Chief Executive will be dependent on achievement relative to the performance conditions, which means that up to £700,000 of this sum may not be paid out when the share awards vest in 2023.

Restricted and restricted matching shares awarded to the Chief Executive in 2012, vesting in 2017 with a grant value of £2,100,000, lapsed in full as a result of the application of the stretching performance conditions.



Annual cash bonus	(4%)
Annual bonus deferred into equity	(44%)
Annual bonus deferred into equity, with additional performance conditions	(23%)
Annual bonus waived to charity or for the general benefit of employees	(29%)

The Group Finance Director's remuneration outcomes

The Group Finance Director's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, decreased from £950,000 (FY 2016/17) to £875,000. Should the Group Finance Director voluntarily elect to commute the maximum of 50% of his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £1,137,500, as shown in the below chart. The total sum ultimately to be received by the Group Finance Director will be dependent on achievement relative to the performance conditions, which means that £306,250 of this sum may not be paid out when the share awards vest in 2023.

Annual cash bonus	(22%)
Annual bonus deferred into equity	(51%)
Annual bonus deferred into equity, with additional performance conditions	(27%)

Details of any elections made to commute cash bonus and related awards of matching shares will be provided in the Remuneration report for the year in which the awards are made, as will the vesting outcome of the awards made in 2013 due to vest on 18 September 2018. As has been the case in previous years, base salaries for Executive Directors have remained unchanged at £100,000, a level significantly below fixed pay levels for equivalent positions at peer organisations, consistent with the Company's management of its fixed cost base and strong belief in pay for performance.

Regulatory considerations for the year ending 30 June 2018

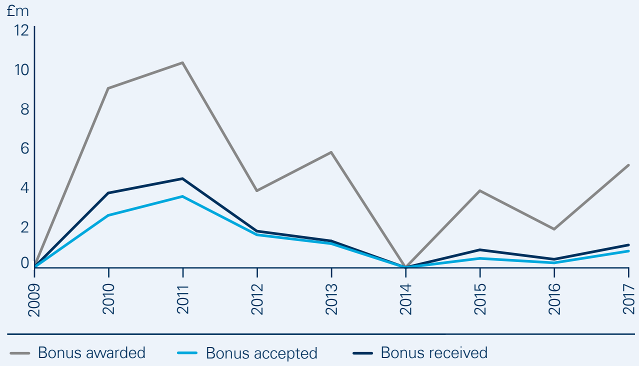
For remuneration relating to the year ending 30 June 2018, the Remuneration Committee has again ensured that pay will be delivered to Executive Directors and other employees categorised by the FCA as Identified Staff, consistent with the requirements of the Alternative Investment Fund Managers Directive. This has meant that Executive Directors and other relevant employees will receive a proportion of their upfront or cash bonus delivered as a further award of restricted shares which are retained and restricted from sale for a six-month period, rather than as cash. Further details of this can be found in the Annual Report on Remuneration.

Consideration of malus and clawback for the year ending 30 June 2018

A clawback principle applies to variable remuneration, enabling the Committee to recoup variable remuneration under certain circumstances. Clawback can be applied to both the cash and share-based elements of variable remuneration, via the reduction or cancellation of any outstanding unvested deferred share awards regardless of the year to which they relate. The Committee considered there were no events or circumstances that would have made it appropriate to recoup remuneration during the year ending 30 June 2018.

Chief Executive Officer – variable remuneration outcomes over time

The chart below shows variable remuneration awarded to the CEO each year between 2009 and 2017. As can be seen, the Committee exercises its discretion in setting the annual level of award at an appropriate level based on the CEO's performance and the performance of the business each year; and as such, the variation in award level is reflective of the range of annual outcomes. In addition, as a result of the stretching performance conditions measured over the five year deferral period of restricted awards, the amount eventually received by the CEO when awards vest can vary significantly from the original award amount.[1]



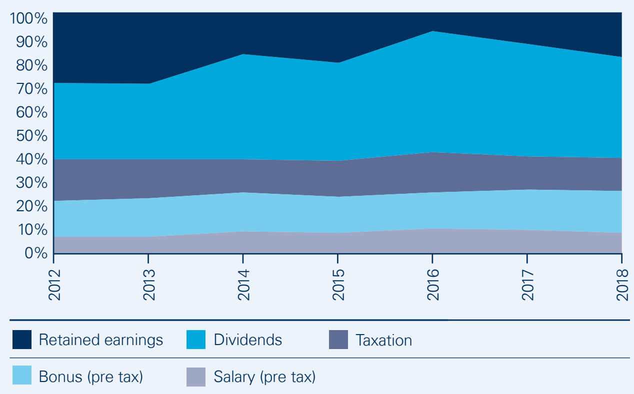
Bonus awarded – includes cash paid in the year and restricted, bonus and matching shares at grant value

Bonus received – includes cash paid in the year and the vesting value of any shares 5 years later

Bonus accepted – shows the final amount accepted by the CEO after any waivers to charity or for the general benefit of staff

Impact of Remuneration Policy on shareholder returns across market cycles[2]

The chart below shows the share of annual revenues between shareholders, in the form of ordinary dividends and retained earnings, employees and taxation. As revenues have fluctuated through the market cycle, the Remuneration Policy has provided significant cost flexibility and therefore protected returns to shareholders.



1. This chart includes data on shares awarded in 2010 which vested in 2015, shares awarded in 2011 which vested in 2016 and shares awarded in 2012 which vested in 2017. The chart will be updated in future years to show the vesting outcomes for shares awarded in 2013 onwards.
2. Dividends includes the estimated cost of the proposed final dividend for FY2017/18.

Terms of reference

The terms of reference for the Remuneration Committee include:

- reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- reviewing the design of all share incentive plans for approval by the Board and shareholders;
- ensuring that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and that remuneration incentives are compatible with the Company's risk policies and systems;
- making recommendations to the Board as to the Company's framework or policy for the remuneration of the Chairman, the Executive Directors and the Company Secretary and to determine their total individual remuneration packages including bonuses, incentive payments and share options or other share awards;
- ensuring that a significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance and that performance conditions are stretching and designed to promote the long-term success of the Company; and
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 47.

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration Policy for the Company. The Policy has been developed taking into account the principles of the UK Corporate Governance Code 2016 and shareholders' executive remuneration guidelines. The current Policy was approved by a binding shareholder vote in October 2017, and is set out on pages 57 to 60.

Policy overview

The Remuneration Committee determines, and recommends to the Board, the Company's policy on the remuneration of the Board Chairman, Executive Directors and other members of executive management including employees designated as Code or Identified Staff under the FCA's Remuneration Codes. The Remuneration Committee's terms of reference are available on the Company's website.

In determining the Remuneration Policy, the Remuneration Committee takes into account the following:

- the need to encourage and promote the long-term success of the Company;
- the need to attract, retain and motivate talented Executive Directors and senior management;
- consistency with the remuneration principles applied to Ashmore employees as a whole;
- external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance; and
- the requirements of the Remuneration Codes of the UK financial services regulator.

How the views of shareholders are taken into account

The Remuneration Committee regularly compares the Company's Remuneration Policy with shareholder guidelines, and takes account of the results of shareholder votes on remuneration.

If material changes to the Remuneration Policy are contemplated, the Remuneration Committee Chairman consults with major shareholders about these in advance.

Details of votes cast to approve the Directors' Remuneration Policy and last year's Annual Report on Remuneration are provided in the Annual Report on Remuneration section of this report.

Consistent Company-wide approach

The Company applies a consistent remuneration philosophy for employees at all levels.

The cap on base salary means that Executive Directors' base salaries are set at a similar level to other senior investment and professional employees in the Company, and the base salary range from lowest to highest in the Company is considerably narrower than the market norm. All employees are eligible for a performance-related annual bonus, and the principle of bonus deferral into Company shares or equivalent applies to annual bonuses for all employees who have at least one full year's service. Employees other than Executive Directors may elect to receive up to the first £50,000 (or local currency equivalent) of their annual bonus delivered as 90% cash and 10% as restricted shares, rather than in the Company's usual proportions of 60% cash and 40% restricted shares. Rates of pension contribution and fringe benefit provisions are consistent between executives and other employees within each country where the Company operates.

The Company does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Company's Remuneration Policy to their line managers or the Human Resources department.

The Remuneration Committee monitors the effectiveness of the Company's Remuneration Policy in recruiting, retaining, engaging and motivating employees, and receives reports from the Chief Executive Officer on how the Company's remuneration policies are viewed by employees and whether they are meeting business needs.

The Remuneration Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Company, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market. However, the base salary multiple between the highest and lowest paid UK-based employees in the Company is less than 4.5x.

Policy table

The table below summarises the key aspects of the Company's Remuneration Policy for Executive Directors, which is effective from 20 October 2017.

Figure 1

Remuneration Policy (the Policy) for Executive Directors

BASE SALARY (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provides a level of fixed remuneration sufficient to permit a zero bonus payment, should that be appropriate. The cap on base salary helps to contain fixed costs.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Base salaries are capped.

MAXIMUM OPPORTUNITY

The current cap is £120,000.

The cap is reviewed periodically; the Policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.

FRINGE BENEFITS (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provide cost-effective benefits, to support the wellbeing of employees.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

The Company currently provides benefits such as medical insurance and life insurance. In the event of relocation of an executive, the Company could consider appropriate relocation assistance. Specific benefits provision may be subject to minor change from time to time, within the Policy.

MAXIMUM OPPORTUNITY

Fringe benefits are not subject to a specific cap, but represent only a small percentage of total remuneration.

PENSION (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Provides a basic level of Company contribution, which employees can supplement with their contributions.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Company contributions are made, normally on a defined contribution basis, either to a pension plan or in the form of an equivalent cash allowance.

MAXIMUM OPPORTUNITY

The current level of Company contribution is 9% of base salary, with a further matching contribution of up to 1% of base salary, should the Executive Director make a personal contribution of an equivalent amount. The contribution level is reviewed periodically; the Policy permits the contribution rate to be amended if necessary to reflect trends in market practice and changes to pensions legislation.

VARIABLE COMPENSATION (DISCRETIONARY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Rewards performance and ensures interests of executives are closely aligned with other shareholders.

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Executive Directors are considered each year for a discretionary variable pay award depending on personal and Company performance, by applying a range of performance indicators such as growth in AuM, investment performance, profits, and strategic and operational achievements. The variable pay award comprises a cash bonus (part of which may be voluntarily deferred into restricted shares) and a long-term incentive in the form of both a restricted share award and a restricted matching share award on any voluntarily deferred cash bonus.

1. Cash bonus (60% of total award)

The executive may voluntarily commute up to half of the cash bonus in return for the same value in a restricted bonus share award (or phantom equivalent) deferred for five years. The deferred shares are eligible for restricted matching shares (or phantom equivalent) vesting after five years subject to conditions (see 3 below).

Long-term incentives under the Company Executive Omnibus Incentive Plan (Omnibus Plan)

2. Restricted shares award (40% of total award)

There is no separate long-term incentive plan, rather 40% of the executive's annual bonus is compulsorily deferred into Company shares (or phantom equivalent) for a period of five years and does not qualify for matching. Half of this deferred portion is subject to additional performance conditions on vesting. The Policy permits the Committee to set suitable performance conditions each year for each award type. The performance condition for the most recent awards was a combination of:

- 25% relative total shareholder return (TSR)
  - Measured against an asset management peer group over five years.
- 25% investment outperformance
  - Relative to the relevant benchmarks over three and five years.
- 25% growth in AuM
  - A compound increase in AuM over the five-year performance period.
- 25% profitability
  - Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five-year performance period.

3. Restricted matching shares awarded on the voluntarily commuted cash bonus (from 1 above)

Matching is provided on the voluntarily commuted cash bonus, subject to the same performance conditions on half of the matching award as that described in 2 above. The maximum match used to date on any award made under the current policy was one-for-one; the Policy permits the matching level to be changed for future awards but not to exceed three-for-one. Dividends or dividend equivalents on deferred restricted bonus share (or phantom equivalent) awards and on the portion of restricted share and restricted matching share awards that are not subject to a performance condition vesting after five years will be paid out in line with the Company's dividend payment schedule. Dividends or dividend equivalents on the portion of restricted and restricted matching share (or phantom equivalent) awards which are subject to a performance condition will be accrued and paid out at the time the award vests and to the extent of vesting. For any awards made to a Director prior to his or her appointment as a Director, the dividend or dividend equivalent payments are made on share awards in full, under previous commitments made to participants.

The Remuneration Policy permits the award of deferred remuneration in alternative forms such as share options, although none have been granted in recent years, and to vary the percentage split of award between cash and share awards to meet business, legislative or regulatory requirements.

MAXIMUM OPPORTUNITY

The aggregate variable compensation pool for all employees, including executives, is capped, currently at 25% of earnings before variable compensation, interest and tax (EBVCIT). The Policy permits the Remuneration Committee to vary this cap if necessary to meet business needs.

The policy is to cap the aggregate sum available for variable compensation rather than to cap individual variable compensation awards.

The high proportion of variable compensation deferral, with vesting after five years and subject in part to ongoing performance conditions, encourages a prudent approach to risk management, in support of the Company's risk and compliance controls. Most importantly, though, the remuneration structure is designed to support and fit with the long-term strategy of the business. The Group operates in a growth sector which experiences market cycles and this aspect of the Remuneration Policy plays a key role in providing flexibility in variable costs, enabling key staff retention, and thereby aligning the interests of clients, shareholders and employees including Directors through such cycles.

MALUS AND CLAWBACK

In addition to the performance condition described above, malus and clawback can be applied to all elements of variable remuneration at the discretion of the Remuneration Committee, including to unvested share awards made in prior periods. Circumstances that may trigger the application of the Committee's discretion include a material misstatement of the Company's results, a material failure in risk management, serious reputational damage, or the executive's misconduct.

PERSONAL SHAREHOLDING

Existing Executive Directors are required to build up a shareholding equivalent to 200% of salary over the three-year period from October 2017, and from the first five-year vesting date for newly appointed Executive Directors.

Differences in Remuneration Policy for Executive Directors compared with other employees

The Remuneration Policy for the Executive Directors is generally consistent with that for employees across the Company as a whole. However, there are some differences which the Remuneration Committee believes are necessary to reflect the different responsibilities of employees across the Company. Below Executive Director level, while the same five-year deferral policy applies, share awards are not subject to additional performance conditions. Employees other than Executive Directors may elect to receive up to the first £50,000 (or local currency equivalent) of their annual bonus delivered as 90% cash and 10% as restricted shares, rather than in the Company's usual proportions of 60% cash and 40% restricted shares.

External Non-executive Director positions

Executive Directors are permitted to serve as Non-executive Directors of other companies where there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his or her duties for the Company. Tom Shippey holds one unpaid external appointment with a charitable organisation unconnected to the asset management industry. Other than as noted above, Executive Directors do not presently hold any external appointments with any non-Ashmore-related companies.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company.

If the appointment is not connected to the Company's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new Executive Director appointments

The remuneration package for an externally recruited new Executive Director would be set in accordance with the terms and maximum levels of the Company's approved Remuneration Policy in force at the time of appointment.

In addition, the Remuneration Committee may offer additional cash and/or share-based elements to take account of any remuneration relinquished when leaving the former employer, when it considers these to be in the best interests of the Company (and therefore shareholders). In considering any such payments, the Committee would take account of the nature, vesting dates and any performance requirements attached to the relinquished remuneration. The Committee may determine to make any such recruitment related awards outside the variable pay pool cap. For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to be paid out according to its terms, adjusted if necessary, to take into account the appointment.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate including but not limited to assistance with housing, immigration, taxes and travel.

Service contracts and loss of office payment policy

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree.

The service contracts contain provisions for early termination.

Notice periods are limited to 12 months by either party. Service agreements contain no contractual entitlement to receive variable pay; participation in these arrangements is at the Remuneration Committee's discretion. The Executive Directors' service contracts are available for inspection at the Company's registered office during normal business hours.

If the employment of an Executive Director is terminated without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to one year's remuneration subject to consideration of the obligation to mitigate the loss. Such recompense is expected to be limited to base salary due for any unexpired notice period, and any amount assessed by the Remuneration Committee as representing the value of other contractual benefits and pension which would have been received during the period. In the event of a change of control of the Company, there is no enhancement to these terms.

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	12 months
Termination payment in the event of termination by the Company without due notice	Base salary plus value of benefits (including pension) paid monthly and subject to mitigation
Change of control	Same terms as above on termination

Any outstanding share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

The Committee may enter into settlement agreements with departing Directors, should the circumstances warrant it, and limited legal fees, outplacement fees and retirement gifts may be provided.

Incentive plan discretions

The Remuneration Committee will operate the current share plans in accordance with their respective rules and the policy set out above, and in accordance with the Listing Rules and relevant legislation or regulation. As is consistent with market practice, the Remuneration Committee retains discretion over a number of areas relating to operating and administrating these plans. These include (but are not limited to) the following:

- Who participates in the plans;
- The timing of the grant of an award and/or payment;
- The size of an award and/or a payment within the plan limits approved by shareholders;
- The choice of (and adjustment of) performance measures and targets in accordance with the policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR comparator group);
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules;

- Adjustments required in order to comply with any new regulatory requirements which the Company is compelled to adhere to; and
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, special dividends and on a change of control).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, this Policy includes authority for the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Remuneration reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Reward scenarios

The Company's Policy results in the majority of the remuneration received by the Executive Directors being dependent on performance, and being deferred for five years into restricted shares.

As noted earlier, the policy is not to cap individual awards, but rather the aggregate pool. As such, it is not possible to demonstrate maximum remuneration levels. In lieu of this, the minimum (fixed) remuneration is illustrated in Figure 2, which provides an indication of the potential range of total remuneration using the highest and lowest variable pay awards in a rolling five-year period and assuming full vesting, five years later at the grant price, of the long-term incentive components based on upper quartile TSR or equivalent achievement relative to other performance conditions.

Non-executive Directors are engaged under letters of appointment and do not have contracts of service. They are appointed for an initial three-year period, subject to annual shareholder re-election. Their continued engagement is subject to the requirements of the Company's Articles relating to the retirement of Directors by rotation. The letters of appointment are available for inspection at the Company's registered office during normal business hours.

Compliance with the Remuneration Code

The Remuneration Committee regularly reviews its Remuneration Policy's compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to Ashmore.

The Remuneration Policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Company.

Figure 2

Executive Director total remuneration at different levels of performance (£'000)

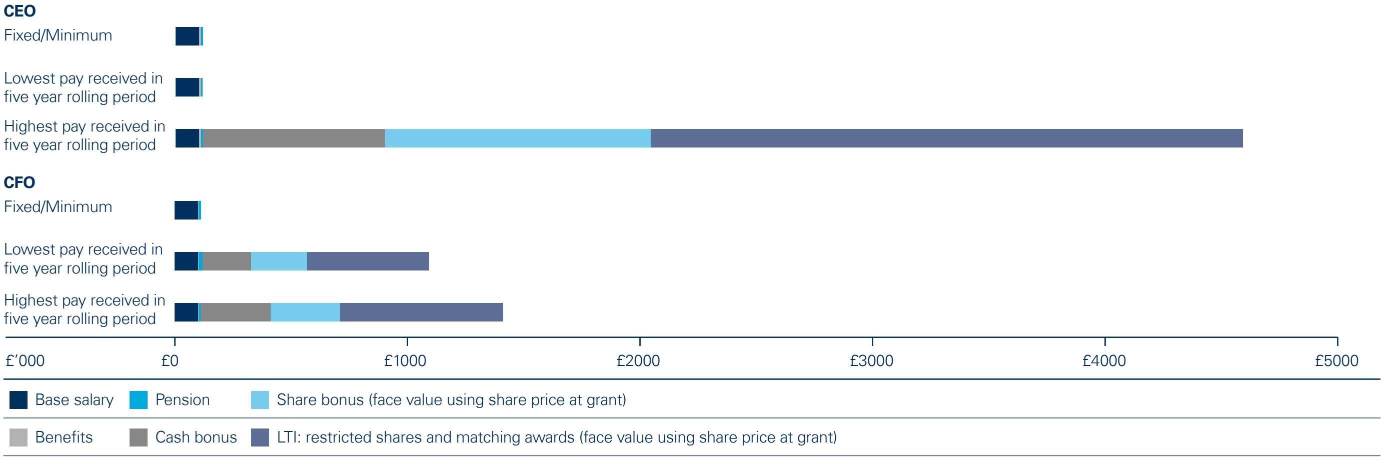


Figure 3

Fees policy for the Board Chairman and other Non-executive Directors

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To pay an all-inclusive basic fee that takes account of the role and responsibilities	The Board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present)	The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 The current level of fees is disclosed in the Annual Report on Remuneration
Non-executive Director fees	To pay an all-inclusive basic fee that takes account of the role and responsibilities	The Non-executive Directors are paid a single inclusive basic fee. There are no supplements for Committee Chairmanships or memberships; the fee levels are reviewed periodically by the Chairman and Executive Directors	The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 The current level of fees is disclosed in the Annual Report on Remuneration

This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules.

Figure 4

Remuneration for the year ending 30 June 2018 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2018.

		Executive Directors		Non-executive Directors					
		Mark Coombs [1, 4, 5, 7, 8, 9, 12]	Tom Shippey [1, 5, 7, 11]	Clive Adamson	David Bennett[2]	Jennifer Bingham[10]	Simon Fraser[11]	Peter Gibbs	Dame Anne Pringle DCMG
Salary and fees	**2018**	**100,000**	**100,000**	**67,500**	**79,998**	**231**	**42,498**	**150,000**	**60,000**
	2017	100,000	100,000	60,000	75,000	–	85,000	150,000	60,000
Taxable benefits	**2018**	**8,293**	**2,491**	**–**	**1,295**	**–**	**–**	**–**	**–**
	2017	8,404	2,307	–	887	–	–	–	–
Pensions	**2018**	**9,000**	**10,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	9,000	10,000	–	–	–	–	–	–
Cash bonus	**2018**	**642,077**	**504,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	781,748	272,175	–	–	–	–	–	–
Voluntarily deferred share bonus	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	1,090,800	285,000	–	–	–	–	–	–
Mandatorily deferred share bonus[6]	**2018**	**374,400**	**196,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	1,199,200	345,325	–	–	–	–	–	–
Total bonus	**2018**	**1,016,477**	**700,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	3,071,748	902,500	–	–	–	–	–	–
Long-term incentives vesting[3]	**2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2017	95,574	–	–	–	–	–	–	–
Total for year ending 30 June 2018	**2018**	**1,133,770**	**812,491**	**67,500**	**81,293**	**231**	**42,498**	**150,000**	**60,000**
Total for year ending 30 June 2017	2017	3,284,726	1,014,807	60,000	75,877	–	85,000	150,000	60,000

1. Benefits for both Executive Directors include membership of the Company medical scheme, and for Mark Coombs includes the Company's contribution towards transportation costs in relation to his role.
2. Benefits for David Bennett relate to transportation costs and the associated income tax and national insurance costs in relation to his role.
3. Long-term incentives vesting relates to awards with performance conditions where the performance period has ended in the relevant financial year and payments of dividends or dividend equivalents on such awards prior to their vesting date.
4. In respect of the year ending 30 June 2018, Mark Coombs waived any eligibility for, and any right or expectation to receive, a cash bonus of up to £443,915 (2017: £283,391), to be used by the Company for the general benefit of employees. In addition to this, in both the years ending 30 June 2017 and 30 June 2018 Mark Coombs chose to waive 10% of any element of his potential non-AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself; the numbers in the table above exclude any waived variable remuneration. Had he not waived these amounts, Mark Coombs' total bonus in respect of the year ending 30 June 2018 would have been £1,600,000 (2017: £3,200,000).
5. Mark Coombs and Tom Shippey may commute up to 50% of their cash bonus in favour of an equivalent amount of bonus share or phantom bonus share awards and an equivalent value in matching share or phantom matching share awards. All share or phantom share awards will be reported in the Directors' share and phantom share award tables in the year of grant. Mark Coombs and Tom Shippey both chose to commute 50% of their cash bonuses pre-waiver in 2017 for an equivalent amount of bonus share awards.
6. From the year ending 30 June 2015 onward, additional performance conditions are applied to 50% of any restricted or matching share award. The amounts shown in the column labelled mandatorily deferred share bonus represent the 50% of restricted and matching share awards that do not have additional performance conditions attached. These amounts represent the cash value of shares awarded at grant, which will vest after five years subject to continued employment.
7. In order to comply with the Alternative Investment Fund Managers Directive both Mark Coombs and Tom Shippey received a proportion of their bonus which would have otherwise been delivered in cash, as an additional award of restricted shares which will vest after a retention period. In 2018, prior to any elections made to commute cash bonus for bonus shares and an equivalent value in matching shares, the value of this award for Mark Coombs was £48,000 (2017: £108,000) and for Tom Shippey was £21,000 (2017: £25,650).
8. In respect of prior year deferred share awards which have been waived to charity, any dividend equivalents associated with the amounts waived are paid directly to the nominated charities. The figures shown exclude the amounts waived.
9. Dividends or dividend equivalents were paid relating to voluntarily and mandatorily deferred share or phantom share awards in the period.
10. Jennifer Bingham joined the Board on 29 June 2018.
11. Simon Fraser stepped down from the Board on 31 December 2017.
12. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2018 this was £500 (2017: £500).
13. Total short term benefits for key management personnel, including salary and fees, taxable benefits and cash bonuses, as reported in note 29 of the financial statements is £1,758,383 in 2018

Total bonus award for the year ending 30 June 2018

Chief Executive Officer (CEO) and Group Finance Director (GFD) performance measures

As described in detail in other sections of the Annual Report, the Group, led by the CEO and GFD, has performed well this year.

The CEO's performance has been measured relative to financial (75%) and non-financial (25%) KPIs. All financial KPIs assessed by the Committee have demonstrated a marked improvement over the prior period, as a substantial increase in net inflows, continued positive investment performance and continued tight control of operating costs have delivered increased profitability for the Group.

The GFD's performance has been assessed in relation to a range of operational objectives. During the period all departments under his supervision performed well.

The development of the Group's strategy has also been positive, with continued diversification of distribution channels through the growth of the intermediary business, and the continued growth of local asset management activity in Colombia, Indonesia and Saudi Arabia.

The Group's personnel have remained highly engaged through another market cycle and with very low unplanned turnover in the period under review, in large part underpinned by the Group's distinctive remuneration philosophy, which places an emphasis on pay for performance and long dated equity incentives, thus aligning all employees with clients and external shareholders through market cycles.

Figure 5

CEO and GFD performance measures

Executive Director	KPI	Areas considered within KPI	Weighting	Committee assessment
CEO	Business financial performance	To achieve higher than budgeted EBIT, to achieve higher than budgeted growth in AuM and to effectively manage investment performance to deliver consistent growth relative to each unblended investment theme	75%	– AuM development was strong, increasing by 26% to US$73.9 billion, including record net flows – Investment performance has been consistent through the period with 73%, 94% and 89% of AuM outperforming over one, three and five years respectively – Operating costs have remained tightly controlled and under budget – EBIT increased by 7% relative to the prior period
CEO	Non-financial management performance	Strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence	25%	– Group strategy continues to develop as planned – Personnel matters have been effectively managed, with strong, stable investment and management teams in place – Strong risk management, governance and compliance culture embedded and maintained in all aspects of the business – Ashmore's distinctive culture continues to support the business through market cycles, demonstrated by strong staff retention
GFD	Management of departments	Department performance assessed for Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities	35%	– Operational improvements in financial management delivered recurring savings – Systems enhancements delivered improved reporting capabilities – Active cost control delivered savings in the year – Recruitment and succession planning managed effectively
GFD	Management of subsidiary business activities outside the UK, including joint ventures	Local asset management business growth and development of profitability and scale, integration of offices and effectiveness of joint venture relationships	30%	– Local asset management businesses developing as planned, with strong AuM growth and improving profitability as the businesses continue to mature – Appropriate risk management, governance and compliance culture embedded and actively managed across the local office network – Strong, stable investment and management teams in place
GFD	Corporate development and contribution to business strategy	Contribution to the development and implementation of strategic goals and increasing value for shareholders	30%	– Ongoing management of operating costs – Continued support to development of business strategy, with specific focus on subsidiary business management and development
GFD	Investor relations and communication	Broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders	5%	– Internal and external relationships and communication remain effectively managed

The Remuneration Committee takes the results of this detailed individual appraisal process and uses its discretion to determine a final bonus award. Alongside the results of the individual appraisal the Committee takes into consideration affordability, given that the bonus pool is capped at the Group level.

For additional information, Figure 6 shows the history of financial results for the last five years.

Figure 6
Five-year summary of financial results

	2018	2017	2016	2015	2014
AuM US$bn (at period end)	**73.9**	58.7	52.6	58.9	75.0
Operating profit £m	**176.5**	166.8	137.9	181.0	171.3

Figure 7
Long-term incentive awards made during the year ended 30 June 2018 – audited information

Name	Type of award	No. of shares	Date of award	Share price on date of award[3] (£)	Face value (£)	Face value (% of salary)	Performance period end date
Mark Coombs[1, 2]	Restricted shares	449,542	14 September 2017	£3.2353	£1,454,403	1,454%	13 September 2022
Mark Coombs[1, 2]	Matching shares	337,156	14 September 2017	£3.2353	£1,090,801	1,091%	13 September 2022
Tom Shippey[2]	Restricted shares	117,455	14 September 2017	£3.2353	£380,002	380%	13 September 2022
Tom Shippey[2]	Matching shares	88,091	14 September 2017	£3.2353	£285,001	285%	13 September 2022

1. In respect of the year ended 30 June 2017, Mark Coombs chose to waive 10% of any element of his potential non AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself; the numbers in the table above exclude any waived variable remuneration.
2. In addition, executives voluntarily defer their bonus into shares in order to receive an equivalent level of matching shares and are also required under the AIFMD rules to defer a portion of their cash bonus for six months. These awards are not subject to any performance conditions and full details can be found in Figure 10.
3. Based on the 5 day average share price prior to the grant date. The fair value of the awards is calculated by applying the estimated adjustment factor calculated by Aon to the share price to reflect the performance conditions attached to half of the restricted and half of the matching shares.

Long-term incentive awards made during the year ended 30 June 2018 – performance conditions

Figure 7 provides details of the long-term incentive awards that were made during the year. These represent the restricted and matching share awards, 50% of which are subject to additional performance conditions, and will vest on the fifth anniversary of the award date, to the extent that the performance conditions are met. The remaining 50% are subject to continued employment.

The performance conditions for the most recent awards were a combination of:

- 25% relative total shareholder return (TSR), measured against an asset management peer group over five years.
- 25% investment outperformance, relative to the relevant benchmarks over three and five years.
- 25% growth in assets under management, demonstrated through a compound increase in AuM over the five-year performance period.
- 25% profitability, demonstrated through Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five-year performance period.

The performance conditions vesting scale and TSR peer group are shown in Figures 8 and 9 respectively.

Performance and vesting outcome for the Chief Executive's 2012 long-term incentive awards which vested during the year ended 30 June 2018

During the period, shares awarded to Mark Coombs in 2012 reached their vesting date. On the vesting date, all bonus shares vested, and the TSR performance condition was applied to the vesting of restricted and matching shares, based on calculations and advice provided by Aon. The Company's TSR was 35.2%, which ranked Ashmore at 12.66 relative to the TSR peer group of 15 companies; the median rank which would have resulted in 25% vesting was 8 or a TSR of 77.3%. Therefore no restricted or matching share awards vested.

Performance and vesting outcome for the Group Financial Director's 2012 long-term incentive awards which vested during the year ended 30 June 2018

During the period, shares awarded to Tom Shippey in 2012 reached their vesting date. On the vesting date all bonus, restricted and matching shares vested. These awards were not subject to the TSR performance condition as they were awarded prior to his appointment as an Executive Director.

Figure 8
Performance conditions vesting scale

Performance condition	Performance	% of award vesting
TSR	Below median of peer group	Zero
	Median	25%
	Between median and upper quartile	Straight-line proportionate vesting
	Upper quartile	100%
Investment outperformance	Below 50% of assets outperforming the benchmarks over three and five years	Zero
	50% of assets outperforming the benchmarks over three and five years	25%
	Between 50% and 75% of assets outperforming the benchmarks over three and five years	Straight-line proportionate vesting
	75% or above of assets outperforming the benchmarks over three and five years	100%
Growth in assets under management	Below 5% compound increase in AuM over the five- year performance period	Zero
	5% compound increase in AuM over the five-year performance period	25%
	Between 5% and 10% compound increase in AuM over the five-year performance period	Straight-line proportionate vesting
	10% or above compound increase in AuM over the five-year performance period	100%
Profitability – Ashmore's diluted EPS performance relative to a combination of emerging market indices representative of the markets in which Ashmore invests, determined by the Remuneration Committee and based on the underlying structure of the business.	Below the benchmark return	Zero
	At the benchmark return	25%
	Between the benchmark return and 10% outperformance	Straight-line proportionate vesting
	At or above 10% outperformance relative to the benchmark return	100%

Figure 9
TSR peer group

Company	Country of listing	Company	Country of listing
Affiliated Managers	USA	Invesco	USA
Alliance Bernstein	USA	Janus Henderson Investors	USA & Australia
BlackRock	USA	Jupiter Fund Management	UK
CI Financial Income Fund	Canada	Man Group	UK
Eaton Vance	USA	Schroders	UK
Federated Investors	USA	SEI Investments	USA
Franklin Templeton	USA	T Rowe Price	USA
GAM Holding	Switzerland	Waddell and Reed	USA

Note: As a result of the merger of Standard Life Investments and Aberdeen Asset Management, Aberdeen Asset Management has been removed from the TSR comparator group for awards made prior to 2018.

TSR is a well-established and recognised performance measure, which aligns the interests of the Executive Directors with those of shareholders. A comparator group of 16 companies has been selected from the global investment management sector. The Committee reviews the peer group periodically to take account of de-listings, new listings or other sector changes that are relevant.

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards.

Figure 10

Outstanding share awards – audited information

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2017	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2018	Performance period	Vesting/release date
Mark Coombs	RS	18 September 2012	£3.2926	328,009	–	–	328,009	–	5 years	17 September 2017
	RBS[1]	18 September 2012	£3.2926	246,007	–	246,007	–	–	5 years	17 September 2017
	RMS[1]	18 September 2012	£3.2926	246,007	–	–	246,007	–	5 years	17 September 2017
	RS[1]	17 September 2013	£3.8340	422,536	–	–	–	422,536	5 years	16 September 2018
	RBS[1]	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RMS[1]	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RS	22 September 2015	£2.4278	494,271	–	–	–	494,271	5 years	21 September 2020
	RBS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RS[2]	16 September 2016	£3.3955	–	–	–	–	–	6 months	15 March 2017
	RS[1]	16 September 2016	£3.3955	161,330	–	–	–	161,330	5 years	15 September 2021
	RBS[1]	16 September 2016	£3.3955	120,999	–	–	–	120,999	5 years	15 September 2021
	RMS[1]	16 September 2016	£3.3955	120,999	–	–	–	120,999	5 years	15 September 2021
	RS[2]	14 September 2017	£3.2353	–	16,691	16,691	–	–	6 months	13 March 2018
	RS	14 September 2017	£3.2353	–	49,542	–	–	449,542	5 years	13 September 2022
	BS	14 September 2017	£3.2353	–	337,156	–	–	337,156	5 years	13 September 2022
	MS	14 September 2017	£3.2353	–	337,156	–	–	337,156	5 years	13 September 2022
Total				**3,515,368**	**1,140,545**	**262,698**	**574,016**	**3,819,199**		

1. In respect of the years ending 30 June 2012 and 30 June 2013 Mark Coombs chose to waive 10% of any element of his potential variable remuneration award, and in the years ending 30 June 2016 and 30 June 2017 Mark Coombs chose to waive 10% of his potential non-AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to a charity or charities nominated by himself. The 'Number of shares at 30 June 2017', 'Granted during year' and 'Number of shares at 30 June 2018' figures are shown excluding the amounts waived. On the vesting/release date, any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.
2. In order to comply with the Alternative Investment Fund Managers Directive remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Mark Coombs' and Tom Shippey's cash bonuses relating to the year ending 30 June 2017 were delivered in the form of restricted shares, subject to a six-month retention period, rather than being delivered in cash. These shares vested in full on the date shown and were not subject to any additional performance conditions.

KEY

RS – Restricted shares

RBS – Restricted bonus shares

RMS – Restricted matching shares

Figure 10 continued

Outstanding share awards – audited information continued

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2017	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2018	Performance period	Vesting/release date
Tom Shippey	NDRS	18 September 2012	£3.2926	78,965	–	78,965	–	–	5 years	17 September 2017
	NDBS	18 September 2012	£3.2926	59,224	–	59,224	–	–	5 years	17 September 2017
	NDMS	18 September 2012	£3.2926	59,224	–	59,224	–	–	5 years	17 September 2017
	NDRS	17 September 2013	£3.8340	70,423	–	–	–	70,423	5 years	16 September 2018
	NDBS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	NDMS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	RS	30 September 2014	£3.0900	58,253	–	–	–	58,253	5 years	29 September 2019
	BS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	MS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	RS	22 September 2015	£2.4278	164,757	–	–	–	164,757	5 years	21 September 2020
	BS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	MS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RS[3]	16 September 2016	£3.3955	–	–	–	–	–	6 months	15 March 2017
	RS	16 September 2016	£3.3955	88,353	–	–	–	88,353	5 years	15 September 2021
	BS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	MS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	RS[3]	14 September 2017	£3.2353	–	3,965	3,965	–	–	6 months	13 March 2018
	RS	14 September 2017	£3.2353	–	117,455	–	–	117,455	5 years	13 September 2022
	BS	14 September 2017	£3.2353	–	88,091	–	–	88,091	5 years	13 September 2022
	MS	14 September 2017	£3.2353	–	88,091	–	–	88,091	5 years	13 September 2022
Total				**1,151,879**	**297,602**	**201,378**	**–**	**1,248,103**		

3. In order to comply with the Alternative Investment Fund Managers Directive remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Mark Coombs' and Tom Shippey's cash bonuses relating to the year ending 30 June 2017 were delivered in the form of restricted shares, subject to a six-month retention period, rather than being delivered in cash. These shares vested in full on the date shown and were not subject to any additional performance conditions.

KEY

RS – Restricted shares

BS – Bonus shares

MS – Matching shares

NDRS – Restricted shares awarded while not a Director

NDBS – Bonus shares awarded while not a Director

NDMS – Matching shares awarded while not a Director

The Company's obligations under its employee share plans can be met by newly issued shares in the Company, or shares purchased in the market by the trustees of the Employee Benefit Trust (EBT). As detailed in the Business review, the EBT continues to make market purchases of shares to satisfy awards.

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any ten-year period following the date of the Company's Admission in 2006 is limited to 15% of the Company's issued share capital. As at 30 June 2018, the Company had 5.8% of the Company's issued share capital outstanding under employee share plans to its staff. All of the awards made to date will be satisfied by the acquisition of shares in the market, thus none of the Company's obligations under its employee share plans have been met by newly issued shares.

Defined benefit pension entitlements

None of the Directors has any entitlements under Company defined benefit pension plans.

Directors' shareholding and share interests

Details of the Directors' interests in shares are shown in the table below. The Director's Remuneration Policy, which was approved by binding shareholder vote at the 20 October 2017 AGM, introduced a formal requirement for Executive Directors to build an unrestricted, post vesting shareholding equivalent to 200% of salary, to be built up over the three-year period following the approval of the Policy by shareholders.

Figure 11

Share interests of Directors and connected persons at 30 June 2018 – audited information

	Beneficially owned	Outstanding restricted and matching share awards[1]	Outstanding voluntarily deferred bonus share awards	Total interest in shares[3]
Executive Directors				
Mark Coombs	271,391,614	2,673,439	1,145,760	275,210,813
Tom Shippey[2]	0	873,672	374,431	1,248,103
Non-executive Directors				
Clive Adamson	934	–	–	934
David Bennett	11,619	–	–	11,619
Jennifer Bingham	0	–	–	0
Peter Gibbs	50,000	–	–	50,000
Dame Anne Pringle DCMG	3,963	–	–	3,963

1. Outstanding restricted shares and matching shares awarded in 2013 and 2014 are subject to performance conditions. Half of the restricted shares and matching shares awarded in 2015 and 2016 are subject to performance conditions.
2. Restricted and matching share awards made to Tom Shippey prior to his appointment as a Director are not subject to performance conditions.
3. Save as described above, there have been no changes in the shareholdings of the Directors between 30 June and 6 September 2018. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board.

Percentage change in the remuneration of the Chief Executive Officer

Figure 12

Comparison of percentage change in salary, benefits and annual bonus

	2017 to 2018 % change
Chief Executive base salary	0%
Relevant comparator employees' base salary	0.5%
Chief Executive taxable benefits	-1%
Relevant comparator employees' taxable benefits	8%
Chief Executive annual bonus	-50%
Relevant comparator employees' annual bonus	2%

Figure 12 compares the percentage change from 2017 to 2018 in remuneration elements for the Chief Executive with the average year-on-year change across relevant comparator employees as a whole. Relevant employees are full-time employees of Ashmore Group who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity or for the general benefit of employees.

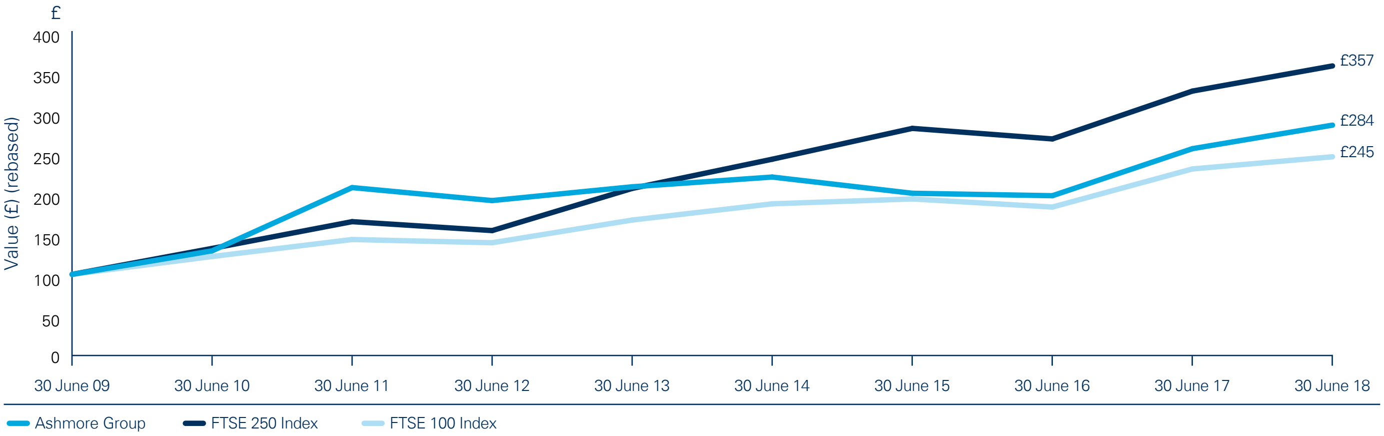
Performance chart

Figure 13 shows the Company's TSR performance (with dividends reinvested) against the performance of the relevant indices for the last eight years. Each point at a financial year end is calculated using an average total shareholder return value over the month of June (i.e. 1 June to 30 June inclusive). As the chart indicates, £100 invested in Ashmore on 30 June 2009 was worth £284 nine years later, compared with £245 for the same investment in the FTSE 100 index, and £357 for the same investment in the FTSE 250 index.

Performance chart continued

Figure 13

Total return performance chart to 30 June 2018



Source: FactSet

Figure 14 shows the total remuneration figure for the Chief Executive Officer during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and LTI awards, which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Figure 14

Chief Executive – audited information

Year ended 30 June	Salary	Benefits	Pension	Annual bonus	Performance-related restricted and matching phantom shares vested[1]	Percentage of restricted and matching phantom shares vested	Total
2018	£100,000	£8,293	£9,000	£1,016,477	–	–	£1,133,770
2017	£100,000	£8,404	£9,000	£3,071,748	£95,574	–	£3,284,726
2016	£100,000	£8,400	£9,000	£1,083,458	£284,932	–	£1,485,790
2015	£100,000	£8,388	£8,000	£2,415,000	£462,159	–	£2,993,547
2014	£100,000	£8,934	£7,000	–	£452,386	–	£568,320
2013	£100,000	£9,330	£7,000	£2,430,000	£421,668	–	£2,967,998
2012	£100,000	£9,322	£7,000	£1,620,000	£323,677	–	£2,059,999
2011	£100,000	£8,967	£7,000	£3,840,000	£145,962	–	£4,101,929
2010	£100,000	£8,972	£7,000	£2,940,000	–	–	£3,055,972
2009	£100,000	£12,175	£7,000	–	–	–	£119,175

1. No performance-related restricted and matching or phantom share equivalent awards have vested during the periods shown. The sums shown relate to dividends or dividend equivalents paid on share or phantom share awards.

Figure 15 shows the relative movement in profits, total staff costs and dividends to shareholders, year-on-year.

Figure 15

Relative importance of spend on pay

Metric	**2018**	2017	2017 to 2018 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**70.3**	65.9	5%
Average headcount	**257**	256	0%
Distributions to shareholders (dividends and/or share buybacks)	**117.4**	116.1	1%

Statement on implementation of the Remuneration Policy in the year commencing 1 July 2018

The Directors' Remuneration Policy was approved by binding shareholder vote at the 20 October 2017 AGM. The Policy applies to the performance years ending 30 June 2018, 2019 and 2020.

The Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2019 as have been applied in the current period.

For long-term incentive awards granted during the year commencing 1 July 2018 (half of any restricted shares, matching shares and their phantom equivalents), the Remuneration Committee intends to apply three existing performance conditions weighted equally, these being investment performance, assets under management and profitability. The Remuneration Committee are satisfied that these performance measures are appropriate, robust and stretching and aligned with the interests of shareholders.

The previous weighting of 25% to the performance condition of relative TSR has been removed, as the Remuneration Committee has determined over a decade, and having taken external advice, that there remain no other listed asset managers dedicated solely to emerging markets whose share price is impacted by particular external macroeconomic factors in the same way. Hence the Committee has decided that Ashmore's TSR relative to any listed asset manager comparator peer group is not sufficiently representative of the performance of Ashmore's management team. Increasing the weighting of the three existing performance conditions applied to long-term incentive awards, consistent with the Group's KPIs, will more effectively align management with shareholders than through the use of an inappropriate relative TSR measure.

Membership of the Remuneration Committee

The members of the Remuneration Committee are listed in the table below. All of these are independent Non-executive Directors, as defined under the Corporate Governance Code, with the exception of the Company Chairman who was independent on his appointment.

Remuneration Committee attendance

	Percentage of meetings attended out of potential maximum
Clive Adamson[1]	100%
Dame Anne Pringle DCMG	100%
Simon Fraser[2]	100%
Peter Gibbs	100%
David Bennett	100%

1. Clive Adamson was appointed Chairman of the Remuneration Committee effective 31 December 2017.
2. Simon Fraser stepped down from the Board effective 31 December 2017.

The Company's CEO attends the meeting by invitation and assists the Remuneration Committee in its decision-making, except when his personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as Secretary to the Remuneration Committee. Other executives may be invited to attend as the Remuneration Committee requests.

External advisers

The Remuneration Committee received independent advice from Aon throughout the period from 1 July 2017 to 30 June 2018, who have no other connection to the Company. Aon abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. Aon's fees for the year ending 30 June 2018 were £20,000. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration Committee. Neither of the above provides other services to the Company.

Statement of shareholder voting

At last year's AGM, the Directors' Remuneration Policy received the following votes from shareholders:

Figure 16
Shareholder voting

Remuneration Policy	2017 AGM resolution to approve the Remuneration Policy for the years ending 30 June 2018, 2019 and 2020	% of votes cast
Votes cast in favour	515,865,054	85.05%
Votes cast against	90,707,202	14.95%
Total votes cast	606,572,256	100.00%
Abstentions	1,151,359	N/A

Remuneration Report	2017 AGM resolution to approve the Directors' Remuneration report for the year ended 30 June 2017	% of votes cast
Votes cast in favour	518,697,947	85.72%
Votes cast against	86,426,020	14.28%
Total votes cast	605,123,967	100.00%
Abstentions	2,509,648	N/A

Approval

This Directors' Remuneration report including both the Directors' Remuneration Policy and the Annual Report on Remuneration has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Clive Adamson
Remuneration Committee Chairman

6 September 2018

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 Group and parent company and of their profit and loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Peter Gibbs
Chairman

6 September 2018

The Directors present their Annual Report and financial statements for the year ended 30 June 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Principal activity and business review

The principal activity of the Group is the provision of investment management services. The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 30 June 2018 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the Business review). The information that fulfils the requirements of the Business review can be found in the financial highlights on the inside front cover, the Chief Executive Officer's review on pages 16 to 17, the Business review on pages 22 to 27 and the Corporate governance report on pages 45 to 47.

The principal risks facing the business and risk management policy are detailed on pages 32 to 33.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 82.

The Directors recommend a final dividend of 12.10 pence per share (FY2016/17: 12.10 pence) which, together with the interim dividend of 4.55 pence per share (FY2016/17: 4.55 pence) already declared, makes a total for the year ended 30 June 2018 of 16.65 pence per share (2017: 16.65 pence). Details of the interim dividend payment are set out in note 14 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 7 December 2018 to shareholders on the register on 2 November 2018 (the ex-dividend date being 1 November 2018).

Related party transactions

Details of related party transactions are set out in note 29 to the financial statements.

Post-balance sheet events

On 18 July 2018 the Group acquired a 56% controlling interest in Ashmore Avenida Investments (Real Estate) LLP and further details are set out in note 31 to the financial statements. This is a non-adjusting post balance sheet event. There were no other post balance sheet events requiring adjustment or disclosure herein.

Directors

The members of the Board together with their biographical details are shown on page 43. With the exception of Jennifer Bingham who was appointed as an additional Director on 29 June 2018, all members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described in the Directors' remuneration policy on page 59.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 45 to 47. The Corporate governance report also summarises the Company's rules concerning appointment and replacement of Directors.

Board diversity

The Nominations Committee and the Board recognise the importance of diversity and believe that this is a wider issue than solely gender. There are presently no plans to add further Non-executive Directors to the Board, however, the Nominations Committee, in assessing the suitability of a prospective appointee considers a number of diverse factors including the balance of skills, experience, gender and nationality. The Board currently consists of two Executive and five Non-executive Directors of whom two are female. As previously announced, Peter Gibbs does not intend to seek re-election at the Company's 2018 AGM. Subject to the remaining Directors being elected or re-elected at the AGM this will leave a Board comprising six Directors of which two will be female. The Nominations Committee from time to time engages the services of an external search consultant for the purpose of seeking new candidates for Board membership, conditional upon such consultant having no connection to the Company.

It is Ashmore's policy to attract and retain a diverse workforce. Whilst there are no quotas set in respect of gender, age or educational or professional background Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. As at 30 June 2018 Ashmore employed 38 different nationalities throughout the organisation.

The gender balance was 67% (170 people) male and 33% (88 people) female. It is the Group's policy to give appropriate consideration to applications from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, career development and progression (including those who become disabled during the course of their employment) all are treated on equal terms with other employees.

Insurance and indemnification of Directors

Directors' and officers' liability insurance is maintained by the Company for all Directors. To the extent permissible by law, the Articles of Association also permit the Company to indemnify Directors and former Directors against any liability incurred whilst serving in such capacity.

Directors' conflicts of interests

The Companies Act 2006 imposes upon Directors a statutory duty to avoid unauthorised conflicts of interest with the Company. The Company's Articles of Association enable Directors to approve conflicts of interest and also include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, where necessary, to appropriate conditions.

Save as disclosed on page 59, Executive Directors do not presently hold any external appointments with any non-Ashmore-related companies.

Directors' share interests

The interests of Directors in the Company's shares are shown on page 67 within the Annual report on remuneration.

Significant agreements with provisions applicable to a change in control of the Company

Save as described, there are no agreements in place applicable to a change in control of the Company.

Resolution 17 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details will be contained in the separate Notice of AGM.

Substantial shareholdings

The Company has been notified of the following significant interests in accordance with the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 67) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Substantial shareholdings[1] (as disclosed to the Company in accordance with DTR 5)

	Number of voting rights disclosed as at 30 June 2018	Percentage interests[3]	Number of voting rights disclosed as at 6 September 2018	Percentage interests[3]
Standard Life Aberdeen plc	**–**	–	**46,924,720**	6.63
Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as Trustees of the Ashmore 2004 Employee Benefit Trust[2]	**35,824,935**	5.06	**35,824,935**	5.06
Schroders plc	**34,589,104**	4.89	**34,589,104**	4.89
Allianz Global Investors GmbH	**32,695,220**	4.62	**32,695,220**	4.62
UBS Group AG	**27,343,929**	3.87	**27,343,929**	3.87

1. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 67.
2. In addition to the interests in the Company's ordinary shares referred to above, each Executive Director and employee of the Group has an interest in the Company's ordinary shares held by Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) under the terms of the Ashmore 2004 Employee Benefit Trust (EBT). The voting rights disclosed for the EBT in this table reflect the last notification made to the Company in accordance with DTR5. The actual number of shares held by the EBT as at 30 June 2018 is disclosed in note 23 to the financial statements.
3. Percentage interests are based upon 707,372,473 shares in issue (which excludes 5,368,331 shares held in Treasury) (2017: 707,372,473 shares in issue which excluded 5,368,331 in Treasury).

Relations with shareholders

The Company places great importance on communication with its investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year.

Annual and interim reports and quarterly assets under management updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are posted. The Chief Executive Officer and Group Finance Director report to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of research published on the Company. Additionally, the Chairman and the Chair of the Remuneration Committee met with shareholders as part of shareholder engagement with reference to the Remuneration Policy submitted to the 2017 AGM. The 2018 Annual General Meeting will be attended by all Directors, and the Chairs of the Audit and Risk, Nominations and Remuneration Committees will be available to answer questions. Private investors are encouraged to attend the Annual General Meeting.

The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Group Finance Director has failed to resolve or for which such contact is inappropriate. The Company continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director and any new Directors.

The Group will announce via a regulatory information service the number of proxy votes cast on resolutions at the Annual General Meeting and any other general meetings.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 0.01 pence, each of which rank pari passu in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2018 is 712,740,804 shares in issue (of which 5,368,331 shares are held in Treasury).

Details of the structure of and changes in share capital are set out in note 22 to the financial statements.

Restrictions on voting rights

A member shall not be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts. Votes may be exercised in person or by proxy. The Articles of Association currently provide a deadline for submission of proxy forms of 48 hours before the meeting.

Purchase of own shares

In the year under review, the Company did not purchase any of its own shares for Treasury. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 35,368,623 of its own issued shares. The Company retains a total of 5,368,331 ordinary shares of 0.01 pence each in Treasury, which were acquired at an average price of 129 pence per share. The shares in Treasury represent 0.75% of the Company's issued share capital. The Company is seeking a renewal of the share buyback authority at the 2018 Annual General Meeting.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,579.08 (and £47,158.16 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £7,073.72, without regard to the pre-emption provisions of the Companies Acts. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2018 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the Corporate responsibility section on pages 34 to 42.

Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as trustee of the Ashmore 2004 Employee Benefit Trust has discretion as to the exercise of voting rights over shares which it holds in respect of unallocated shares, namely those shares in which no employee beneficial interests exist.

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the Disclosure Guidance and Transparency Rules issued by the United Kingdom Listing Authority (UKLA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 45 to 47. The Company complied throughout the accounting period under review with all the relevant provisions set out in the Code.

Mandatory greenhouse gas emissions reporting

As a company listed on the main market of the London Stock Exchange Ashmore Group plc is required to report its greenhouse gas emissions (GHG emissions).

Operational control methodology

Ashmore Group has adopted the operational control method of reporting. The emissions reported below are for nine global offices around the world where Ashmore Group exercised direct operational control in the 2017/18 financial year. These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore Group.

Emission scopes

- Ashmore's Scope 1 emissions relate to gas combustion and refrigerant usage.
- Ashmore's Scope 2 emissions relate to purchased electricity.
- Ashmore's Scope 3 emissions relate to water usage, air travel and office waste.

Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported. Revisions to the GHG Protocol, to which this reporting exercise adheres, require organisations to calculate their Scope 2 emissions both in terms of 'market-based' emissions and 'location-based' emissions. This information is set out below.

It is not obligatory to report Scope 3 (indirect emissions from the inputs and outputs to the main business activity – i.e. supply chain and consumer/end-user related emissions). However, for completeness, Ashmore Group will continue to report on some Scope 3 emission categories in order to offer a wider picture to stakeholders and investors.

Exclusions and estimation

Whilst every effort has been made to collect full and consistent data from all international offices, in some cases information was not available. The following approaches were therefore taken to account for this:

- In those instances where a full 12 months' data was not available, estimation techniques have been applied to estimate missing consumption periods. Where no country data was available for the current reporting year, previous years have been used to estimate 2017/18 consumption based on headcount numbers.
- A number of offices were only able to provide data for the whole building in which they reside. No sub-metered data was available for each tenant in these cases. In these instances, the share of the total floor area occupied by Ashmore Group was used to apportion the total consumption.
- Missing, or anomalous, water data was estimated using an average consumption figure of 15m^3 per full-time employee, as sourced from a UK-based water company. This figure is broadly consistent with the average 'per employee' consumption of those offices which were able to provide data.

- For those offices where the landlord utilities charge was the only possible source of data, energy and water consumption have been estimated using the average governmental utility prices for the respective countries.
- Where offices were not able to provide any waste data for their buildings it was not deemed appropriate to estimate this, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure, amongst other factors. It has also not been possible to make use of data supplied in litres, as the density of the waste is unknown.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[1]. UK Government 2018 emission factors[2] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2017 emissions factors[3] have been used. Ashmore Group has used a customised tool, developed by Ricardo Energy & Environment, to undertake the emissions calculations.

The data inputs and outputs have been reviewed by Ricardo Energy & Environment on behalf of Ashmore Group.

Ashmore Group's emissions

The overall GHG emissions decreased by 28.5% compared to the last year. This is primarily due to portfolio changes during 2017/18 financial year including consolidation of offices, and changes in emission factors. Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, which also contributes to lower GHG emissions and energy intensity. Air travel emissions decreased by 30% due to exclusion of flights recharged to partner companies. However, this category still remains the largest contributor to Ashmore Group's emissions breakdown with 623 tCO_2e (67%). The second largest contributor to the GHG footprint, purchased electricity, has decreased significantly this year, due to exclusion of two large offices from the Ashmore Group portfolio, and now accounts for 268 tCO_2e or 29%. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

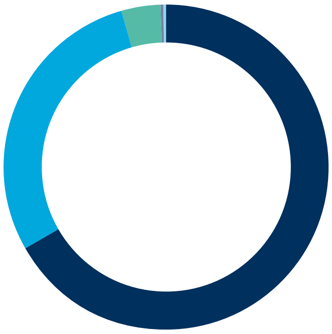
Emissions have also been calculated using an 'intensity metric', which enables Ashmore Group to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore Group is a "people" business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore Group's emissions per FTE are shown in the table below. Due to the overall increase in emissions, tonnes of CO_2e emitted per FTE has also risen since last year[4].

Emissions per full-time employee

Scope	**Tonnes CO_2e 2017/18**	Tonnes CO_2e 2016/17
Scope 1	**0.1**	0.1
Scope 2[5]	**1.4**	1.1
Scope 3	**3.5**	2.7
Total	**5.0**	3.9

2017/18 Ashmore Group's emissions by source[5]

2017/18 Absolute emissions (tonnes CO_2e)



Air travel	622.60 (67%)
Electricity	268.02 (29%)
Natural gas	34.96 (4%)
Waste	2.05 (<1%)
Water	2.56 (<1%)
Refrigerants	0.35 (<1%)

1. http://www.ghgprotocol.org/
2. All UK related emissions factors have been selected from the emissions conversion factors published annually by UK Government: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting#conversion-factors-2018
3. All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO_2 Emissions from Fuel Combustion" (2017 Edition). Purchased under license.
4. FTE 2016/17 = 258 employees; FTE 2017/18 = 236.5 employees.
5. Using market based emissions.

Ashmore's emissions by Scope

Scope	Source	**Tonnes CO_2e 2017/18**	**Absolute totals Tonnes CO_2e (2017/18)**	Tonnes CO_2e 2016/17	Absolute totals Tonnes CO_2e (2016/17)
Scope 1	Natural gas	**34.96**	**35.31**	33.83	34.69
Scope 1	Refrigerants	**0.35**		0.86	
Scope 2	Electricity – location based	**268.67**	**268.67**	372.13	372.13
Scope 2	Electricity – market based[1]	**268.02**	**268.02**	371.19	371.19
Scope 3	Air travel	**622.60**	**627.21**	889.98	895.06
Scope 3	Water	**2.56**		2.87	
Scope 3	Waste	**2.05**		2.20	
Total			**930.54**		1,300.94

1. This figure is based on a combination of market based and location based emission factors. Market based emission factors were provided for one Ashmore office: Japan. This figure uses the market based emission factor for this office. All other offices' Scope 2 emissions are calculated using the location based factor. This figure is hereafter referred to as 'market-based emissions'.

Charitable and political contributions

During the year, the Group made charitable donations of £0.1 million (FY2016/2017: £0.1 million). The work of the Ashmore Foundation is described in the Corporate responsibility section of this report on pages 37 to 38. It is the Group's policy not to make contributions for political purposes.

Creditor payment policy

The Group's policy and practice in the UK is to follow its suppliers' terms of payment and to make payment in accordance with those terms subject to receipt of satisfactory invoicing. Unless otherwise agreed, payments to creditors are made within 30 days of receipt of an invoice. At 30 June 2018, the amount owed to the Group's trade creditors in the UK represented approximately 15 days' average purchases from suppliers (FY2016/17: 15 days).

Auditors and the disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Resolutions will be proposed at the Annual General Meeting to reappoint KPMG LLP as auditor and to authorise the Audit and Risk Committee to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

2018 Annual General Meeting

Details of the Annual General Meeting will be given in the separate circular and Notice of Meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out on pages 16 to 33.

After making enquiries, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the next 12 months from the date of this report and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Companies Act 2006

This Directors' report on pages 71 to 75 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

References in this Directors' report to the financial highlights, the Business review, the Corporate governance report and the Remuneration report are deemed to be included by reference in this Directors' report.

Approved by the Board and signed on its behalf by:

John Taylor
Company Secretary

6 September 2018

1. Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc ("the Company") for the year ended 30 June 2018 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement, Company Cash Flow Statement, and the related notes, including the accounting policies in notes 1 to 4.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk committee.

We were first appointed as auditor of the Company (then Ashmore Group Limited) by the Directors following its incorporation on 30 November 1998. Subsequent to the Company's conversion into a public limited company and the public listing of its shares on the London Stock Exchange on 3 October 2006, we were reappointed as auditor of Ashmore Group PLC by the Directors on 31 October 2007. The period of total uninterrupted engagement is 19 years ended 30 June 2018 (11 years since the Company's public listing). We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£9.67m (2017: £10.07m) 5% (2017: 5%) of Group profit before tax
Coverage	98% (2017: 97%) of Group profit before tax

Risks of material misstatement		**vs 2017**
Recurring risks	Management fee rebates	◄ ►
	Seed capital investments	◄ ►
	Share-based payments	◄ ►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include: the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2017), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Management fee rebates Refer to page 48 (Audit and Risk Committee report), page 95 (accounting policy) and page 97 (financial disclosures).	**Calculation error:** Management fee rebates payable to customers are an area of focus as individual rebate agreements include bespoke, complex rebate calculations. The two key components to rebate calculations are rebate rates and assets under management. The Group has automated calculations for a majority of management fee rebates. **Risk in relation to rebate rates** The rebate rates are subject to periodic amendments. As a result, complete and accurate communication of rebate rates between finance, legal and distributions teams are required, which increases the risk of error and incomplete recording of the latest effective rates for investors. **Risk in relation to assets under management** Assets under management data used in rebate calculations is sourced from different parties including outsourced service organisations and internal teams. There is a risk that assets under management data from the third-party service provider and other in-house systems is not transmitted completely and accurately.	**Our procedures included:** **Procedures in relation to rebate rates: Control design and observation** – We evaluated and tested the key processes and controls in place over the integrity of system data for rebate rates and the controls around approving any changes made to the rebate rates in the system by inspecting evidence of review and approval. **Test of details** – We agreed a selection of rebate rates used in the system calculation to the original legal documents outlining the latest effective rebate rates. **Procedures in relation to assets under management: Outsourcing controls** – We obtained an understanding of the control environment and evaluated the operating effectiveness of controls in operation by inspecting the internal controls reports prepared by the service organisation and attested to by independent auditors. **Control observation** – Through retrieving system data and records we assessed the completeness and accuracy of the data flow through the interface between the rebate calculation system and the third-party service provider and other in-house systems. **General procedures: Control design and operation** – We performed testing over user access and authorisation controls over the automated rebate calculation system through inspection of system configurations and records. – We performed testing over system generated reports in relation to rebates through retrieving system data and records to ascertain the completeness and accuracy of those reports. We also tested the calculation logic in the system by tracing one calculation in the system. **Test of details** – We independently recalculated a selection, using a statistical sampling plan, of management fee rebates and agreed the recalculated fees to the general ledger records. – We reconciled the rebates recognised within the general ledger to the output from the automated rebate calculation system for all system calculated rebates. **Our results** – The results of our procedures were satisfactory.

	The risk	Our response
Seed capital investments £228.3 million; (2017: £210.2m) Refer to page 48 (Audit and Risk Committee report), page 92 (accounting policy) and page 110 (financial disclosures).	**Inappropriate classification** The Group invests in funds that are managed by its investment management subsidiaries ("seed capital investments"). These funds should be consolidated where it has been determined that the Group has control over that fund. In order to determine whether control exists for each fund, the Group needs to assess the strength of linkage between the power to govern the funds operations and the level of variable returns receivable by the Group. The outcome of the assessment drives the classification of seed capital investments which in turn drives the accounting treatment for these investments. The assessment of the linkage, and thus determination of control which leads to the classification, requires judgement.	**Our procedures included:** **Accounting analysis** – We critically assessed the Directors' stated policy for compliance with the accounting standards and assessed the appropriateness of the framework designed to determine whether control exists with reference to aggregate economic interests in funds and the strength of other investors' rights to replace the Group's subsidiaries as the investment manager. **External confirmation** – For each fund we agreed external inputs to the aggregate economic interest determination (including direct holdings and indirect holdings, where relevant) held by the Group to independent confirmations from fund administrators. **Assessing judgements** – For each fund, we critically assessed the judgement on the strength of other investors' rights to replace the Group's subsidiaries as investment manager including reviewing the number of investors in each fund, if the fund is closed or open ended and the investors' consent required to change the investment manager. **Test of details** – We agreed internal inputs to the aggregate economic interest determination (including management fees and performance fees percentages, where applicable) to the funds' legal documents. We reviewed the funds' legal documents to assess the extent of investors' rights to change investment manager as defined by the investment management agreements. **Assessing transparency** – We assessed the adequacy of the disclosures on the classification of seed capital investment. **Our results** – We found that the Group's judgements made in determining these classifications were acceptable.

	The risk	Our response
Share-based payments for Executive Directors £1.2 million; (2017: £4.8m) Refer to page 48 (Audit and Risk Committee report), page 95 (accounting policy) and page 121 (financial disclosures).	**Subjective estimate** The Group issues share awards to employees under a number of share-based compensation plans. The fair value of shares granted to Executive Directors are subject to achieving some performance conditions, being the Group's TSR in comparison to its peer group as defined by the Remuneration Committee, investment outperformance relevant to the benchmark over three and five years, growth in assets under management and profitability as assessed by the diluted earnings per share relative to a comparator index over the performance period. The Group use a third-party remuneration consultant to determine the fair value of awards granted with reference to Directors' estimation of the likelihood of the performance conditions being met. There are subjective judgements involved in determining the likelihood of the performance conditions being met.	**Our procedures included:** **Assessing experts' credentials** – We assessed the objectivity and competency of the third-party remuneration consultant. **Methodology choice and benchmark** – With the assistance of our remuneration specialist we critically assessed the methodology used in the third-party remuneration consultant reports to estimate the fair value of the shares granted to Executive Directors with reference to the performance conditions. We also benchmarked the inputs used in the remuneration consultant report to externally available data or our knowledge of the industry. **Test of details** – We traced the estimation made by the remuneration consultant to those used in the determination of the charge of share-based payment schemes. **Assessing transparency** – We assessed the adequacy of the disclosures in relation to the scheme in the Remuneration report and financial statement disclosures in relations to estimates made to determine the fair value of the shares granted to Executive Directors. **Our results** – The results of our procedures were satisfactory.
Recoverability of parent Company's loan to subsidiaries £454.5 million; (2017: £354.1 million) Refer to page 94 (accounting policy) and page 107 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's loan to one subsidiary represents 68% (2017: 53%) of the Company's total assets. The recoverability of the loan is not a significant audit risk. However, due to its materiality in the context of the parent Company financial statements, this is considered to be a key audit matter for the parent Company.	**Our procedures included:** **Test of details** – We reviewed the business performance of the subsidiary for any impairment indicators of the loan receivable. – We assessed whether the subsidiary has a positive net asset value and therefore coverage of the debt owed, as well as assessed whether the subsidiary has historically been profit making. **Assessing subsidiary audits:** – We considered the results of the work we performed on the subsidiary audit on the subsidiary's profits and net assets. **Our results** – We found the parent Company's assessment of the recoverability of the loan to the subsidiary to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

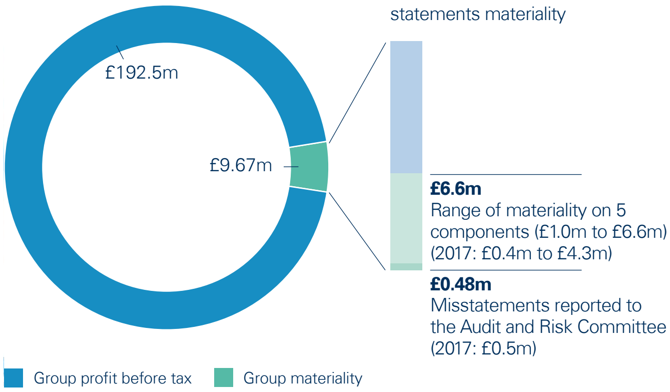
Materiality for the Group financial statements as a whole was set at £9.67 million (2017: £10.07 million), determined with reference to a benchmark of Group profit before tax, of which it represents 5% (2017: 5%). Materiality for the parent Company financial statements as a whole was set at £6.6 million (2017: £6.6 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2017: 1%).

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.48 million (2017: £0.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

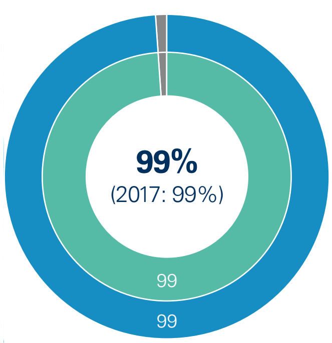
Of the Group's 27 reporting components (2017: 31 components), we subjected five (2017: six) to audits for Group reporting purposes. These components covered 99% (2017: 99%) of total Group revenue; 98% (2017: 97%) of Group profit before taxation; and 98% (2017: 97%) of total Group assets. All audit procedures are completed by the Group audit team at the Group's head office in London

Group profit before tax
£191.3m (2017: £206.2m)

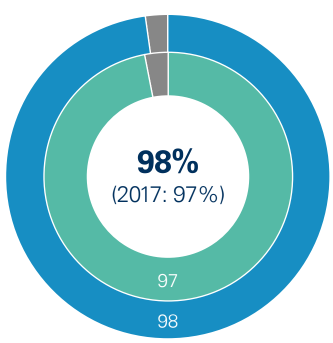
Group materiality
£9.67m (2017: £10.1m)
Whole financial statements materiality



Group revenue



Group profit before tax



- Full scope for group audit purposes 2018
- Specified risk-focused audit procedures 2018
- Full scope for group audit purposes 2017
- Specified risk-focused audit procedures 2017
- Residual components

4. We have nothing to report on going concern

We are required to report to you if:

– we have anything material to add or draw attention to in relation to the Directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or

– the related statement under the Listing Rules set out on page 75 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

– we have not identified material misstatements in the Strategic report and the Directors' report;

– in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

– in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Remuneration report

In our opinion the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

– the Directors' confirmation within the longer-term viability statement on page 30 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

– the Principal risks disclosures describing these risks and explaining how they are being managed and mitigated; and

– the Directors' explanation in the longer-term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the longer-term viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the 11 provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 70, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence.

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition we considered the impact of laws and regulations in the specific areas of regulatory capital (recognising the importance of this to the continuing operation of the Company) and regulatory conduct (recognising the potential for economic outflow associated with non-compliance). With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management inspection of regulatory and legal correspondence.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

6 September 2018

Consolidated statement of comprehensive income
For the year ended 30 June 2018

	Notes	2018 £m	2017 £m
Management fees		**259.7**	226.2
Performance fees		**21.9**	28.3
Other revenue		**4.1**	2.7
Total revenue		**285.7**	257.2
Distribution costs		**(9.2)**	(4.6)
Foreign exchange	7	**(0.2)**	5.0
Net revenue		**276.3**	257.6
Gains/(losses) on investment securities	20	**3.0**	22.4
Change in third-party interests in consolidated funds	20	**(2.4)**	(12.5)
Personnel expenses	9	**(72.8)**	(67.8)
Other expenses	11	**(27.6)**	(32.9)
Operating profit		**176.5**	166.8
Finance income	8	**15.2**	38.6
Profit on disposal of joint ventures and subsidiaries		**–**	1.6
Share of losses from associates and joint ventures	27	**(0.4)**	(0.8)
Profit before tax		**191.3**	206.2
Tax expense	12	**(37.8)**	(36.7)
Profit for the year		**153.5**	169.5
Other comprehensive income, net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign operations		**(4.5)**	(16.7)
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		**2.6**	2.9
Net amount transferred to profit or loss		**(3.3)**	–
Cash flow hedge intrinsic value gains/(losses)		**0.2**	3.8
Other comprehensive income, net of tax		**(5.0)**	(10.0)
Total comprehensive income for the year		**148.5**	159.5
Profit attributable to:			
Equity holders of the parent		**151.4**	167.6
Non-controlling interests		**2.1**	1.9
Profit for the year		**153.5**	169.5
Total comprehensive income attributable to:			
Equity holders of the parent		**146.6**	157.8
Non-controlling interests		**1.9**	1.7
Total comprehensive income for the year		**148.5**	159.5
Earnings per share			
Basic	13	**22.59p**	25.07p
Diluted	13	**21.30p**	23.71p

The notes on pages 89 to 125 form an integral part of these financial statements.

Consolidated balance sheet
As at 30 June 2018

	Notes	2018 £m	2017 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**74.2**	79.9
Property, plant and equipment	16	**1.1**	1.6
Investment in associates and joint ventures	27	**1.7**	2.3
Non-current asset investments	20	**43.9**	22.5
Other receivables		**–**	0.1
Deferred acquisition costs		**0.9**	0.6
Deferred tax assets	18	**26.2**	27.4
		148.0	134.4
Current assets			
Investment securities	20	**219.1**	231.2
Available-for-sale financial assets	20	**5.6**	11.3
Fair value through profit or loss investments	20	**23.5**	36.0
Trade and other receivables	17	**71.2**	70.9
Derivative financial instruments	21	**–**	0.3
Cash and cash equivalents		**433.0**	432.5
		752.4	782.2
Non-current assets held for sale	20	**7.6**	7.1
Total assets		**908.0**	923.7
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**742.8**	703.2
Foreign exchange reserve		**0.3**	4.6
Available-for-sale fair value reserve		**0.4**	1.1
Cash flow hedging reserve		**–**	(0.2)
		759.2	724.4
Non-controlling interests		**1.3**	2.3
Total equity		**760.5**	726.7
Liabilities			
Non-current liabilities			
Deferred tax liabilities	18	**7.7**	9.2
		7.7	9.2
Current liabilities			
Current tax		**5.5**	14.7
Third-party interests in consolidated funds	20	**76.1**	108.9
Derivative financial instruments	21	**0.1**	–
Trade and other payables	25	**57.3**	64.2
		139.0	187.8
Non-current liabilities held for sale	20	**0.8**	–
Total liabilities		**147.5**	197.0
Total equity and liabilities		**908.0**	923.7

The notes on pages 89 to 125 form an integral part of these financial statements.

Approved by the Board on 6 September 2018 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

Consolidated statement of changes in equity
For the year ended 30 June 2018

	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
	Attributable to equity holders of the parent								
Balance at 30 June 2016	–	15.7	645.7	21.1	(1.8)	(4.0)	676.7	3.3	680.0
Profit for the year	–	–	167.6	–	–	–	167.6	1.9	169.5
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	(16.5)	–	–	(16.5)	(0.2)	(16.7)
Net fair value gain on available-for-sale assets including tax	–	–	–	–	2.9	–	2.9	–	2.9
Cash flow hedge intrinsic value gains	–	–	–	–	–	3.8	3.8	–	3.8
Total comprehensive income/(loss)	–	–	167.6	(16.5)	2.9	3.8	157.8	1.7	159.5
Transactions with owners:									
Purchase of own shares	–	–	(11.8)	–	–	–	(11.8)	–	(11.8)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(0.4)	(0.4)
Share-based payments	–	–	18.3	–	–	–	18.3	–	18.3
Dividends to equity holders	–	–	(116.6)	–	–	–	(116.6)	–	(116.6)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.3)	(2.3)
Total contributions and distributions	–	–	(110.1)	–	–	–	(110.1)	(2.7)	(112.8)
Balance at 30 June 2017	–	15.7	703.2	4.6	1.1	(0.2)	724.4	2.3	726.7
Profit for the year	**–**	**–**	**151.4**	**–**	**–**	**–**	**151.4**	**2.1**	**153.5**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**(4.3)**	**–**	**–**	**(4.3)**	**(0.2)**	**(4.5)**
Net fair value gain on available-for-sale assets including tax	**–**	**–**	**–**	**–**	**2.6**	**–**	**2.6**	**–**	**2.6**
Net gains reclassified from available-for-sale reserve to comprehensive income	**–**	**–**	**–**	**–**	**(3.3)**	**–**	**(3.3)**	**–**	**(3.3)**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**–**	**–**	**0.2**	**0.2**	**–**	**0.2**
Total comprehensive income/(loss)	**–**	**–**	**151.4**	**(4.3)**	**(0.7)**	**0.2**	**146.6**	**1.9**	**148.5**
Transactions with owners:	**–**	**–**							
Purchase of own shares	**–**	**–**	**(18.0)**	**–**	**–**	**–**	**(18.0)**	**–**	**(18.0)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Share-based payments	**–**	**–**	**23.6**	**–**	**–**	**–**	**23.6**	**–**	**23.6**
Dividends to equity holders	**–**	**–**	**(117.4)**	**–**	**–**	**–**	**(117.4)**	**–**	**(117.4)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.5)**	**(2.5)**
Total contributions and distributions	**–**	**–**	**(111.8)**	**–**	**–**	**–**	**(111.8)**	**(2.9)**	**(114.7)**
Balance at 30 June 2018	**–**	**15.7**	**742.8**	**0.3**	**0.4**	**–**	**759.2**	**1.3**	**760.5**

The notes on pages 89 to 125 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2018

	2018 £m	2017 £m
Operating activities		
Operating profit	**176.5**	166.8
Adjustments for non-cash items:		
Depreciation and amortisation	**5.0**	5.5
Accrual for variable compensation	**28.0**	24.4
Unrealised foreign exchange gains	**1.4**	(8.7)
Other non-cash items	**2.6**	(11.0)
Cash generated from operations before working capital changes	**213.5**	177.0
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(0.3)**	(9.7)
Decrease/(increase) in derivative financial instruments	**0.3**	(4.8)
Increase/(decrease) in trade and other payables	**(6.9)**	8.8
Cash generated from operations	**206.6**	171.3
Taxes paid	**(47.3)**	(48.0)
Net cash from operating activities	**159.3**	123.3
Investing activities		
Interest received	**9.6**	8.8
Dividends received	**0.2**	0.4
Proceeds on disposal of joint ventures and subsidiaries	**–**	4.8
Purchase of non-current asset investments	**(19.2)**	(8.8)
Purchase of financial assets held for sale	**(14.4)**	(26.9)
Purchase of available-for-sale financial assets	**(0.1)**	–
Purchase of fair value through profit or loss investments	**–**	(14.0)
Purchase of investment securities	**–**	(17.0)
Sale of non-current asset investments	**0.4**	0.5
Sale of financial assets held for sale	**–**	47.9
Sale of available-for-sale financial assets	**8.4**	–
Sale of fair value through profit or loss investments	**22.1**	43.2
Sale of investment securities	**15.8**	28.1
Net cash from initial consolidation of seed capital investments	**0.1**	8.1
Purchase of property, plant and equipment	**(0.2)**	(0.4)
Net cash generated/(used) in investing activities	**22.7**	74.7
Financing activities		
Dividends paid to equity holders	**(117.4)**	(116.6)
Dividends paid to non-controlling interests	**(2.5)**	(2.3)
Third-party subscriptions into consolidated funds	**19.4**	18.7
Third-party redemptions from consolidated funds	**(47.4)**	(8.6)
Distributions paid by consolidated funds	**(1.7)**	(3.1)
Acquisition of interest from non-controlling interests	**(0.4)**	(0.4)
Purchase of own shares	**(18.0)**	(11.8)
Net cash used in financing activities	**(168.0)**	(124.1)
Net increase/(decrease) in cash and cash equivalents	**14.0**	73.9
Cash and cash equivalents at beginning of year	**432.5**	364.0
Effect of exchange rate changes on cash and cash equivalents	**(13.5)**	(5.4)
Cash and cash equivalents at end of year	**433.0**	432.5
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**68.6**	71.1
Daily dealing liquidity funds	**300.3**	216.5
Deposits	**64.1**	144.9
	433.0	432.5

The notes on pages 89 to 125 form an integral part of these financial statements.

Company balance sheet
As at 30 June 2018

	Notes	2018 £m	2017 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**0.5**	0.7
Investment in subsidiaries	26	**19.9**	19.9
Deferred acquisition costs		**0.9**	0.7
Deferred tax assets	18	**13.0**	11.5
		38.4	36.9
Current assets			
Trade and other receivables	17	**467.9**	398.0
Cash and cash equivalents		**159.2**	229.7
		627.1	627.7
Total assets		**665.5**	664.6
Equity and liabilities			
Capital and reserves			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**573.8**	580.3
Total equity attributable to equity holders of the Company		**589.5**	596.0
Liabilities			
Current liabilities			
Trade and other payables	25	**76.0**	68.6
		76.0	68.6
Total equity and liabilities		**665.5**	664.6

The notes on pages 89 to 125 form an integral part of these financial statements.

Approved by the Board on 6 September 2018 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

Company statement of changes in equity

For the year ended 30 June 2018

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2016	–	15.7	554.8	570.5
Profit for the year	–	–	140.5	140.5
Purchase of own shares	–	–	(11.8)	(11.8)
Share-based payments	–	–	13.4	13.4
Dividends to equity holders	–	–	(116.6)	(116.6)
Balance at 30 June 2017	–	15.7	580.3	596.0
Profit for the year	**–**	**–**	**113.1**	**113.1**
Purchase of own shares	**–**	**–**	**(18.0)**	**(18.0)**
Share-based payments	**–**	**–**	**15.8**	**15.8**
Dividends to equity holders	**–**	**–**	**(117.4)**	**(117.4)**
Balance at 30 June 2018	**–**	**15.7**	**573.8**	**589.5**

The notes on pages 89 to 125 form an integral part of these financial statements.

Financial statements

Company cash flow statement

For the year ended 30 June 2018

	2018 £m	2017 £m
Operating activities		
Operating profit	**113.7**	145.0
Adjustments for:		
Depreciation and amortisation	**0.5**	0.5
Accrual for variable compensation	**14.5**	15.4
Unrealised foreign exchange losses/(gains)	**6.8**	(5.9)
Dividends received from subsidiaries	**(118.4)**	(99.2)
Cash generated from operations before working capital changes	**17.1**	55.8
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**30.5**	(36.0)
Increase/(decrease) in trade and other payables	**7.4**	18.5
Cash generated from operations	**55.0**	38.3
Taxes paid	**(10.4)**	(8.8)
Net cash from operating activities	**44.6**	29.5
Investing activities		
Interest received	**1.2**	1.7
Loans advanced to subsidiaries	**(180.7)**	(278.7)
Loans repaid by subsidiaries	**80.3**	202.1
Dividends received from subsidiaries	**118.4**	92.3
Purchase of property, plant and equipment	**(0.2)**	(0.1)
Net cash from investing activities	**19.0**	17.3
Financing activities		
Dividends paid	**(117.4)**	(116.6)
Purchase of own shares	**(18.0)**	(11.8)
Net cash used in financing activities	**(135.4)**	(128.4)
Net increase/(decrease) in cash and cash equivalents	**(71.8)**	(81.6)
Cash and cash equivalents at beginning of year	**229.7**	301.4
Effect of exchange rate changes on cash and cash equivalents	**1.3**	9.9
Cash and cash equivalents at end of year	**159.2**	229.7
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**38.4**	19.3
Daily dealing liquidity funds	**70.8**	80.4
Deposits	**50.0**	130.0
	159.2	229.7

The notes on pages 89 to 125 form an integral part of these financial statements.

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2018 were authorised for issue by the Board of Directors on 6 September 2018. The principal activity of the Group is described in the Directors' report on page 71.

2) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) effective for the Group's reporting for the year ended 30 June 2018 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial assets that are available-for-sale or classified as at fair value through profit or loss.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 that allows it not to present its individual statement of comprehensive income and related notes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 32.

3) New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, the following standards and interpretations relevant to the Group's operations were issued by the International Accounting Standards Board (IASB) but are not yet mandatory and have not been early adopted by the Group.

Overall, the Group does not expect the implementation of these standards to have a material impact on its reported results, net assets or regulatory capital requirements. However, the Group expects to update the relevant accounting policies when these standards are adopted.

IFRS 9 Financial Instruments

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018:

- The Group's seed capital investments that are currently classified as available-for-sale financial (AFS) assets valued at £5.6 million will have to be reclassified to financial assets at fair value through profit or loss (FVTPL). The related accumulated fair value gains of £0.4 million are therefore expected to be transferred from the available-for-sale fair value reserve to retained earnings on 1 July 2018. There will be no other changes in the classification and measurement of any of the Group's financial assets or liabilities.
- The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39 that requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired. The new impairment model is not applicable for financial assets held at fair value through profit or loss or investments in associates. Therefore the expected loss model only applies to the Group's receivables from funds managed, primarily management fee and performance fee receivables (note 17), which do not have a history of credit default or expected future credit default. Accordingly, the Group does not expect a change in the carrying value of its assets as a result of adopting the new standard.
- The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. The Group has confirmed that its current cash-flow hedge relationships (note 21) qualify as continuing hedges upon the adoption of IFRS 9 without measurement or classification adjustments.
- The Group will apply IFRS 9 from 1 July 2018, with the practical expedients permitted under the standard. Comparative financial information will not be restated except for changes in presentation.

IFRS 15 Revenue from Contracts with Customers

The Group will adopt the standard from 1 July 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as at 1 July 2018 and that comparatives will not be restated.

- The new standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations, and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard provides more prescriptive guidance on revenue recognition criteria, with certain specific requirements including topics such as the point at which revenue is recognised, accounting for variable consideration such as performance-based incentive fees that will only be recognised if the amount of revenue would not be subject to significant future reversals, and costs related to obtaining and fulfilling investment management contracts. The standard also introduces new disclosure requirements.
- The Group has assessed the impact of applying the new standard on its existing investment management agreements with respect to the timing and measurement of management and performance fee recognition, and has concluded that IFRS 15 will not result in a material change to the measurement and recognition of fee revenue. Management fee revenue is accrued on a monthly basis as the underlying fund management services are being provided. The management contracts do not include other performance obligations that would require the allocation of fee revenue to match performance obligations. Performance fee revenue is recognised when it can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client, at which time the performance fee is due and payable and cannot be clawed-back.

3) New standards and interpretations not yet adopted continued

IFRS 16 Leases

IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted. The Group will adopt the standard from 1 July 2019 and intends to apply the simplified transition approach that will be applied without restating comparative amounts.

- The standard will affect primarily the accounting for the Group's operating leases that have a term in excess of one year at the time of adoption, that will need to be capitalised and recognised on the consolidated statement of financial position as a right-of-use (ROU) asset and a related lease liability representing the obligation to make lease payments.
- Based on a review of operating leases likely to be in place as of 1 July 2019, the Group has estimated that approximately £16.6 million will be recognised as ROU assets with corresponding lease liabilities of £16.9 million under the new standard on 1 July 2019. This figure represents less than 2% of the consolidated total assets and approximately 11% of consolidated total liabilities.
- The Group will complete a detailed calculation including assessing the impact on consolidated profit or loss and classification of cash flows closer to the adoption of IFRS 16, after taking account of other adjustments, if any, for example lease term extension, termination options and discount rates.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's consolidated financial statements.

4) Significant accounting policies

The following principal accounting policies have been applied consistently where applicable to all years presented in dealing with items considered material in relation to the Group and Company financial statements, unless otherwise stated.

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries, associates and joint ventures. This includes an Employee Benefit Trust (EBT) established for the employee share-based awards and consolidated investment funds.

Interests in subsidiaries

Subsidiaries are entities, including investment funds, over which the Group has control as defined by IFRS 10. The Group has control if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

The profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to any non-controlling interests. Based on their nature, the interests of third parties in consolidated funds are classified as liabilities and appear as 'Third-party interests in consolidated funds' on the Group's balance sheet. Associates and joint ventures are presented as single-line items in the statement of comprehensive income and balance sheet (refer to note 27).

Intercompany transactions and balances are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements as at 30 June 2018.

A change in the ownership interest of a consolidated entity that does not result in a loss of control by the Group is accounted for as an equity transaction. If the Group loses control over a consolidated entity, it derecognises the related assets, goodwill, liabilities, non-controlling interest and other components of equity, and any gain or loss is recognised in consolidated comprehensive income. Any investment retained is recognised at its fair value at the date of loss of control.

Interests in associates and joint arrangements

Associates are partly owned entities over which the Group has significant influence but no control. Joint ventures are entities through which the Group and other parties undertake an economic activity which is subject to joint control.

Investments in associates and interests in joint ventures are measured using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income.

Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Interests in consolidated structured entities

The Group acts as fund manager to investment funds that are considered to be structured entities. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group's assets under management are managed within structured entities. These structured entities typically consist of unitised vehicles such as Sociétés d'Investissement à Capital Variable (SICAVs), limited partnerships, unit trusts and open-ended and closed-ended vehicles which entitle third-party investors to a percentage of the vehicle's net asset value.

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not.

Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest, expected management fees, fair value gains or losses, and distributions receivable from the fund.

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors.

The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

Interests in unconsolidated structured entities

The Group classifies the following investment funds as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (i.e. the threshold established by the Group for determining agent versus principal classification). As a result, the Group concludes that it is an agent for third-party investors and, therefore, will account for its beneficial interest in the fund as a financial asset.

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided in note 28.

Foreign currency

The Group's financial statements are presented in Pounds Sterling (Sterling), which is also the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the functional currency, which is the currency that prevails in the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in comprehensive income. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity instruments; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at the spot exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated into Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to comprehensive income as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve within equity.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The consideration transferred for the acquisition is generally measured at the acquisition date fair value, as are the identifiable net assets acquired, liabilities incurred (including any asset or liability resulting from a contingent consideration arrangement) and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequently, changes to the fair value of the contingent consideration that is deemed to be a liability will be recognised in accordance with IAS 39 in comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

4) Significant accounting policies continued

Goodwill

The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill and stated at cost less any accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment or when there is an indication of impairment.

Intangible assets

The cost of intangible assets, such as management contracts and brand names, acquired as part of a business combination is their fair value as at the date of acquisition. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the profits expected to be earned from the management contracts and brand name in place at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets are amortised, if appropriate, over their useful lives, which have been assessed as being eight years.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives, assessed to be five years for office equipment and four years for IT equipment. The residual values and useful lives of assets are reviewed at least annually.

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the contractual right to benefit from providing investment management services and are charged as the related revenue is recognised.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Financial assets

The Group classifies its financial assets into the following categories: financial assets held for sale, investment securities designated as FVTPL, fair value through profit or loss investments, available-for-sale financial assets and non-current financial assets held for sale.

The Group may, from time to time, invest seed capital in funds where a subsidiary is the investment manager or an adviser. Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as non-current financial assets held for sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'held for sale' asset and the interest held by other parties as a 'liability held for sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets at fair value through profit or loss in accordance with IAS 39. Where the assets are not readily realisable, they are recognised as non-current asset investments. If a seed capital investment remains under the control of the Group for more than one year from the original investment date, the underlying fund is consolidated line by line.

Investment securities designated as FVTPL

Investment securities represent securities, other than derivatives, held by consolidated funds. These securities are designated as FVTPL and are measured at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Non-current financial assets held for sale (HFS)

Non-current financial assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and remeasurement is outside the scope of IFRS 5. Where investments that have initially been recognised as non-current financial assets held for sale, because the Group has been deemed to hold a controlling stake, are subsequently disposed of or diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as fair value through profit or loss investments in accordance with IAS 39. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Available-for-sale financial assets

Available-for-sale financial assets (AFS) include readily realisable interests in seeded funds that are either allocated specifically to this category or cannot be assigned to any other category. They are carried at fair value and changes in fair value are recognised in other comprehensive income, until the asset is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income. Dividend income and impairment losses are recognised in the consolidated statement of comprehensive income.

Financial assets designated as FVTPL

Financial assets designated as FVTPL include certain readily realisable interests in seeded funds, non-current asset investments and derivatives. The Group designates financial assets as FVTPL when:

– the financial assets are managed, evaluated and reported internally on a fair value basis; and
– the classification at fair value eliminates or significantly reduces an accounting mismatch which would otherwise arise.

From the date the financial asset is designated as FVTPL, all subsequent changes in fair value, foreign exchange differences, interest and dividends are reflected in the consolidated statement of comprehensive income and presented in finance income or expense.

(i) FVTPL investments

The Group classifies new readily realisable interests in seeded funds as FVTPL investments with fair value changes being directly recognised through the consolidated statement of comprehensive income. Fair value is measured based on the proportionate net asset value in the fund.

(ii) Non-current asset investments

Non-current asset investments include closed-end funds that are designated as FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income.

(iii) Derivatives

Derivatives include foreign exchange forward contracts and options used by the Group to manage its foreign currency exposures and those held in consolidated funds. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Transaction costs are recognised immediately in the statement of comprehensive income. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly in comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Trade and other receivables

Trade and other receivables are initially recorded at fair value plus transaction costs. The fair value on acquisition is normally the cost. Impairment losses with respect to the estimated irrecoverable amount are recognised through the statement of comprehensive income when there is appropriate evidence that trade and other receivables are impaired. The resulting adjustment is recognised as interest expense or interest income. Subsequent to initial recognition these assets are measured at amortised cost less any impairment.

Cash and cash equivalents

Cash represents cash at bank and in hand, and cash equivalents comprise short-term deposits and investments in money market instruments with an original maturity of three months or less.

Financial liabilities

The Group classifies its financial liabilities into the following categories: non-current financial liabilities held for sale, financial liabilities designated as FVTPL and financial liabilities at amortised cost.

Non-current financial liabilities held for sale

Non-current financial liabilities represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a held for sale financial asset. These liabilities are carried at fair value with gains or losses recognised in the statement of comprehensive income within finance income or expense.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments and third-party interests in consolidated funds. They are carried at fair value with gains or losses recognised in the consolidated statement of comprehensive income within finance income or expense.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date. In determining fair value, the Group uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximises the use of relevant observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Group.

Unobservable inputs are inputs that reflect the Group's assumptions about the assumptions other market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

Securities listed on a recognised stock exchange or dealt on any other regulated market that operates regularly, is recognised and open to the public are valued at the last known available closing bid price. If a security is traded on several actively traded and organised financial markets, the valuation is made on the basis of the last known bid price on the main market on which the securities are traded. In the case of securities for which trading on an actively traded and organised financial market is not significant, but which are bought and sold on a secondary market with regulated trading among security dealers (with the effect that the price is set on a market basis), the valuation may be based on this secondary market.

Where instruments are not listed on any stock exchange or not traded on any regulated markets, valuation techniques are used by valuation specialists. These techniques include the market approach, the income approach or the cost approach for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions or using techniques based on market observable inputs, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as deemed appropriate for liquidity, credit, market and/or other risk factors.

Investments in open-ended funds are valued on the basis of the last available net asset value of the units or shares of such funds.

The fair value of the derivatives is their quoted market price at the balance sheet date.

4) Significant accounting policies continued

Hedge accounting

The Group applies cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

– formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception
– the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect comprehensive income
– the effectiveness of the hedge can be reliably measured
– the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to comprehensive income in the same period during which the relevant financial asset or liability affects the Group's results.

Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in comprehensive income. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

At each reporting date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Impairment of other assets

For all other assets other than goodwill, an impairment test is performed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is considered to be the greater of fair value less costs to sell or value in use. The pre-tax discount rate applied is based on the Group's weighted average cost of capital after making allowances for any specific risks.

The business of the Group is managed as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. Therefore, for the purpose of testing goodwill for impairment, the Group is considered to have one cash-generating unit to which all goodwill is allocated and, as a result, no further split of goodwill into smaller cash-generating units is possible and the impairment review is conducted for the Group as a whole.

An impairment loss in respect of goodwill is not reversed.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services, and includes management fees, performance fees and other revenue. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is total revenue less distribution costs and including foreign exchange. Specific revenue recognition policies are:

Management fees

Management fees are presented net of rebates, and are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Management fees are accrued over the period for which the service is provided. Where management fees are received in advance, they are recognised over the period of the provision of the asset management service.

Performance fees

Performance fees are presented net of rebates, and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

Rebates

Rebates relate to repayments of management and performance fees charged subject to a rebate agreement, typically with institutional investors, and are accounted for on an accruals basis. Where such agreements exist, management and performance fees are presented on a net basis in the consolidated statement of comprehensive income.

Other revenue

Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised when the related services are provided.

Distribution costs

Distribution costs are cost of sales payable to external intermediaries for marketing and investor servicing. Distribution costs are variable with fund assets managed and the associated management fee revenue, and are expensed over the period in which the service is provided.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when payable in accordance with the scheme particulars.

Share-based payments

The Group issues share awards to its employees under share-based compensation plans.

For equity-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that are expected to vest. The fair value is measured at the grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

For cash-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured using an appropriate valuation model, taking into account the estimated number of awards that are expected to vest and the terms and conditions upon which the instruments were granted. During the vesting period, the liability recognised represents the portion of the vesting period that has expired at the balance sheet date multiplied by the fair value of the awards at that date. Movements in the liability are recognised in the statement of comprehensive income.

Operating leases

Payments due under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight-line basis over the lease term and are recorded as a reduction in premises costs.

Finance income and expense

Finance income includes interest receivable on the Group's cash and cash equivalents, realised gains on available-for-sale financial assets and both realised and unrealised gains on held for sale assets and investments measured at FVTPL.

Finance expense includes realised losses on available-for-sale financial assets and both realised and unrealised losses on held for sale assets and investments measured at FVTPL.

Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Current tax also includes withholding tax arising from dividends.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for:

– goodwill not deductible for tax purposes and
– differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date.

4) Significant accounting policies continued

Dividends

Dividends are recognised when shareholders' rights to receive payments have been established.

Equity shares

The Company's ordinary shares of 0.01 pence each are classified as equity instruments. Ordinary shares issued by the Company are recorded at the fair value of the consideration received or the market price at the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity.

Own shares

Own shares are held by the Employee Benefit Trust (EBT). The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. In both the Group and Company, own shares are recorded at cost and are deducted from retained earnings.

Treasury shares

Treasury shares are recognised in equity and are measured at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and original cost being taken to retained earnings.

Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, is reported to and reviewed by the Board on the basis of the investment management business as a whole. Hence the Group's management considers that the Group's services and its operations are not run on a discrete geographic basis and comprise one business segment (being provision of investment management services).

Company-only accounting policies

In addition to the above accounting policies, the following specifically relates to the Company:

Investment in subsidiaries

Investments by the Company in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

5) Segmental information

The Group's operations are reported to and reviewed by the Board on the basis of the investment management business as a whole, hence the Group is treated as a single segment. The key management information considered is adjusted EBITDA which is £183.6 million for the year as reconciled on page 22 (FY2016/17: adjusted EBITDA of £161.1 million was derived by adjusting operating profit by £5.5 million of depreciation and amortisation expense, £5.0 million of income related to seed capital and £6.2 million of foreign exchange gains).
The disclosures below are supplementary, and provide the location of the Group's non-current assets at year end other than financial instruments, deferred tax assets and post-employment benefit assets. Disclosures relating to revenue by location are in note 6.

Analysis of non-current assets by geography

	2018 £m	2017 £m
United Kingdom	**7.3**	7.8
United States	**70.1**	76.1
Other	**0.5**	0.5
Total non-current assets	**77.9**	84.4

6) Revenue

Management fees are accrued throughout the year in line with prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds (FY2016/17: none) provided more than 10% of total revenue in the year respectively when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	2018 £m	2017 £m
United Kingdom	**256.5**	232.8
United States	**5.4**	8.7
Other	**23.8**	15.7
Total revenue	**285.7**	257.2

7) Foreign exchange

The foreign exchange rates which had a material impact on the Group's results are the US dollar, the Euro, the Indonesian rupiah and the Colombian peso.

£1	**Closing rate as at 30 June 2018**	Closing rate as at 30 June 2017	**Average rate year ended 30 June 2018**	Average rate year ended 30 June 2017
US dollar	**1.3200**	1.2946	**1.3464**	1.2766
Euro	**1.1303**	1.1426	**1.1306**	1.1671
Indonesian rupiah	**18,843**	17,340	**18,329**	16,918
Colombian peso	**3,872**	3,965	**3,943**	3,788

Foreign exchange gains and losses are shown below.

	2018 £m	2017 £m
Net realised and unrealised hedging gains/(losses)	**1.8**	(2.8)
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**(2.0)**	7.8
Total foreign exchange gains/(losses)	**(0.2)**	5.0

8) Finance income

	2018 £m	2017 £m
Finance income		
Interest income	**9.7**	10.4
Net realised gains on disposal of available-for-sale financial assets	**3.3**	–
Net realised gains on seed capital investments measured at fair value	**1.7**	20.8
Net unrealised gains on seed capital investments measured at fair value	**0.5**	7.4
Total finance income	**15.2**	38.6

Interest income above includes £5.1 million of interest and dividend income on consolidated funds (note 20d).

Included within net realised and unrealised gains on seed capital investments measured at fair value are £0.4 million gains in relation to held for sale investments (note 20a), £1.3 million gains on FVTPL investments (note 20c) and £2.8 million gains on non-current asset investments (note 20e), offset by £2.3 million of fair value movements on investment securities within consolidated funds (note 20e).

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2018 £m	2017 £m
Wages and salaries	**18.5**	19.6
Performance-related cash bonuses	**20.6**	18.5
Share-based payments	**28.0**	24.4
Social security costs	**1.6**	1.8
Pension costs	**1.6**	1.6
Other costs	**2.5**	1.9
Total personnel expenses	**72.8**	67.8

Number of employees

The number of employees of the Group (including Executive Directors) during the reporting year was as follows:

	Average for the year ended 30 June 2018 Number	Average for the year ended 30 June 2017 Number	At 30 June 2018 Number	At 30 June 2017 Number
Total employees	**257**	256	**253**	252

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 53 to 69.

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2016/17: two).

10) Share-based payments

The cost related to share-based payments recognised by the Group in the statement of comprehensive income is shown below:

Group	2018 £m	2017 £m
Omnibus Plan	**27.4**	24.2
Phantom Bonus Plan	**0.6**	0.2
Total share-based payments expense	**28.0**	24.4

The total expense recognised for the year in respect of equity-settled share-based payment awards was £25.8 million (FY2016/17: £21.3 million).

The Executive Omnibus Incentive Plan (Omnibus Plan)

The Omnibus Plan was introduced prior to the Company listing in October 2006 and provides for the grant of share awards, market value options, premium cost options, discounted options, linked options, phantoms and/or nil-cost options to employees. The Omnibus Plan will also allow bonuses to be deferred in the form of share awards with or without matching shares. Awards granted under the Omnibus Plan typically vest after five years from date of grant, with the exception of bonus awards which vest after the shorter of five years from date of grant or on the date of termination of employment. Awards under the Omnibus Plan are accounted for as equity-settled, with the exception of phantoms which are classified as cash-settled.

The share-based payments relating to the Omnibus Plan represent the combined cash and equity-settled payments.

Total expense by year awards were granted (excluding national insurance)

Group and Company Year of grant	**2018 £m**	2017 £m
2012	**–**	2.6
2013	**3.6**	3.7
2014	**2.2**	2.3
2015	**3.5**	3.5
2016	**2.9**	3.4
2017	**4.5**	6.0
2018	**9.7**	–
Total Omnibus share-based payments expense reported in comprehensive income	**26.4**	21.5

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	**2018 Number of shares subject to awards**	**2018 Weighted average share price**	2017 Number of shares subject to awards	2017 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,038,100**	**£3.14**	22,929,174	£3.18
Granted	**5,448,753**	**£3.26**	4,378,988	£3.40
Vested	**(4,450,091)**	**£3.29**	(3,426,172)	£3.87
Forfeited	**(880,873)**	**£3.14**	(1,843,890)	£3.32
Awards outstanding at year end	**22,155,889**	**£3.14**	22,038,100	£3.14
Bonus share awards				
At the beginning of the year	**8,268,336**	**£3.10**	8,438,295	£3.15
Granted	**2,392,022**	**£3.24**	1,569,761	£3.39
Vested	**(1,473,233)**	**£3.28**	(1,739,720)	£3.86
Forfeited	**(35,133)**	**£3.20**	–	–
Awards outstanding at year end	**9,151,992**	**£3.12**	8,268,336	£3.10
Matching share awards				
At the beginning of the year	**8,273,435**	**£3.14**	8,438,295	£3.18
Granted	**2,397,050**	**£3.24**	1,574,860	£3.39
Vested	**(1,113,239)**	**£3.29**	(1,116,079)	£3.92
Forfeited	**(395,127)**	**£3.23**	(623,641)	£3.75
Awards outstanding at year end	**9,162,119**	**£3.15**	8,273,435	£3.14
Total	**40,470,000**	**£3.14**	38,579,871	£3.18

10) Share-based payments continued

ii) Cash-settled awards

Group and Company	2018 Number of shares subject to awards	2018 Weighted average share price	2017 Number of shares subject to awards	2017 Weighted average share price
Restricted share awards				
At the beginning of the year	**134,984**	**£3.72**	269,754	£3.72
Granted	**45,003**	**£3.24**	27,700	£3.40
Vested	**–**	**–**	–	–
Forfeited	**(36,445)**	**£3.29**	(162,470)	£3.94
Awards outstanding at year end	**143,542**	**£3.37**	134,984	£3.72
Bonus share awards				
At the beginning of the year	**80,254**	**£3.78**	190,576	£3.78
Granted	**33,753**	**£3.24**	11,530	£3.40
Vested	**(27,334)**	**£3.29**	(121,852)	£3.94
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**86,673**	**£3.44**	80,254	£3.78
Matching share awards				
At the beginning of the year	**80,254**	**£3.78**	190,576	£3.78
Granted	**33,753**	**£3.24**	11,530	£3.40
Vested	**–**	**–**	–	–
Forfeited	**(27,334)**	**£3.29**	(121,852)	£3.94
Awards outstanding at year end	**86,673**	**£3.44**	80,254	£3.78
Total	**316,888**	**£3.41**	295,492	£3.75

iii) Total awards

Group and Company	2018 Number of shares subject to awards	2018 Weighted average share price	2017 Number of shares subject to awards	2017 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,173,084**	**£3.14**	23,198,928	£3.19
Granted	**5,493,756**	**£3.26**	4,406,688	£3.40
Vested	**(4,450,091)**	**£3.29**	(3,426,172)	£3.87
Forfeited	**(917,318)**	**£3.15**	(2,006,360)	£3.37
Awards outstanding at year end	**22,299,431**	**£3.14**	22,173,084	£3.14
Bonus share awards				
At the beginning of the year	**8,348,590**	**£3.11**	8,628,871	£3.17
Granted	**2,425,775**	**£3.24**	1,581,291	£3.39
Vested	**(1,500,567)**	**£3.28**	(1,861,572)	£3.87
Forfeited	**(35,133)**	**£3.20**	–	–
Awards outstanding at year end	**9,238,665**	**£3.12**	8,348,590	£3.11
Matching share awards				
At the beginning of the year	**8,353,689**	**£3.14**	8,628,871	£3.20
Granted	**2,430,803**	**£3.24**	1,586,390	£3.39
Vested	**(1,113,239)**	**£3.29**	(1,116,079)	£3.92
Forfeited	**(422,461)**	**£3.23**	(745,493)	£3.78
Awards outstanding at year end	**9,248,792**	**£3.15**	8,353,689	£3.14
Total	**40,786,888**	**£3.14**	38,875,363	£3.13

The weighted average share price of awards granted to employees under the Omnibus Plan during the year was £3.25 (FY2016/17: £3.40), as determined by the average Ashmore Group plc closing share price for the five business days prior to grant. For Executive Directors, the fair value of awards also takes into account the performance conditions set out in the Remuneration report.

Where the grant of restricted and matching share awards is linked to the annual bonus process, the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their vesting date when the grantee becomes unconditionally entitled to the underlying shares. The fair value of the remaining awards is spread over the period from the date of grant to the vesting date.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables on the consolidated balance sheet is £0.6 million (30 June 2017: £0.4 million) of which £nil (30 June 2017: £nil) relates to vested awards.

The Approved Company Share Option Plan (CSOP)

The CSOP was also introduced prior to the Company listing in October 2006 and is an option scheme providing for the grant of market value options to employees with the aggregate value of outstanding options not exceeding £30,000 per employee. The CSOP qualifies as a UK tax approved company share option plan and approval thereto has been obtained from HMRC. To date, there have been no awards made under the CSOP.

11) Other expenses

Other expenses consist of the following:

	2018 £m	2017 £m
Travel	**1.9**	2.2
Professional fees	**4.2**	4.9
Information technology and communications	**5.9**	5.2
Amortisation of intangible assets (note 15)	**4.3**	4.5
Operating leases	**2.6**	3.5
Premises-related costs	**1.2**	1.2
Insurance	**0.9**	1.0
Auditor's remuneration (see below)	**0.5**	0.6
Depreciation of property, plant and equipment (note 16)	**0.7**	1.0
Consolidated funds (note 20)	**1.1**	4.9
Other expenses	**4.3**	3.9
	27.6	32.9

Auditor's remuneration

	2018 £m	2017 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	**0.2**	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2
Fees for non-audit services:		
– Fees payable to the Company's auditor and its associates for other services	**0.1**	0.2
	0.5	0.6

12) Taxation

Analysis of tax charge for the year:

	2018 £m	2017 £m
Current tax		
UK corporation tax on profits for the year	**30.3**	31.3
Overseas corporation tax charge	**8.5**	7.9
Adjustments in respect of prior years	**(0.6)**	1.5
	38.2	40.7
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**(1.7)**	(3.2)
Effect on deferred tax balance of changes in corporation tax rates	**1.3**	(0.8)
Tax expense	**37.8**	36.7

Factors affecting tax charge for the year

	2018 £m	2017 £m
Profit before tax	**191.3**	206.2
Profit on ordinary activities multiplied by the blended UK tax rate of 19.00% (FY2016/17: 19.75%)	**36.3**	40.7
Effects of:		
Non-deductible expenses	**0.1**	0.2
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(0.3)**	(2.8)
Different rate of taxes on overseas profits	**1.2**	1.4
Non-taxable income	**(1.0)**	(4.1)
Effect on deferred tax balance of changes in corporation tax rates	**2.0**	(0.8)
Other items	**0.1**	0.5
Adjustments in respect of prior years	**(0.6)**	1.6
Tax expense	**37.8**	36.7

Non-taxable income relates to the impact of local tax exemptions on realised investment income in certain jurisdictions in which the Group operates.

The tax charge recognised in equity/other comprehensive income is as follows:

	2018 £m	2017 £m
Current tax (credit)/expense on foreign exchange gains	**(0.3)**	0.1
Deferred tax on seed capital investments	**–**	–
Tax (credit)/expense recognised in equity/other comprehensive income	**(0.3)**	0.1

Finance (No. 2) Act 2015 introduced legislation to reduce the UK corporation tax rate to 19% from 1 April 2017. Finance Act 2016 further reduces the tax rate to 17% from 1 April 2020. These tax rate reductions have been taken into account in the calculation of the Group's UK deferred tax assets and liabilities as at 30 June 2018.

13) Earnings per share

Basic earnings per share at 30 June 2018 of 22.59 pence (30 June 2017: 25.07 pence) is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £151.4 million (FY2016/17: £167.6 million) by the weighted average number of ordinary shares in issue during the period, excluding own shares.

Diluted earnings per share is calculated based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	2018 Number of ordinary shares	2017 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**671,063,954**	668,488,046
Effect of dilutive potential ordinary shares – share awards	**40,645,005**	38,451,642
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**711,708,959**	706,939,688

14) Dividends

Dividends paid in the year

Company	**2018 £m**	2017 £m
Final dividend for FY2016/17 – 12.10p (FY2015/16: 12.10p)	**85.4**	84.9
Interim dividend for FY2017/18 – 4.55p (FY2016/17: 4.55p)	**32.0**	31.7
	117.4	116.6

In addition, the Group paid £2.5 million (FY2016/17: £2.3 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2018 pence**	2017 pence
Interim dividend per share paid	**4.55**	4.55
Final dividend per share proposed	**12.10**	12.10
	16.65	16.65

On 6 September 2018, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2018. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end that qualify to receive a dividend, the total amount payable would be £85.7 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management relationships £m	Total £m
Cost (at original exchange rate)			
At 30 June 2016, 30 June 2017 and 30 June 2018	**57.5**	**39.5**	**97.0**
Accumulated amortisation and impairment			
At 30 June 2016	–	(31.1)	(31.1)
Amortisation charge for the year	–	(4.5)	(4.5)
At 30 June 2017	–	(35.6)	(35.6)
Amortisation charge for the year	**–**	**(4.3)**	**(4.3)**
At 30 June 2018	**–**	**(39.9)**	**(39.9)**
Net book value			
At 30 June 2016	70.1	12.4	82.5
Accumulated amortisation for the year	–	(4.5)	(4.5)
Foreign exchange revaluation through reserves*	1.5	0.4	1.9
At 30 June 2017	71.6	8.3	79.9
Accumulated amortisation for the year	**–**	**(4.3)**	**(4.3)**
Foreign exchange revaluation through reserves*	**(1.3)**	**(0.1)**	**(1.4)**
At 30 June 2018	**70.3**	**3.9**	**74.2**

* Foreign exchange revaluation through reserves is a result of the retranslation of US dollar-denominated intangibles and goodwill.

Company	Goodwill £m
Cost	
At the beginning and end of the year	4.1
Net carrying amount at 30 June 2017 and 2018	4.1

Goodwill

The Group's goodwill balance relates principally to the acquisition of the equities business in May 2011.

The Company's goodwill balance relates to the acquisition of the business from ANZ in 1999.

The annual impairment review of goodwill was undertaken for the year ending 30 June 2018. The Group consists of a single cash-generating unit for the purpose of assessing the carrying value of goodwill. In performing the impairment review, management prepares a calculation of the recoverable amount of goodwill and compares this with the carrying value. The recoverable amount was based on a fair value less costs to sell calculation using the Company's year end share price. Based on management's assessment as at 30 June 2018, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. No impairment losses have been recognised in the current or preceding years.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of Ashmore Equities Investment Management (US) LLC.

An annual impairment review of the fund management relationships was undertaken for the year ending 30 June 2018. The recoverable amount was derived from the cumulative pre-tax net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings associated with the fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition.

The recoverable amount of the fund management relationships intangible asset was determined to be higher than its carrying value as at 30 June 2018. Accordingly, no impairment charge was recognised during the year (FY2016/17: no impairment charge recognised).

The remaining amortisation period for fund management relationships is one year (30 June 2017: two years).

16) Property, plant and equipment

Group	2018 Fixtures, fittings and equipment £m	2017 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**6.4**	7.8
Additions	**0.2**	0.4
Foreign exchange revaluation	**(0.1)**	0.1
Disposals	**–**	(1.9)
At the end of the year	**6.5**	6.4
Accumulated depreciation		
At the beginning of the year	**4.8**	5.6
Depreciation charge for the year	**0.7**	1.0
Foreign exchange revaluation	**(0.1)**	–
Disposals	**–**	(1.8)
At the end of the year	**5.4**	4.8
Net book value at 30 June	**1.1**	1.6

Company	2018 Fixtures, fittings and equipment £m	2017 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**3.7**	3.6
Additions	**0.2**	0.1
Disposals	**–**	–
At the end of the year	**3.9**	3.7
Accumulated depreciation		
At the beginning of the year	**3.0**	2.5
Depreciation charge for year	**0.4**	0.5
Disposals	**–**	–
At the end of the year	**3.4**	3.0
Net book value at 30 June	**0.5**	0.7

17) Trade and other receivables

	Group		Company	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Current				
Trade debtors	**67.5**	67.2	**5.0**	3.6
Prepayments	**2.8**	2.9	**1.2**	1.6
Loans due from subsidiaries	**–**	–	**454.5**	354.1
Amounts due from subsidiaries	**–**	–	**7.1**	38.1
Other receivables	**0.9**	0.8	**0.1**	0.6
Total trade and other receivables	**71.2**	70.9	**467.9**	398.0

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2018 in respect of investment management services provided up to that date. Loans and amounts due from subsidiaries for the Company include intercompany loans related to seed capital investments held by subsidiaries and trading balances. Intercompany loans are issued on commercial terms and repayable on demand.

18) Deferred taxation

Deferred tax assets and liabilities recognised by the Group and Company at year end are attributable to the following:

	2018			2017		
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**11.4**	**14.8**	**26.2**	13.4	14.0	27.4
Deferred tax liabilities	**(7.7)**	**–**	**(7.7)**	(9.2)	–	(9.2)
	3.7	**14.8**	**18.5**	4.2	14.0	18.2

	2018			2017		
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**0.2**	**12.8**	**13.0**	0.2	11.3	11.5

Movement of deferred tax balances

The movement in the deferred tax balances between the balance sheet dates has been reflected in equity or the statement of comprehensive income as follows:

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2016	3.7	10.6	14.3
Credited/(charged) to the consolidated statement of comprehensive income	0.5	3.4	3.9
At 30 June 2017	4.2	14.0	18.2
Credited/(charged) to the consolidated statement of comprehensive income	**(0.5)**	**0.8**	**0.3**
At 30 June 2018	**3.7**	**14.8**	**18.5**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2016	0.1	8.1	8.2
Credited/(charged) to the statement of comprehensive income	0.1	3.2	3.3
At 30 June 2017	0.2	11.3	11.5
Credited/(charged) to the statement of comprehensive income	**–**	**1.5**	**1.5**
At 30 June 2018	**0.2**	**12.8**	**13.0**

Refer to the details in note 12 in relation to future changes to the UK corporation tax rate which have been reflected in the Group's deferred tax position.

19) Fair value of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes committees that have overall responsibility for all significant fair value measurements. Each committee regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, the team assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds.
- Level 3: Valuation techniques use significant unobservable inputs. Fair value measurements are derived by applying appropriate valuation techniques that include inputs for the asset or liability that are not based on observable market data and principally comprise investments in private equity funds.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value hierarchy of financial instruments which are carried at fair value at year end is summarised below:

				2018				2017
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investment securities	**110.6**	**38.8**	**69.7**	**219.1**	60.8	85.5	84.9	231.2
Non-current financial assets held for sale	**–**	**7.6**	**–**	**7.6**	–	7.1	–	7.1
Available-for-sale financial assets	**–**	**–**	**5.6**	**5.6**	–	0.1	11.2	11.3
Fair value through profit or loss investments	**–**	**23.5**	**–**	**23.5**	–	36.0	–	36.0
Non-current asset investments	**–**	**20.0**	**23.9**	**43.9**	–	4.5	18.0	22.5
Derivative financial instruments	**–**	**–**	**–**	**–**	–	0.3	–	0.3
	110.6	**89.9**	**99.2**	**299.7**	60.8	133.5	114.1	308.4
Financial liabilities								
Third-party interests in consolidated funds	**25.8**	**17.6**	**32.7**	**76.1**	30.9	42.4	35.6	108.9
Derivative financial instruments	**–**	**0.1**	**–**	**0.1**	–	–	–	–
Non-current financial liabilities held for sale	**–**	**0.8**	**–**	**0.8**	–	–	–	–
	25.8	**18.5**	**32.7**	**77.0**	30.9	42.4	35.6	108.9

There were no transfers between Level 1, Level 2 and Level 3 during the year (FY2016/17: no transfers).

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items for the periods ended 30 June 2018 and 2017:

	Investment securities £m	Non-current financial assets held for sale £m	Available-for-sale financial assets £m	Non-current asset investments £m	Third-party interests in consolidated funds £m
At 30 June 2016	46.9	28.1	8.0	11.7	28.4
Additions	–	–	–	4.5	–
Reclassification from consolidated funds to HFS investments	28.1	(28.1)	–	–	–
Unrealised gains recognised in finance income	9.9	–	–	1.8	7.2
Unrealised gains recognised in other comprehensive income	–	–	3.2	–	–
At 30 June 2017	84.9	–	11.2	18.0	35.6
Additions/(disposals)	**(13.0)**	**–**	**(4.9)**	**4.1**	**(0.6)**
Unrealised gains/(losses) recognised in finance income	**(1.3)**	**–**	**–**	**1.8**	**(2.3)**
Unrealised gains/(losses) recognised in other comprehensive income	**(0.9)**	**–**	**(0.7)**	**–**	**–**
At 30 June 2018	**69.7**	**–**	**5.6**	**23.9**	**32.7**

Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis using valuation techniques

Investments valued using valuation techniques include financial investments which, by their nature, do not have an externally quoted price based on regular trades, and financial investments for which markets are no longer active as a result of market conditions e.g. market illiquidity. The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and, if applicable, enterprise valuation.

These techniques may include a number of assumptions relating to variables such as interest rate and price earnings multiples. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments. When determining the inputs into the valuation techniques used priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows. Such estimates do not typically reflect any premium or discount that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument, nor do they typically consider the tax impact of the realisation of unrealised gains or losses from selling the financial instrument being fair valued. In some cases the disclosed value cannot be realised in immediate settlement of the financial instrument.

The total value of Level 3 financial assets valued using valuation techniques is £69.4 million as at 30 June 2018 (30 June 2017: £84.8 million). The remaining Level 3 investments are valued using third-party pricing information without adjustment.

The following table shows the valuation techniques and the key unobservable inputs used in the determination of fair value for the Level 3 investments:

Assets	Fair value at 30 June 2018 £m	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	The estimated fair value would increase if:
Listed securities	**15.4**	Adjusted market value	Marketability adjustment	10%-30%	Marketability adjustment is lower
Unlisted securities	**54.0**	Market approach using comparable traded multiples	EBITDA multiple	5x-10x	EBITDA multiple is higher
			Marketability adjustment	10%-30%	Marketability adjustment is lower
		Recent transactions, Market multiples	Market multiple	5x-10x	Market multiple is higher
		Discounted cash flows	Weighted average cost of capital (WACC)	10%-20%	WACC is lower
			Marketability adjustment	10%-30%	Marketability adjustment is lower
		Adjusted value	Marketability adjustment	10%-35%	Marketability adjustment is lower
		Discount to indicative bid	Marketability adjustment	10%-30%	Marketability adjustment is lower
		Broker quote	Inputs to broker model	–	–
Total	**69.4**				

20) Seed capital investments

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 30 June 2018 and 2017.

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of a fund in which the Group is the investment manager. The Group ordinarily provides seed capital in order to provide initial scale and facilitate marketing of the funds to third-party investors. The fund is then financed through the issue of units to investors. Aggregate interests held by the Group include seed capital, management fees and performance fees. The Group generates management and performance fee income from managing the assets on behalf of third-party investors.

The movements of seed capital investments and related items during the year are as follows:

Group	HFS investments £m	AFS investments £m	FVTPL investments £m	Investment securities (relating to consolidated funds)* £m	Other (relating to consolidated funds)** £m	Third-party interests in consolidated funds*** £m	Non-current asset investments £m	Total £m
Carrying amount at 30 June 2016	76.9	8.8	68.2	143.7	4.8	(75.6)	11.7	238.5
Reclassification:								
HFS to consolidated funds	(49.3)	–	–	52.8	–	(3.5)	–	–
FVTPL to HFS investments	(8.8)	–	8.8	–	–	–	–	–
Consolidated funds to HFS investments	–	–	(23.2)	60.3	–	(37.1)	–	–
Consolidated funds to FVTPL investments	–	–	1.8	(6.0)	–	4.2	–	–
Net purchases, disposals and fair value changes	(11.7)	2.5	(19.6)	(19.6)	6.2	3.1	10.8	(28.3)
Carrying amount at 30 June 2017	7.1	11.3	36.0	231.2	11.0	(108.9)	22.5	210.2
Reclassification:								
HFS investments to consolidated funds	**(15.1)**	**–**	**–**	**24.9**	**–**	**(9.8)**	**–**	**–**
Consolidated funds to FVTPL investments	**–**	**–**	**8.2**	**(16.6)**	**–**	**8.4**	**–**	**–**
Net purchases, disposals and fair value changes	**14.8**	**(5.7)**	**(20.7)**	**(20.4)**	**(5.5)**	**34.2**	**21.4**	**18.1**
Carrying amount at 30 June 2018	**6.8**	**5.6**	**23.5**	**219.1**	**5.5**	**(76.1)**	**43.9**	**228.3**

* Investment securities in consolidated funds are designated as FVTPL.

** Relates to cash and other assets in consolidated funds that are not investment securities.

*** Included in net purchases, disposals and fair value changes are third party subscriptions of £19.4 million, redemptions of £47.4 million and fair value movements of £6.2 million in relation to consolidated funds.

a) Non-current assets and non-current liabilities held for sale

Where Group companies invest seed capital into funds operated and controlled by the Group and the Group is actively seeking to reduce its investment and it is considered highly probable that it will relinquish control within a year, the interests in the funds are treated as held for sale and are recognised as financial assets and liabilities held for sale. During the year, two funds (FY2016/17: three) were seeded in this manner, met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held for sale.

The non-current assets and liabilities held for sale at 30 June 2018 were as follows:

	2018 £m	2017 £m
Non-current financial assets held for sale	**7.6**	7.1
Non-current financial liabilities held for sale	**(0.8)**	–
Seed capital investments classified as held for sale	**6.8**	7.1

Investments cease to be classified as held for sale when they are no longer controlled by the Group. A loss of control may happen through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held for sale, they are classified as financial assets designated as FVTPL. No such fund was transferred to the FVTPL category during the year (FY2016/17: one fund was transferred to the FVTPL category after the Group reduced its interests following investment inflows from third parties).

If the fund remains under the control of the Group for more than one year from the original investment date, it will cease to be classified as held for sale, and will be consolidated line by line after it is assessed that the Group controls the investment fund in accordance with the requirements of IFRS 10. During the year, two such funds (FY2016/17: two) with an aggregate carrying amount of £15.1 million (FY2016/17: £12.5 million) were transferred from held for sale to consolidated funds category. There was no impact on net assets or comprehensive income as a result of the transfer.

Included within finance income are gains of £0.4 million (FY2016/17: gains of £9.3 million) in relation to held for sale investments.

As the Group considers itself to have one segment (refer to note 4), no additional segmental disclosure of held for sale assets or liabilities is applicable.

b) Available-for-sale financial assets

Available-for-sale financial assets at 30 June 2018 comprise shares held in equity funds as follows:

	2018 £m	2017 £m
Equity funds	**5.6**	11.3
Seed capital classified as available-for-sale	**5.6**	11.3

Included within other comprehensive income are gains of £2.6 million (FY2016/17: gains of £2.5 million) in relation to available-for-sale investments. During the year, gains of £3.3 million (FY2016/17: £nil) were reclassified from the available-for-sale reserve to comprehensive income following the disposal of available-for-sale financial assets.

From 1 July 2019, the AFS category will no longer exist and the Group will reclassify all available-for-sale financial assets and measure them as FVTPL investments following the adoption of IFRS 9. The related accumulated fair value gains of £0.4 million will be reclassified from the available-for-sale fair value reserve to retained earnings on transition, and any future fair value movement will be recognised directly in profit or loss.

c) Fair value through profit or loss investments

FVTPL investments at 30 June 2018 comprise shares held in debt and equity funds as follows:

	2018 £m	2017 £m
Equity funds	**14.5**	30.2
Debt funds	**9.0**	5.8
Seed capital classified as FVTPL investments	**23.5**	36.0

Included within finance income are gains of £1.3 million (FY2016/17: gains of £9.6 million) on the Group's FVTPL investments.

20) Seed capital investments continued

d) Consolidated funds

The Group has consolidated 11 investment funds as at 30 June 2018 (30 June 2017: 13 investment funds), over which the Group is deemed to have control (refer to note 26). Consolidated funds represent seed capital investments where the Group has held its position for a period greater than one year and its interest represents a controlling stake in the fund in accordance with IFRS 10. Consolidated fund assets and liabilities are presented line by line after intercompany eliminations. The table below sets out an analysis of the carrying amounts of interests held by the Group in consolidated investment funds.

	2018 £m	2017 £m
Investment securities*	**219.1**	231.2
Cash and cash equivalents	**6.2**	12.4
Other**	**(0.7)**	(1.4)
Third-party interests in consolidated funds	**(76.1)**	(108.9)
Consolidated seed capital investments	**148.5**	133.3

* Investment securities represent trading securities held by consolidated investment funds and are designated as at FVTPL. Note 26 provides a list of the consolidated funds by asset class, and further detailed information at the security level is available in the individual fund financial statements.

** Other includes trade receivables, trade payables and accruals.

The maximum exposure to loss is the carrying amount of the assets held. The Group has not provided financial support or otherwise agreed to be responsible for supporting any consolidated or unconsolidated funds financially.

Included within the consolidated statement of comprehensive income are net gains of £4.6 million (FY2016/17: £12.8 million gains) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2018 £m	2017 £m
Interest and dividend income	**5.1**	7.8
Gains/(losses) on investment securities	**3.0**	22.4
Change in third-party interests in consolidated funds	**(2.4)**	(12.5)
Other expenses	**(1.1)**	(4.9)
Net gains/(losses) on consolidated funds	**4.6**	12.8

Included in the Group's cash generated from operations is £3.5 million cash utilised in operations (FY2016/17: £3.5 million cash utilised in operations) relating to consolidated funds.

As of 30 June 2018, the Group's consolidated funds were domiciled in Guernsey, Indonesia, Luxembourg, Saudi Arabia, and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as FVTPL. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

	2018 £m	2017 £m
Non-current asset investments	**43.9**	22.5

Included within finance income are gains of £2.8 million (FY2016/17: gains of £2.5 million) on the Group's non-current asset investments.

21) Financial instrument risk management

Group

The Group is subject to strategic and business, client, investment, treasury and operational risks throughout its business as discussed in the Risk management section. This note discusses the Group's exposure to and management of the following principal risks which arise from the financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified either as held for sale, available-for-sale, FVTPL or non-current asset investment financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the ultimate responsibility of the Board, as noted in the Risk management section on pages 28 to 33.

Capital management

It is the Group's policy that all entities within the Group have sufficient capital to meet regulatory and working capital requirements and it conducts regular reviews of its capital requirements relative to its capital resources.

As the Group is regulated by the United Kingdom Financial Conduct Authority (FCA), it is required to maintain appropriate capital and perform regular calculations of capital requirements. This includes development of an Internal Capital Adequacy Assessment Process (ICAAP), based upon the FCA's methodologies under the Capital Requirements Directive. The Group's Pillar III disclosures can be found on the Group's website at www.ashmoregroup.com. These disclosures indicate that the Group had excess capital of £479.7 million as at 30 June 2018 (30 June 2017: excess capital of £448.3 million) over the level of capital required under a Pillar II assessment. The objective of the assessment is to check that the Group has adequate capital to manage identified risks and the process includes conducting stress tests to identify capital and liquidity requirements under different future scenarios including a potential downturn.

Credit risk

The Group has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due.

Exposure to credit risk is monitored on an ongoing basis by senior management and the Group's Risk Management and Control function. The Group has a counterparty and cash management policy in place which, in addition to other controls, restricts exposure to any single counterparty by setting exposure limits and requiring approval and diversification of counterparty banks and other financial institutions. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk.

	Notes	**2018 £m**	2017 £m
Investment securities	19	**219.1**	231.2
Non-current financial assets held for sale	19	**7.6**	7.1
Available-for-sale financial assets	19	**5.6**	11.3
Fair value through profit or loss investments	19	**23.5**	36.0
Derivative financial instruments	19	**–**	0.3
Trade and other receivables	17	**71.2**	70.9
Cash and cash equivalents		**433.0**	432.5
Total		**760.0**	789.3

Ashmore recognises investment securities by virtue of including consolidated funds on its balance sheet on a line-by-line basis. The risk management policies and procedures for the consolidated funds is the responsibility of the governing bodies of the funds. The associated exposures on credit risk, market risk and foreign exchange risk on the investment securities are monitored by the Group's Risk Management and Control function.

In addition, derivative financial instruments, non-current financial assets held for sale, available-for-sale financial assets and FVTPL investments expose the Group to credit risk from various counterparties, which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprising short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A+ to AA- as at 30 June 2018 (30 June 2017: A+ to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2017: none). They include fee debtors that arise principally within the Group's investment management business. They are monitored regularly and, historically, default levels have been insignificant, and, unless a client has withdrawn funds, there is an ongoing relationship between the Group and the client. There is no significant concentration of credit risk in respect of fees owing from clients.

21) Financial instrument risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

In order to manage liquidity risk, there is a Group Liquidity Policy to ensure that there is sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The maturity profile of the Group's contractual undiscounted financial liabilities is as follows:

At 30 June 2018

	Within 1 year £m	**1-5 years £m**	**More than 5 years £m**	**Total £m**
Non-current liabilities held-for-sale	**0.8**	**–**	**–**	**0.8**
Third-party interests in consolidated funds	**33.2**	**42.9**	**–**	**76.1**
Derivative financial instruments	**0.1**	**–**	**–**	**0.1**
Current trade and other payables	**57.3**	**–**	**–**	**57.3**
	91.4	**42.9**	**–**	**134.3**

At 30 June 2017

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Third-party interests in consolidated funds	53.8	55.1	–	108.9
Current trade and other payables	64.2	–	–	64.2
	118.0	55.1	–	173.1

Details of leases and other commitments are provided in note 30.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The principal interest rate risk is the risk that the Group will sustain a reduction in interest income through adverse movements in interest rates. This relates to bank deposits held in the ordinary course of business. The Group has a cash management policy which monitors cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2018 %	2017 %
Deposits with banks and liquidity funds	**1.04**	0.67

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2018, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, profit before tax for the year would have been £2.2 million higher/lower (FY2016/17: £2.0 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on profit before tax.

In addition, the Group is indirectly exposed to interest rate risk where the Group holds seed capital investments in funds that invest in debt securities.

Group

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's revenue is almost entirely denominated in US dollars, while the majority of the Group's costs are denominated in Sterling. Consequently, the Group has an exposure to movements in the GBP:USD exchange rate. In addition, the Group operates globally, which means that it may enter into contracts and other arrangements denominated in local currencies in various countries. The Group also holds a number of seed capital investments denominated mainly in US dollars, Colombian pesos and Indonesian rupiah.

The Group's policy is to hedge a proportion of the Group's revenue by using a combination of forward foreign exchange contracts and options for a period of up to two years forward. The Group also sells US dollars at spot rates when opportunities arise.

The table below shows the Group's sensitivity to a 1.0% exchange movement in the US dollar, Colombian peso and the Euro, net of hedging activities.

		2018		2017
Foreign currency sensitivity test	**Impact on profit before tax £m**	**Impact on equity £m**	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	**1.4**	**2.6**	1.8	2.6
Euro +/- 1%	**0.1**	**0.1**	0.1	0.1
Colombian peso +/- 1%	**0.2**	**0.1**	0.1	0.1

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes.

Seed capital

The Group is exposed to the risk of changes in market prices in respect of seed capital investments. Such price risk is borne by the Group directly through interests in available-for-sale and non-current asset seed capital investments or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held for sale are less than carrying amounts. Details of seed capital investments held are given in note 20.

The Group has well-defined procedures governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2018, a 5% movement in the fair value of these investments would have had a £11.4 million (FY2016/17: £10.5 million) impact on net assets and the impact on profit before tax would have been £2.0 million (FY2016/17: £3.3 million).

Management and performance fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees, which are based on a percentage of value of AuM, and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate, which in turn could affect fees earned. Performance fee revenues could also be reduced depending upon market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market index in Emerging Markets. In addition, the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

Using the year end AuM level of US$73.9 billion and applying the year's average net management fee rate of 49bps, a 5% movement in AuM would have a US$18.1 million impact, equivalent to £13.7 million using year end exchange rate of 1.3200, on management fee revenues (FY2016/17: using the year end AuM level of US$58.7 billion and applying the year's average net management fee rate of 52bps, a 5% movement in AuM would have a US$15.3 million impact, equivalent to £11.8 million using year end exchange rate of 1.2946, on management fee revenues).

Hedging activities

The Group uses forward and option contracts to hedge its exposure to foreign currency risk. These hedges, which have been assessed as effective cash flow hedges as at 30 June 2018, protect a proportion of the Group's revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges liability at 30 June 2018 was £0.1 million (30 June 2017: £0.3 million foreign exchange hedges asset) and is included within the Group's derivative financial instrument liabilities.

21) Financial instrument risk management continued

The notional and fair values of foreign exchange hedging instruments were as follows:

	2018 Notional amount £m	2018 Fair value assets/ (liabilities) £m	2017 Notional amount £m	2017 Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**70.0**	**(0.1)**	60.0	0.3
	70.0	**(0.1)**	60.0	0.3

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	2018 £m	2017 £m
Within 6 months	**70.0**	30.0
6-12 months	**–**	30.0
	70.0	60.0

When hedges are assessed as effective, intrinsic value gains and losses are initially recognised in other comprehensive income and later reclassified to comprehensive income as the corresponding hedged cash flows crystallise. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, the net unrealised loss related to the time value of the hedges is recognised in the consolidated statement of comprehensive income for the year.

A £0.2 million intrinsic gain (FY2016/17: £3.8 million intrinsic gain) on the Group's hedges has been recognised through other comprehensive income and £1.2 million intrinsic value gain (FY2016/17: £3.7 million intrinsic value loss) was reclassified from equity to the statement of comprehensive income in the year.

Included within the net realised and unrealised hedging gain of £1.8 million (note 7) recognised at 30 June 2018 (£2.8 million loss at 30 June 2017) are:

- a £0.6 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2018 (FY2016/17: £0.9 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2017); and
- a £1.2 million gain in respect of crystallised foreign exchange contracts (FY2016/17: £3.7 million loss).

Company

The risk management processes of the Company, including those relating to the specific risk exposures covered below, are aligned with those of the Group as a whole unless stated otherwise.

In addition, the risk definitions that apply to the Group are also relevant for the Company.

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk by credit rating:

	2018 £m	2017 £m
Cash and cash equivalents	**159.2**	229.7
Trade and other receivables	**467.9**	398.0
Total	**627.1**	627.7

The Company's cash and cash equivalents comprise short-term deposits held with banks and liquidity funds which have credit ratings ranging from A+ to AA- as at 30 June 2018 (30 June 2017: A+ to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2017: none).

Liquidity risk

The contractual undiscounted cash flows relating to the Company's financial liabilities all fall due within one year.

Details on leases and other commitments are provided in note 30.

Company

Interest rate risk

The principal interest rate risk for the Company is that it could sustain a reduction in interest revenue from bank deposits held in the ordinary course of business through adverse movements in interest rates.

Bank and similar deposits held at year end are shown on the Company's balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2018 %	2017 %
Deposits with banks and liquidity funds	**0.67**	0.30

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2018, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £1.6 million higher/lower (FY2016/17: £1.1 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

Foreign exchange risk

The Company is exposed primarily to foreign exchange risk in respect of US dollar cash balances and US dollar-denominated intercompany balances. However, such risk is not hedged by the Company.

At 30 June 2018, if the US dollar had strengthened/weakened by 1% against Sterling with all other variables held constant, profit before tax for the year would have increased/decreased by £4.8 million (FY2016/17: increased/decreased by £3.9 million).

22) Share capital

Authorised share capital

Group and Company	**2018 Number of shares**	**2018 Nominal value £'000**	2017 Number of shares	2017 Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**	900,000,000	90

Issued share capital – allotted and fully paid

Group and Company	**2018 Number of shares**	**2018 Nominal value £'000**	2017 Number of shares	2017 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71

All the above ordinary shares represent equity of the Company and rank pari passu in respect of participation and voting rights.

At 30 June 2018, there were equity-settled share awards issued under the Omnibus Plan totalling 40,470,000 (30 June 2017: 38,579,871) shares that have release dates ranging from September 2018 to December 2022. Further details are provided in note 10.

23) Own shares

The Trustees of The Ashmore 2004 Employee Benefit Trust (EBT) acquire and hold shares in Ashmore Group plc with a view to facilitating the vesting of share awards. As at the year end, the EBT owned 36,679,643 (30 June 2017: 38,701,321) ordinary shares of 0.01p with a nominal value of £3,668 (30 June 2017: £3,870) and shareholders' funds are reduced by £112.4 million (30 June 2017: £115.4 million) in this respect. The EBT is periodically funded by the Company for these purposes.

24) Treasury shares

Treasury shares held by the Company

Group and Company	2018 Number	2018 £m	2017 Number	2017 £m
Ashmore Group plc ordinary shares	**5,368,331**	**6.9**	5,368,331	6.9

Reconciliation of treasury shares

	2018 Number	2017 Number
At the beginning and end of the year	**5,368,331**	5,368,331

The market value of treasury shares was £20.0 million at the year end (30 June 2017: £19.0 million).

25) Trade and other payables

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Current				
Trade and other payables	**23.4**	29.5	**27.1**	26.7
Accruals and deferred income	**33.9**	34.7	**2.1**	1.9
Amounts due to subsidiaries	**–**	–	**46.8**	40.0
Total trade and other payables	**57.3**	64.2	**76.0**	68.6

26) Interests in subsidiaries

Operating subsidiaries

Movements in investments in subsidiaries during the year were as follows:

Company	2018 £m	2017 £m
Cost		
At 30 June 2017	**19.9**	20.0
Disposals	**–**	(0.1)
At 30 June 2018	**19.9**	19.9

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position at 30 June 2018. A full list of the Group's subsidiaries and all related undertakings is disclosed in note 33.

Name	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Ashmore Investments (UK) Limited	England	**100.00**
Ashmore Investment Management Limited	England	**100.00**
Ashmore Investment Advisors Limited	England	**100.00**
Ashmore Management Company Colombia SAS	Colombia	**61.38**
Ashmore CAF-AM Management Company SAS	Colombia	**53.66**
Ashmore Management Company Limited	Guernsey	**100.00**
PT Ashmore Asset Management Indonesia	Indonesia	**66.67**
Ashmore Japan Co. Limited	Japan	**100.00**
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	**55.00**
Ashmore Investments (Holdings) Limited	Mauritius	**100.00**
Ashmore Investments Saudi Arabia	Saudi Arabia	**90.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
Ashmore Investment Management (US) Corporation	USA	**100.00**
Ashmore Investment Advisors (US) Corporation	USA	**100.00**
Ashmore Equities Investment Management (US) LLC	USA	**100.00**

Consolidated funds

The Group consolidated the following investment funds as at 30 June 2018 over which the Group is deemed to have control:

Name	Type of fund	Country of incorporation/ principal place of operation	**% of net assets value held by the Group**
Ashmore Special Opportunities Fund LP	Alternatives	Guernsey	**50.00**
Ashmore Emerging Markets Distressed Debt Fund	Corporate debt	Guernsey	**40.05**
Ashmore Emerging Markets Debt and Currency Fund Limited	Blended debt	Guernsey	**100.00**
Ashmore Dana USD Nusantara	External debt	Indonesia	**61.72**
Ashmore SICAV 2 Global Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV Multi Asset Fund	Multi-asset	Luxembourg	**51.71**
Ashmore SICAV Investment Grade Total Return Fund	Blended debt	Luxembourg	**78.92**
Ashmore SICAV Global Small-Cap Equity Fund	Equity	Luxembourg	**44.74**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**65.62**
Ashmore Emerging Markets Equity Fund	Equity	USA	**98.08**
Ashmore Emerging Markets Active Equity Fund	Equity	USA	**99.38**

27) Interests in associates

The Group held interests in the following associates as at 30 June 2018 that are unlisted:

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
VTB-Ashmore Capital Holdings Limited	Associate	Investment management	Russia	50%
Everbright Ashmore*	Associate	Investment management	China	30%
Ashmore Investment Management India LLP	Associate	Investment management	India	30%
Taiping Fund Management Company	Associate	Investment management	China	8.5%

* Everbright Ashmore includes four related entities.

Movements in investments in associates during the year were as follows:

	2018			2017
	Associates £m	Associates £m	Joint ventures £m	Total £m
At the beginning of the year	**2.3**	1.6	4.7	6.3
Additions/(disposals)	**–**	0.1	(3.0)	(2.9)
Share of profit/(loss)	**(0.4)**	–	(0.8)	(0.8)
Distributions	**(0.2)**	(0.4)	–	(0.4)
Reclassification from joint venture to associate	**–**	0.9	(0.9)	–
Foreign exchange revaluation	**–**	0.1	–	0.1
At the end of the year	**1.7**	2.3	–	2.3

27) Interests in associates continued

The summarised aggregate financial information on associates is shown below.

Group	2018 £m	2017 £m
Total assets	**25.4**	3.3
Total liabilities	**(5.7)**	(0.3)
Net assets	**19.7**	3.0
Group's share of net assets	**2.2**	0.9
Revenue for the year	**10.9**	8.9
Profit/(loss) for the year	**(3.2)**	(4.5)
Group's share of profit/(loss) for the year	**(0.4)**	(0.8)

The carrying value of the investments in associates includes attributable goodwill that arose on acquisition of the associates. No permanent impairment is believed to exist relating to the associates.

The Group has undrawn capital commitments of £5.0 million (30 June 2017: £4.9 million) to investment funds managed by the associates. Further details are provided in note 28.

28) Interests in structured entities

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not.

The Group's interest in structured entities is reflected in the Group's AuM. The Group is exposed to movements in AuM of structured entities through the potential loss of fee income as a result of client withdrawals. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Business review.

Considering the potential for changes in AuM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

The reconciliation of AuM reported by the Group within unconsolidated structured entities is shown below.

	Total AuM US$bn	Less: AuM within consolidated funds US$bn	AuM within unconsolidated structured entities US$bn
30 June 2018	**73.9**	**0.3**	**73.6**
30 June 2017	58.7	0.3	58.4

Included in the Group's consolidated management fees of £259.7 million (FY2016/17: £226.2 million) are management fees amounting to £258.0 million (FY2016/17: £225.4 million) earned from unconsolidated structured entities.

The table below shows the carrying values of the Group's interests in unconsolidated structured entities, recognised in the Group balance sheet, which are equal to the Group's maximum exposure to loss from those interests.

	2018 £m	2017 £m
Management fees receivable	**38.3**	35.0
Trade and other receivables	**24.3**	30.0
Seed capital investments	**79.8**	76.9
Total exposure	**142.4**	141.9

The main risk the Group faces from its beneficial interests in unconsolidated structured entities arises from a potential decrease in the fair value of seed capital investments. The Group's beneficial interests in seed capital investments are disclosed in note 20. Note 21 includes further information on the Group's exposure to market risk arising from seed capital investments.

The Group has undrawn investment commitments relating to structured entities as follows:

	2018 £m	2017 £m
AA Development Capital India Fund 1 LLC	**1.2**	1.2
Ashmore Andean Fund II, LP	**1.4**	1.8
Ashmore Emerging Markets Corporate Private Debt Fund	**0.3**	0.3
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**13.8**	15.0
Ashmore I – FCP Colombia Infrastructure Fund	**–**	0.1
Ashmore Special Opportunities Fund LP	**9.0**	1.6
Everbright Ashmore China Real Estate Fund	**1.4**	1.4
KCH Healthcare LLC	**1.8**	4.5
VTBC-Ashmore Real Estate Partners I, LP	**3.6**	3.5
Total undrawn investment commitments	**32.5**	29.4

29) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore funds, the EBT and the Ashmore Foundation.

Key management personnel – Group and Company

The compensation paid to or payable to key management personnel is shown below:

	2018 £m	2017 £m
Short-term benefits	**1.7**	1.4
Defined contribution pension costs	**–**	–
Share-based payment benefits	**1.2**	4.8
	2.9	6.2

Short-term benefits include salary and fees, benefits and cash bonus.

Share-based payment benefits represent the fair value charge to the statement of comprehensive income of current year share awards.

Details of the remuneration of Directors are given in the Remuneration report on pages 53 to 69.

During the year, there were no other transactions entered into with key management personnel (FY2016/17: none). Aggregate key management personnel interests in consolidated funds at 30 June 2018 were £37.8 million (30 June 2017: £42.4 million).

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2018 £m	2017 £m
Transactions during the year		
Management fees	**81.9**	110.3
Net dividends	**118.4**	99.2
Loans advanced to/(repaid by) subsidiaries	**100.4**	76.6

Amounts receivable or payable to subsidiaries are disclosed in notes 17 and 25 respectively.

Transactions with Ashmore Funds – Group

During the year, the Group received £133.0 million of gross management fees and performance fees (FY2016/17: £111.6 million) from the 91 funds (FY2016/17: 86 funds) it manages and which are classified as related parties. As at 30 June 2018, the Group had receivables due from funds of £5.5 million (30 June 2017: £5.1 million) that are classified as related parties.

Transactions with the EBT – Group and Company

The EBT has been provided with a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested share awards. The EBT is included within the results of the Group and the Company. As at 30 June 2018, the loan outstanding was £102.7 million (30 June 2017: £103.5 million).

Transaction with the Ashmore Foundation – Group and Company

The Ashmore Foundation is a related party to the Group. The Foundation was set up to provide financial grants to worthwhile causes within the Emerging Markets countries in which Ashmore invests and/or operates with a view to giving back to the countries and communities. The Group donated £0.1 million to the Foundation during the year (FY2016/17: £0.1 million).

30) Commitments

Operating lease commitments

The Group and Company have entered into certain property leases. The future aggregate minimum lease payments under non-cancellable operating leases, taking account of escalation clauses and renewal options, fall due as follows:

Group

	2018 £m	2017 £m
Within 1 year	**2.5**	3.0
Between 1 and 5 years	**3.5**	7.3
Later than 5 years	**2.3**	3.3
	8.3	13.6

Company

	2018 £m	2017 £m
Within 1 year	**0.9**	1.2
Between 1 and 5 years	**–**	4.6
Later than 5 years	**–**	1.8
	0.9	7.6

Operating lease expenses are disclosed in note 11.

Company

The Company has undrawn loan commitments to other Group entities totalling £53.2 million (30 June 2017: £77.5 million) to support their investment activities but has no investment commitments of its own (30 June 2017: none).

31) Post-balance sheet events

On 18 July 2018 the Group acquired a 56% controlling interest in Ashmore Avenida Investments (Real Estate) LLP, the holding company of a Colombian real estate investment management firm, for a total consideration of US$14.5 million. The consideration was settled partly in cash and partly in shares of Ashmore Group plc, with US$800,000 as contingent consideration subject to certain performance criteria being met on fund raising. The acquisition provides the Group with additional AuM of US$300 million and a platform to expand into other Latin American markets, and over time, develop additional real estate businesses in other Emerging Markets.

The transaction is a non-adjusting post-balance sheet event, full details of the accounting impact of the transaction will be reported in the Interim Report at December 2018.

32) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are regularly evaluated and are based upon management's assessment of current and future events. The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled share-based awards at fair value at the date of grant and expenses them over the vesting period based on the Group's estimate of the shares that will vest. Market-related performance conditions are incorporated into the grant price of the awards. The share-based payment expense for executive awards require the estimation of the likelihood of the performance conditions being met (including total shareholder return (TSR), investment outperformance, growth in assets under management and profitability targets) that are made at the time of granting the awards for equity-settled arrangements and also at the time of vesting of awards. The Group utilises a third-party service provider to estimate the TSR performance conditions.

Classification of seed capital investments

The Group invests seed capital from time to time to support the initial launch and growth of new products, such as SICAVs, private equity funds and alternative investment funds. The seed capital investments vary in duration depending on the nature of the product and the time expected to grow the funds to a size and track record required for participation by third-party investors. The Group reviews the size and nature of these investments to consider the level of control over the fund and to determine the appropriate classification for accounting either as full consolidation (where the Group concludes that it has control over the fund), using equity-method accounting (where the Group exercises significant influence or joint control), or as a financial asset classified as available-for-sale, held for sale or at fair value through profit or loss. In the case of seed capital investments, where the Group concludes that it does not have control over the fund, the Group is also not deemed to have significant influence over the fund, and therefore does not apply equity-method accounting. The Group would account for the seed capital investment as a financial asset, classified either as an available-for-sale financial asset, financial asset held for sale, or a financial asset at fair value through profit or loss. The Group considers that its seeding activity is intended to help establish a fund's track record and to provide initial scale until the fund has attracted sufficient third-party capital, at which stage the Group will actively seek to redeem and redeploy the seed capital.

Management exercises judgement to determine whether the Group controls an investment fund under IFRS 10, including making an assessment of whether the Group has power over the fund which the Group exercises primarily for self-benefit. Management also assesses the magnitude of the Group's aggregate economic interest in the fund (comprising direct interests, carried interests, expected management fees, fair value gains or losses, and distributions receivable from funds managed) relative to third-party investors, and whether third-party investors have substantive rights to remove the Group from acting as a fund manager without cause.

Management also exercises judgement where the Group is actively seeking to reduce its investment and it is considered highly probable that it will relinquish control within a year, the interests in the funds are treated as held for sale and are recognised as financial assets and liabilities held for sale. Such investments cease to be classified as held for sale when management has considered that they are no longer controlled by the Group. A loss of control may happen through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held for sale, they are classified as financial assets designated as FVTPL. If the fund remains under the control of the Group for more than one year from the original investment date, it will cease to be classified as held for sale, and will be consolidated line by line after it is assessed that the Group controls the investment fund in accordance with the requirements of IFRS 10.

The Group has assessed and classified the following fund vehicles as unconsolidated structured entities:

– Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.
– Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (i.e. the threshold established by the Group for determining agent versus principal classification). As a result, the Group concludes that it is an agent for third-party investors and, therefore, will account for its beneficial interest in the fund as a financial asset. Further details on the carrying values of these seed capital financial assets have been disclosed in note 20.

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided in note 28.

Rebates calculations

Management fee rebates payable to customers is an area of focus as individual rebate agreements include bespoke, complex rebate calculations. Although there is no significant estimation or judgement involved, the calculation of rebates is complex and requires correct application of the agreed formula within each rebate agreement. The Group has an automated system to calculate the majority of management fee rebates. The rebate rates are subject to periodic amendments, as a result, transactions in the financial statements require complete and accurate communication of rebate rates between several teams. In addition, the assets under management used for rebate calculations are sourced from different parties including outsourced service organisations and internal teams. The reconciliation of assets under management used in calculating rebates are regularly reviewed by management.

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2018 pursuant to the requirements of Statutory Instrument 2015 No. 80 *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015*. The list includes the Group's subsidiaries and related undertakings, all significant holdings (greater than 20% interest), associate undertakings, joint ventures and significant holdings in Ashmore sponsored public funds in which the Group has invested seed capital:

Name	Classification	% interest	Registered address
Ashmore Investments (UK) Limited	Subsidiary	100.00	61 Aldwych, London WC2B 4AE United Kingdom
Ashmore Investment Management Limited	Subsidiary	100.00	
Ashmore Investment Advisors Limited	Subsidiary	100.00	
Aldwych Administration Services Limited	Subsidiary	100.00	
Ashmore Asset Management Limited	Subsidiary	100.00	
Ashmore Investment Management (US) Corporation	Subsidiary	100.00	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Investment Advisors (US) Corporation	Subsidiary	100.00	
Ashmore Equities Investment Management (US) LLC	Subsidiary	100.00	
Ashmore Investment Management (Singapore) Pte. Ltd.	Subsidiary	100.00	1 George Street #15-04, Singapore 049145
PT Ashmore Asset Management Indonesia	Subsidiary	66.67	18 Parc SCBD Tower E, 8th Floor Jl. Jend. Sudirman Kav.52-53 Jakarta 12190, Indonesia
Ashmore Dana USD Nusantara	Consolidated fund	61.72	
Ashmore Dana USD Equity Nusantara	Significant holding	22.66	
Ashmore Management Company Colombia SAS	Subsidiary	61.38	Carrera 7 No. 75 -66, Office 702 Bogotá, Colombia
Ashmore-CAF-AM Management Company SAS	Subsidiary	53.66	
Ashmore Japan Co. Limited	Subsidiary	100.00	11F, Shin Marunouchi Building 1-5-1 Marunouchi Chiyoda-ku Tokyo Japan 100-6511
Ashmore Investments (Colombia) SL	Subsidiary	100.00	c/ Hermosilla 11, 4°A 28001 Madrid, Spain
Ashmore Management (DIFC) Limited	Subsidiary	100.00	Office 105, Gate Village 03, Level 1 Dubai International Financial Centre Dubai, UAE
AA Indian Development Capital Advisors Private Limited (in liquidation)	Subsidiary	100.00	507A Kakad Chambers Dr Annie Besant Road Worli Mumbai 400 018 India
Ashmore Investment Advisors (India) Private Limited	Subsidiary	99.82	
Ashmore-Centrum India Opportunities Investment Advisers Private Limited (in liquidation)	Subsidiary	51.00	
Ashmore-Centrum Funds Trustee Company Private Limited (in liquidation)	Subsidiary	51.00	
Ashmore Investment Saudi Arabia	Subsidiary	90.00	3rd Floor Tower B Olaya Towers Olaya Main Street Riyadh, Saudi Arabia
Ashmore Saudi Equity Fund	Consolidated fund	65.62	
AA Development Capital Investment Managers (Mauritius) LLC	Subsidiary	55.00	Les Cascades Building 33 Edith Cavell Street, Port Louis Mauritius
Ashmore Investments (Holdings) Limited	Subsidiary	100.00	
Ashmore Emerging Markets Special Situation Opportunities Fund (GP) Limited	Subsidiary	100.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
Ashmore Management Company Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 3 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 4 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 5 (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities Fund LP	Consolidated fund	50.00	
Ashmore Emerging Markets Distressed Debt Fund	Consolidated fund	40.05	
Ashmore Emerging Markets Debt and Currency Fund Limited	Consolidated fund	100.00	

Name	Classification	% interest	Registered address
Ashmore SICAV Absolute Return Debt Fund	Significant holding	27.69	6 rue Lou Hemmer L – 1748 Senningerberg Grand–Duchy of Luxembourg
Ashmore SICAV 2 Global Bond Fund	Consolidated fund	100.00	
Ashmore SICAV Multi-Asset Fund	Consolidated fund	51.71	
Ashmore SICAV Active Equity Fund	Significant holding	28.41	
Ashmore SICAV Investment Grade Total Return Fund	Consolidated fund	78.92	
Ashmore Emerging Markets Equity Fund	Consolidated fund	98.08	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Emerging Markets Active Equity Fund	Consolidated fund	99.38	
Ashmore Investment Consulting (Beijing) Co. Limited (in liquidation)	Subsidiary	100.00	Room 3401, Tower 1, China World Trade Center Office, No.1 Jian Wai Da Jie, Chaoyang District Beijing, China
Everbright Ashmore China Real Estate Fund	Significant holding	22.78	89 Nexus Way Camana Bay, Grand Cayman KY1-9007, Cayman Islands
Everbright Ashmore Services and Consulting Limited	Associate	30.00	c/o Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street PO Box 1350, Grand Cayman KY-1108, Cayman Islands
EA Team Investment Partners Limited	Associate	30.00	
Everbright Ashmore Real Estate Partners Limited	Associate	30.00	190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands
Everbright Ashmore Investment Management Limited	Associate	30.00	
Ashmore Investment Management India LLP	Associate	30.00	507A Kakad Chambers Dr Annie Besant Road Worli, Mumbai 400 018 India
Taiping Fund Management Company Limited	Associate	8.50	Unit 101, Building No.5, 135 Handan Road, Shanghai, China
VTB-Ashmore Capital Holdings Limited	Associate	50.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
VTBC-Ashmore Investment Management Limited	Associate	50.00	
VTBC-Ashmore Partnership Management 1 Limited	Associate	50.00	

Cautionary statement regarding forward-looking statements

It is possible that this document could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Five-year summary

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Management fees	**259.7**	226.2	197.1	250.2	283.1
Performance fees	**21.9**	28.3	10.4	13.3	3.1
Other revenue	**4.1**	2.7	4.1	4.6	7.9
Total revenue	**285.7**	257.2	211.6	268.1	294.1
Distribution costs	**(9.2)**	(4.6)	(1.2)	(2.9)	(4.6)
Foreign exchange	**(0.2)**	5.0	22.1	18.1	(26.6)
Net revenue	**276.3**	257.6	232.5	283.3	262.9
Gain/(loss) on investment securities	**3.0**	22.4	(5.7)	(3.6)	14.9
Change in third-party interests in consolidated funds	**(2.4)**	(12.5)	3.4	0.8	(6.1)
Personnel expenses	**(24.2)**	(24.8)	(24.1)	(24.8)	(24.6)
Variable compensation	**(48.6)**	(43.0)	(35.6)	(42.4)	(41.5)
Other operating expenses	**(27.6)**	(32.9)	(32.6)	(32.3)	(34.3)
Total operating expenses	**(100.4)**	(100.7)	(92.3)	(99.5)	(100.4)
Operating profit	**176.5**	166.8	137.9	181.0	171.3
Finance income	**15.2**	38.6	31.5	7.0	10.7
Finance expenses	**–**	–	(0.2)	(5.1)	(8.5)
Share of profits/(losses) from associates and joint ventures	**(0.4)**	0.8	(1.7)	(1.6)	(1.9)
Profit before tax	**191.3**	206.2	167.5	181.3	171.6
Tax expense	**(37.8)**	(36.7)	(38.8)	(41.3)	(36.9)
Profit for the year	**153.5**	169.5	128.7	140.0	134.7
EPS (basic)	**22.6p**	25.1p	19.1p	20.3p	19.5p
Dividend per share	**16.7p**	16.7p	16.7p	16.7p	16.5p
Other operating data (unaudited)					
AuM at period end (US$bn)	**73.9**	58.7	52.6	58.9	75.0
Average AuM (US$bn)	**69.2**	54.8	52.1	66.4	75.2
Average GBP:USD exchange rate for the year	**1.35**	1.28	1.48	1.58	1.63
Period end GBP:USD exchange rate for the year	**1.32**	1.29	1.32	1.57	1.71

Information for shareholders

Ashmore Group plc

Registered in England and Wales.
Company No. 3675683

Registered office

61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary

Ashmore Investment Management Limited

Registered in England and Wales, Company No. 3344281.

Business address and registered office as above.

Further information on Ashmore Group plc can be found on the Company's website: www.ashmoregroup.com.

Financial calendar

First quarter AuM statement
12 October 2018

Annual General Meeting
19 October 2018

Ex-dividend date
1 November 2018

Record date
2 November 2018

Final dividend payment date
7 December 2018

Second quarter AuM statement
January 2019

Announcement of unaudited interim results for the six months ending 31 December 2018
February 2019

Third quarter AuM statement
April 2019

Fourth quarter AuM statement
July 2019

Announcement of results for the year ending 30 June 2019
September 2019

Registrar

Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0371 384 2812. Lines are open 8.30am to 5.30pm, Monday to Friday.

International shareholder helpline: +44 121 415 7047.

Further information about the Registrar is available on its website www.equiniti.com.

Up-to-date information about current holdings on the register is also available at www.shareview.co.uk.

Shareholders will need their reference number (account number) and postcode to view information on their own holding.

Share price information

Share price information can be found at www.ashmoregroup.com or through your broker.

Share dealing

Shares may be sold through a stockbroker or share dealing service. There are a variety of services available. Equiniti Registrars offer a secure, free and easy-to-use internet-based share dealing service known as Shareview Dealing.

You can log on at www.shareview.co.uk/dealing to access this service, or contact the helpline on 0345 603 7037 to deal by telephone.

You may also use the Shareview service to access and manage your share investments and view balance movements, indicative share prices, information on recent dividends, portfolio valuation and general information for shareholders.

Shareholders must register at www.shareview.co.uk, entering the shareholder reference on the share certificate and other personal details.

Having selected a personal PIN, a user ID will be issued by the Registrar.

Electronic copies of the 2018 Annual Report and Accounts and other publications

Copies of the 2018 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: 0371 384 2255.

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Designed and produced by Black Sun Plc.

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